

A Vision for a Free Market of Liberated Software

Clark C. Evans

The BuyLibre Cooperative (<https://buylibre.org>)

Overview

Finding a sustainable economic model for the research, development, and maintenance of free software is an unsolved challenge.

- Directly supporting free software efforts via support, customization, packaging, and training work in only limited circumstances.
- Indirectly supporting open source efforts with profits from proprietary extensions does scale, but, this is not a free software model.

We propose a new model of software funding based upon cooperative ownership of copyright, charging users till development has been paid, whereupon the work becomes free software.

Introduction

BuyLibre is a cooperative marketplace where users purchase **changes** to *community-owned* software.



Cage Free

As users choose among competing improvements to their software, they will control its evolution.

Fair Trade

As developers produce changes to cooperatively owned software, they may earn market compensation.

BuyLibre operates an on-line store having *community-owned* software. BuyLibre acquires creative works from developers in exchange for a revenue sharing contract that names a per-unit price and a total community cost. When combined purchases of a work reach the total community cost, such that the developer is fully compensated, additional sales equitably reward earlier adopters with a rebate. With further sales, the per-unit price is reduced until the work becomes free of charge and is released under a permissive open source license.

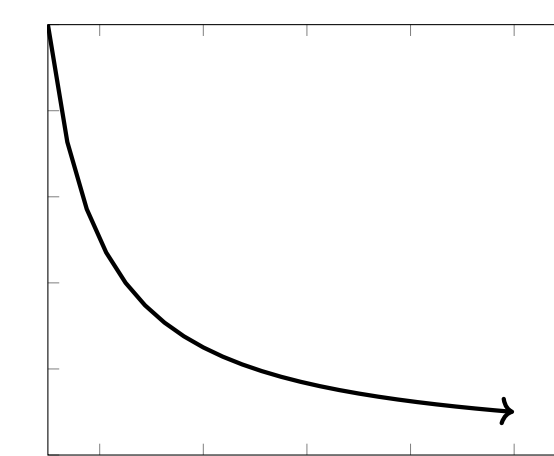
Copyright & Copyleft

Copyright (17 §106) provides us a revenue model.

*The owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies; (2) to **prepare derivative works** based upon the copyrighted work; (3) to **distribute copies** of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; ..."*

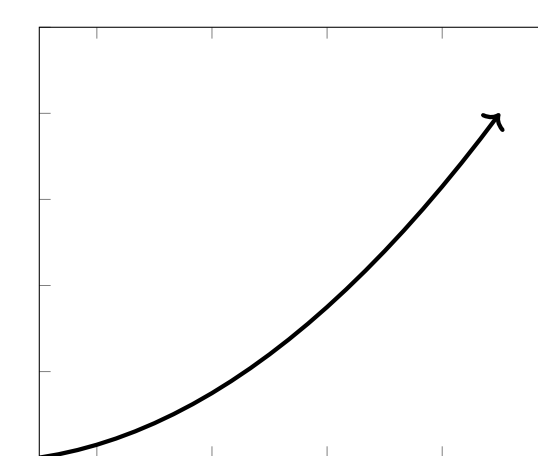
Software's value is tightly correlated to its user adoption rather than with its intrinsic value.

cost per unit approaches zero



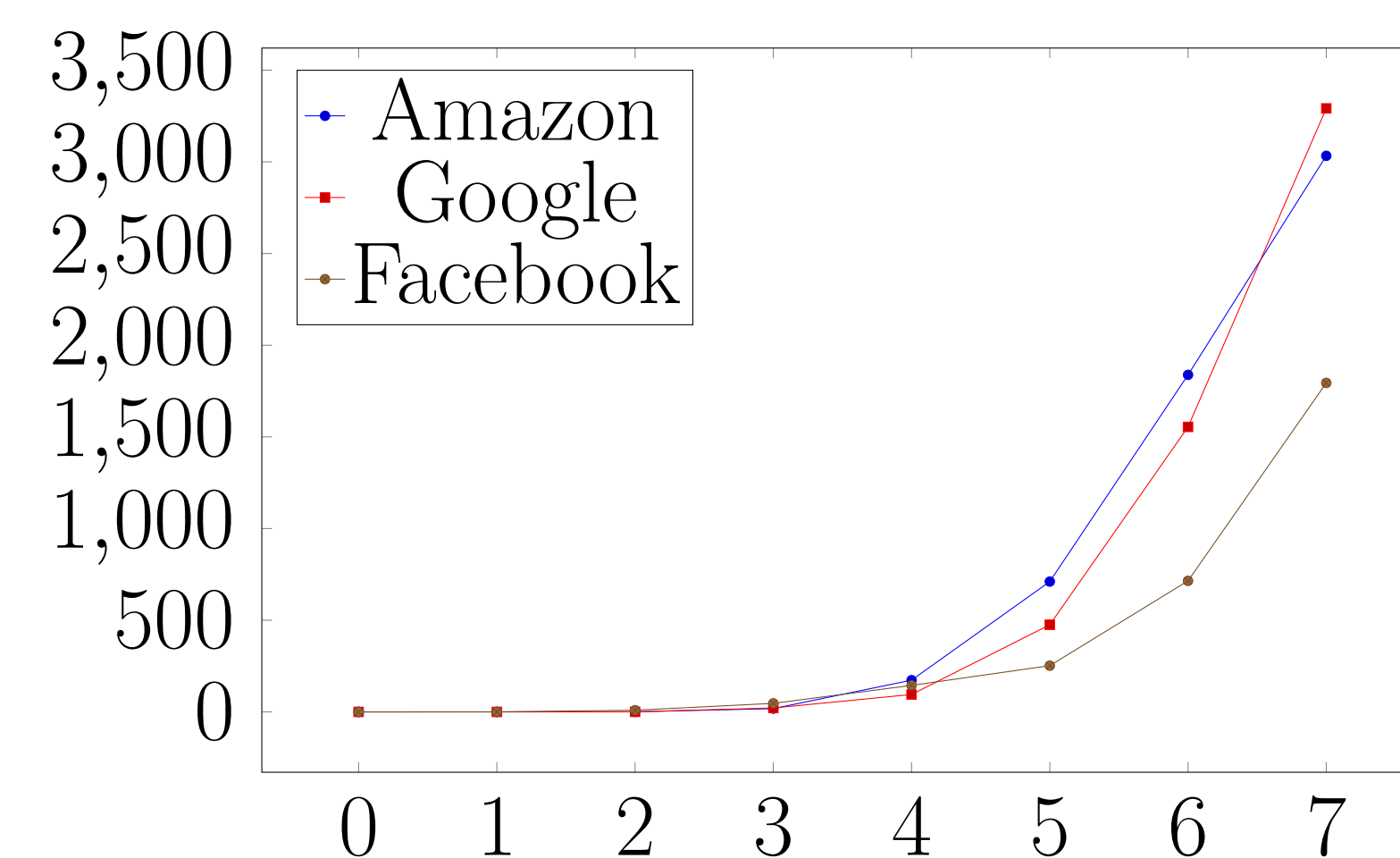
of Users

extrinsic network effect value goes up and up



of Users

This economic effect, driven from value provided by user adoption, gives hockey-stick value (MM/year).



To address abusive licensing, Richard Stallman started the Free Software Software Movement (1986), "*Software Should Not Have Owners*".

The Free Software Foundation is dedicated to eliminating restrictions on copying, redistribution, understanding and modification of software. The word "free" in our name does not refer to price; it refers to freedom. First, the freedom to copy a program and redistribute it to your neighbors, so that they can use it as well as you. Second, the freedom to change a program, so that you can control it instead of it controlling you; for this, the source code must be made available to you." - Richard M. Stallman, February 1986

Competitive Marketplace

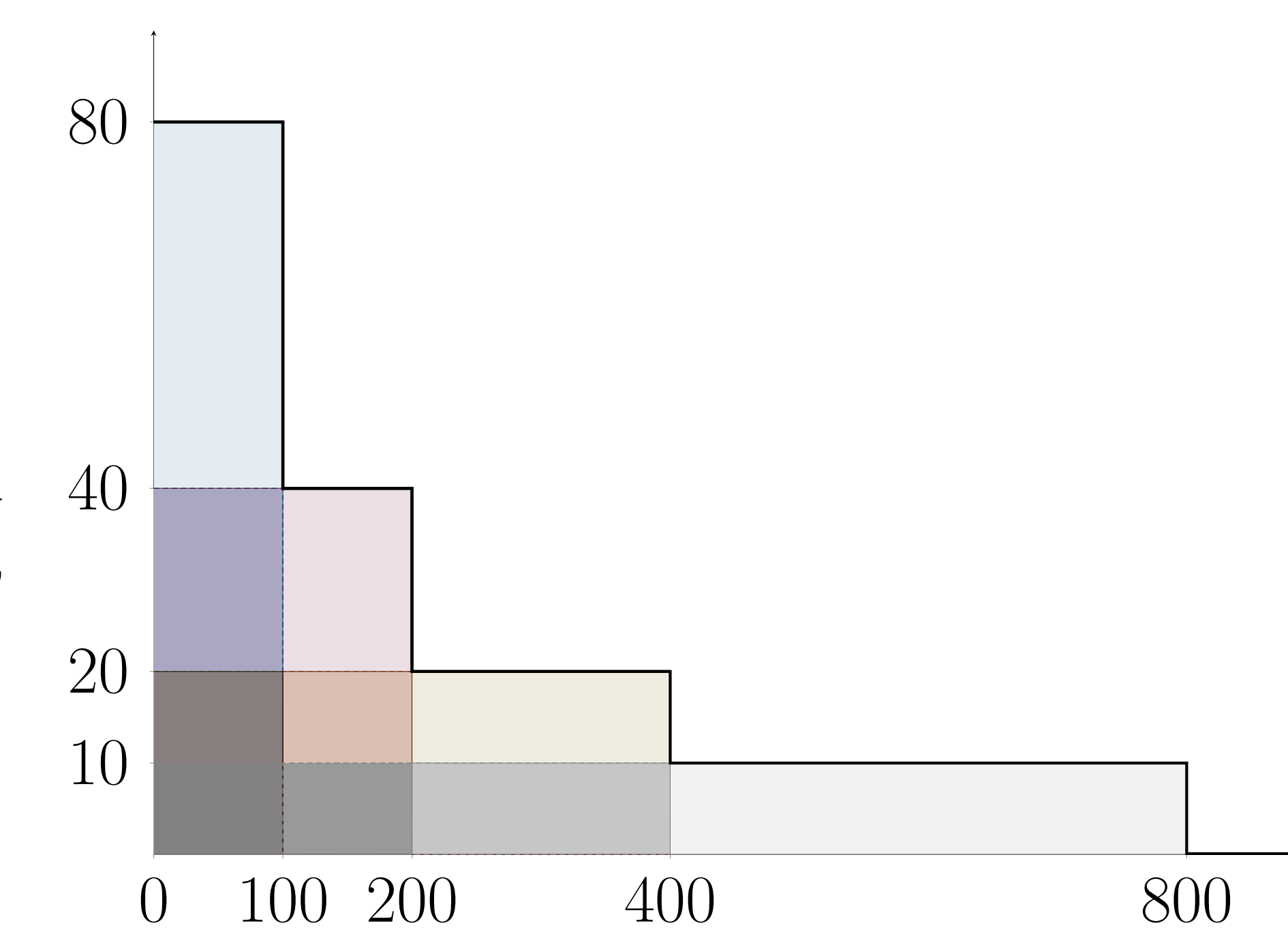
Given the strong extrinsic component of a software's value, the right of exclusive control to make derivative works is too powerful. However, must we also discard the ability to charge per unit?

	Vendor Controls Product Direction	Competition for Software Change
Paid	Proprietary (Commercial)	BuyLibre Cooperative
Gratis	Proprietary (Freeware)	Open Source

With competition for the *change* in the software a user has adopted and integrated:

- Open market sets prices
- Prices are used to signal value
- Choice of upgrades & product evolution
- Stability via redundant vendors
- Vendors accountable to user needs

In this model, software has a *per-unit price* and a total *community cost*. When the community cost is met and the original author is fully paid, a series of price reductions happen, where new users fund rebates to early adopters. After several price cuts, the work becomes free and open source.



Above are price reductions of work offered at \$80 per unit with total cost of \$8K. At 100 units, the developer is paid, and the next 100 unit sales at \$40 are rebates (light blue) to the first 100 users, etc.

Who holds the Copyright?

With BuyLibre, a platform cooperative democratically controlled by its stakeholders holds these shared community copyrights, collects and distributes licensing revenue, and administers a competitive marketplace for derivative works.

Licensing Model	Controlled By
Proprietary	Commercial Vendor
Open Source	"Software Has No Owner"
BuyLibre	Cooperative

Unlike the proprietary model where a vendor owns copyright, restricting derivative works and increasing licensing as the work becomes popular, this approach fixes pricing and permits derivative works.

Unlike the free software model, which rejects copyright altogether, this model has a way for creators to recover costs and seek profits in a competitive marketplace.

Compositional Copyright

This model permits one developer to build upon the works of others, via components or by making derivative works. Hence, pricing of a dependency necessarily incorporates the pricing of the components upon which it is based. So, what might be \$80 per unit, might actually be distributed not to a single vendor, but to a large tree of contributors.

For this composition to work, it requires that per-unit pricing be composable. Hence, each contributor specifies how much they are asking for each unit. What a unit means would be determined by the cooperative, in the best interests of the community as a whole. Each unit might have as a baseline, a "per user" seat for users in a developed country. However, units could be negotiated differently for hardware units, for example.

By standardizing on pricing, this model opens new collaboration opportunities between engineering groups, value added resellers, and other organizations wishing to share their in-house works.

Chat with us at <https://gitter.im/buylibre/>.