When you put together a jigsaw puzzle, you usually start with all of the pieces. Open Source brings many new rights but also new risks—the missing pieces to a robust Open Source strategy. Open Source Risk Management helps you bring these pieces together to know, manage, and protect your investment through our services for builders, distributors, and users of Open Source:

- Risk assessment services
- Risk mitigation services
- Open Source insurance

The last half dozen years have seen the rapid adoption of Open Source in the enterprise, and with good reason. Organizations on the leading edge of free and Open Source software use have achieved independence from proprietary software vendors, freedom to make modifications, and lower total cost ownership. “Free” doesn’t necessarily mean “freedom” however. In fact, much Open Source software is licensed under fairly restrictive terms.

Open Source Risk Management’s solutions help you understand and navigate Open Source licenses, copyright and patent issues, software distribution, and in-house use, while protecting you from unexpected events.

**Risk Assessment Services**

For organizations with an existing code base, we help you understand what Open Source you are using, how you are using it, what problems might occur in the future, and what your risk level is for copyright, patent, or licensing issues.

*For more information, please refer to our Risk Assessment Services data sheet.*
Risk Mitigation Services

Our risk mitigation services help you manage and control your Open Source use, so that problems are minimized or eliminated. Examples of risk mitigation solutions:

- Using our existing knowledgebase of Open Source patent risks to help you select the most cost effective component without creating potential infringement risks.
- Re-engineering applications to prevent triggering derivative work clauses in Open Source licenses.
- Developing licensing strategies for organizations that want to release proprietary software under an Open Source license, but want to maximize value of the software and flexibility in its use.

For more information, please refer to our Risk Mitigation Services data sheet.

Open Source Insurance

Through our partnership with the Lloyd’s of London managing agency, Kiln, we are the exclusive risk assessors on the world’s first insurance facility to cover the specialized risks faced by enterprises that include or rely upon Open Source software in their commercial products or internal IT infrastructure.

The insurance provides up to $10M cover for:

- Loss of profits resulting from a legal settlement preventing the use or sale of the insured’s product(s), in compliance with an Open Source software license;
- The impaired valuation of an acquisition agreement or adjusted sale price, resulting from the requirement to distribute code or products in compliance with an Open Source software license;
- Costs to repair or replace code so that it complies.

For more information, please refer to our Open Source Compliance Insurance data sheet.
Risk Assessment Services

Open Source is so popular and easily available that whether executives know it or not, Open Source is likely being used somewhere within your organization. Knowing what source code is in place today, how it’s used, and whether your policies and procedures are sufficient is central to managing your risk level and avoiding downstream issues.

Open Source Risk Management creates a risk profile of your organization, including an automated software scan and engineering analysis, to identify any existing code issues or procedure gaps and to recommend corrective actions. We also offer more detailed patent assessments that examine the patent risk of your mission critical Open Source components and recommend lower risk Open Source alternatives.

“Our client needed to demonstrate to their prospective partners that their product was compliant with Open Source licenses and thus had little risk of a licensing issue. OSRM’s risk assessment did just that, eliminating a significant potential barrier to several successful partnerships.”

JOHN BROCKLAND, PARTNER, COOLEY GODWARD LLP

Silhouette™ Automated Risk Profile

Our Silhouette Automated Risk Profile audit assesses your current risk level as well as the likelihood of a future event. The audit includes an analysis of the existing code base and an assessment of your organization’s guidelines, policies, and procedures. The deliverable to you is a detailed report identifying:

• What Open Source is in use
• How you are using it
• Whether your use poses high risk of license infringement
• Whether your policies and procedures are sufficient to minimize your future risk

Silhouette is available in a variety of sizes, to fit every budget and timeframe. We can perform simple analysis on a subset of your code, or visit your site for a complete audit.

Code Assessment

An automated scan of your code base identifies common Open Source components and how they are being used, such as through static or dynamic linking. Through review and further investigation with your engineers and analysis of the code base, our consultants build a profile of your current risk level and any recommended corrective actions.
Organizational Assessment
During the organizational assessment, our consultants meet with key members of your engineering staff at many levels of the organization. Through these interviews and reviews of existing documentation, our consultants build a profile of your current Open Source policies, procedures, and actual practices, identifying any areas for improvement that will help prevent future problems.

Silhouette Risk Profile Report
The results of the code and organizational assessment are documented in the Silhouette Risk Profile Report, which our consultants review with you. The report outlines any immediate corrective actions needed, as well as recommendations for long-term risk mitigation. OSRM is available to assist in implementing any recommendations through our Risk Mitigation Services.

Patent Risk Assessment
Our Patent Risk Assessment identifies the likelihood of a patent dispute involving your mission critical Open Source components. Based on the profiles and our knowledgebase of Open Source, we can recommend substitutions to lower your risk level.

During the assessment, our technical consultants build a patent risk profile of your critical Open Source components:

- What relevant patents exist and who owns them?
- How likely are they to bring a claim?
- What damages and/or royalties are they likely to seek?
- What lower risk Open Source alternatives exist?

We document and review the results with your team. Our assessments are supported by our existing database of patent risk in commonly used Open Source components and lower-risk substitute components.

To learn more about how OSRM can help you maximize the value of Open Source use, please contact sales@osriskmanagement.com or call us at (919) 680-4511.
Whether you are new to Open Source or have already discovered its value, implementing world-class best practices, policies, procedures, and engineering techniques will help you proactively manage your risk level and protect your investment.

Open Source Risk Management’s risk mitigation services help organizations build strong compliance best practices, engineer (or re-engineer) software architectures to maximize compliance, or implement corrective actions identified in our Silhouette™ Automated Risk Profile of your organization. We can also assist in implementing a strong license management program and guide you in selecting the right Open Source license(s) for your distributed software.

Through OSRM’s Open Source best practices training, a Fortune 50 consumer products company was able to plan an effective rollout of Open Source within its corporate IT infrastructure, while minimizing any possible license infringement risks.

Best Practices

We can train your staff on industry best practices for Open Source use, as well as develop and implement customized policies and procedures for your organization’s specific needs. Examples of best practices for risk mitigation, all of which OSRM can provide:

- Educate your key staff members on Open Source license requirements, distribution terms, and the like.
- Develop employee and contractor agreements that define the “do’s and don’ts” of individual participation in Open Source projects, such as policies to prevent proprietary code from accidentally migrating into Open Source projects.
- For technology builders and distributors, develop corporate guidelines that prevent unintentional creation of derivative works that may trigger Open Source license requirements.
- Develop corporate communications policies and tools to foster strong relationships with the Open Source community.
- For corporate users, develop guidelines that prevent the unintentional distribution of Open Source and Open Source-based proprietary code.
Technical Consulting

OSRM provides hands-on technical consulting to help you build software architectures that maximize Open Source value and minimize copyright and patent risk. Example projects:

- Using OSRM’s existing database of Open Source patent risks, we define and/or re-engineer enterprise architectures that maximize use of Open Source components with little likelihood of patent infringement actions.
- Re-engineering existing applications, especially kernel loadable modules, to minimize creation of derivative works that may trigger Open Source license distribution clauses.

License Management

Open Source Risk Management can help you implement license management programs to control:

- Inbound risk—The likelihood that Open Source will become unknowingly used within your corporate applications or products.
- Outbound risk—The likelihood that your proprietary code will have to be released as Open Source.
- Ongoing management—Ongoing license management so that you know what you have, how it’s used, and where it came from, everyday.

We can help you interpret and understand Open Source licenses, select the best license for both inbound and outbound applications, and help you develop robust license management practices for long-term risk mitigation.

To learn more about how OSRM can help you maximize the value of Open Source use, please contact sales@osriskmanagement.com or call us at (919) 680-4511.
Open Source Compliance representation and warranty insurance is designed specifically to deal with the unique but substantial business risks involved in mergers and acquisitions or other corporate transactions.

It is designed for any companies that use or rely upon Linux or other Open Source software, a marketplace that is projected by IDC (a subsidiary of International Data Group) to reach $35 billion by 2008.

Why Buy this Insurance?

Worldwide, there have been more than 30 disputes involving infringement of Open Source licenses. In every known case, plaintiffs have prevailed in enforcing their rights to restrict the use of their code.

Any enterprise that builds software systems, whether for commercial distribution or for its own internal use, may find itself in violation of the terms and conditions under which Linux and other Open Source software is made available.

Give the widespread use of Linux and other Open Source technologies in the modern enterprise (Linux is estimated to be 4.1 million servers and 12 million devices in 2006), such violations may well be present even where companies have made no official decision to incorporate Open Source into their products or infrastructure.

In addition, a company that depends upon Open Source components for its own proprietary software to run smoothly may find that the licenses under which the use of Open Source is granted require the company to make its own proprietary software publicly available under comparable licenses.

What is Covered?

There are currently over 90 established Open Source licenses — the General Public License (GPL) being the primary license under which Linux and other software is made available. This insurance product addresses liabilities under all of the licenses registered with the Open Source initiative.

The most commonly used software packages available under these licenses are:

- Linux
- GNU utilities
- Mozilla and Firefox browsers
- Apache web server
- MySQL and PostgreSQL databases
- PHP and Perl scripting languages

Open Source tools are inexpensive and widely adopted, so designing IT systems that do not use or specifically avoid their
use can be prohibitively expensive. In any event, Open Source code is difficult to identify in software that has been acquired or developed by external or sub-contract programmers.

What Type of Company Would Benefit from this Insurance?

- Any company that is entering into a sale or investment agreement that requires it to provide a representation and warranty to show compliance with all Open Source software licenses.
- Hardware and software companies that use or rely on Open Source components in their commercial products.
- Companies that have made a substantial investment in internal IT infrastructure and applications, who may have inadvertently distributed that software, even though the software is not for commercial sale.

What Coverage does this Product Provide?

The insurance provides up to $10 million cover for:

- Loss of profits resulting from a legal settlement preventing the use or sale of the insured’s product(s) resulting from the requirement to distribute certain code or products, in compliance with an Open Source software license;
- The impaired valuation of an acquisition agreement or adjusted sale price thereof, resulting from the requirement to distribute code or products exchanging Open Source software in compliance with an open Source software license;
- Costs to repair or replace code so that it complies.

The insurance operates on a claims-made basis covering the indemnified representations and warranties for periods between one and three years. Cover is available on a worldwide territorial and jurisdictional basis, which makes it ideally suited to the global nature of Open Source use and exposure.

How do I Obtain Cover?

In order to obtain cover, the underwriters will require a completed application along with the latest draft of the transaction agreement, following which an indication of terms will be issued. To proceed to a formal proposal of terms, a risk audit will be conducted by OSRM on behalf of the underwriters. The cost of the review is to be paid by the applicant in advance and is non-refundable. The review fee will be set at the time the initial indication of terms is issued.

Contact Kiln

Open Source Compliance Representation and Warranty Insurance is underwritten through Kiln, an international insurance and reinsurance underwriting group that specializes in complex, unusual risk. For more information about Open Source Compliance representation and warranty insurance contact your broker or:

Matthew Hogg at Kiln
+44 (0) 20 7886 9000
matthew.hogg@kilnplc.com
www.4continuity.com
www.kilnplc.com

OSRM is the exclusive risk audit partner for this insurance.