

# Featuring Cooperatives for Open Culture compliant businesses

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Ownership matters. In the era of Web 2.0, companies are being traded again for millions. But who are the beneficiaries? Users give away their content, their profiles, their preferences. The profits are being consumed by somebody else: anonymous or strategic shareholders. They follow the principle of LOW ("Let-others-work"), whereas users remain with the working-poor.

Two centuries ago, the movement of cooperative started in Scotland with "villages of co-operation" where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing [1]. Today, cooperative institutions have a predominant market share in the retail banking and insurance businesses in many countries. Nobody can buy or sell the cooperative as a whole and the shareholders have democratic rights to control the board and the chance to influence the visions.

When it comes to the implementation of SCEs (Societas Cooperativa Europaea) in 2007, many countries adapt the national rules for setting up and running a co-operative. For instance in Germany, cooperatives now are also allowed to engage in the cultural or social sector. And cooperatives are being promoted by the world bank for forming coalitions of

small enterprises in developing nations.

At the WOS4 conference, we have presented the cooperative as an appropriate business environment for open culture projects. Based on research results of the Open Source Initiative Vorarlberg [2], we have formed OSalliance [3], a cooperative for Open Source solutions. Here we give an insight, how the 25 members gathered in the last 12 years, how they work together, which benefits they have and how typical projects look like.

## **History of the cooperative OSalliance**

The history of the co-operative is exciting - like that of many other businesses in the IT and media sector. We have managed to adapt our mission and our framework according to the requirements of the market and the will of our members.

In 1994, both a PUBLIC VOICE limited company and PUBLIC VOICE Lab were founded. The one was successful producing books (a business which was outsourced in 1998 to PUBLIC VOICE Report VerlagsgmbH & CoKG), the other as a non-profit research and open source software development organisation. Both organisations were independent from each other, and there was no special personal or financial relation between the

publishers and the lab, except that we shared the brand name for historical reasons and sometimes did projects together, for example the Senior Online handbook and package.

In 1997 and 1998, Hermann Böckle ran the PUBLIC VOICE media services KEG, supporting the building of our infrastructure. That company was shut down in 1999.

Working as a non-profit organisation from 1994 to 2002 forced us to focus on work of relevance for the greater public. It combined the flexibility of an association with the right of every member to participate in the decision-making process. Still, we were able to make investments and form many strategic alliances.

We have shown in a number of commercial projects that PUBLIC VOICE Lab performs like any other profit-oriented organisation. Even better: without the pressure of having to generate profits for investors, we did not have to fear being struck by an IT depression.

On January 1, 2003, PUBLIC VOICE Lab changed its legal form to a co-operative company with limited liability, with a number of radio stations as shareholders. The legal name is "Internationaler Medienverbund registrierte Genossenschaft mit beschränkter Haftung". This legal framework provides us with a better position when deploying research and development results on the international market. Still, any profit remains in the co-op and will not be taken out or sold. Thus we are committed to a business model which keeps all control among the co-op members.

The general assembly of the Internationaler Medienverbund reg. Gen.m.b.H. decided on January 9, 2003 that all running contracts from PUBLIC VOICE Lab are to be taken over into the new company.

## **Research Activities**

The co-operative has worked within a number of EC funded and national research projects:

- \* For Web4Groups (TAP RE 1010), we had specified voting tools and implemented a voice gateway and carries a commercial spin-off together with Omega Generation and Kapsch AG, called web for us.

- \* Within TRIMEDIA (ESPRIT IV 26942), we had been responsible for a business electronic commerce environment to be set up using its groupware technologies for broadcasting stations.

- \* Within SENIOR ONLINE (TAP DE 4002), user requirements and local demonstrations have been carried out. The project has been followed up with a market validation study and talks to potential investors.

- \* For SELECT (TAP RE 4008), we carried out specification and groupware related work on collaborative filtering in close co-operation with the Technical University in Vienna.

- \* As a co-ordinator of the antenna-e project (SOCRATES Youth for Europe EI-CE-02-1999-R1) 300 community radio stations have exchanged, contributed and experimented at a contest for streamed audio content.

- \* Within EDEN (Electronic Democracy European Network, IST) we had a key role as a technical partner for setting up urban planning mediation activities.

\* In the project **publicVoiceXML**, which we were co-ordinating, we were publishing a reference implementation of W3C's VoiceXML 2.0 standard open source.

\* **InStreamOnTheFly**, which was co-ordinated by us as an activity within a middleware cluster project ([www.eutist-ami.org](http://www.eutist-ami.org)), we have been developing tools for radio community stations. A solution based on **StreamOnTheFly** has been

provided to the national broadcasting company ORF. We have still a vital developer and user community.

\* Within the **tOSSad** project, we had a minor role to provide best practice know-how for business models in the FLOSS sector.

\* For **ZIELLEITUNG** (FFG-protecnetplus), we had developed a telephony based guide for tourism.

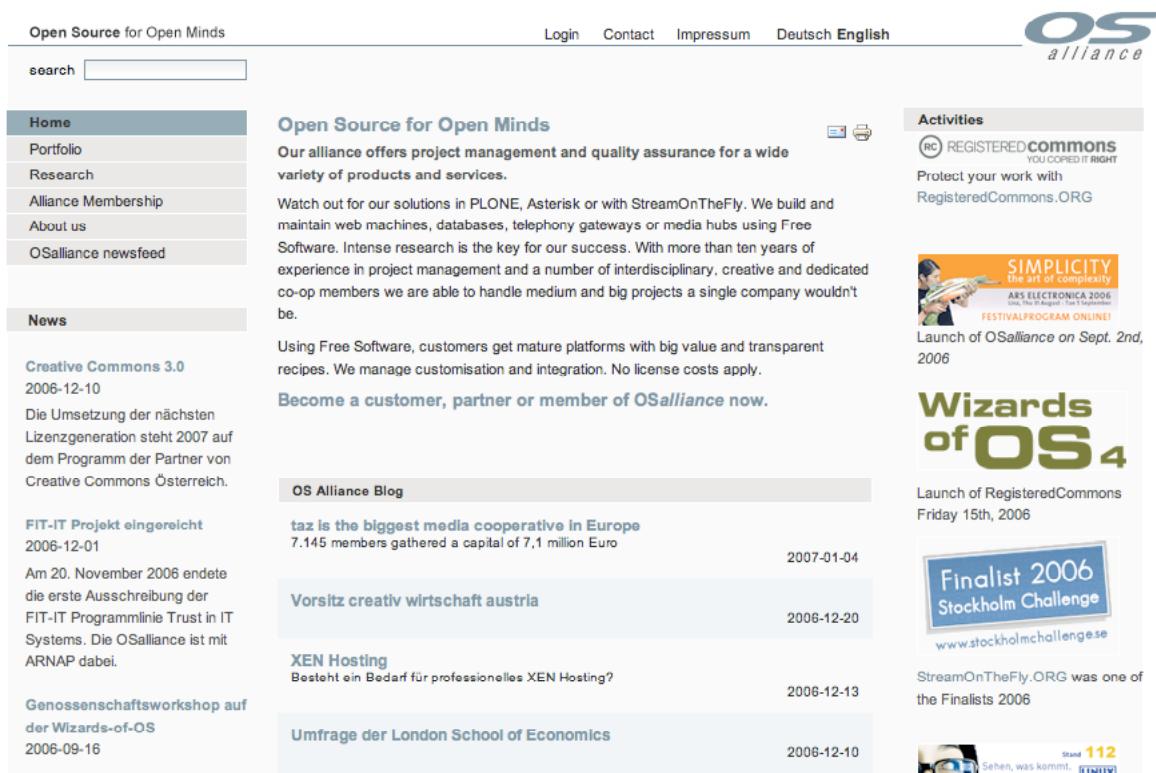


Figure 1: OSalliance.com Web site as of January 2007

After successful completion of four 5th framework IST-EU-projects in Vienna in 2004, we had found prosperous business opportunities in Vorarlberg. Situated between mountains, rivers and lake Constance, a team of regional entrepreneurs and software developers offered to join their activities. A regional open source initiative, including extreme developers' sprint events with a lot of snow, we

came up with a new perspective: The open source community seemed to require umbrella organisations, which manage complex projects and offer a set of methods and tools, including quality assurance. PUBLIC VOICE Lab could offer this, with a deep project experience in the backpack and a unique, grass-root organisational structure.

In September 2006, the brand name of the co-operative has been changed from PUBLIC VOICE Lab to OSalliance in order to communicate easier the core business: providing open source and open service solutions together with partners.

### USPs

The Free Software Co-op Advantages for Customers and Members can be summarised as follows:

- ⊙ One-Stop-Shop Principle: The Co-op is customer's contractual partner, forwarding tasks to its members suited for the project
- ⊙ Diversity of Competences: Expanded portfolio providing technically mature and interoperable

solutions PLUS experienced project management PLUS pleasing design competence.

- ⊙ Quality Assurance: Four-eyes-principle guaranteeing constant quality of milestones and deliverables.
- ⊙ Staff Sharing: Co-op members may offer and draw on free capacities using co-op's work sharing contracts.
- ⊙ Member Services: bug tracking tool - time tracking tool - project management tools - mailing lists - contract clearing & accounting - legal support, including GPL violations - SPRINT event organisation - invitations to participate in research projects.

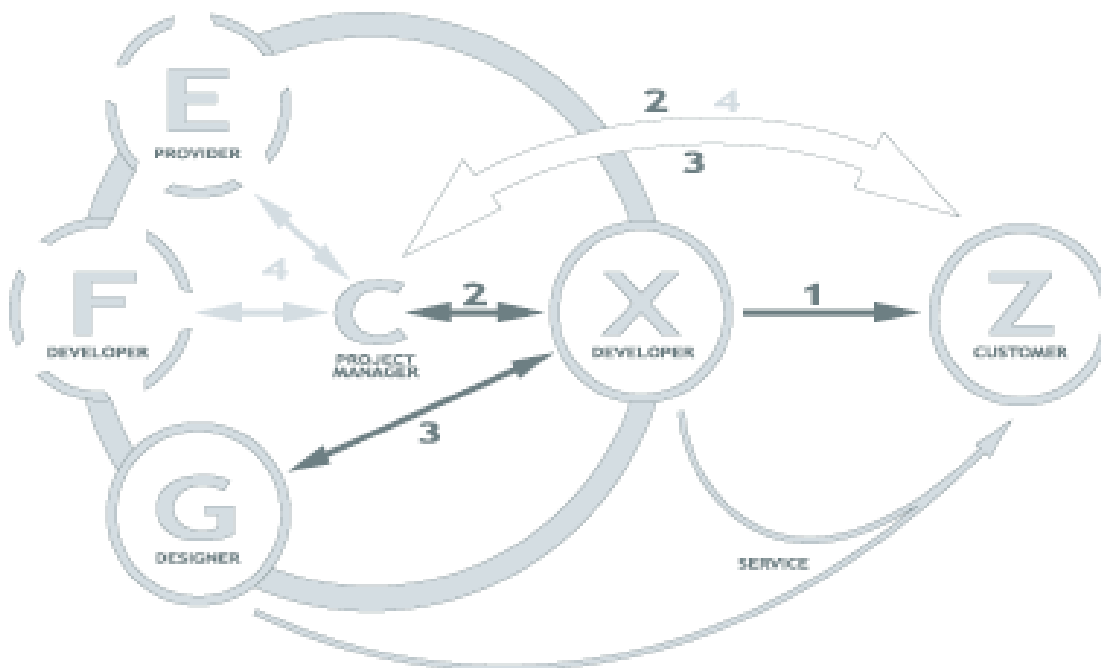


Figure 2: Project Workflow

The typical workflow of a project acquisition and its operation is shown in figure 2.

1. Developer X, who is a member of the co-op has approached a potential customer Z.

2. Instead of offering a contract directly to Z, X asks the co-op manager C to carry on negotiations. It turns out that an additional expert for graphic design is required.
3. X suggests G from a co-op member pool. X and G do their job for a reasonable price and C does the accounting and quality control, for which an appropriate overhead rate is calculated.
4. If Z is absolutely unhappy with G's results, C would try to find another partner to do that job.

The benefits for the customer Z are: a) best quality will be achieved without having to deal with many different developers or designers. b) the co-op members do not have to deal with invoicing or contract details.

### **Who else?**

Yet, there are not many media companies organised as cooperatives. At the workshop at the WOS4 conference, we also had a presentation of the german daily newspaper taz [4], which is owned by its readers and employees. 7.145

members gathered a capital of 7,1 million Euro. Switzerland has a strong cooperative sector, with PONG [5] as a network of computer scientists. In the U.K. the midcounties cooperative is active in ten business fields, with domains.coop as the only Internet related service for domain management. The german domain registrar DENIC [6] is organised as a non-profit cooperative. The operation of the Registered Commons service [7], which has been launched at the WOS4 conference, is also based on a co-operative ownership model.

### **Future**

Together with members of the Free Software Foundation Europe [8], we develop a vision of a next-generation cooperative framework. It will include pre-financing, certification, quality assurance and rating procedures for free software projects. If you would like to be up-to date with the developments of the OSalliance cooperative, please subscribe their online newsletter (quiet) or the RSS feed (noisy).

### **Notes and Links**

- [1] <http://en.wikipedia.org/wiki/Cooperatives>
- [2] <http://www.osiv.at>
- [3] <http://www.OSalliance.com>, formerly PUBLIC VOICE Lab
- [4] <http://www.taz.de>
- [5] <http://www.pong.ch>
- [6] <http://www.denic.de/>
- [7] <http://www.RegisteredCommons.org>
- [8] <http://www.fsfe.org>

## **About the authors**

Roland Alton-Scheidl was born in Zurich and has studied computer science (focus on Computer Supported Co-operative Work) and media art in Vienna. He is managing Europe's first open source co-op ([www.pvl.coop](http://www.pvl.coop)) and he is teaching at the Vorarlberg University of Applied Sciences ([www.fhv.at](http://www.fhv.at)). He spent five years at the Austrian Academy of Sciences as a research fellow and served in the the IT industry as consultant. He has designed and developed PUBLIC VOICE Lab's Audiotex and Web4Groups service and co-edited books such as the highly successful Internet guide Österreich Online, a book on Rating/Voting/Annotations the book "Senior Online" or a documentation of the "Open Source Initiative Vorarlberg". He was engaged in eight EC funded projects as a project, technical or quality manager. He is strongly committed to the Free Software movement, supported the transfer of Creative Commons licenses into Austrian law and started the competence network of media design ([www.media.coop](http://www.media.coop)). He is the project lead for RegisteredCommons.org. Roland is now living with is family in the Alps, in the city of Dornbirn, near the Swiss border. A blog and contact information is available through his website <http://roland.alton.at>

Eric Poscher is a media activist in Austria. He is promoting Open Source and Open Content for culture, science and business. He has been developing the use cases for the Registered Commons service. His blog and contact information can be found at <http://epe.at>