
Eclipse App Store

Concept and Analysis
September 2009

Board Resolution

RESOLVED, that the Eclipse Foundation implement an App Store on top of Eclipse Plug-in Central. At the Foundation's discretion, member companies may assist in the creation of the store, but the Foundation will receive the revenue from the fees associated with selling directly from the store. This initiative should be viewed as an ecosystem-enabling activity and an additional source of incremental revenue for the Foundation.

Cost Assumptions

Costs	Year 1	Year 2	Year 3
Number Support Staff (including certification)	2	3	3
Labour Rate	\$80,000	\$80,000	\$80,000
Total Support Staff Cost	\$160,000	\$240,000	\$240,000
Legal	\$100,000	\$30,000	\$30,000
Development	\$75,000	\$30,000	\$20,000
Total Costs	\$335,000	\$300,000	\$290,000

Revenue Models

Revenue Approach 1

- Use existing EPIC stats to estimate amount of traffic and revenue for an App Store

Revenue Approach 2

- Estimate number of Eclipse users to determine addressable market for potential plugins

Approach #1

EPIC Today

- 1200 plugins, 150K click-thrus/month
- Approx 85% of top 50 plugins are free and/or open source
- Average selling price is \$120 for commercial plugin in Top 50.

Need approx \$34K/month net revenue to Foundation to be NPV Positive. To achieve this would require:

- Substantial increase in click-thru traffic (3x increase)
- 1% - 3% of all click-thru convert to sale
- Increase in % of commercial plugins (20-40%) being offered on EPIC
- Number of plugins increases to 3000
- Average selling price needs to remain high; some around \$120 and bulk around \$15

Conclusions

- Growth expectations and conversion to sales are too high and risky

Approach #2

Assumptions to be NPV Positive (ie. 34K/month revenue)

- 3 million Eclipse users
 - Assumes all have migrated to Eclipse 3.6 to get the App Store client.
- Plug-in tiers
 - Tier 1 < \$10
 - 2.5% (75,000) of all users buy 3 plugins at avg price of \$3 (annually)
 - Tier 2 \$10-\$50
 - 0.5% (15,000) of all users buy 1 plugin costing \$25 (annually)
 - Tier 3 > \$50
 - 0.01% (3,000) of all users buy 1 plugin costing \$100 (annually)

Conclusion

- More optimistic model but expecting 3million user to update quickly might be too high.

Risk and Assumption

Significant use of Foundation cash reserve

- Will require Foundation to use 30% of existing cash reserve in 2010.

Will Plugin Developers Like It?

- Large ISV won't view this as a channel
- Small ISV may view this as too expensive (30% cost)

Opportunity Cost for Foundation Staff

- This would be THE major program for 2010.

Options

1. Proceed with the development of App Store
2. Develop a client application for the new Eclipse Marketplace
 - Include it in package downloads
 - Does not allow people to buy things directly but refers to vendor (member) site.
 - Save legal costs and support cost
 - Investigate advertising revenue model
3. Staged approach
 - 2010 do #2
 - 2011 based on success of #2, add the commerce capability
4. Do nothing.

Conclusion and Recommendations

Do #3

2. Develop a client application for the new Eclipse Marketplace
 - Include it in package downloads
 - Does not allow people to buy things directly but refers to vendor (member) site.
 - Save legal costs and support cost
 - Investigate advertising revenue model

3. Staged approach
 - 2010 do #2
 - 2011 based on success of #2, add the commerce capability