

 linphone

HOW TO BUILD A PROFITABLE COMPANY ON AN OPEN SOURCE PROJECT: THE LINPHONE STORY

June 15, 2023

SPEAKERS AT CW2con'23



JEHAN MONNIER
Co-founder



ELISA NECTOUX
Sales & Marketing manager

From **a personal project** done on spare time (*Linphone*)
to **a 21 people company** (*Belledonne Communications*)

HISTORY

The overall journey

First release of **Linphone**
Personal project of
Simon Morlat

2001

2010

Creation of the **Belledonne
Communications** company

21 salaries
Annual revenue of **2M€**

2023

- Why **building a company**?
- Which **revenue models** helped us grow over the years?
- What's **next**?

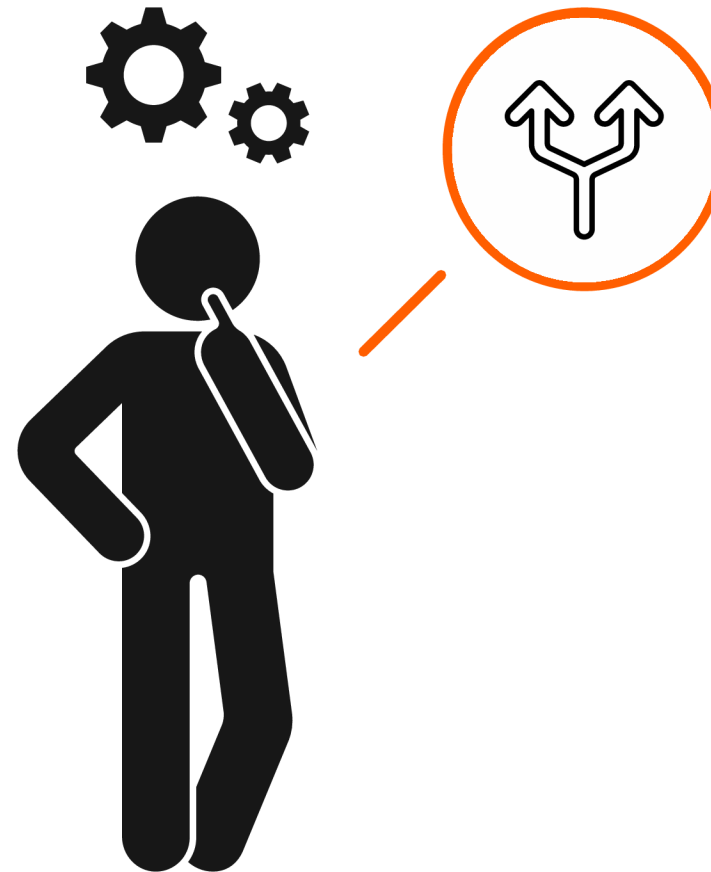
First release of Linphone

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Why was « Linphone » born?



A personal need for an open source alternative to Skype

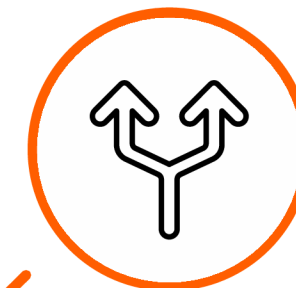
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No « money » consideration
at that time

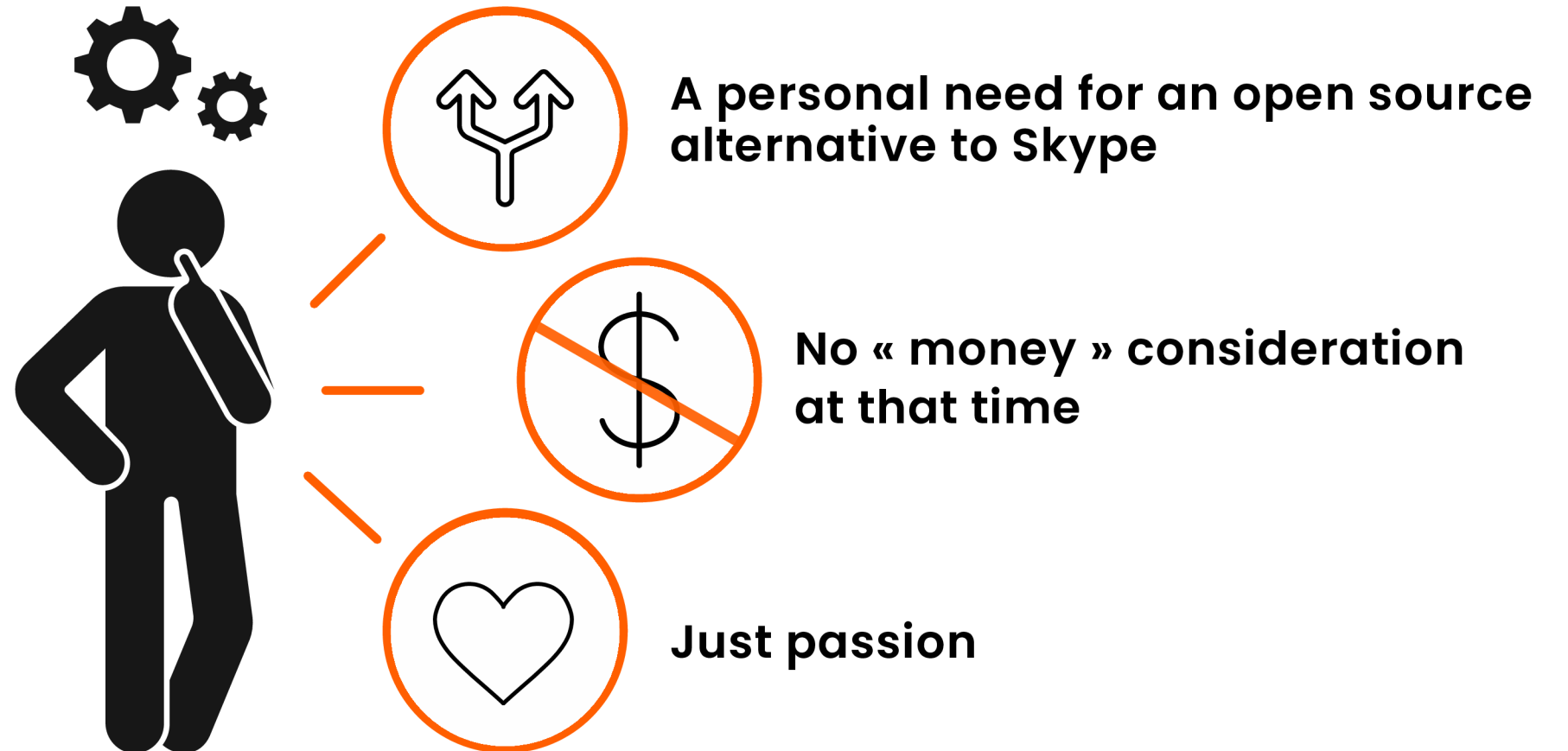
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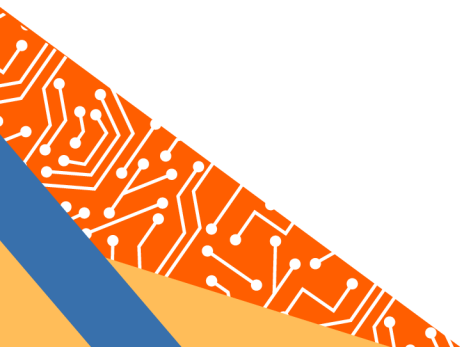
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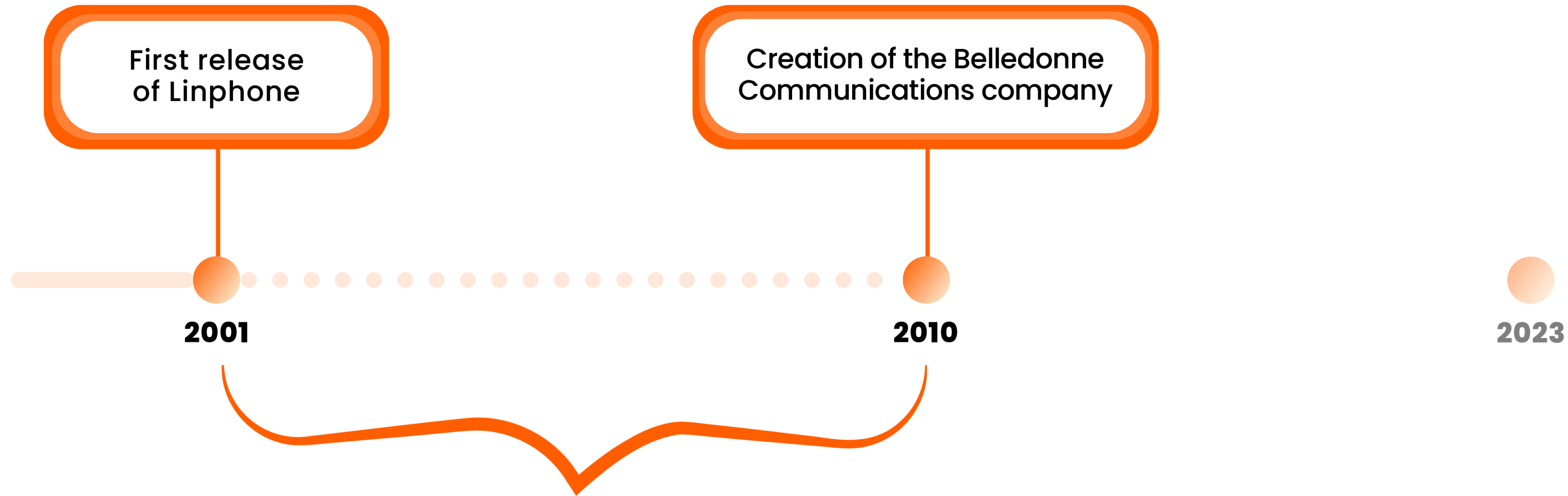
2001

Creation of the Belledonne
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2023





Between 2001-2010:

- The time constraints of a spare-time project
- Some companies show their willingness to help finance the development of the project

First release
of Linphone

Creation of the Belledonne
Communications company

2001

2010

2023



A wish to work full time
on the Linphone project



An observation:
companies are willing to pay

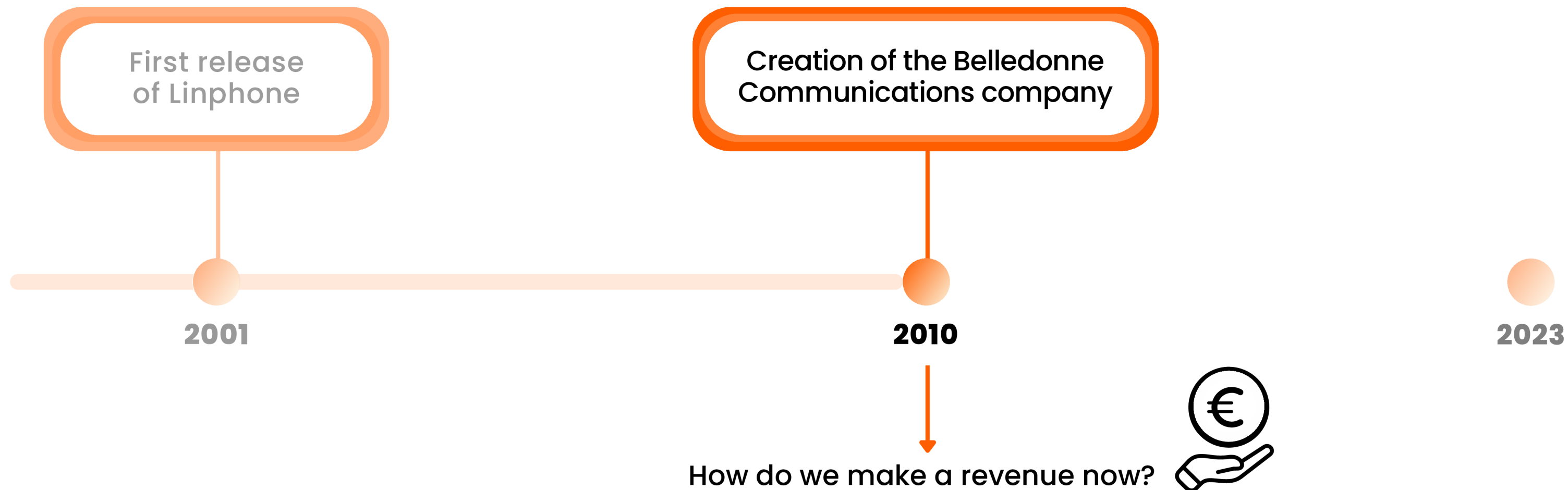


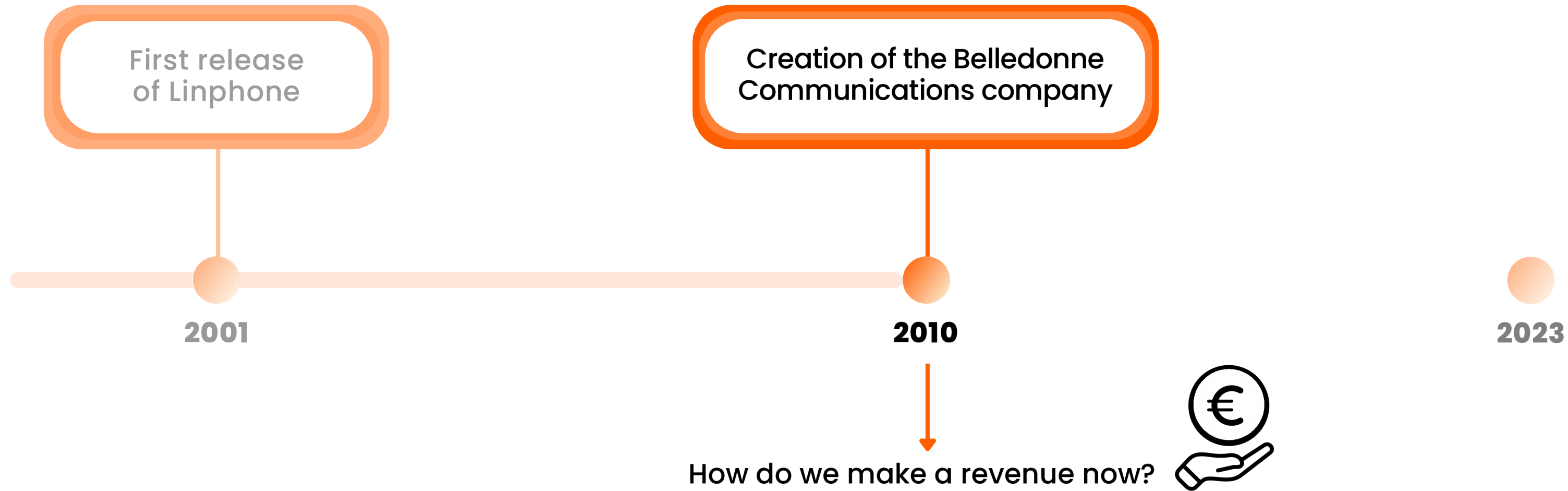
200K euros
of side money



 **BELLEDONNE
COMMUNICATIONS**


WHICH REVENUE MODELS HELPED US GROW OVER THE YEARS?



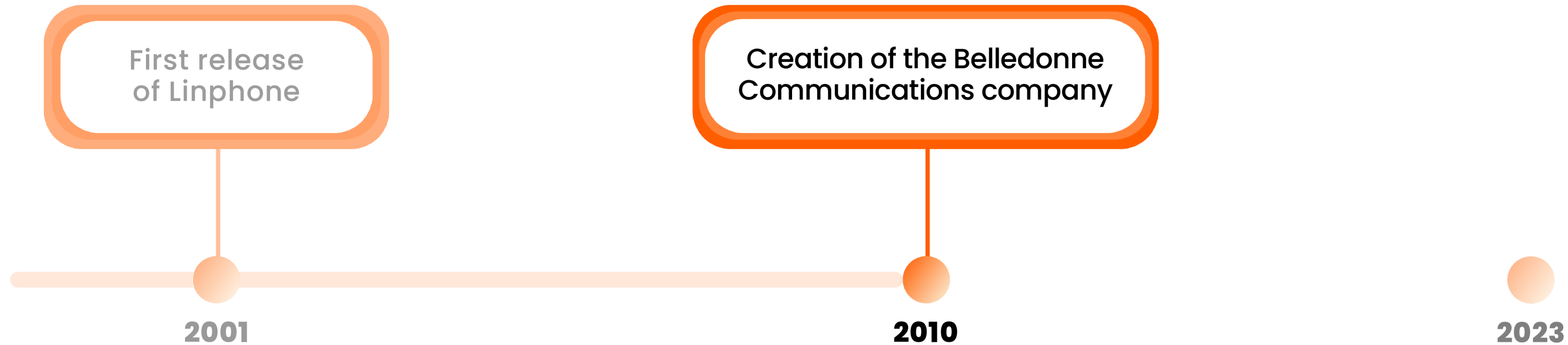


DEVELOPMENT SERVICES

Make companies pay for the development of what they need by supporting them in their projects

 Help to start

 Requires a lot of human resources





How do we make a revenue now?





DEVELOPMENT SERVICES

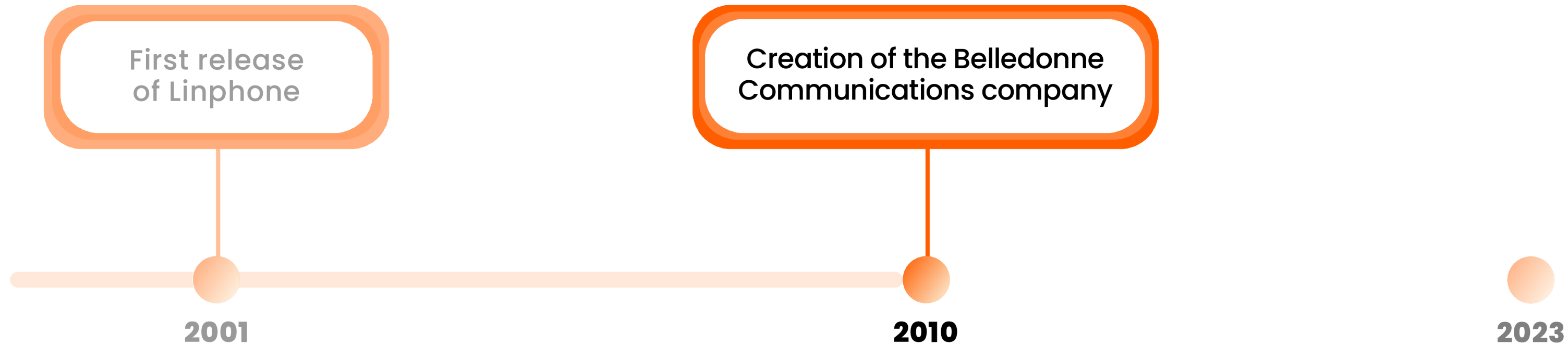
Make companies pay for the development of what they need by supporting them in their projects


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SOURCE CODE LICENSE

Most companies want to leverage open source technologies but they don't want to sell their own open source product they've built, so they choose the GPL license



-  Build a direct revenue on your IP
-  A « one-time » fee



How do we make a revenue now? 



DEVELOPMENT SERVICES

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SOURCE CODE LICENSE

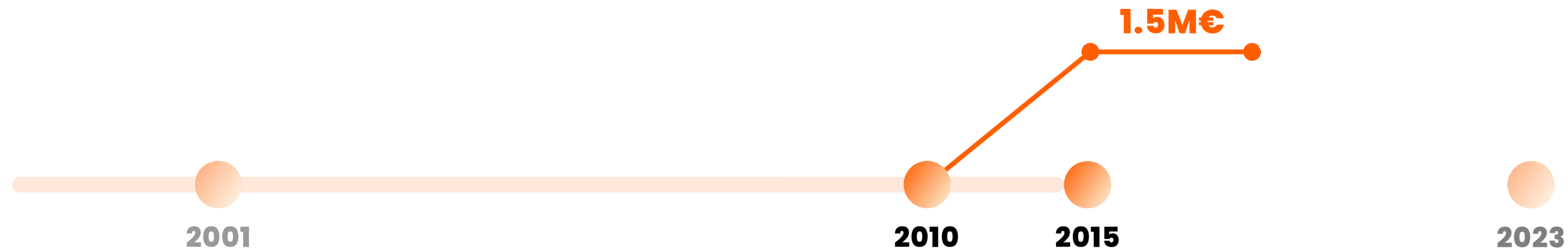
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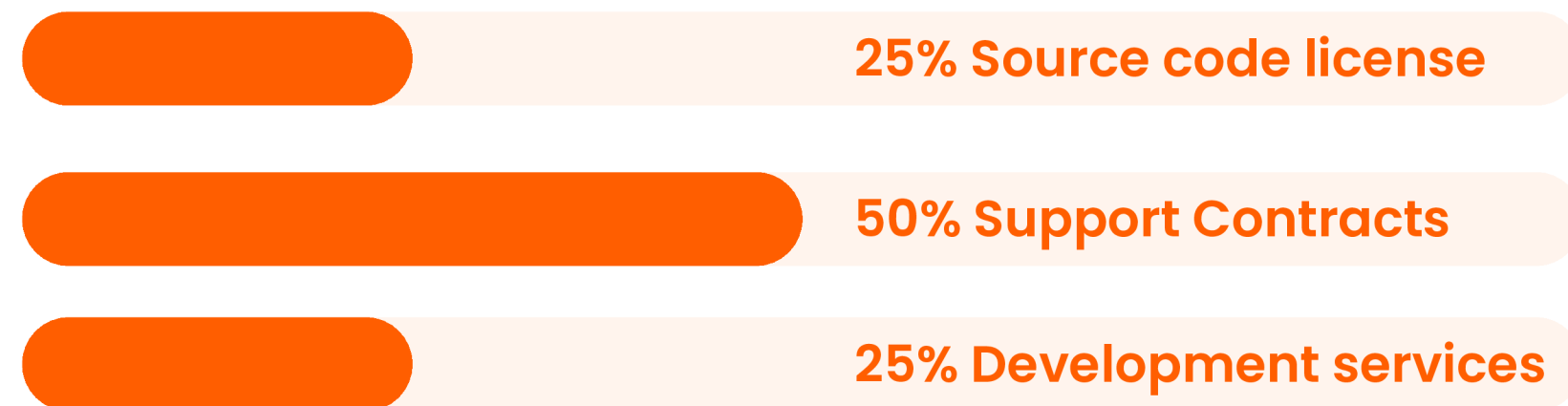
SUPPORT CONTRACTS

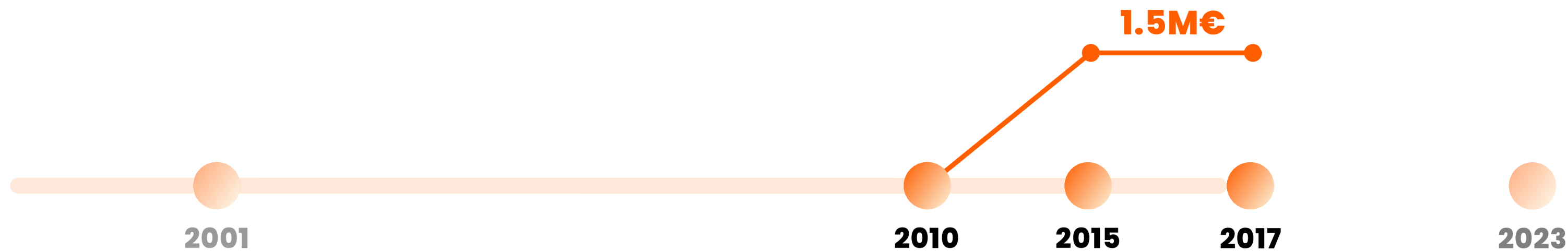
When you provide a core "technology", companies are willing to pay for bug fixing services

-  A recurrent revenue
-  Help improve the quality of the product

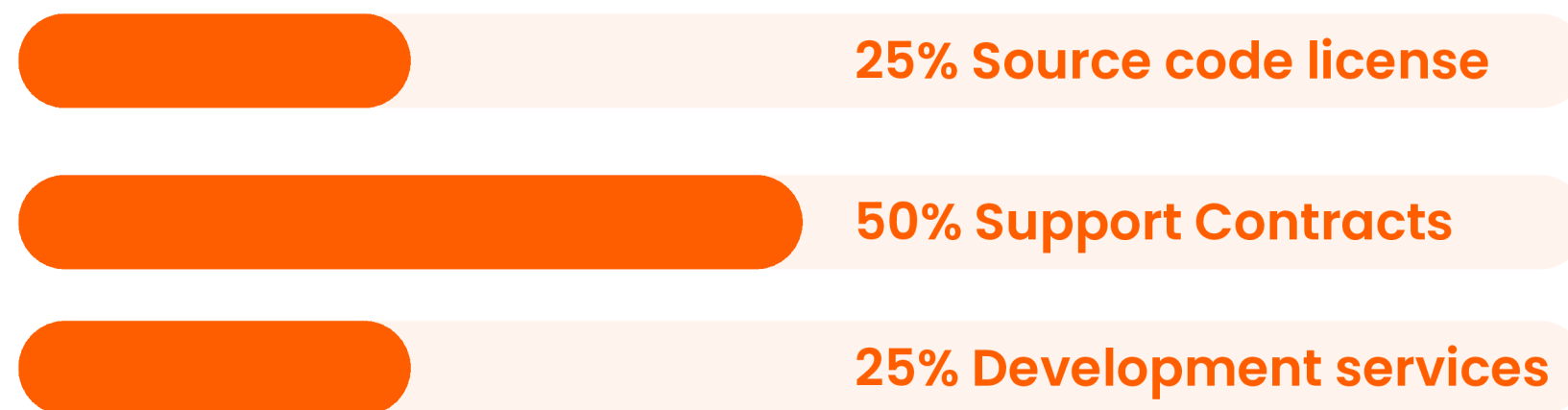


TO SUM UP, OUR SALES MODEL:



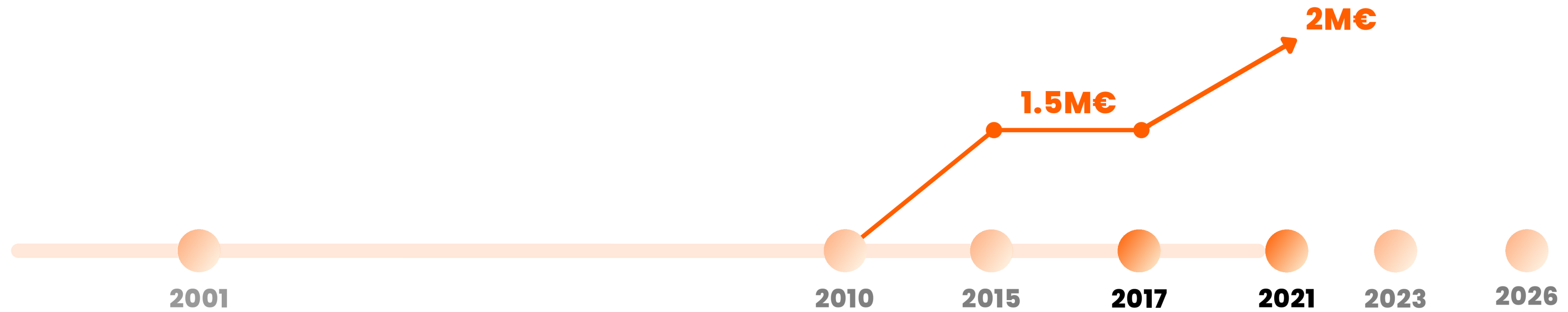


TO SUM UP, OUR SALES MODEL:



- + The revenue is stable
- The model requires a lot of engineering resources
- We did not reach the « critical size » yet

"Now, how can we quickly generate more revenue to increase the team and become more resilient?"



DEVELOPMENT SERVICES

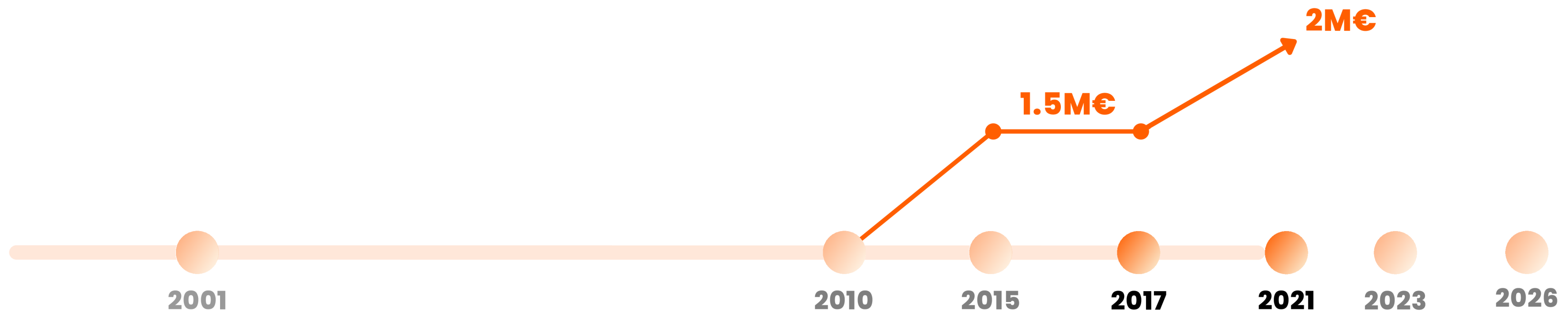


SOURCE CODE LICENSE
Development of new markets and products



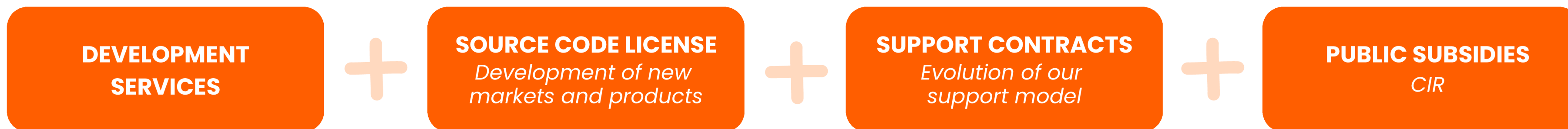
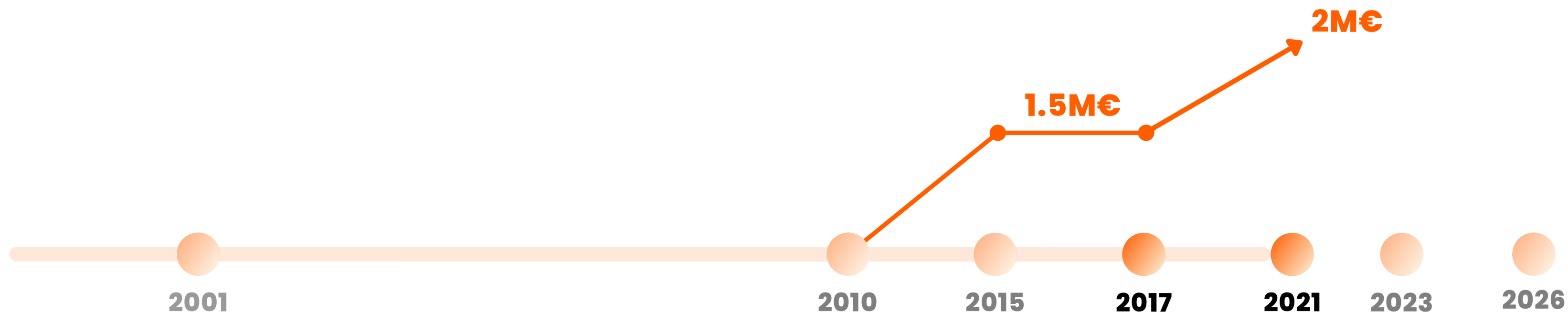
SUPPORT CONTRACTS
Evolution of our support model





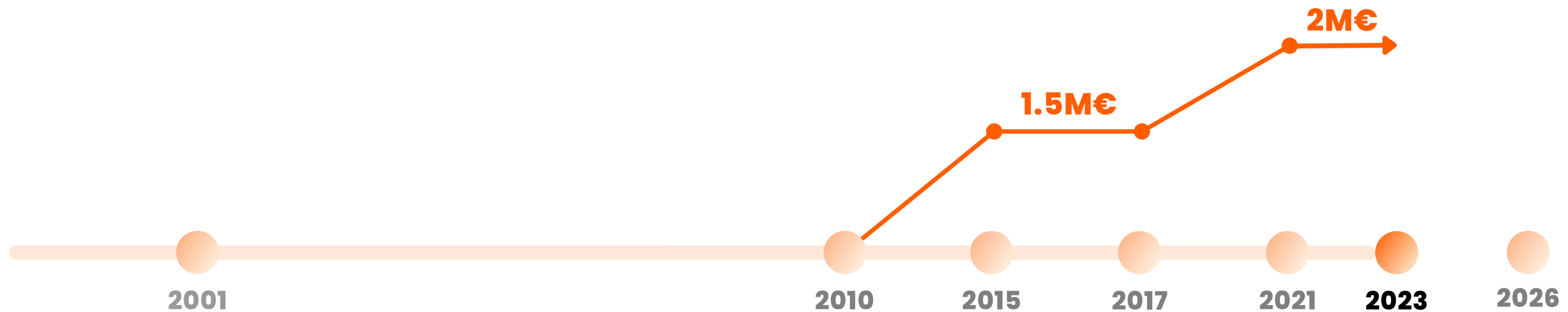
Software maturity + Increased features set = Increased value

- Development of complementary software products
- Development of 2 offers dedicated to specific markets with a higher panier moyen: intercom systems and secure communications



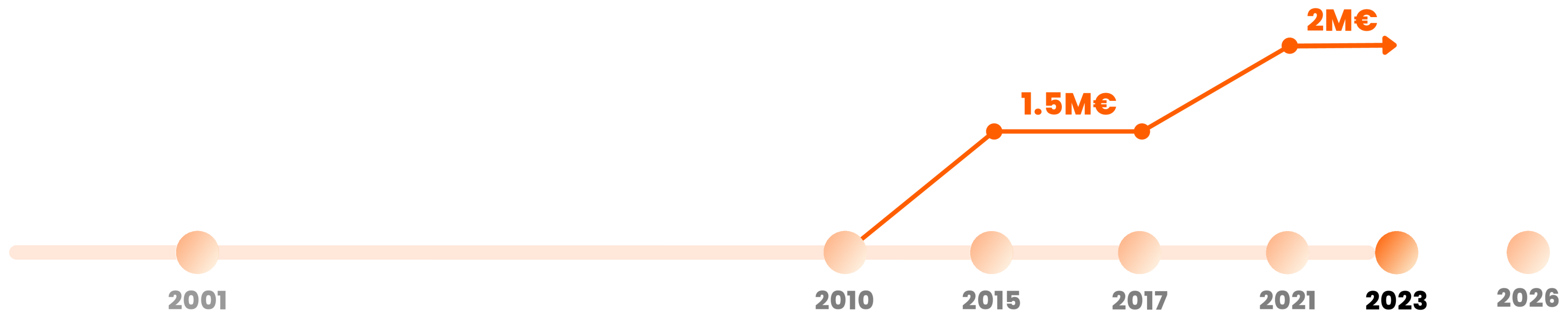
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NEW CHALLENGES:

- Still, no back up resources for all parts of the dev team
- Being a technology provider requires high-skilled resources
- The Linphone community has grown up worldwide but we still do not make money via Linphone directly
- We receive more and more requests from organisations willing to use the Linphone service « as is » but we do not have any offer for them

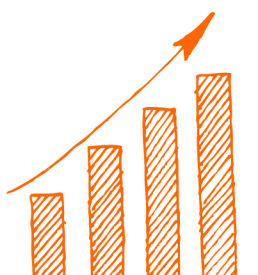


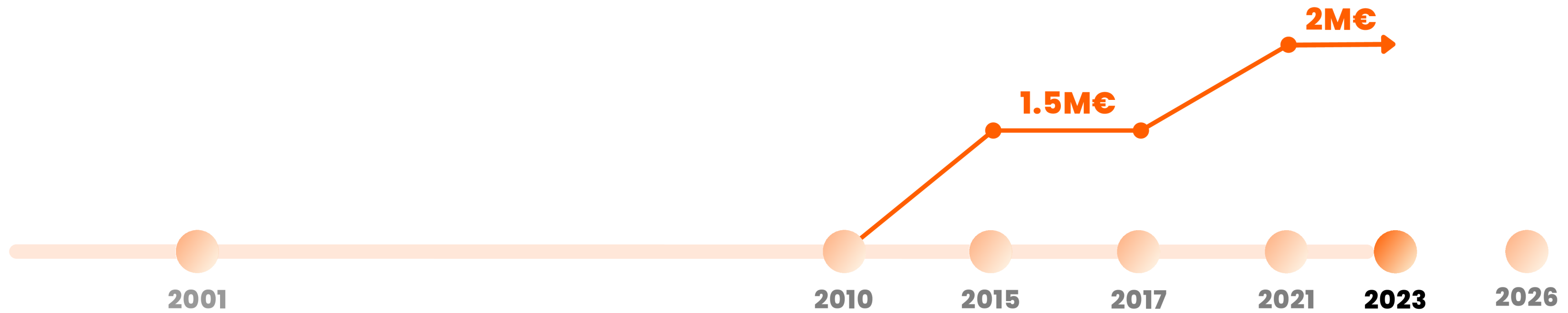
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INTRODUCTION OF TWO STRONG ACTIONS:

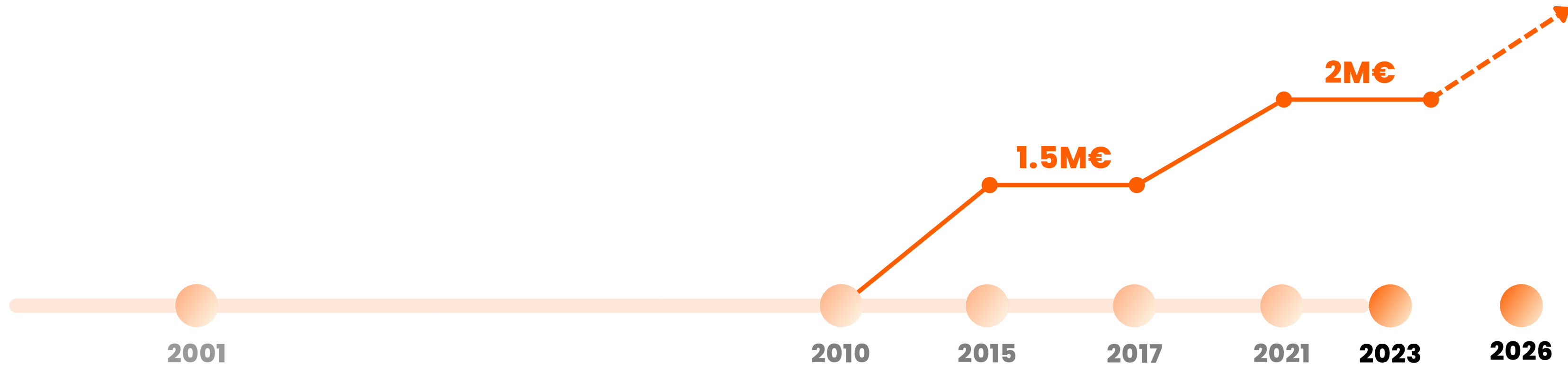
- 1 We hire « **non-technical** » **skills** to help grow the business: Communication, Business development, Project management
- 2 Development of a **recurrent revenue model** via the sale of the Linphone service





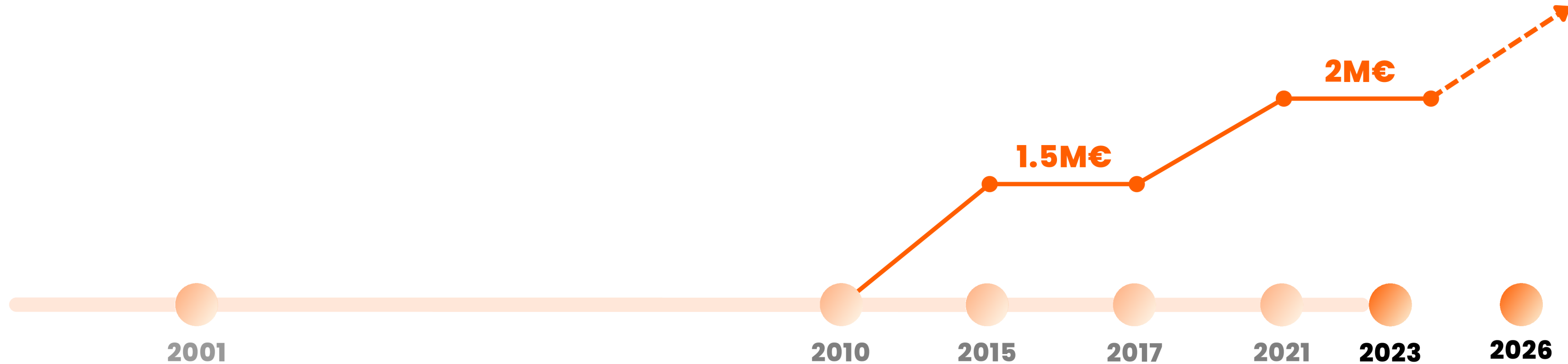
OUR RECIPE FOR MEETING THE NEW CHALLENGES:





Development of a recurrent revenue model via the sale of the Linphone service

- In all types of organisations, we see increasing needs for a "digital workplace", at a more sustainable price
- The European countries, and specifically France, are actively promoting the usage of open source software
- Our solution is now mature enough to target « non-technical » end-users



Development of a recurrent revenue model via the sale of the Linphone service

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A maxi boost thank in 2022 we created a consortium with 6 other companies and won a "request for tender" initiated by the French government with public subsidies



From the beginning:
multiple types of revenue



Full control on the intellectual property:
a pre-requisite to the sale of source code licenses



A unique core technology,
but various use cases for different sectors



A few worldwide actors:
international market

THE BUSINESS SPECIFICITIES THAT MADE SUCH BUSINESS MODEL SUCCESSFUL



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THE BUSINESS SPECIFICITIES THAT MADE SUCH BUSINESS MODEL SUCCESSFUL



These factors made it possible to build a profitable company in the free software industry, without leveraging fund raises from external parties

linphone

Thank you !



**DO YOU HAVE ANY
QUESTIONS ?**



FOR MORE INFORMATION

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