This is a redacted version of a final draft of the 2003 MySQL investor deck. In this B round the company raised $16m from Benchmark Capital and Index Ventures.

Hope this is useful to startup entrepreneurs all over the world.

How To Read This Plan

- We assume the reader has a basic familiarity with MySQL and its present business

- Feel free to pick sections of this presentation in any order you feel comfortable with (see TOC on next page)

Table of Contents

currently not
updated

The Business Case

- Intro
  - Yahoo, Google, Cisco, Nokia, Lucent, Census Bureau, Rhode Island and 4 million trust MySQL with their database needs
- Market
  - Organisations urgently need to cut IT costs, or expand without adding costs
  - ISVs need to reduce dependency on ORCL-MSFT-IBM
  - Linux is validating open source in the enterprise
- Now
  - Open source databases are maturing for enterprise use
  - Open source is a method for
    - producing high-quality software at a low cost
    - selling and distributing software at a low cost
  - MySQL is the world's most popular OS DBMS
  - MySQL owns its software and has a revenue model: dual licensing

The Business Case (2)

- For the customer
  - Amazing cost savings (TCO and capital investment)
  - Better reliability and uptime
  - Faster application deployment
  - Abundance of skilled personnel
  - MySQL supported 24/7 worldwide by a viable commercial vendor - MySQL AB
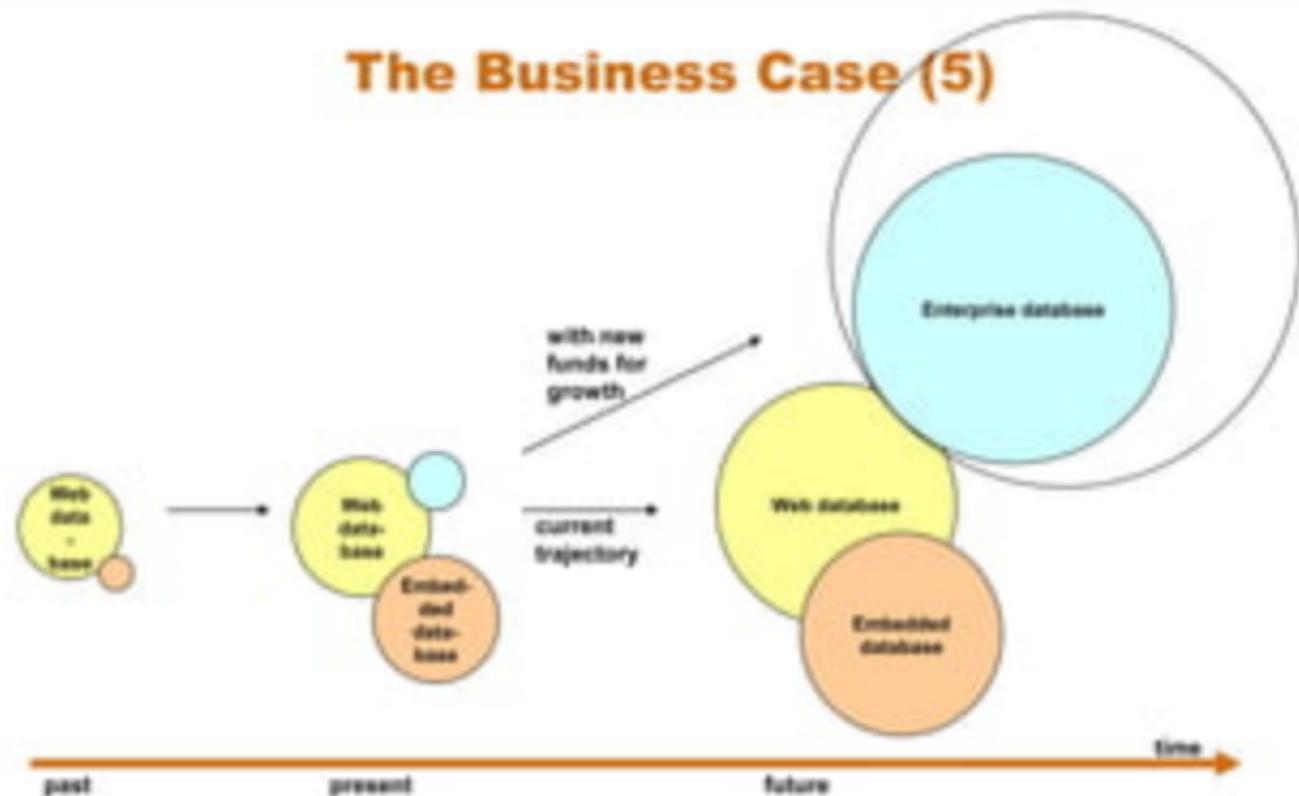
The Business Case (3)

- Therefore
  - We are the only ones who can meet the economic desires of the market while being profitable.
- So let us
  - Sell to ISVs and the enterprise market
  - Forge alliances needed for enterprise business
  - Perfect the offering
  - Build the sales channel

  and cause a permanent change to the way software is produced and procured.

The Business Case (4)

- Why us?
  - Proven product leadership
  - Proven user base success
  - Proven open source business model
  - Vast and active community
  - Viable vision by owners and management
  - Proven management
  - Fully functional and clean company
  - New visible output every month
    - web market business is growing rapidly
    - embedded business is growing very rapidly
    - enterprise market is enticed

The Business Case (5)

with new funds for growth

current trajectory

Web data-base

Web data-base

Embed-ded data-base

Enterprise database

Web database

Embedded database

time

past · present · future

Bloomberg.com 17 Aug 02

"Oracle, IBM, Microsoft May Lose Business to Free Database Software MySQL"

ComputerWorld 11 Feb 03

**McNealy**: ...if you want to save more money, make the default database MySQL.

It's free, it's bundled, you've got the whole open-source community working on making it better. If Yahoo and Google can run their entire operations on MySQL, then certainly there's a huge chunk of your operations you could run on it as well.

San Francisco Chronicle 14 Aug 02

Some major corporations, including 7-Eleven, Deutsche Telekom and Amazon.com, are migrating to Linux servers to take advantage of low-cost, open-source versions of data management software such as MySQL.

eWeek's DBMS Benchmark

Oracle9i and MySQL top throughput
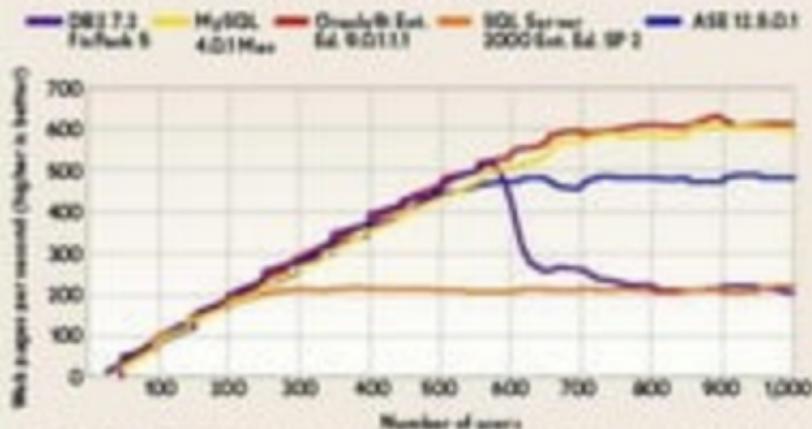
Throughput is returned Web pages per second from the application vs. Number of users is number of concurrent Web clients driving the load. Response time is the time to complete the six bookstore user action sequences, weighted by frequency of each sequence in the mix. All tests were conducted on an HP NetServer LH 6000s with four 700 MHz Xeon CPUs, 2 GB of RAM, a Gigabit Ethernet Intel Corp. 1000/F Server Adapter and 24 9.1 GB Ultra3 SCSI hard drives used for database storage.

Disruptive Business Model

- "Open Source/Linux software is a '**disruptive innovation**' that has the potential to seriously erode the traditional software business model by attacking the heart of its model – high margin software licensing fees."

  Merrill Lynch 24 Oct 2001

- "… the popularization of the Open Source movement continues to pose a significant challenge to the Company's business model …"

  Microsoft 10-Q, February 2003

The Database Market

- is dominated by the Big Three
  - Oracle, IBM and Microsoft command 83% of the market
- MySQL owns 0.02% of the market by revenue
  - so the Big Three say "MySQL is not a threat"
  - and that is fine with us, because
- MySQL commands an estimated 20% by installed base
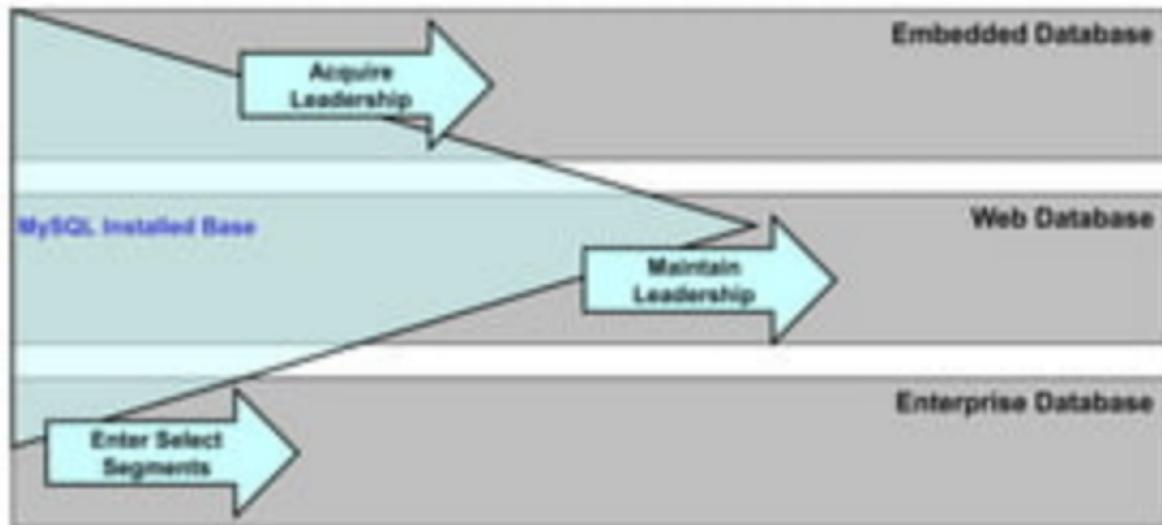 - and makes money
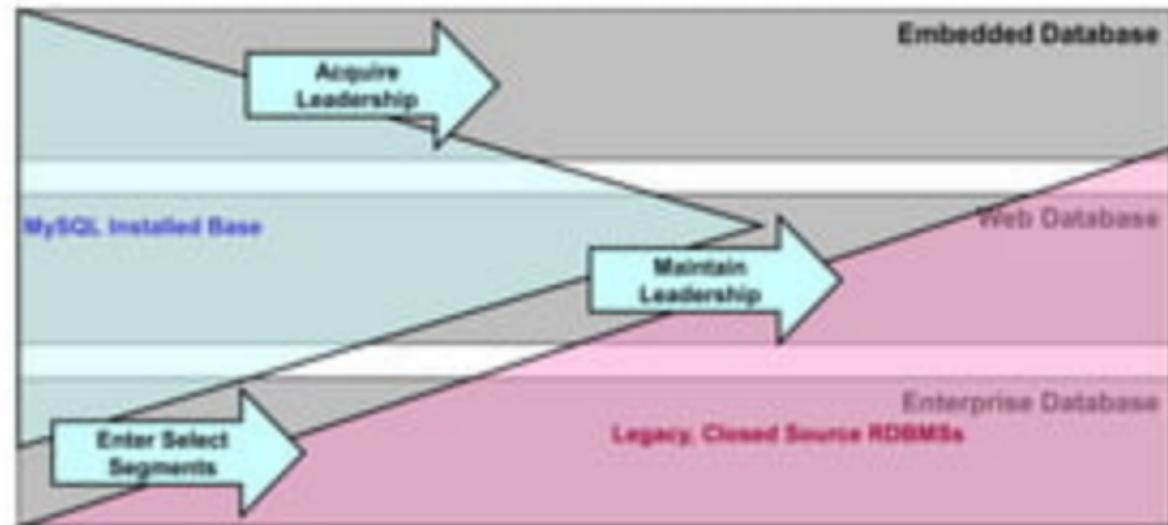
- What's wrong? - Nothing!

Database Market

$1B	**Embedded in Software** **Embedded in Hardware**	Embedded Database

$2B	**Dynamic Content** **E-Commerce**	Web Database

$6B	**Utility Database** **Data Warehousing Database** **Business Transaction Database**	Enterprise Database

N.B. Revenue split above is MySQL estimates.

Database Market

Embedded Database

Acquire Leadership

MySQL Installed Base

Web Database

Maintain Leadership

Enterprise Database

Enter Select Segments

Database Market

Embedded Database

MySQL Installed Base

Web Database

Enterprise Database
Legacy, Closed Source RDBMSs

Acquire Leadership

Maintain Leadership

Enter Select Segments
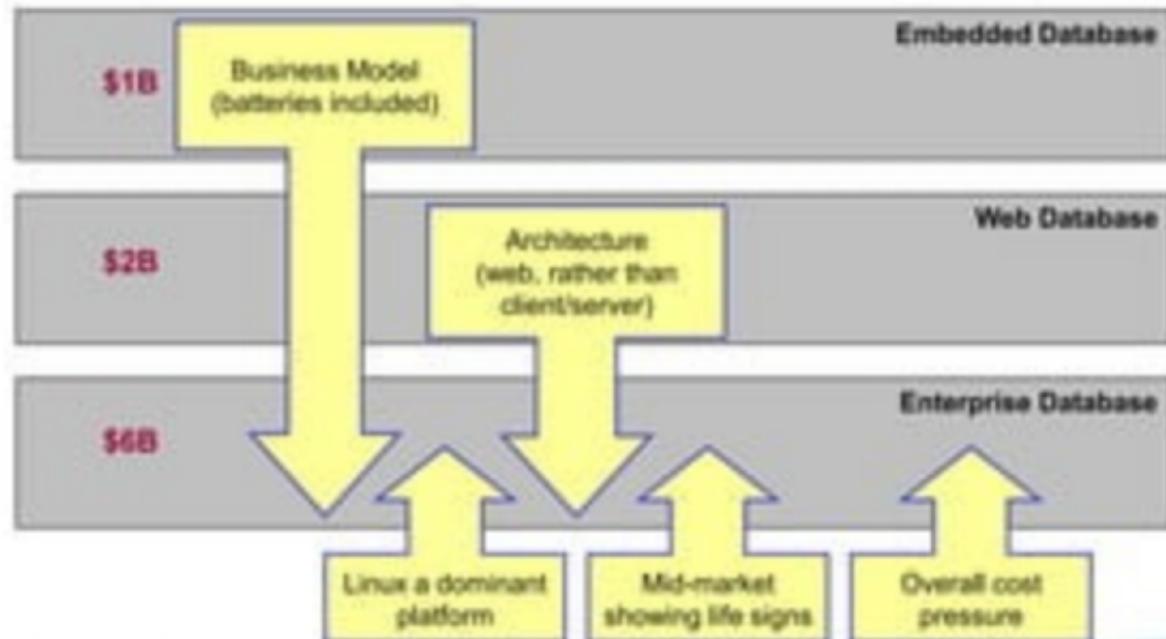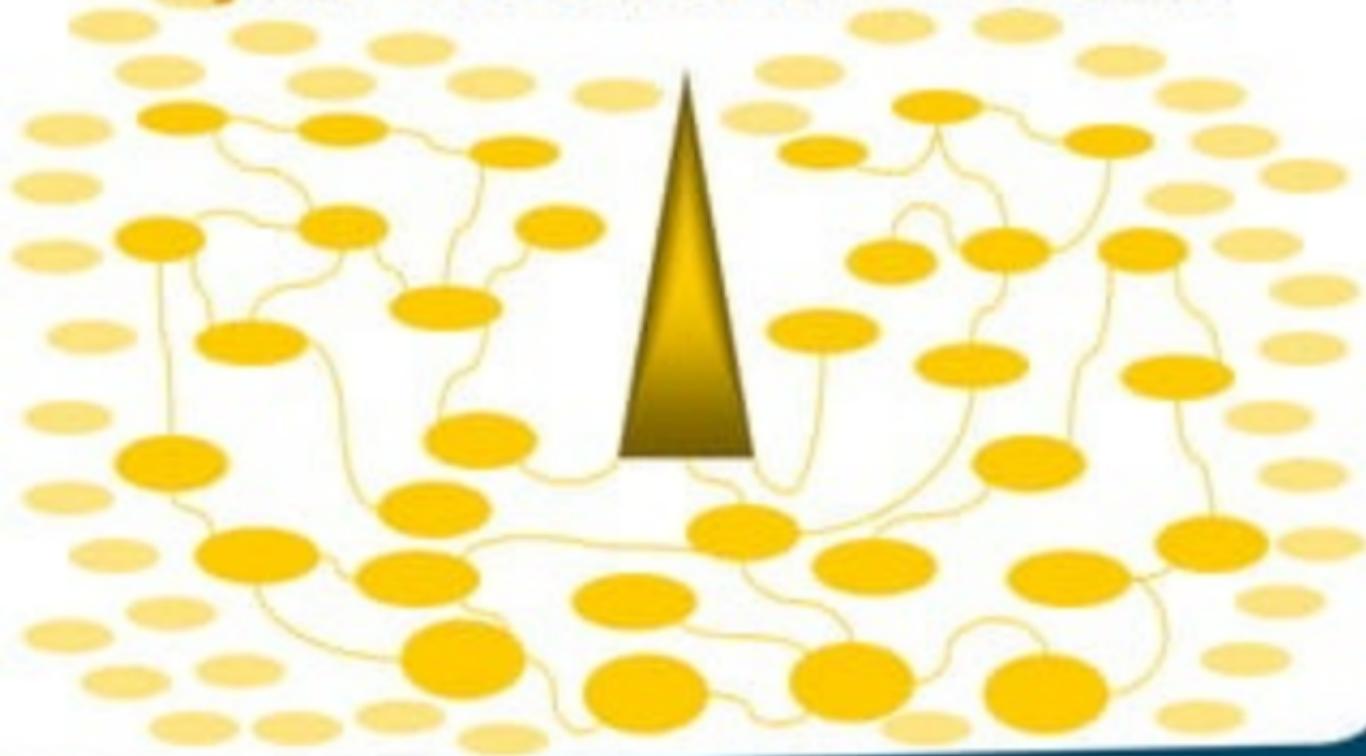
Database Market Evolution

MySQL - The Cathedral in the Bazaar

Three Modes of Production

- Individuals order their productive activities
  1. as employees in firms, following the directions of managers
  2. as individuals in markets, following price signals

- and now, also
  3. as groups of individuals in the world, following diverse motivational drives and social signals (rather than either market prices or managerial commands), successfully collaborating on largescale projects

- This third form of production has been dubbed
  "**commons-based peer production**"

See research papers by Ronald Coase, Oliver Williamson (for items 1 and 2), and
Yochai Benkler (for item 3)

MySQL Has 2 Modes of Production

- Two production modes
  1. The Cathedral: employees of MySQL AB, following the directions of managers.
  2. The Bazaar: individuals all over the world, following diverse motivational drives and social signals.

- Both modes are Quid pro Quo
  - Employees receive salary and other benefits
  - Individuals receive GPL'd software, rapid bug fixing, rapid evolution, i.e. solutions to every-day problems, and, additionally, peer recognition

- Ideally for MySQL, it does not matter to an individual whether he is in the cathedral or in the bazaar, or both.

1. Grow Installed Base from Present 4m to 40m

A. Make sure product is suitable for vast deployment and usage

B. Encourage the world's most powerful distributors to distribute MySQL

C. Integrate with the world's most popular software tools, platforms and servers

D. Ensure MySQL is used in as many FOSS projects as possible (FOSS = Free / Open Source Software)

2. Keep Community Active

- Actively engage in rich, honest, relevant and frank communication
- Encourage intelligent contributions to advance our source code
- Promote and augment our open source strategy
- Encourage and enable peer recognition

Dual Licensing

- MySQL AB employs dual licensing for its product, the MySQL server.

- This means that MySQL is available under a regular commercial licence for commercial customers, and under the GPL licence for those who live by the Free Software principles.

- The product is technically the same under both licences, but the financials and the legal ramifications are different.

- It is up to the customer to decide what path he wants to follow and what licence to use.

Common Open Source Objections

"Lack of proper support"

– MySQL operates worldwide 24/7 support since 1999

"Lack of vendor accountability"

– MySQL owns its product and takes full responsibility

"Lack of vendor viability"

– MySQL has made money since 1995

"Lack of third-party software integration"

– MySQL is working with Sun, Novell, Veritas and others to ensure interoperability

"Lack of skilled staff"

– There are more than 4 million installations worldwide and hundreds of thousands of skilled developers and administrators. Use the community.

Do Differently

The World's Most Popular
Open Source Database

- Numbers
  - An estimated **4 million** installations
  - More than **1.8 million** web visits per month
  - Average of **29,000** downloads PER DAY
  - Google finds some **8 million pages** with "mysql" (on par with "oracle")

- Distribution
  - Every major Linux distribution includes MySQL
  - LAMP = **L**inux + **A**pache + **M**ySQL + **P**HP/Perl/Python
  - Mac OS X servers, Sun LX50 servers, Sun Cobalt Qube 3 appliances, Solaris 9 Companion CD, DELL PowerEdge Web Servers, Packet Design Route Explorer, etc. equipped with MySQL

The Entire World
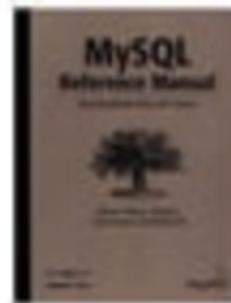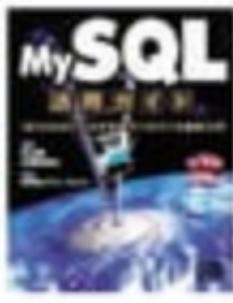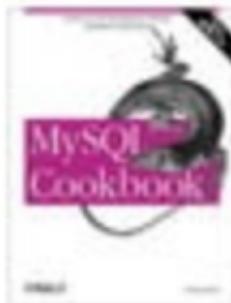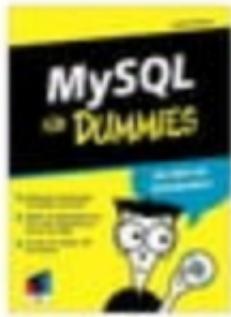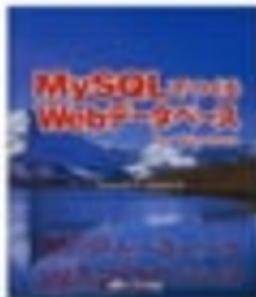
Analogy

MySQL is doing to **databases**
what DELL did to PCs:

In a maturing market, turning the key product into a cost-efficiently produced high-quality high-performance mainstream product with excellent customer service, giving new masses of customers access to the value of the offering at an affordable price.

Sustainable Business Model

What we have

- We own and develop our **software**
- We own and protect our **trademark**
- We apply **dual licensing** to our product
  - GNU General Public Licence (GPL) - free
  - Commercial Licence - for a fee

What we do

- We let the free version of our software find its way into every organisation
- We sell **support** and services to the users of the free software
- We sell commercial **licences** and **support** to commercial customers

Second Wave of Open Source

- Preserve the benefits of open source
  - battle-tested by millions every day
  - contributions from the community
  - an ecosystem far wider than yourself

- Without compromising business viability
  - ownership of source code means responsibility can be taken
  - ownership of trademark means that customers can trust you

Virtuous Development Cycle

Commercial benefits:

- battle tested product

- rapid development

MySQL staff develop new release every 4-6 weeks

Proceeds from licence sales fed back into development

New release immediatly downloaded by vast numbers of users

Sold under commercial licence

Massively parallel testing and debugging begins

Rapid stabilisation

Community benefits:

- commercial-grade framework free of charge