

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATIONS,
FINANCIAL SITUATION AND RESULTS FOR YEAR ENDED DECEMBER 31, 2014

Introduction

Looking back, 2014 was a year in transition. While the year started with a critical cash situation, we succeeded in recruiting a new strategic member and in winning three collaborative projects thereby brightening the prospects for 2015.

Membership

- Because of the uncertain conditions at the start of the year, the number of paying members in 2014 dropped to 24 compared to the previous year's 39. This is the lowest number of paying members since the inception of the consortium: 39 in 2013, 37 in 2012, 35 in 2011, 36 in 2010, 39 in 2009, 38 in 2008 and 34 in 2007 (Fig. 1 and 2).
- During the year we recruited one new Strategic Member and one new Large Organization which enhanced the credibility of our association and two SMEs. The number of new individual members in 2014 remains the same as in 2013 with France still the main source of individual members (Fig. 3).

Activities

- New projects. Five new projects were accepted by the Technology Council in 2014 compared to only one in 2013, 11 in 2012 and 2011, six in 2010, 19 in 2009, 12 in 2008 and eight in 2007 (Fig. 4). We are in the process of assessing our code base with the objective to make it more attractive to users and new projects alike.
- Collaborative projects: In 2014 we took part in five collaborative project proposals (one in France and four at the European level) and succeeded in winning three of them (respectively one and two). We successfully concluded the OCEAN project. Throughout 2015 OW2 will be engaged in finishing three projects (XLcloud, OpenCloudware and RISCOSS) and launching three new projects (OCCIware, AppHub and CHOReVOLUTION).
- Initiatives. The Open Source Cloudware initiative (OSCi) was represented in cloud-oriented collaborative projects including OCEAN, OpenCloudware and XLcloud and in our Open Cloud Forum by OW2 series. The Future Internet Software and Services initiative (FISSi) was completed by two new projects and is now represented in the CHOReVOLUTION project. We also worked on supporting the Big Data initiative and started working on PRISi, our new Privacy and Security initiative.

Communication

- We now maintain eight websites: ow2.org, opencloudware.org, xlcloud.org, chorevolution.eu, ocean-project.eu, riscoss.eu, apphub.eu.com and occiware.org. Our monthly newsletter is distributed to 3130 addresses (a significant jump of +18% on the previous year), 19% of recipients open it and 11% click on at least one link. We also maintain a presence on LinkedIn, Twitter, SlideShare and YouTube where the OW2 channel publishes videos of our project presentations and events including all presentations given at OW2con'14.
- In 2014, OW2 was involved in 17 events worldwide. The main third-party events at which OW2 showcased its projects and community included: OSCON in North America, Cloud Expo Europe, Solutions Linux, Cloud Computing World Exp, OpenStack Summit and Open World Forum in Europe, and the China National Computer Congress. Our "Open Cloud Forum by OW2" concept is an effective vehicle for creating visibility in the conference program of leading industry events.
- We successfully organized OW2con'14, our sixth OW2 Annual Conference, with live streaming and video capture of all presentations. A special feature this year, OW2con'14 was co-located with the OpenStack Summit, granting our community international visibility.

Organization:

- Technical Infrastructure: In 2014 we renegotiated our hosting contract, finalized our infrastructure migration plan and started work on the upgrade of our key applications. Migrations and upgrades are being fully implemented in the first half of 2015.
- Management Office (MO): In 2014 the team's activity was impacted by the efforts that had to be dedicated to collaborative projects and the sudden departure of our CTO. We managed to achieve a comparable event program and our technical infrastructure suffered no lack of administration.
- Technology Council (TC): In 2014, the TC activity was disrupted by the absence of our CTO. We nevertheless managed to hold a comparable number of meetings; we obtained a consensus on the migration of our infrastructure and conducted the analysis of our code base in preparation for it re-organization.

Conclusion and outlook

In 2014 our activity was adversely impacted by the uncertainty with which we started the year and the unannounced departure of our CTO. We managed to keep our infrastructure running while planning for its improvement and prepared the enhancement of our code base. We maintained our event program and achieved unprecedented visibility at international events such as the OpenStack Summit, Cloud Expo Europe and Open World Forum. In 2015 we are putting OW2 firmly back on track thanks to three new collaborative projects, completing the migration of our infrastructure and recruiting a new CTO. Despite the uncertainties, we are confident that OW2 has made significant progress toward being recognized as the reference European open source organization.

OW2 - Membership Evolution

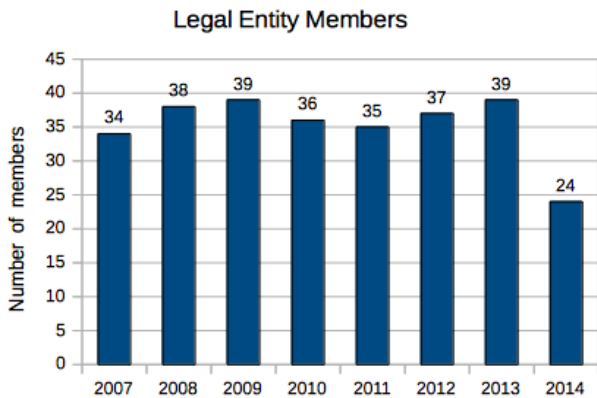


Fig. 1: Total Membership Evolution

Membership Evolution

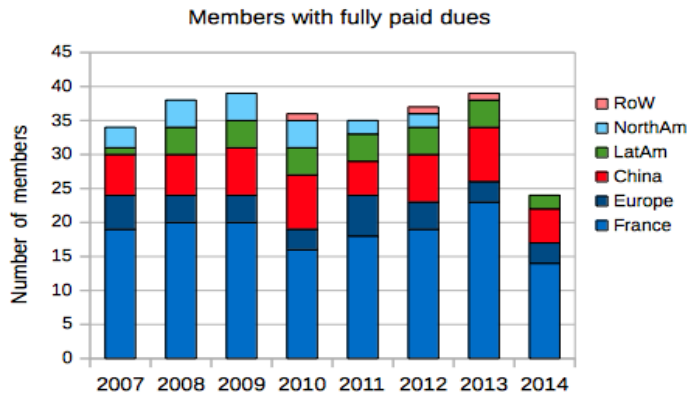


Fig. 2: Legal Entity Members by Geography

Individual Members
Total (Outer) vs Registered in 2013-2014

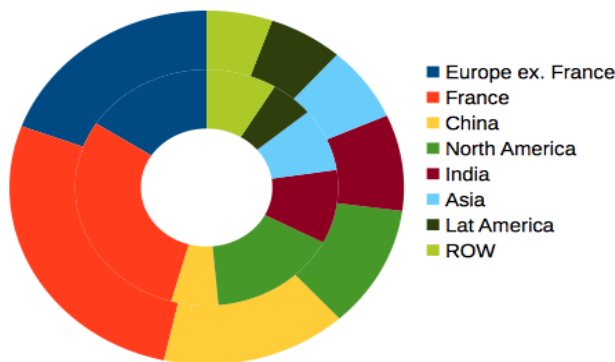


Fig. 3: OW2 Geographical Footprint

New Projects Accepted at OW2 Since Inception in January 2007

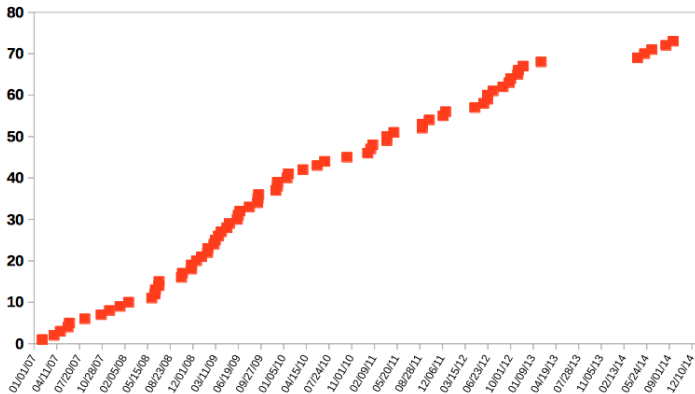


Fig. 4: New Projects

FINANCIAL REPORT

The following tables set forth, in a US GAAP-like presentation, selected financial data since the inception of OW2. The data should be read in conjunction with the *Comptes Annuels de l'Exercice Clos le 31/12/2014*, established in compliance with French law by our bookkeeping firm.

Despite a decrease in revenue for the year ended December 31, 2014, OW2 shows a positive result finishing the year with enough cash to pursue its operations according to plan until membership payments for 2015 start arriving.

Revenue: For the year ended December 31, 2014, total revenue decreased by 8% to €520,227 compared to a decrease of 23% to €568,046 for the year ended December 31, 2013. Membership fees increased 23% reflecting one new Strategic Member, while subsidies from collaborative project decreased by 19%..

Expenses: Total expenses for the year ended December 31, 2014, decreased by 10% to €477,292 compared to an similar decrease of 10% to €530,685 for the year ended December 31, 2013. This decrease reflects our careful management of available cash in a year characterized by uncertainties.

Net result: We managed to improve our net result to 8.3% of total revenue for the year ended December 31, 2014 compared to 6.6% of total revenue for the year ended December 31, 2013.

Cash and cash equivalent: Cash and cash equivalent on December 31, 2014 totaled €209,813, compared to €266,268 on December 31, 2013.

2015 OUTLOOK

OW2 is back on track thanks to three new collaborative projects, and a new strategic member. Our visibility grew significantly in 2014 and we continue our efforts in this direction. From a quantitative perspective, our budget is under control but of course this depends on full payment of fees by our members. We are confident that we will recruit new members in 2015 and will be invited to take part in new collaborative project proposals. In terms of community management, our priorities in 2015 are to finalize the migration of our technical infrastructure, the enhancement of our code base and to leverage efficiently our quality program for the benefit of our projects and of our members. We will intensify our efforts to develop a high-quality code base of open source infrastructure software driven by a strong governance.

