Open source startups seek to fill vertical voids

Business applications are still mostly proprietary, but a handful of fledgling firms are trying to get past the interoperability constraints to change that. First up: HR software
by Briony Smith

There are a number of open source software applications that cover enterprise resource planning, customer relationship management and payroll, but there is a strange dearth of unified open source human resources software solutions, which some say is symbolic of the general lack of industry-specific and vertical open source software.

Secaucus, New Jersey-based OrangeHRM claims to be the only open source human resources software vendor out there; it got into the market, according to CEO Sujee Saparamadu, to fill the gap.

Matt Lawton, an IDC Canada principal analyst for open source software business models, said that there are more open source ERP and CRM applications, including webERP, Tiny ERP, and Compiere.

"Building software for business processes is complicated stuff," said Lawton. "You have to get the community's knowledge to develop software and it takes time to develop that."

Saparamadu, for instance, worked previously for the Sri Lanka-based HR software company hSenid. Also in the works in Turkey is the Web-based software OpenHRIS, which is being developed by a small group of HR professionals, led by Ugur Cem Yildiz, in their spare time.

Said Michael Goulde, a senior analyst with the Cambridge, Massachusetts-based Forrester Research: "Think about what (human resources applications) do: they don't really contribute to the top line and they're not directly product-related, so it's hard to create a lot of interest."

Lawton said that the open source software movement traditionally has started at the lower levels of the operational stack, like with operating systems, due to the lower level of knowledge required for something relatively universal like an operating system or word processing program. Lawton said, "But when it comes to the knowledge needed for business processes, as you go up the software stack, the knowledge needed goes up."

Adding to the complexity is the ever-expanding boundaries of human resource management software, said Yildiz, and its need for extreme flexibility.

Human resources isn't the only area that suffers a lack of open source options, according to Goulde. "Almost any vertical or industry application I can think of, it's hard to find people to write open source software for it," he said.

Interoperability can be a big constraint, too, said Lawton, due to the difficulty of integrating open source software-or, indeed, any software-with a business' ERP system. He said, "Organizations that would use these types of applications already have third-party or in-house applications written and deployed, and having to take the time the open source application needs to operate with the proprietary software-that's the weak point of open source software."

Even when switching the application they're using, businesses might also be wary of adopting open source. "They want to see the path they can migrate from today to tomorrow," said Lawton.

Yet open standards seem to be helping adoption along, according to Lawton, who said that open source software tends to embrace open standards, which makes for easier interoperability. OrangeHRM, for instance, uses the **HR-XML** open data standard, which eases integration with payroll and CRM systems, said Saparamadu.

Companies can also try out open source business software to make sure it would be a good fit with their existing systems and human resources set-up. Once put in place, customization can be a breeze, due to the transparency of the code. Compiere, according to **Bill Freedman**, the marketing director of the Santa Clara, Calif.-based ERP and CRM software company, uses a model-based development platform that makes it easy for companies to make changes.

More businesses will enter the market with time, said Lawton, and it might surprisingly be large enterprises leading the way with open source human resources software, as, right now, it's enterprise-level companies that are using open source software the most.

One way in would be to build a thin layer of human resources applications on top of a content management platform, which would be easier than starting from scratch, said Goulde.

Freedman said that he could see developers using the Compiere platform to add human resources-specific features to create an HR-specific solution. This plan of action might especially appeal to budget-conscious companies that don't want to cough up expensive license and customization fees.

Freedman and Goulde agreed that, as application development tools evolve and require less skill, it will be easier for those with a human resources background -- like Yildiz and his team --to take a crack at writing their own HR software if they want. "You won't need to be a crack programmer," said Goulde.

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