



Winning Through Incremental Innovation: The Case of MySQL AB

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MySQL AB: A commercial, open source success

- More than
 - 10,000,000 installations
 - 50,000 daily downloads
 - Recently acquired by Sun for around \$1,000,000,000
 - In a market with very strong incumbents: Oracle, IBM, Microsoft
- What did they do right?

Common understanding:

- It takes radical innovation to conquer substantial market share from incumbents
- Incumbents usually win from incremental innovation:
 - More customers, greater ROI
 - Learning curve: large volume, cheap prices
 - Able to "absorb" incremental innovation
 - Providers of complementary products will follow market leaders (network effects)

RDBMS: a mature technology and market

- Basic principles established in 1970ies
- SQL as ANSI and ISO standard in 1980ies
- Strong incumbents
 - Oracle
 - IBM (DB2)
 - Microsoft

RDBMS market figures (2006)

- Total sale: \$15.2 billion
- Market shares
 - Oracle: 47.1 %
 - IBM: 21.1 %
 - Microsoft: 17.4 %
 - NCR: 3.2 %
 - Sybase: 3.2 %

(Gartner, Computerworld)

MySQL History

- 1982: "Monty" Widenius (TcX) authors UNIREG
- 1995: TcX releases MySQL v. 1
 - API of mSQL
 - Indexing scheme of UNIREG
 - Aladdin-like license:
 - Source code included
 - Copying and changes allowed
 - Sale not allowed

MySQL History

- MySQL company formed in 1996
- Dual licensing
 - Company-owned copyright of all source code
 - GPL license
 - Derivative products must also be under GPL
 - Commercial license
 - Derivative products can be proprietary

MySQL History

1996-2000: Gaining a foothold

- Serving the need of web start-ups for a “light-weight” database
 - 15-minute installation rule
 - Good performance
 - Resource efficient
 - Freely available
 - Available for Linux
 - Lack of important SQL elements
 - Foreign keys, transactions, stored procedures ...

MySQL History

1996-2000: Gaining a foothold

- The LAMP stack
 - Linux, Apache, MySQL, Perl/PHP/Python

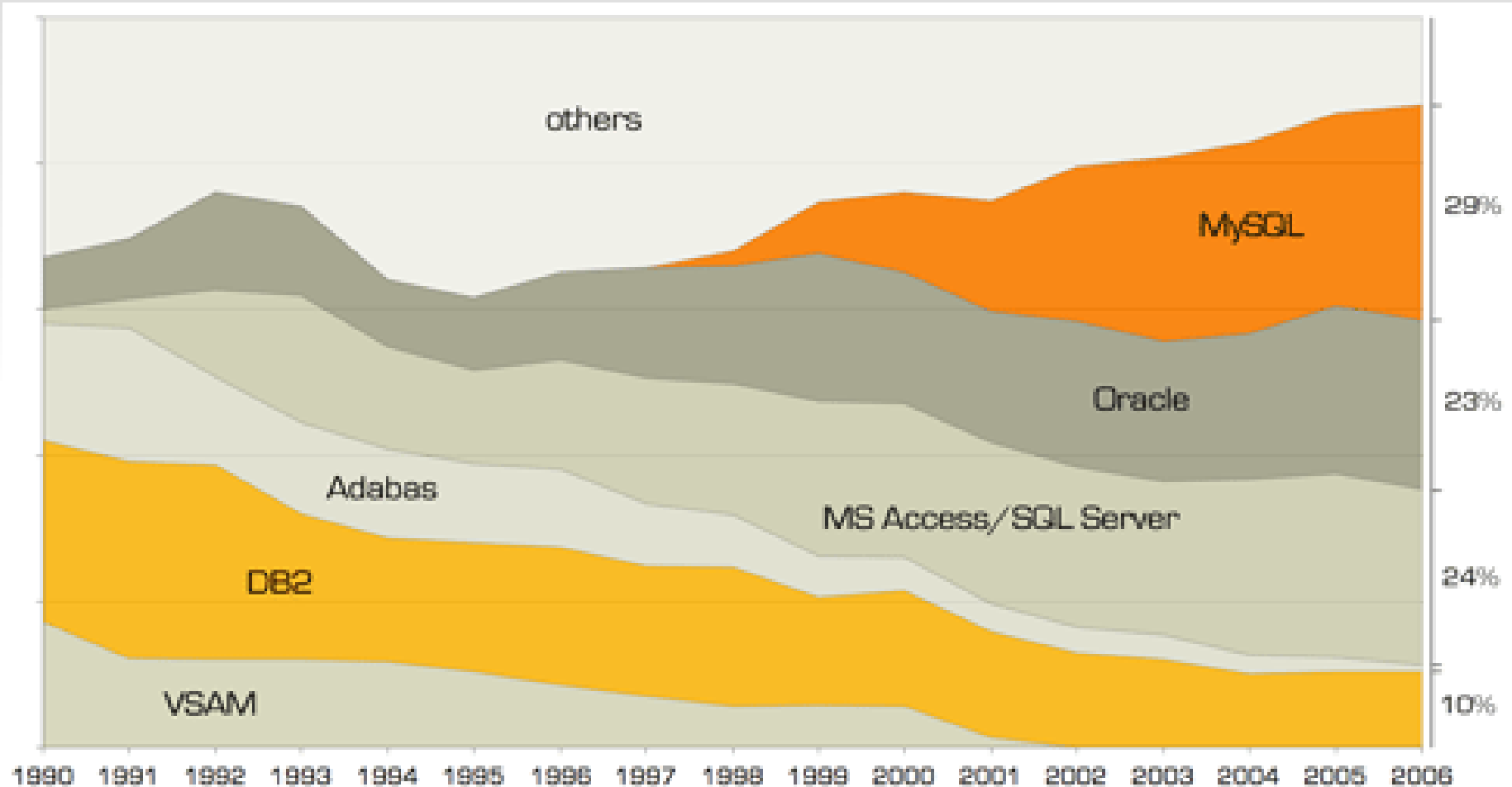
MySQL History

2001-2007: Gaining traction

▪ Year	2002	2006
▪ Revenue (1,000 SEK)	5,611	285,742
▪ Total assets	28,486	253,934
▪ Employees	32	285
▪ Profit before tax (1,000 SEK)	-14,460	-115,897

MySQL History

2001-2007: Gaining traction



MySQL lessons:

- Piggyback on existing standards
 - Reduce switching costs
 - Help customers migrate
 - Maintain compatibility
- Prioritize lean product, most basic features
 - 90% of users need only 10% of the features
 - Focus on speed, ease-of-use, low demand on resources

MySQL lessons:

- Keep costs low, only one product
 - Commercial and non-commercial products are based on the same source code files
 - Economies of scale
 - Avoid problems of transferring bug-fixes and improvements from one product to another

MySQL lessons

- Nurture the community:
A single, coherent community of
 - MySQL employees
 - Developers
 - Users
- Use the community
 - Testing, error-reporting
 - Bug-fixing
 - Ideas for improvement
 - Marketing

MySQL lessons

- Implement dual-licensing strategy

Three types of customers

- Non-commercial users, GPL license
- Enterprise users, proprietary license
 - Paying for service, "Enterprise Subscription"
 - Paying for "embedding"
- Link the power of the market and the communities

Alternative Explanations

- How to win against incumbents?
 - Competence destruction, leaving established knowledge obsolete
 - Disruptive innovation, serving neglected niche markets
 - Architectural innovation, assembling products in a new way
- Combine power of markets and communities?

Winning through incremental innovation

Questions?

Comments?