

MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY
REPUBLIC OF INDONESIA

KEYNOTE SPEECH

THE 8TH Asia Open Source Software Symposium

Free/Open Source Software:
The Avenue Toward Independent Indonesia Software Industry

Nusa Dua – Bali
13 February 2007

Good Morning/Ass.wv/Oom Swasti Oom,

First of all, let us pray to God Almighty and thank His blessing for providing us with the opportunity to gather here in the beautiful island of Bali at the 8th Asia Open Source Software Symposium hosted by the Ministry of Communication and Information Technology, The Ministry of Research and Technology, Indonesian Engineer Association, Bandung Institute of Technology and Center of International Cooperation for Computerization of Japan. I would like to extend my appreciation toward the host and the organizer for having this symposium and I hope that his event will be beneficial and fruitful for the attendees.

Ladies and Gentlemen,

Free/Open Source Software (FOSS) has rapidly growth and shifted from a model driven by the community and university to the industry and even more by the government policy. FOSS has been adopted and used by the government not only because the natural business model of FOSS which are “free” as freedom to use, modify and distribute not only among government offices but also help the government itself to grow the local ICT industry.

The basic nature of FOSS enables local services companies and software developers to easily create IT solution without expensive licensing costs. Using FOSS, billion of dollars of software licensing fees every year could be kept in the local circulation, and the solutions could be created by the local experts.

Free/Open Source Software also enables software users to localize the software for their own language, character set and cultural environment. In the country like Indonesia which most of the population still use Bahasa Indonesia as their language, the use of FOSS enable the citizen to use ICT more productive as they can communicate easily using their own languages, furthermore in return this will help the government to reduce the digital gap.

Ladies and Gentlemen,

The study taken from Economic impact of open source software on innovation and the competitiveness of Information and Communication Technologies from European Union ICT sector indicate that FOSS plays important roles in developing the economy.

- FOSS application are first, second or third rank products in terms of market share in several markets, including web servers, server operating systems, desktop operating

- systems, web browser, database, e-mail and other infrastructure systems. FOSS market share is higher in Europe than in the US for operating systems and PCs, followed by Asia.
- FOSS market penetration is also high, a large share of private and public organizations reports some use of FOSS in most application domains. In the public sector FOSS market penetration is high in Europe, perhaps soon to be overtaken by Asia.
 - Almost two-thirds of FOSS software is still written by individuals; firms contribute about 15% and other institutions about 20%.
 - FOSS developers around the world face disadvantages at least partly due to language barriers, but may have increasing share of developers active in local communities.
 - FOSS has been adopted in an increasingly number of small-and medium-sized enterprises (SMEs).

Ladies and Gentlemen,

In Asia there is limited information that FOSS has been adopted in the governments, however in Malaysia, a survey conducted by MAMPU in 2005 showed that 74% of public sector organizations implemented FOSS solutions. Here in Indonesia we are going to conduct the census of the computer use by the government officials as well as mapping the FOSS application in the Government Sector. Indonesia ICT policy has made a clear direction on using the software that we have to use legal software. FOSS will help Indonesia on using the software without worrying the intellectual property right aspect.

FOSS allows a developing nation to sidestep some of the intellectual property fights. Licensing fees for open-source software, when charge at all, are much smaller than for proprietary software. Moreover, open-source encourages copying and sharing, so piracy is not much of an issue, thus encouraging open-source software enables a country to develop its local software industry without having to tackle thorny intellectual property rights issues.

One of the most prevalent arguments made for open-source software is cost based. Because of the minimum (or event free) licensing fees need to be paid; the initial investment can be minimum. Moreover, open-source operating systems can be used on older, cheaper computers, saving on the hardware cost. These low cost investment, allow developing nations to enter growing hi-tech global market.

Initial costs are not he full story, several technology owner have investigate total cost of ownership of TCO, a concept that includes initial costs as well as setup, training and support costs. However these studies are less clear, one drawback of applying this calculation is that none of these studies were conducted in the developing nations where the labor costs are typically quite low and the community development are solid.

Focusing on the cost of FOSS will distract us from the real issue: relatively lower costs for software users do not imply that open source can lead to economic development. Growth requires sustainable profits with paid employment positions. On the other hand low cost can be balance with he services that can be offered such as installations, migrations, modifications, development and maintenance. These FOSS business models will help to sustain the business, while at the same time offer better price-performance products.

The most important thing is that the investment that the developing nations spent for the software mostly will remain in domestic and this will create more multiplier effects to the

software industry. S1 invested in free software by a government is an investment worth 5 or 6 times the equivalent investment in proprietary software. When a nation spends more. It means more investment to the local software industry. It is an incentive for local graduates to stay in the country to earn a living, rather than moving to the develop country. It's a cheap way for us to kick-start our local knowledge economy.

Ladies and Gentlemen,

FOSS also develops local programming talent. Using local programmers for FOSS projects promotes the diffusion of knowledge far more that proprietary software does because open-source grants free access to information. Once programming techniques are learned, they can be applied to any software production and could lead to a sustainable software industry.

Switching to the open-source model should also be good for a significant overhead reduction in per-project software production costs. The open-source model allows software shops to (in effect) outsource some of their work, paying for it in values less tangible than money.

The open-source model has a lot to offer the business world. It's a way to build open standards as actual software, rather that paper documents. It's a way that many companies and individuals can collaborate on a product that none of them could achieve alone. It's the rapid bug fixes and the changes that the user asks for, done to the user's own schedule.

Some FOSS development advantages:

- FOSS encourages not only passive "use" of the software but active participation in the creative process.
- FOSS provides a very low barrier to entry for creativity.
- Proven open source experience can compensate for lack of formal degrees in order to get job.
- FOSS allows local entrepreneurs to provide a greater share of total value added, thus retaining a greater share of profits within the local economy.

The software industry is labor intensive makes it especially attractive for developing countries. With lower labor costs and no need for large capital outlays, less developed countries can gain a competitive advantage over established rivals. Developing nations can complement the progress of developed nations without necessarily entering into direct competition with them. Decreasing worldwide telecommunications costs and software's inherent profitability make software creation a natural candidate for outsourcing with a capable supply of software developers. The market for software is likely to continue expanding.

Governments have a dual role to play in terms of defining a local software industry. They not only establish the polity, which will influence industry players, but they can also act as an important software consumer. In recent years, a number of governments have combined these roles by introducing policies defining government software use. FOSS is increasingly adopted by government not only because of its practicality and economic value but also because of its social and political benefit.

In Indonesia, to our Ministry, Kominfo is promoting the use of legal software. In order to do them, both proprietary and Open Source Software continued. In addition, we are promote

the local software Industries Open Source base. Software industry as well as subcontract to large Software Industry.

In closing, let me once again thank our host and organizer for having this event and with everyone to have a fruitful symposium and enjoyable time here in Bali.

Thank you,
God Bless/ Ass.wv/Oom Swasti Oom,

Minister of Communication and Information Technology

SOFYAN A. DJALIL