Odoo 2020: Vision & Strategy

DRAFT DOCUMENT V0.6

Preamble

Over the last 10 years, the small 'TinyERP' has grown into a solid Odoo[1], delivering a great suite of business apps to 50,000 companies worldwide and a global network of 630 partners. The company is now the most downloaded suite of business applications worldwide with ~2.650 deployments per day.

In our quest to find the perfect open source business model, we conducted a deep analysis of the current situation and the partner network. Following a series of brainstorming sessions with key customers and partners, we have identified key improvements to allow Odoo to become mainstream in 2020.

As a reminder, Odoo is built of the following fundamental pillars:

- **open source** - we believe in open source, open source will rule the world. More specifically, the way we see open source is free as in 'freedom of speech', not as in 'free beer' - a sustainable system requires funding and has to be open / collaborative.
- **clarity of roles** (community, partners, vendor, customers) - all players are key and contribute to the ecosystem. We target an optimum for the whole ecosystem, that may not be not an optimum for every actor individually.
- **revenue sharing** - we believe in a model in which the average value distribution is fair across all roles (85% partners for one to one customer services / 15% publisher for R&D/marketing and one2one maintenance services).
- **2 different markets**: the small SMEs market, looking for an out of the box solution, and the larger, medium size market, in search of implementation service and support to make a system and processes meet their business needs. These are two different markets requiring two different approaches. Being able to address both will give a serious competitive advantage in the future → ease of use required by SMEs and advanced features required by bigger companies.

A sustainable ecosystem should satisfy all actors of the system, i.e:
- Customers get a lot of value through great products and services
- Partners: get paid from their services
- Publisher (Odoo sa): get paid for its product, marketing and maintenace service
- Community: get the freedom to use and develop

The objective is to build a 'low friction' model in which every part fills a specific role, and in which a 'fair share' of value is captured based on the value created by each actor.

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[1] Terminology note: we'll refer to Odoo as the software and project, Odoo sa ('Société Anonyme') as the company driving Odoo, and the community or the ecosystem all participants that deliver Odoo products or services, or benefit from them.

Current situation

The following slides illustrate the progress of the product and KPI, and the continuous growth met by the product.
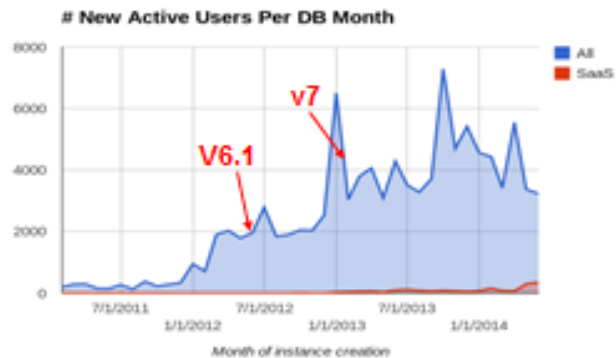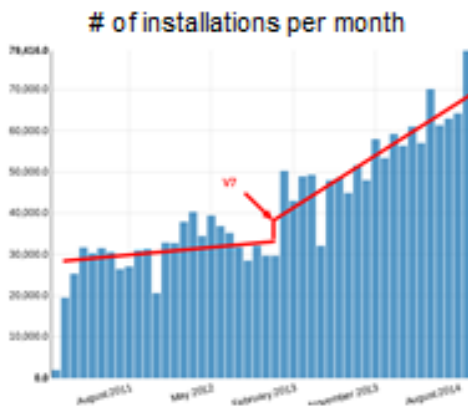
In summary, the adoption of the product is constantly increasing, and each new version is bringing an enhanced rate of growth. Today, we can state that Odoo is now the leading open source business application suite worldwide and the most installed worldwide (open source and proprietary mixed)

Odoo 2020

Channels, Product/Market fit

Two different markets segments look for business applications:
1. Small companies looking for an 'out-of-the-box' product, with no/little service (Trello or Sage's market)
2. Medium to big companies looking for a solution customized to their needs, where the service is the most important part of the project. (Ms.Dynamic's market)

Most software vendors focus on one of these two markets, but not on both (with a few exceptions like Salesforce and Netsuite).

Over time, the needs of those two segments will converge due to two trends (occurring over a 10 years horizon):
- The 'consumerization' of IT, in which business end users even at large corporations look for easy to deploy, easy to use solutions, creating a shift for service providers, from technical services into business process reengineering, training/coaching, configuration services
- The sophistication of SMEs, looking to learn and apply business approaches previously only available to larger companies (e-procurement, advanced supply chain, real time analytics,...)

The strength of Odoo is to have (and continue to build) a product that fits both segments. Yet, the delivery of the Odoo value proposition will remain different.

The first market (small companies that need a low-cost product out-of-the-box) is a market of volumes that requires huge investment in marketing, sales and a ready-to-use product. We plan to address this market in direct. (we are open for partners to address this market too, but we think they are not in a good position to be competitive on this segment)

The second market (medium/bigger companies that are looking for a custom solution) is a service market. With proprietary solutions, 75% of the value delivered to these customers is service and only 25% come from the license. (with proprietary software) For this reason, we plan to address this market with partners to deliver the local service.

Clearing the boundaries between direct / indirect

The objective of the SaaS and Odoo Direct is to target the first segment. Our opinion is that this market is too costly to serve through an indirect model, given (a) it's as difficult to sell compared to 2. , and (b) the typical budget is inferior to EUR5k, leading to a low profitability per customer in the short term (but good in the customer life time). However, Odoo sa is best placed to tackle this market given (a) its strong brand reputation, leading to solid flow of inbound leads (b) a 'factory' approach to onboarding in order to minimize the cost to serve given the budget (c) the maintenance of a SaaS solution, which is a perfect fit for this market.

However, we noticed that in multiple cases our Indirect and Direct channels have been competing with each other for a single prospect. Usually due to the fact that the prospect took multiple contacts separately or other reasons. There is a clear need to define clear boundaries and rules for channel ownership.

4

Due to this, we sometimes face a prisoner dilemma with partners. A situation in which multiple parties ('the prisoners') do not share information because they can't (aka for prisoners) or they are afraid to do so, resulting in a suboptimal situation for the ecosystem (ie prisoners get a high individual jail term while if they had talked/cooperated they would have a much lower term).

Concretely, (some) Partners are afraid that:
- Odoo sa bypass them (Direct)
- OE costs reduce their chances of winning deals

Odoo sa is afraid that:
- Partners do not defend Odoo Enterprise effectively in deals

As such, prospects that would be better served by partners and for which partners would be better positioned to win the deals are sometimes solely addressed by the Odoo Direct team, and some partners do not involve enough Odoo early on in the deal, resulting in similar situations.

Net, what should be done is a win-win situation of combining the service, local strengths of our partners with the functional/technical expertise of the Odoo sa, versus having a 'lose-lose' situation in which deals are lost or the sales/service is suboptimal.

It is important to note that this situation stems not only from channel boundaries conflicts, but difficulties on the value proposition and (hence) price of the OE contract.

To solve this issue, we propose two actions:
1. Defining clear boundaries between both market
2. Redefining the service offer of Odoo sa to not conflict with services of partners for the indirect channel

Clear boundaries

- Deployment mode: Odoo SA will only target in direct SaaS customers, and not target in direct those willing to go on premise. Every "on premise" project will be for the channel of partners. (for now on, we had a few on premise projects in direct but we are ready to stop them)
- Lead qualification: a simple criteria will be applied to define if a lead should be addressed in direct or indirect. (a solution will be voted amongst strategic partners) This could be:
    - Size: e.g, <20 users or > 20 users

- ○ First contact (did he contacted a partner/account manager or a direct salesperson)
  - ○ Technical constraint: we want to limit custom developments on the SaaS platform (e.g. additional module). Companies looking for important custom development, will be directed to our Partner network (at least before 2016. As explained after, we expect the SaaS platform to evolve so that partners can rely on it to offer their services by supporting their custom developments on the SaaS too)
- For joint deals, Odoo will solely focus on services described below to not conflict with partners services.

Even with these changes, we may face situations where the direct sales (SaaS) and the indirect sales (service offers of partners) may compete on the same prospects. But, at least, the rule are transparent for everyone.

For partners, the worldwide switch to SaaS or out-of-the-box solutions is real. If it's not Odoo SaaS, another competitor will compete with out-of-the-box products vs implementation services. For this reason, we think it's important for partners to focus on prospects where they have a real value (e.g. projects above 20k€, requiring custom development of project management for the change).

As we are "open", we do not plan to enforce our partners to not sell to smaller companies. But we will train them and communicate on the future of Odoo.

Yet, we should install a 'gentleman agreement' between our partners and us. If deals are pursued by both Odoo sa and a partner, both companies should contact each other to define the approach that would best meet the client needs and who would take which role to win the deal.

Redefining Odoo sa's service offer

As explained later in this document, Odoo sa plan to improve the value proposition of Odoo Enterprise to refocus on selling features instead of services (bugfixes and upgrades)

In addition, Odoo sa will stop selling implementation services to customers and refocus its service offer amongst a few, very-well packaged, services. Odoo sa plans to refocus its service offer on services to partners or services to customers where the vendor has a real/unique value added.

The list of packaged service that are strategic to Odoo SA will be:
- Support Services: 24/24, 7/7, live chat
- Trainings: of new partners and customers
- EDI developments on the SaaS (web-services links to external software)

- GAP analysis: pre-sales services allowing the customer to evaluate the product and prepare adequate RFP, in order to negotiate efficiently with partners.
- Expertise services on demand from partners (a few days of an expert) needed to improve competencies of the partner network, including performance analysis: helping partners/customers on performance issues on huge databases

The DRAFT/ possible list of services we plan to phase out progressively over the next 18 months: (<20% of our turnover currently):

- Implementation services of large projects
- Developments on demand
- Consulting days for customers (exceptions for experts requested by partners)
- Offshore development services (for partners and/or for customers)
- No more maintenance of custom code of on premise implementations

Indirect: A Clear Value Proposition with Odoo Enterprise

The Odoo Enterprise model has been very successful so far. It's a huge source of revenues for Odoo sa: 50% of the turnover and it has a growth of 38% year over year. It's a recurring revenue with a margin good enough to sustain our massive R&D investments.

The main values in the Odoo Enterprise (OE) offer are:
- Unlimited bug fix guarantee
- Upgrades to future versions
- "Private use" clause
- Willingness for partners to resell to become "gold partners"

However, we don't think it is scalable if we multiply everything by 10. Mostly, because the customer value of Odoo Enterprise is decreasing as the maturity of the product increases:
- Bug fixes: our goal is to not to have any bugs at all. Long term, selling a bug fix guarantee may not be useful anymore. (and, commercially, it's not a good argument)
- Migrations:
  - Clients are not willing to pay now for something they will benefit in 2 years
  - Partners sometimes prefer to avoid complexity linked with migration
- Partner grade: some partners sell OE simply to retain/achieve Gold/Silver status. We believe that it is not the best reason to sell OE (even if it worked well so far as the partnership grade is a real value). OE should be sold based on its own merits to the end customers

Moreover, Odoo sa's main service offer (bug fix and upgrades) is not aligned with the value created by Odoo sa which is building a great product (R&D) and generating a demand (marketing).

In addition, when Odoo sa sells services, we may have a conflict of interest with partners whose role is to sell services. Most partners do bug fixes or upgrades for their custom modules. This may create a misalignment with partner in some projects: if Odoo sa sells upgrades, its goal is to limit specific developments on a customer project to ease the upgrade process and lower the customer entry costs. But, in addition to valid reasons for customization (meet unique requirements or work around some limitations), sometimes partners pushes custom developments more than necessary.

To address these scalability issues in the future, Odoo sa plan to pivot from selling services to selling features. This will allow to both align interests of partners/Odoo sa and hugely increase the customer value of Odoo Enterprise. We plan to do this while maintaining the open source nature of Odoo.

Odoo Enterprise: from services to features

The open source nature of Odoo is very important. It has been a huge part of the success of Odoo in terms of product quality and market adoption. → Free as in "free speech" but not free as in "free beer".

To allow selling features instead of services, we will release new versions of Odoo to partners and Odoo Enterprise customers (on average) 18 months before being available outside the partner network. This creates a huge differentiation for customers that purchase Odoo Enterprise (or partners that resell it).

Selling Odoo Enterprise will be like selling features (the features of the newest versions: accounting, MRP, …).

Odoo Community (v8)	Odoo Enterprise (v9)
Free	Not Free
Features: ● Light Accounting	Features: ● Great Accounting ● ….
No publisher services / warranty	Bug fixes Upgrades Private Use

We plan to continue delivering bug fixes and upgrade services as part of Odoo Enterprise, but the key selling points will become the features of the new versions, as well as the

reassurance to benefit from upgrades. Odoo Enterprise will be a recurring contract as the client will choose to upgrade to the latest version within the 18-24 months of its release, or keep the Odoo Enterprise for its traditional value.

Keeping the open source way of working

Our proposition is to reinforce the monetization of new versions through a premium of 18 months for new customers. But we want to keep the collaborative nature of Odoo: access to github, collaboration on developments, etc.

To allow this move, we will have to change the license of Odoo (currently AGPL) to an non-copyleft open source license like MIT of Apache, or a dual license for the 18-months period. The idea is to give an access to Github to partners and Odoo Enterprise customers, but forbid them to redistribute before the 18-months period (a NDA?).

A non-distribute agreement will be introduced in the partnership contracts. As part of their partnership contract, official Odoo partners will receive access to the private Github repositories of new versions allowing them to work in the same way they work today on Odoo:
- download latest patches
- review work in progress
- contribute, report bugs, etc.

To distribute Odoo Enterprise to customers, partners will require an Odoo Enterprise contract for the customer allowing them to receive latest version ~18 months before full release to the public.

This will be further explored and documented by relevant experts.

As a summary:
- Partners get access to everything (github, sources, …) of future versions and development branches
- Community (without Odoo Enterprise) get access to the github of the old versions (that are still maintained by the publisher)
- In order to use the latest version (18 months), partners have to sell Odoo Enterprise
- If they don't want to sell Odoo Enterprise, they can use the previous version

Side-note:
- This licensing model is used by Android albeit for different purposes: paying partners like Samsung get an access to development versions of Android several months before a new android version is released. For Odoo the latest versions available would be both the development and the latest stable release.
- The exact opposite model is used by Redhat: the development version is publicly accessible (= Fedora) but stable versions are only for a fee (= Redhat). Redhat is still

open source but, when you buy redhat, you can not redistribute the binaries that are not public.

- Partners fully subscribe to a mutually beneficial business model: OE for all their clients on the latest release, at a fair price.
    - Partners are free to provide the full open source version, in order to remain competitive with non partners, but are encouraged to implement the latest release.
    - Only partners get access to the source code of the latest release on Github, enabling their contributions & use of code source. (a good value in the partnership contract)
    - Partners using the latest version on their client project will have to sell the OE contracts.
    - They benefit from trainings within the partnership agreement (tbc).

Changing the license

Changing the license of Odoo is a complex change; people are afraid of such a change. (the usual fear of leaving the open source part). Basically we need the full copyright (or the agreement of everyone that has the copyright) to do such a change.

We will proceed the following way:

- Odoo SA has currently 98% (a quick estimation) of the copyright of full code of Odoo.
- Contributors that contributed code to Odoo without a copyright nor license notice (for instance putting their name in the copyright notice in the header of their contributed file), we will assume that they put their code in the public domain. (and thus, we can change the license of it)
- We will make an announce to the community. If some contributors disagree and claim that their code is not in the public domain, we will respect their right and offer them 2 options:
    - They send us a written agreement (Contributor License Agreement similar to the OCA one) that will allow us to relicense their code in Odoo from AGPL to MIT (or Apache or LGPL)
    - If they don't agree, we will respect their right and we will not reuse their code in version 9. We will remove their contribution from the Odoo code before we release version 9 to not infringe their IP. (As we need to port 100% of the official modules to the new API, nearly 100% of the Odoo code will have to be rewritten for version 9. If someone refuses a CLA, we will ensure that his contribution is removed and we will redevelop a new feature that meet the requirements from scratch on the new API → We want to clean and review all modules in this new API re-development process. Thus, we estimate the overhead of such an action to be very limited.)

Changing a license has always been a flame war in most open source project. We will discuss this process with the community to find the best compromise before moving forward.

Pricing of Odoo Enterprise

The current pricing was adapted to tackle all market segments:
- SaaS / On Premise
- Small / Big
- Few apps / Full ERP / ERP + Front

It is based on two drivers (users and app bundles), with a EUR12/USD15 per user/app bundle and month as base (also called Standard access). On this a business pack can be added (for Direct customers) offering coaching, configuration and customer, for a fixed fee per app. The Odoo Enterprise is based on the 'standard pricing', with volume rebates available for large apps coverage and users.

The feedback from our team, customers and partners is that the pricing is valid for the SaaS but not for the partners (larger implementations). Indeed, the double drivers quickly created a high budget as partners typically implement multiple app bundles (an 'ERP') for many users (larger companies).

In addition, those companies, led by more sophisticated buyers, compare the 'incremental value' provided by Odoo Enterprise in comparison with their best alternative, which is typically to use Odoo without OE and rely on other means for bug fixes or upgrades (the partner, themselves, or another 3rd party). This results in a 'market for lemons' situation, in which the asymmetry of information leads the buyer to take a lower cost option, resulting in a negative pressure on price and a bad service for the customer.

Last, some partners may be reluctant to include an OE in their offer, as the impact on the budget could lead to losing the deal, or affecting the amount of work they deem necessary to offer to implement the solution.

A value vs volume offer

There are two main options

- be cheap and attract the mass
- be expensive and get good margins

However, low price does not necessarily attracts the masses, but it does help to convert. At some points, lowering the price as typically little impact on user recruitment, unless the product is 'viral' and recruitment of new users is mostly done by current users. In this context,

the objective is to avoid any barrier to virality such as pricing. In B2B, we see this happening for productivity software (like Evernote, Google Docs,...), enterprise social networks (like Yammer), but is less the case for other software such as CRM, ERPs,...

Conversely, high prices or 'market' prices compared to existing players, with stronger brands (SAP, Salesforce,..) is perceived as a barrier to break through the market Odoo remains a challenger and its price needs to reflect that (the day IT managers say 'Nobody gets fired for choosing Odoo' is not there yet).

The value proposition of Odoo remains, for many, 'an affordable alternative' to larger software, even though in some areas the software is much more pervasive and powerful. As the brand, quality and scope of the software reaches new heights, this could change over time.

As such, we'd like to move to a 'fair pricing' policy for OE: the pricing should not be an obstacle, but at the same time we and our key partners are convinced that on average, 10 to 15% of a Odoo implementation revenues should go to the publisher in order to fund the R&D and marketing. We believe that going too low will not make Odoo gain significant extra volume, but will enable end customers who can afford to pay to have a 'free beer' on Odoo sa.

As we plan to reach a low public price to bring a maximum of users on Odoo Enterprise, we plan to change the commission of the partners from (50%-60%) to (10%-20%); 10% for ready partners, 15% for silver, 20% for gold partners. To limit the competition effect between partners and improve the transparency for customers, the public price will be fixed by Odoo and not anymore decided by every partner that chose how much margins they wanted to add to the price.

Net, this results in an initial price point between EUR 18 and EUR 21 per user for all apps, for the end client. We think it's a very competitive price (three times lower than the competition) but we will grow volume of Odoo Enterprise by increasing its value.

Scaling the App Marketplace Modules

Today, a mobile phone without a strong app store is worthless (the main reason why Windows phone don't work). Tomorrow, an ERP without a strong apps store will be worthless too. We need to be the first software to have this strong apps marketplace, rather than being the latest one.

Odoo sa prides itself in having 4000 community modules built over time by the community. This is more than the 1000 available in the App Exchange of Salesforce. However, the usage is not at the level it should be, and despite a few exceptions, no module today provide a

complete industry solution. Nearly no module have a documentation, a dedicated website, a solution that workings out-of-the-box by non-experts, support services, …

Current community modules are like "shared code" but not like "real products/solutions". Typically, this is due to how modules are usually developed: a customer finances a special requirement, which is built custom to this client's needs. Some 'packaging' is done to make usable by others, but usually the investment in genericity and user experience is minimal.

However, would the modules be available for a fee, things would change:
- Partners would get more benefits hence incentives to develop custom modules, as it would provide extra revenue streams
- As new users would come, they will be more keen to deliver feedback and suggestions to the publisher of the module, who would constantly improve its module. If you sell something, you become responsible of its quality.

This, paired with a state-of-the-art app store enabling ratings & reviews, would significantly boost the quantity and quality of the community modules, to the benefits of everyone. Last, this does not prevent the co-existence of freely available modules that are supported by partners or associations like the OCA, who could continue to offer benefits to the community.

Medium term (not before 2016), we also expect that the community modules (or a subset) should/could be made available for SaaS clients.

The next implication is that the Odoo Enterprise / Community needs to evolve into an 'Open Core' model too in which proprietary software can be integrated with open source software (the new license (MIT or LGPL) will allow this). Side note: we absolutely need to move to MIT or Apache for the CMS/eCommerce. It's a real blocking point to have a CMS with an AGPL license, it does not make sense. → No other serious CMS/eCommerce use the AGPL.

Impact Of Allowing The Community To Sell Modules

A typical marketplace has:
- A small minority of apps (let's say 15%) that are great, generating a significant revenue for their authors
- About half of apps that are ok and provide a small revenue to their authors
- The remainder (let's say 35%) are crappy apps, generating nearly no revenues

The quality of an app store rely on these 15% apps that are great (evernote, uber, whatsapp, mindmap pro). Even if it's only 15% of the apps, they provide the majority of the value for the customers. The other 85% apps do provide a value for some customers, but they are less valuable. Typically, on our 4000 community modules, we should have 600 that are so great that everyone would want to use them. Today, we have almost no module that has such a

13

level of quality: a real documentation, a mobile version of the app, a pro video showcasing the product, a dedicated website, works out-of-the-box with state of the art usability, support services, …This is a strong barrier to expand the usage of Odoo.

In 2016, Odoo needs it's own Evernote / Uber / Whatsapp enterprise applications. Such applications needs millions of $ of R&D investments to produce. The companies that are able to produce these apps will not go to the Odoo platform if they can not monetize their investment. They will go to force.com (or another ERP in the future?) despite Odoo is probably the best technical platform to develop such apps.

We think the current "you can not sell modules" approach is not the most efficient approach to produce these 15% of high quality apps. A market place would open a new business model for some partners where they can focus building great apps because they can finance it. And they can sustain a fast continuous improvement of their application due to a continuous revenue stream.

Of course, the open source way of collaborating allows to create quality apps too and we need to keep this good spirit in the Odoo community. The most efficient system would probably be to have the 15% astonishing apps sold in the apps store and the 85% others apps released open source to ease contribution and collaboration.

Unfortunately, some people will want to sell their "less good" modules in the hope of getting revenues whereas today, these same contributors would have released it open source. But we think that the best contributors (e.g. the top 20 OCA contributors) will continue their open source collaboration because they can do the difference, according to the module, what development method is the best.

We have to be more clear about the rules of the apps store (commission 25%?, refund policy?, how to rate paid apps vs open source ones? …) But one thing is clear:

Today, a mobile phone without a strong app store is worthless. Tomorrow, an ERP without a strong apps store will be worthless too. The first platform that succeed to attract Enterprise Software Publisher will have a huge competitive advantage.

We consider Odoo as a much better platform than appexchange to build business apps. However, the majority of the great apps are developed on Salesforce appexchange and we have no real software vendor developing modules for Odoo. Just compare community modules with these ones: https://appexchange.salesforce.com/

The Odoo SA Market Place Strategy

The strategy of Odoo SA is not to invest into non core modules but rather improving existing ones to reinforce the value of future releases (sold via Odoo Enterprise). We prefer to avoid extending the scope of modules to maintain. (we prefer to focus on usability rather than adding always new features.) So, we will probably not develop modules for a fee (all our modules will be open source) but having the ability to sell modules will be a key trigger for partners or editors to evolve into being a publisher of their own solution.

Allowing the community to sell modules is not a business model for Odoo SA but a way to finance better apps in a near future.

We can have a few opportunity exceptions to this rule like selling a module we had to develop just for ourselves and that we think should not be included in the core. (e.g. AdSpike, which is an upcoming Adwords optimization tool) But these are exceptions and certainly not our business model as we prefer to improve the core rather than adding extra-features. (thus, our model is very different from Magento, Sugar or Prestashop)

Odoo Partnerships

We plan to review to Odoo partnership contract:
- exclusive access to the latest version of Odoo for their clients (and master branches)
- encourage partners to become experts: functional and technical training materials to upgrade to the latest version could become free and unlimited for partners, or de facto included in the fee to become a partner (every time a partner recruit a new employee, he should send him to a training). These training sessions will be available on latest stable only, not on the community editions.
- being more strict about the partnership agreement. Being a partner means you agree and push the Odoo business model and sell Odoo Enterprise to clients, whenever possible. Implementing the Odoo Community version will still be allowed.
- Get private access to Github: the community edition's github will be public but latest versions and trunk will be accessible to official partners only.
- NDA on future versions to forbid redistributing them without Odoo Enterprise (as mentioned before, this requires changes of licences for external modules that would be used by the partner).

Evolution of the SaaS

The world is moving to the SaaS and the cloud offer is a key priority for Odoo sa. Being on the cloud provides a huge advantages for Odoo users:
- support 24/24, 7/7 with instant fixes on the instance
- bugfixes applied within hours instead of weeks

- no performance or crash issues
- full maintenance package: backups, real-time monitoring, scalability
- configured out-of-the-box: email gateways, pads
- continuous upgrades
- low costs, limited entry barriers

The SaaS allowed the product to evolve very quickly: maturity of the solution, a stable version is stable since day 1 (as used in the SaaS by hundreds of customers since months), bugs are fixed, merged and put in production within a day (as we have direct access to customers instance to reproduce).

For now on, every direct customers is on the SaaS and every indirect customer is on premise with Odoo Enterprise (because the current saas platform has constraints like "no custom modules")

With the evolution of the products (version 9, version 10, …) we expect to grow the average customer size from 3.5 users (in 2014) to 20 users (in 2020) on the SaaS platform with an out-of-the-box approach, for the direct sales team.

But we think that, in the future, customers will request the best of the two worlds:
- advanced maintenance features at low costs of the SaaS and
- the flexibility of on premise implementations.

To reach this service level, we will have to unlink the sales channel (direct / indirect) and the deployment mode (SaaS / on premise). With the maturity of the SaaS platform (evolving to an heroku-like for ERPs, or force.com) and the quality of community modules (as sustained by the open core model), starting in 2016, partners may start relying on the SaaS platform for their implementation services.

Thus, SaaS/On Premise will become a deployment option and is not related anymore to the direct/indirect channel. This will allow to better align direct/indirect sales and push the limit of the average customer size on the SaaS. If we can offer implementation services to customers on the SaaS through the partner network, we can expect growing way above the 20 average users on the SaaS in 2020.

Moving partners to the SaaS is important for us but the decision to move from on premise to SaaS will be the one of the partner and the end clients. It's our role to create a platform that creates enough value so that partners will want to rely on it for their customers. We think this is a long term project (2016).

Conclusion

This document is still in draft and need to be deeply discussed with partners and the community before moving forward. But we think these decisions can help Odoo move forward faster and boost our competitiveness within the next 5 years.

Such pillars will help Odoo to become mainstream and will serve the interests of every actor of the system:
- customers: will benefit from a product that evolves much faster (R&D boosted by more Odoo Enterprise financing new features), improved quality third party modules (with open core) and industry-specific solution (feasible due to the commitment of partners and eased by the app store model)
- partners will benefit from: an improved value of being a partner (access to github for future and latest versions), competitive advantage vs non partners (exclusivity on latest versions), availability of training material/sessions for every employee, a way to financially sustain their contributions (open core) and a more aligned relationship with the publisher (partner sell services, publisher sell features).
- publisher: a better value proposition in line with our core investment area (R&D and marketing).
- community: will continue to benefit from an open source version (18 months later but compensated by the fact that the product will evolve more quickly) and a great app store to buy quality modules from partners.

Summary of actions

2014:
- finalization of document and communications to partners
- Roll out of app market place

2015:
- Global communications (Q1)
- Roll out of new partnership contract and updated github access rights (Q1)
- Phase out of legacy services previously provided by Odoo sa (Q1 to Q4)
- Implementation of new services to partners (Q1)
- Release of Odoo 9 which is the new Odoo Enterprise (Q3)

2016:
- App store for SaaS, partners starting to rely on SaaS for their services (TBC)

Implementation FAQ

What's the best license to fit the model?

A lot of licenses would fit our proposed business model, from very open ones like the MIT to more constraining ones like the LGPL. For sure, we can not use the AGPL or GPL as they forbid to use proprietary modules and apply a NDA. (for the 18 months system).

So, the choice of the license will be done according to others community members need like the OCA. We will choose the license which is a "best compromise" between everyone's expectation. If we find an open source license that fits our needs and and the ones of the OCA, it's probably ok.

Why is the AGPL license a problem?

There are several reason why we should change the AGPL license and move to a more common open source license:

- AGPL is not compatible with GPLv2, [2]the most used license in the wold (25% or the open source products). Technically, we could not distribute Odoo with GPLv2 librairies like DHTMLx (used to render Gantt charts in Odoo).
- AGPL make things like the "Private Use" clause in our license very complex. Technically, you can not use our official "AGPL + Private Use" license with community module in pure AGPL.
- We can not launch an App Store with AGPL, that's just not possible to sell or do a dual license without conflicting with other modules
- A CMS can not be in AGPL license. This means every user must give the source code of its own website to his visitors. It's a security issue.
- As a result, AGPL is used by less than 1% of the open source software,[3] MIT is used by 20% of the open source software in the world.
- We can not do a 18 month exclusivity period for partners/customers with AGPL.

In summary, the current situation with AGPL is not very clean. Nobody complained about it because only a few people understand the technical issues

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[2] Quoting: https://www.gnu.org/licenses/license-list.html : "Please note that the GNU AGPL is not compatible with GPLv2. It is also technically not compatible with GPLv3 in a strict sense"
[3] https://www.blackducksoftware.com/resources/data/top-20-open-source-licenses

of such a license. But it's time to make Odoo robust; not only on the product, but also on legal aspects, with strong foundations.

What would be the impact for community modules?

For the system to be efficient, everyone should use the same license: Odoo official distribution, community modules, OCA modules, … Otherwise we may have incompatibilities between modules preventing our users to use two modules together.

Changing the license is very easy if you own the full copyright of the module. If the module has been developed by several persons, this is more complex. In this case:

1. if every contributors agree to change, we just change the license file
2. if someone does not agree, we can not change the license unless we remove and re-implement it's contributions. That what we will do for version 9 as we need to rewrite all modules for the "new API".

For community modules, the second option is more complex as community members may not have the time to port all modules to the new API. In this case, I think we should plan the change over the time of several months. Such modules may stay AGPL and, when implemented in version 9, we check if we can move them to the new license. The transition can be done in a few months/versions if needed to make things easy for community members.

Is this an easy change?

Every change is complex. The most annoying part in this proposition is the change and the cost of time and money for everyone. In the past, such changes have been a source of conflict in the community:
- When we moved from GPL to AGPL a few years ago, most of the community members complained about it. Today everyone is happy with it. (and probably if we propose to change back to GPL, people may not agree)
- When we decided to drop the GTK client, the whole community was against it.
- When we moved from Launchpad to Github, it cost a lot of time (and money) to community members to organize the transition. Today, our life is much better on Github than we used to have on Launchpad.

For sure, a change is a cost of time for everyone and a source of frustration. However, we think that moving forward is worth the investment.

Will people be allowed to download an open source module without contributing?

Yes, as they can today.

One of the side effects of an open source and non-copyleft licence is that we will accept that users/developers have non open source licenses to sell their own modules. This means people will be able to download Odoo (or community modules) and modify them without being forced to redistribute to their users.

Even if this sounds unfair, it's currently how it works in the real world. Many partners and non partners already have private branches for their customers that they do not distribute.

Will the app store kill collaboration?

We think some modules will continue with the current community development process (or the one of the OCA for OCA modules) and others will be sold. Everyone will be able to select the best working method for their own modules.

As an example, we expect OCA modules to continue being developed in open source and people will collaborate on them. It's the same for Odoo SA's modules that will be open source and not sold through the app store. This development process is great for: accounting localizations, improvement of existing modules (stock, MRP, …)

For modules that are sold, we foresee that when people buy the module through the apps store, they get access on the right github branch allowing to collaborate with the authors: get bugfixes, propose pull requests. So, selling modules is not against collaboration, it just limits the collaboration to buyers. This development process is better for: themes (done by designers), out-of-the-box industry solutions (adspike), modules linked to proprietary services (delivery operator, …)