

Open Source Business Models

How a 30 year old software philosophy holds the secret to monetizing software when generative AI drives production costs towards zero



KOSLAB

Generative AI is driving the cost of software production to zero

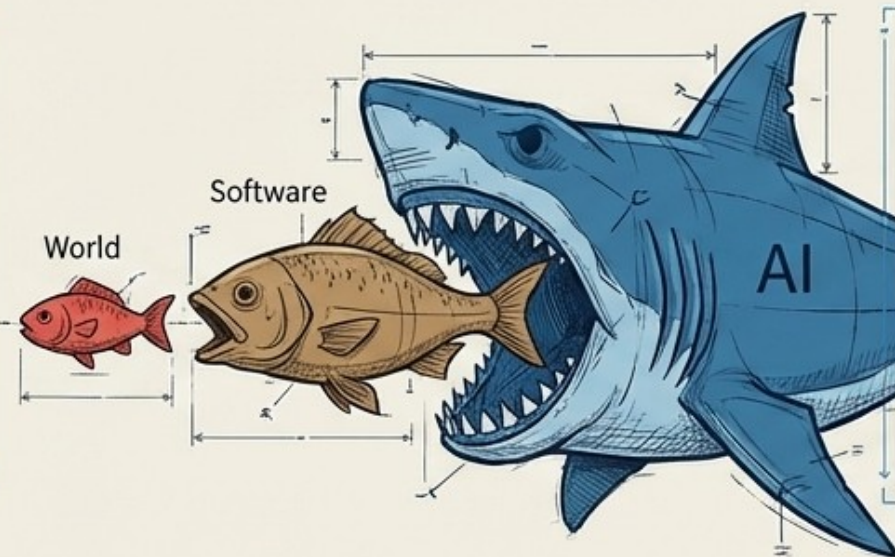
The Price of Everything Is Changing: Why AI Is Killing the Software Business Model You Grew Up On



Michael D.
2x IPO, 3x Acquisition, GTM Executive

February 24, 2026

In 2024, Satya Nadella declared "SaaS is dead." By 2026, the "SaaSpocalypse" is the defining trend in tech.



B2B Artificial Intelligence

SaaSpocalypse Watch: Agentic AI is breaking the SaaS model, automating execution, and exposing weak, un-differentiated tools.

f X in e s



By Reuben Webb, B2B Editorial Lead
The Drom
APRIL 10, 2026 | 4 MIN READ

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"Software is eating the world"
– Andreessen Horowitz (2011)

"Software is eating the world, but AI is going to eat software" – Jensen Huang, Nvidia CEO (2017)

The 30-Year-Old Answer to the AI Threat

The idea that “Generative AI is driving the cost of software toward zero” sounds like a doomsday story for tech businesses.

```
def export(self, context):
    # get folder path
    folder_path = os.path.dirname(self.filepath)

    # get objects selected in viewport
    viewport_selection = bpy.context.selected_objects

    # get export objects
    obj_export_list = viewport_selection
    if self.use_selection_setting == False:
        obj_export_list = [i for i in bpy.context.scene.objects]

    # deselect all objects
    bpy.ops.object.select_all(action='DESELECT')

    for item in obj_export_list:
        item.select = True
        if item.type == 'MESH':
            file_path = os.path.join(folder_path, "{}.obj".format(item.name))
            bpy.ops.export_mesh.obj(filepath=file_path)
```



But what if a multi-billion-dollar industry already solved this?

The core business of Free & Open Source Software (FOSS) has spent three decades thriving on software that is given away for free.

About: Me | Mohd Izhar Firdaus Bin Ismail a.k.a KageSenshi



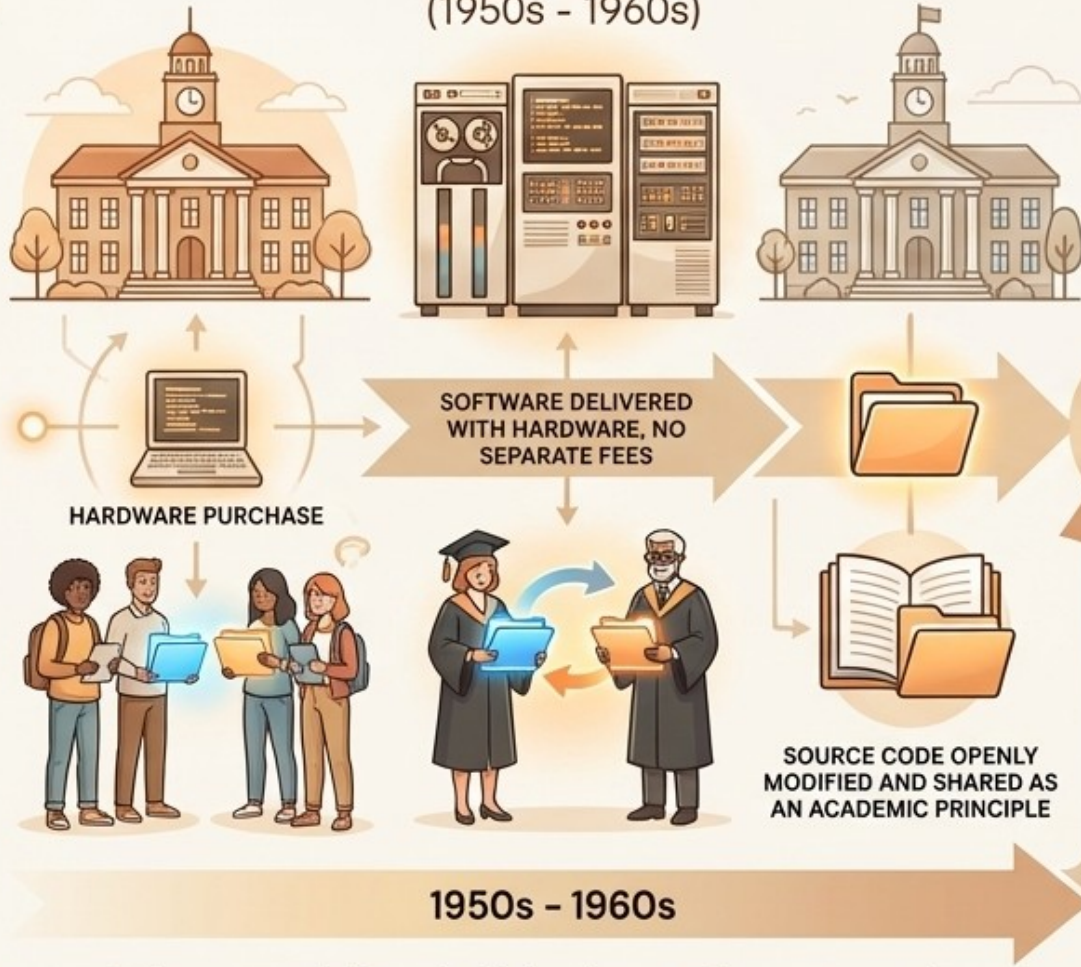
- Open source contributor since 2005
- 15 years+ professional history in Python / Linux / Data Engineering / Open Source
- Contributed work to multiple Open Source projects:
 - Fedora, Plone, Morepath, Obviel,
 - Various patches here and there,
- Past organizer in multiple FOSS / tech events:
 - FOSS.My 2008 & 2009, Fedora User Developer Conference KL 2012
 - Contributor in early days of pycon.my, geekcamp KL, barcamp KL,
 - CtF organizing crew of HackInTheBox 2010-2014
- Led data engineering team & business as HOD & solution architect in Abyres Group from 2014 to 2025, Co-founder of Inigo Consulting 2009-2014
- **Current:**
 - Managing Partner / Solution Architect of **KOSLAB PLT** – a digital sovereignty solution startup, currently focusing on 100% open source sovereign data & AI platform,
 - Acting executive director of **Koperasi Sumber Terbuka Selangor Berhad (KOSTEM)**, a cooperative of Malaysian Open Source service providers & freelancers

Brief History Of Free & Open Source Software Movements



The Pendulum of Software History

The Academic Era: Open Sharing (1950s - 1960s)



Software was delivered with hardware, with no separate fees. Source code was openly modified and shared as an academic principle. (Not copyright-able until 1974).

©1974

The Corporate Era: Proprietary Licensing (Late 1970s - 1980s)



Computer vendors begin charging for software licenses. Legal restrictions, assets protection, and leasing contracts become the industry standard.

The Free Software Rebellion: Liberating Cyberspace

Founded by Richard M. Stallman (MIT AI Lab, 1983), the Free Software Foundation aimed to end wasteful duplication of programming effort. The core philosophy: "Free as in Freedom, not Free Beer."



Free Beer



Free as in Freedom

Freedom 0 (Use)
Run the program for any purpose, with no restrictions.

An illustration of a person sitting at a desk with multiple computer monitors. One monitor shows a play button icon and the word 'Run'. A green padlock icon is floating above the monitors.

Freedom 1 (Study)
Access the source code to understand how it works.

An illustration of two people, a man and a woman, looking at a large open book. A magnifying glass is over the book. Above them is a lightbulb with gears inside, and two padlock icons are also present.

Freedom 2 (Share)
Redistribute copies to help others in your community.

An illustration showing three people. One person is handing a CD to another, who is holding a stack of CDs. A third person is holding a document with code symbols (</>). In the background is a globe with network lines.

Freedom 3 (Improve)
Modify the program and distribute improvements to advance technology.

BEFORE

An illustration of a person in overalls working on a computer. A box labeled 'code' has an arrow pointing to a question mark icon.

AFTER

An illustration of a person in a green shirt working on a computer. A box labeled 'code' has an arrow pointing to a lightbulb icon. A gear icon is also present.

The Pragmatic Pivot of 1998

To achieve widespread market acceptance, key collaborators (Eric S. Raymond, Bruce Perens, Michael Tiemann) founded the **Open Source Initiative (OSI)**.

Moral/Confrontational Attitude

Pragmatic Business Case

Outcome: Established industry standards, defined key criteria, and certified compliant software licenses.

"We chose 'open source' to dump the moralizing and confrontational attitude... and instead promote open source ideas on pragmatic, business-case grounds."

— Michael Tiemann

The Legal Engine: FOSS is NOT Public Domain

Free & Open Source Software (**FOSS**) is strictly **copyrighted**. Authors retain their **intellectual property** but choose to grant users additional rights through a **license**.



Any user **automatically becomes a licensee** upon acquiring the software.

If you violate the terms, the author has the legal right to **enforce** the **license** or sue.

This copyright foundation is the engine that makes open-source **business models possible**.

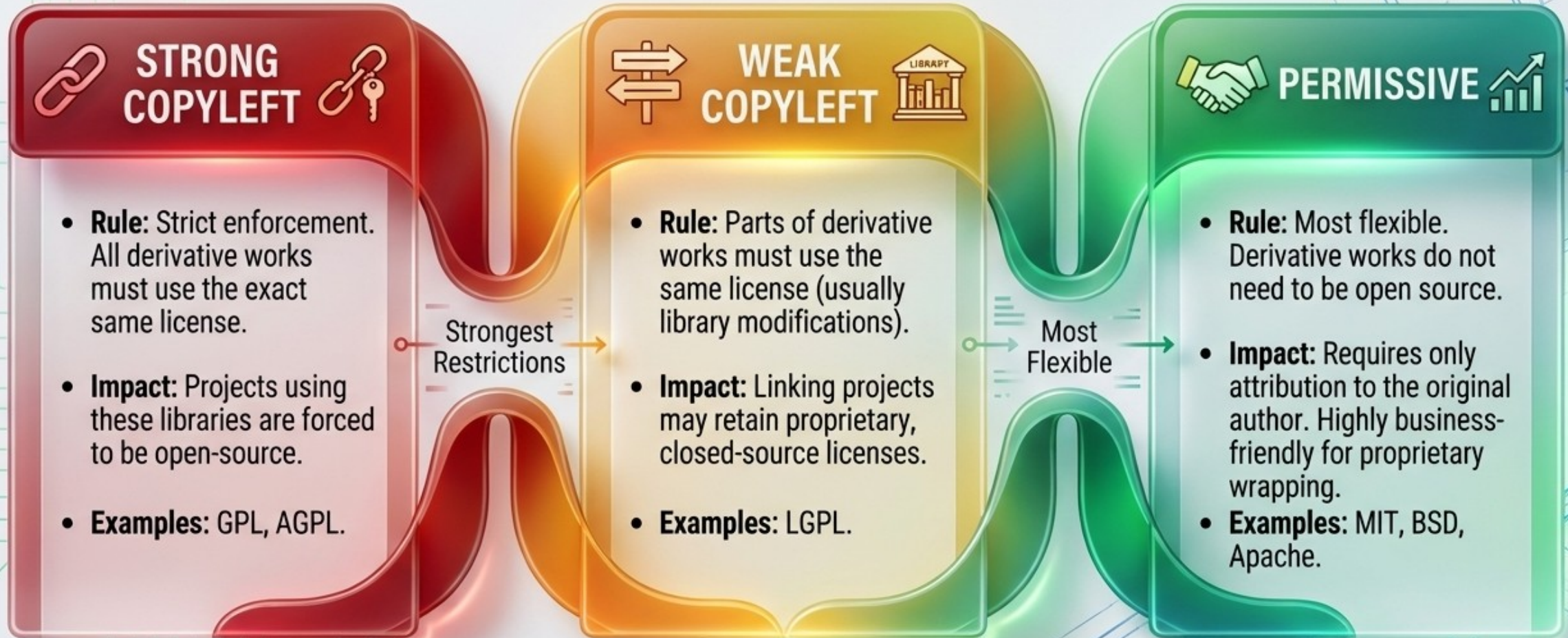


Open
Source



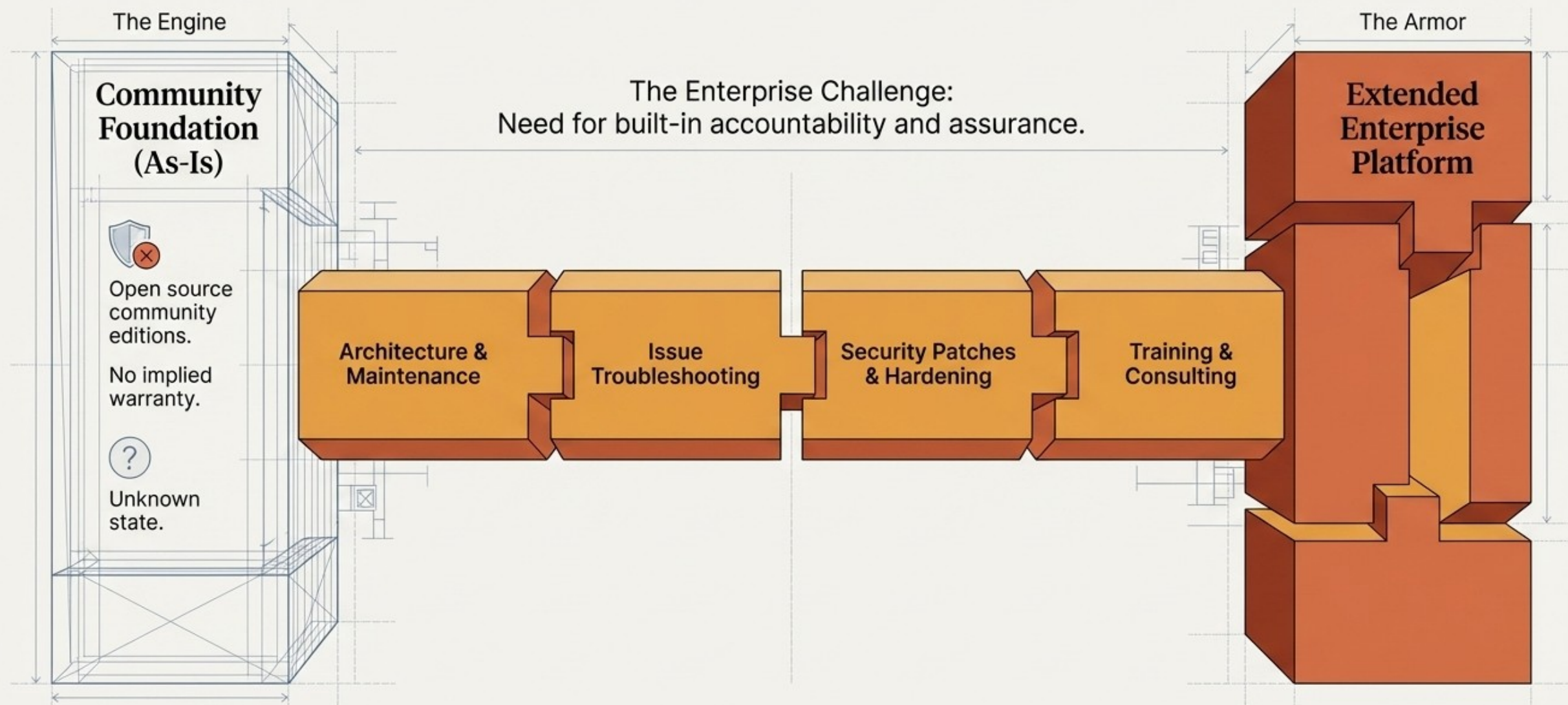
Intellectual
Property
Retained

The License Spectrum Matrix

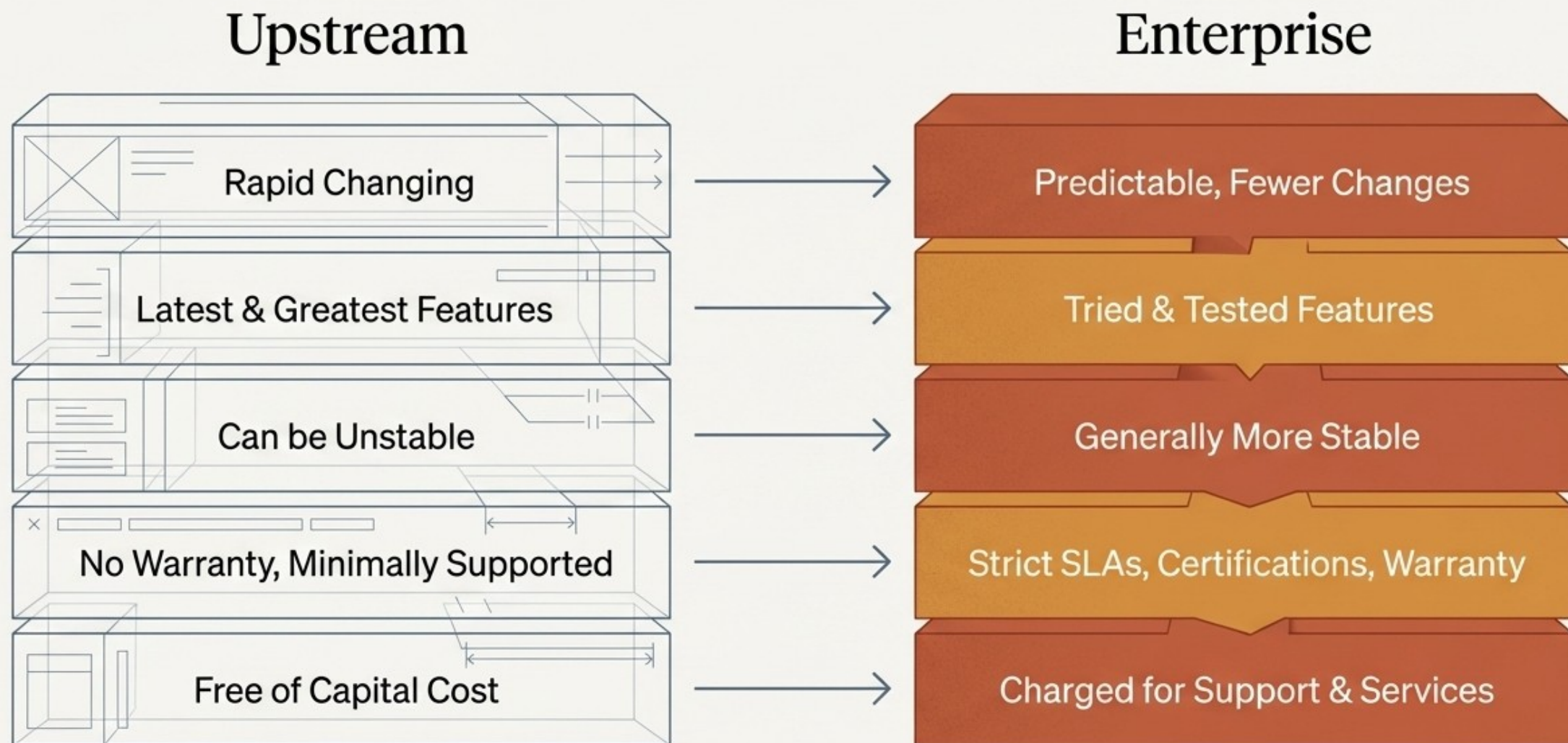


The Open Source Business Model

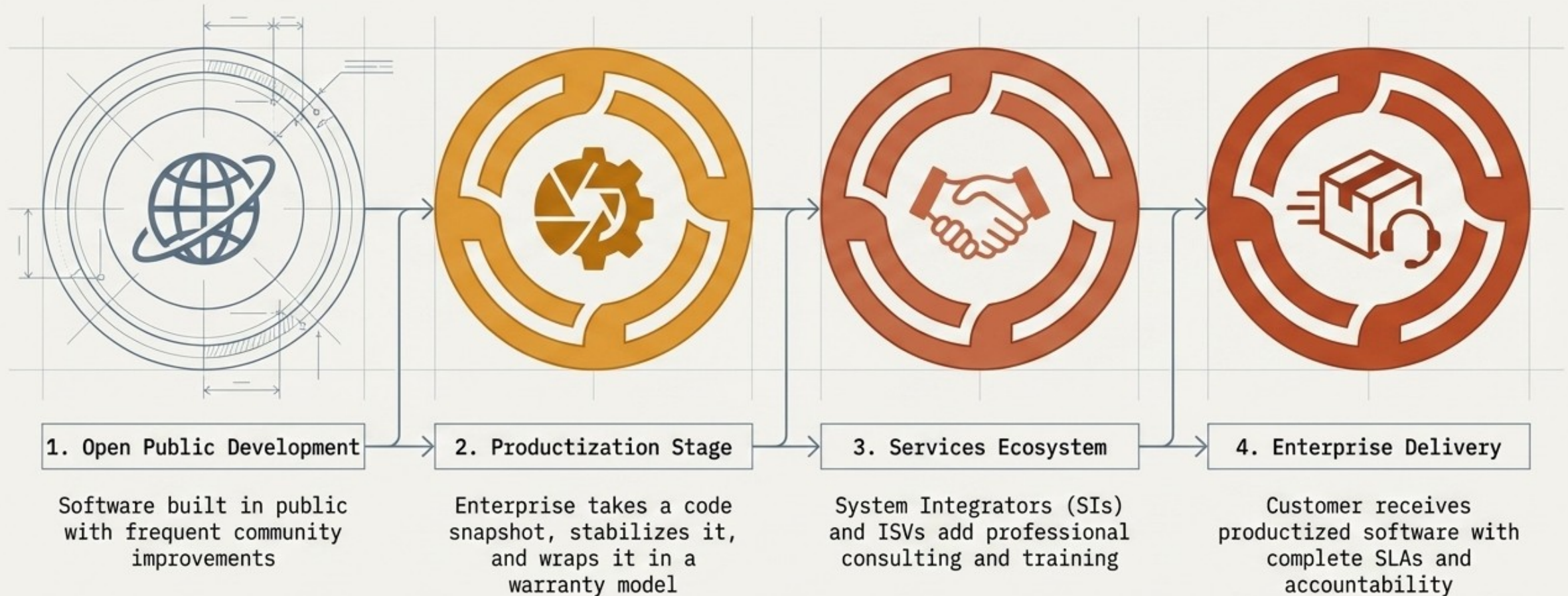
The Enterprise Gap: Why businesses pay for free software.



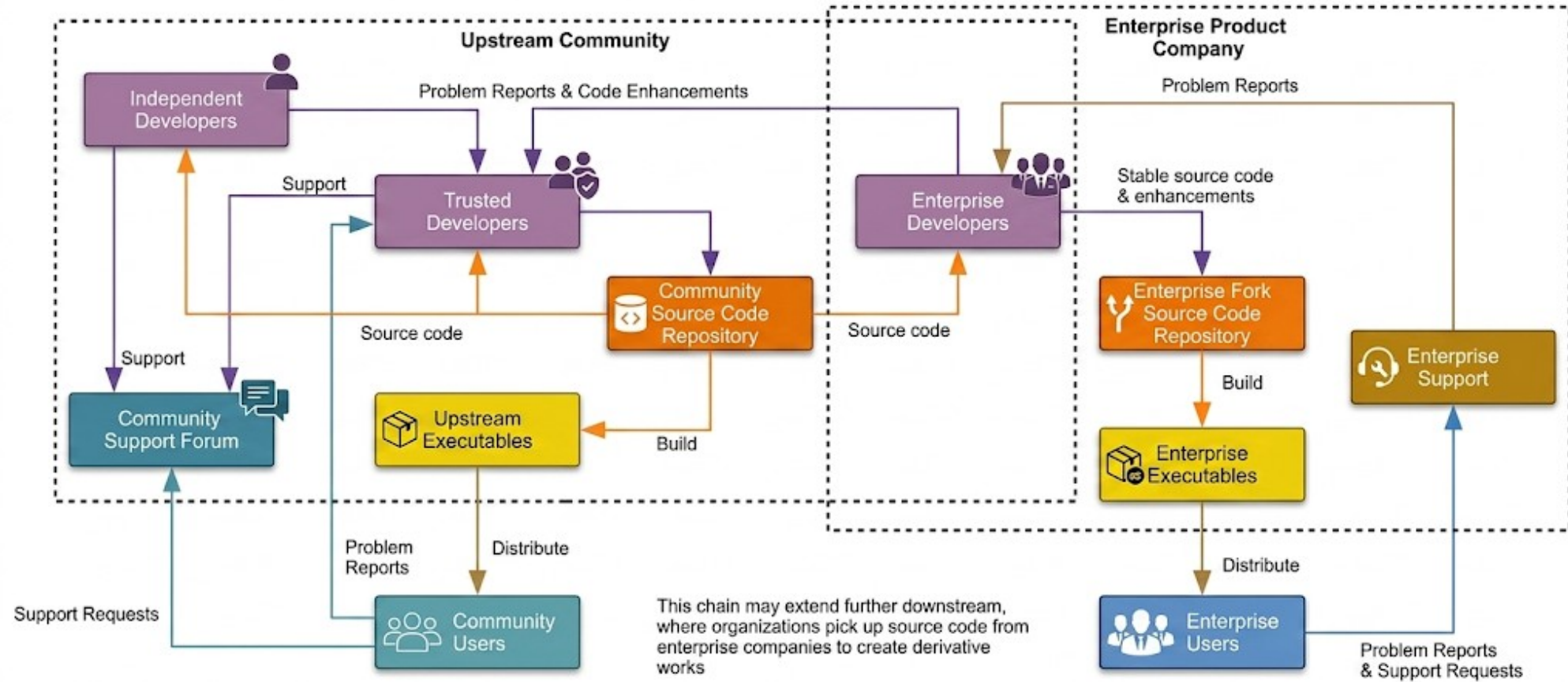
The Code Trade-off: Upstream vs. Enterprise



The Enterprise Software Value Chain



Open Source Development & Consumption Model



The Revenue Engine: Software is free, human time is premium.

Service-Based Models

Services



Implementation & Integration



Custom Software Development



Consulting & Training

Subscriptions



SaaS / PaaS / IaaS

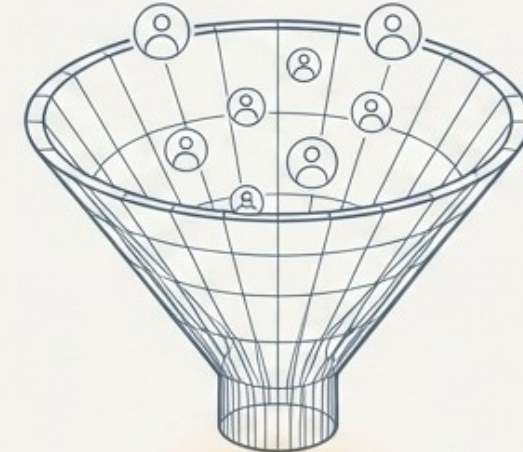


Managed Services & Operations



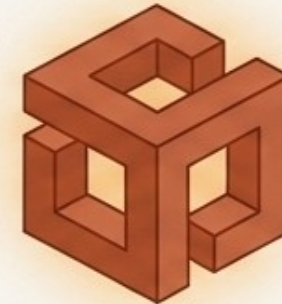
Support & Warranty

Hybrid OpenCore Funnel



Massive Top-of-Funnel:
Free Software Time

OpenCore

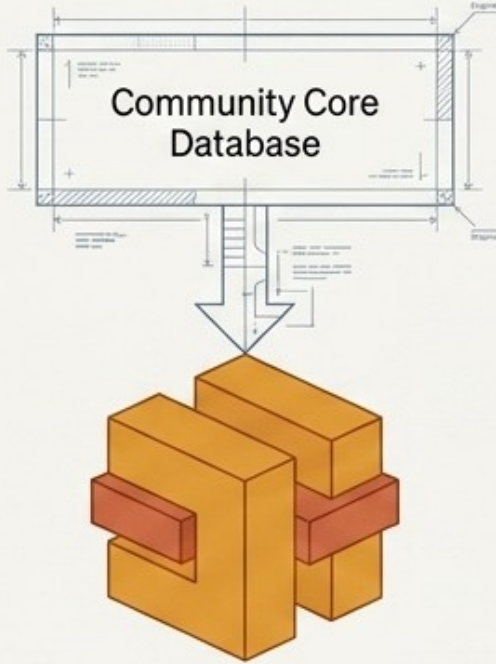
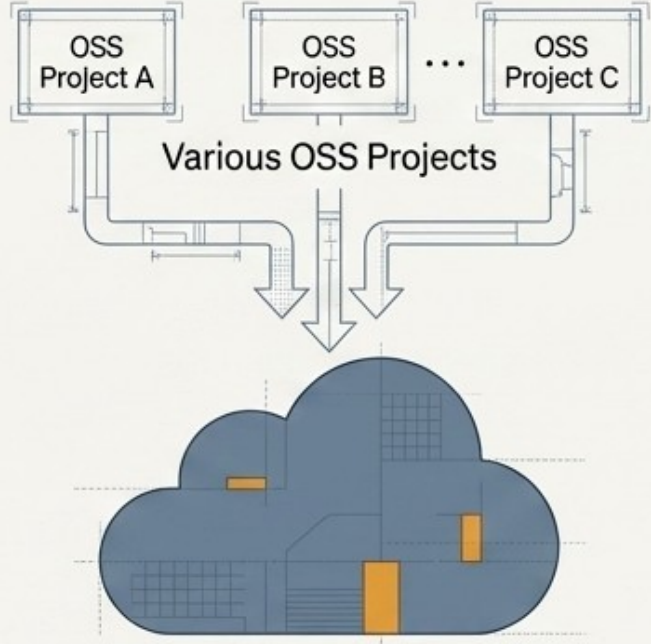


Core software remains
open source, but revenue
is generated by selling
proprietary plugins and
enterprise management
tools.

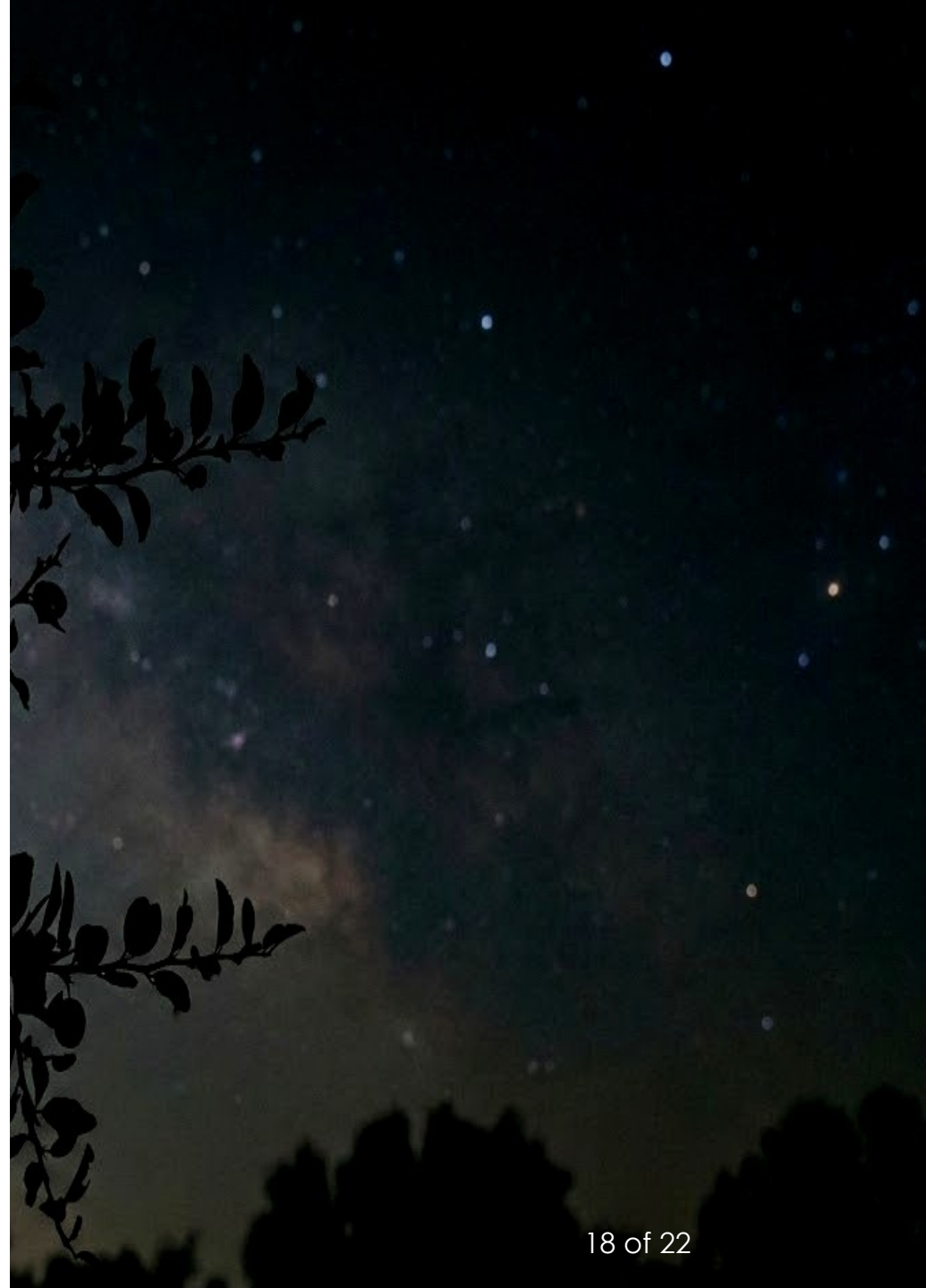
Revenue →



The Archetypes of Open Source Monetization

Archetype 1: The Packager	Archetype 2: The Dual-Licenser	Archetype 3: The Cloud Host
 Enterprise Grade OS (e.g., Red Hat) Takes rapid community projects, stabilizes them over years, and sells heavily supported, risk-free systems to corporations.	 Proprietary Management Tools (e.g., MySQL Enterprise) Controls core community development but restricts advanced enterprise capabilities behind a paid commercial license.	 Fully Managed Service (e.g., AWS) Takes fragmented open-source projects and provides them as frictionless, fully hosted cloud services with guaranteed uptime.

Conclusions



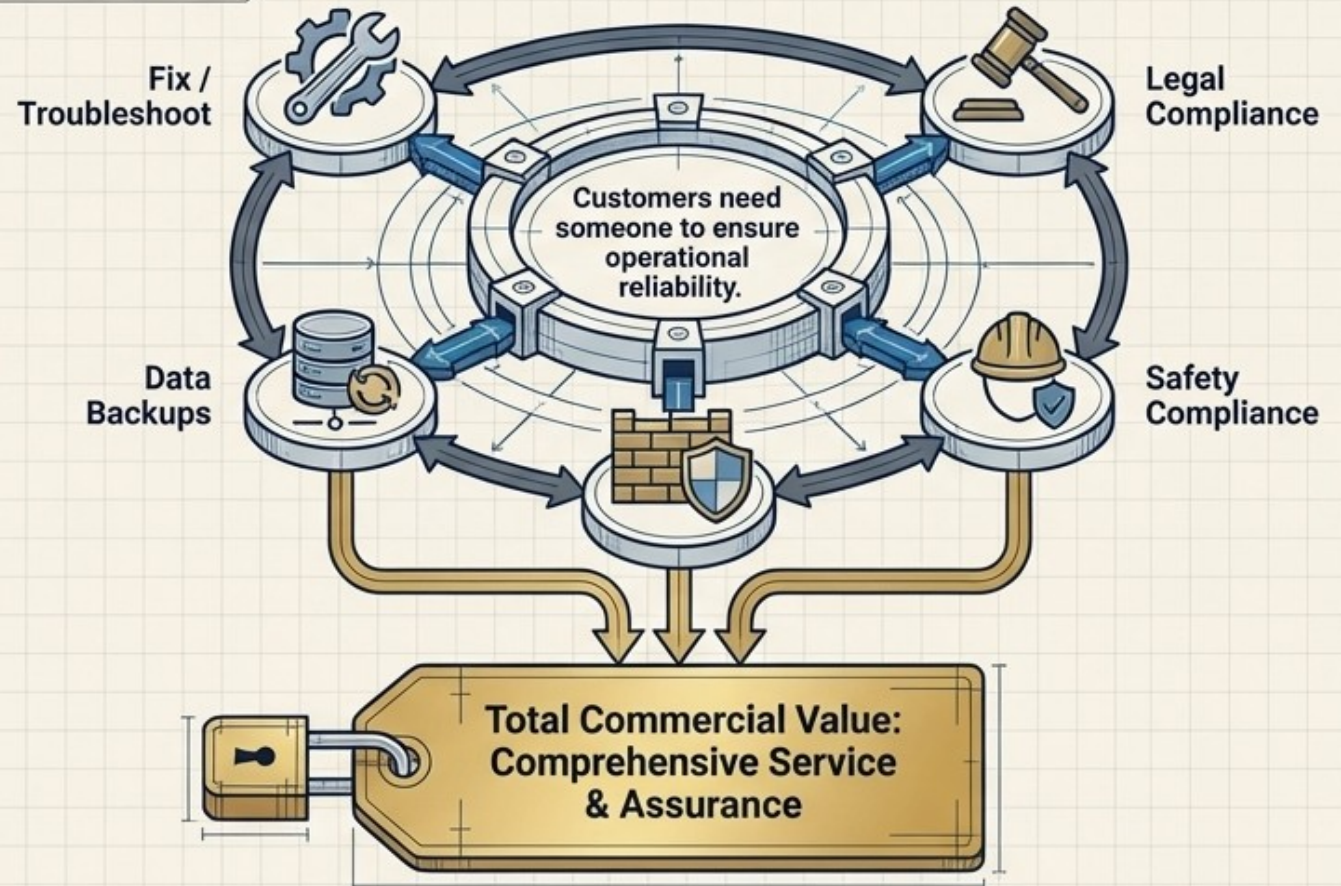
The future of software monetization lies in enterprise assurance, not code generation

THE SOFTWARE EQUATION

SUB SOFTWARE DAMBOL



THE SERVICE EQUATION



Raw Code (\$0) + Enterprise Assurance = Total Commercial Value



Building Digital Sovereignty With Open Source & AI

If you are looking for **sovereign data platform** solution with **Open Source** technologies, expert services around **Open Source** technologies, or an **Open Source** service provider yourself, let's talk.

<https://koslab.org/>

Questions?





THANK YOU

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