

Satisfying Heterogeneous User Needs via Innovation Toolkits:

The Case of Apache Security Software

Nikolaus Franke* and Eric von Hippel**

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* Professor, Vienna University of Economics and Business Administration, Austria

nikolaus.franke@wu-wien.ac.at

**Professor, MIT Sloan School of Management, Cambridge, MA, USA

evhippel@mit.edu

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ABSTRACT

User needs for a given product type can be quite heterogeneous. Segmenting the market and providing solutions for average user needs in each segment is a partial answer that will typically leave many dissatisfied – some seriously so. We hypothesize that providing users with “toolkits for user innovation” to enable them to more easily design customized products for themselves will increase user satisfaction under these conditions.

We test this hypothesis via an empirical study of Apache security software – “open source” software that is designed to be modifiable by skilled users. We find that heterogeneity of need is high, and that many Apache users are dissatisfied with standard security functionality on offer. We also find that users creating their own software modifications are significantly more satisfied than are non-innovating users. We conclude by suggesting that the “toolkits for user innovation” approach to enhancing user satisfaction might be generally applicable to markets characterized by heterogeneous user needs.

Satisfying Heterogeneous User Needs via Innovation Toolkits: The Case of Apache Security Software

1. Introduction

Customers for a given type of product or service can have needs that are quite heterogeneous. Market researchers are of course aware of this and, when heterogeneity of need is high, they may decide to divide a target market into several segments, each containing customers with somewhat different needs. Then, they often create somewhat different products for each segment, each intended to address the *average* customer need in that segment.

This approach to the problem of heterogeneity of need is helpful, but it typically falls well short of offering each customer a product that is a precise fit to that firm or individual's needs. This is clearly illustrated by the outcomes of market segmentation studies using cluster analysis. After segmentation, fully 50% of the total variation in customer or user need is typically left as (unaddressed) within-segment variation (table 1). The importance to a customer of the difference between a product designed for an average user and what a given firm or individual really wants will of course vary. An "almost-right" basketball shoe may be reasonably acceptable to a weekend athlete but at the same time totally unacceptable to a professional player.

The partial response to the true heterogeneity of customer need just described has historically made good economic sense. From the manufacturer's point of view, when it is costly to design, produce and advertise products, it may only be profitable to identify and serve a few market segments with products responsive to average within-segment needs. However, recent technological advances have reduced the cost of designing and producing products for "markets of one." As a result it is now feasible to better satisfy customers with needs that deviate from the market segment average.

In this study we propose that it will be more cost-effective to better serve heterogeneous customer need by transferring the development of custom products *to* customers than it will be to

follow a more conventional approach and attempt to (greatly) increase the number of market segments addressed by manufacturer-based innovators. We explore the possible effectiveness of this strategy empirically via a study of user satisfactions with the security functions of Apache web server software. Apache is a very successful “open source” server software product that is today used to run 60% of all Internet websites. Open source software is designed to be freely modifiable by its users.

In brief, the major findings of our empirical study begin with the determination that user needs for Apache security functionality are in fact highly heterogeneous. Next, we find that many Apache users are not fully satisfied by existing standard Apache security offerings. When we apply a very conservative measure of willingness to pay (80% deflation of expressed willingness to pay), we find that the average Apache user is willing to pay a considerable amount (over \$5,000 per user and over \$160 mm in aggregate) to have their individual needs for the security functions of Apache met to their total satisfaction.

An approach to better satisfying heterogeneous user need that is now being applied in a number of markets involves providing users with “toolkits for user innovation” that allow users to customize products for themselves. Apache software employs such a toolkits approach in that it is “open source” software, designed to be modifiable by appropriately skilled users. Our sample of respondents contains users that both do and do not modify standard Apache software to create a better fit to their needs. When we compare responses from innovating and non-innovating users, we find that users that modify the standard product report significantly higher satisfaction levels than those that do not. We also find indications that innovations developed by users may benefit non-innovators as well. In other words, the “toolkits” approach used by Apache does appear to be effective in helping Apache users to improve the fit between a product and the heterogeneous needs of individual users. Because the heterogeneity of needs in the Apache case is high but not remarkably so when compared to other markets (table 1) we infer that there may be many more markets where it makes sense to consider the toolkit approach.

In section 2 of this paper we provide a review of the literature on heterogeneity of user needs, on the widespread user practice of modifying standard products to better suit individual needs, and on the “toolkits for user innovation” approach that can make such modifications easier. Next, in section 3 we describe our research sample and methods. We then present our findings in section 4 and conclude with a discussion and suggestions for further research in section 5.

2. Review of the literature

2.1: Market segmentation and heterogeneity of user need

Market segmentation studies involve dividing markets into a relatively few segments, each consisting of customers with relatively similar needs (Punj and Stewart 1983; Wind 1978; Wedel and Kamakura 1999). Segmentation of markets via cluster analysis was pioneered in the early 1970’s by Green and others (Green 1971, Green and Schaffer 1998), and quickly became very popular: over 400 articles on clustering techniques and their applications to market segmentation were published by 1990 (Dickson 1990).

Probably the most commonly used clustering technique is hierarchical clustering. Here cases are grouped together stepwise, beginning from the two most similar (or even identical cases) until the last fusion step in which the most different cases (or clusters) are merged. Determining an appropriate number of clusters within a sample is done in different ways. The most common is to examine the increase of squared error sums of each step, and generally view the optimal number of clusters as having been reached when the plot shows a sudden “elbow” (Myers 1996).

Since this technique does not incorporate information on remaining within-cluster heterogeneity, it can lead to solutions with a large amount of within-cluster variance. The so called “cubic clustering criterion” (CCC) partially addresses this concern by measuring the within-cluster homogeneity relative to the between cluster heterogeneity. It suggests choosing the number of clusters where this value peaks (Milligan and Cooper 1985). However, this method appears to be rarely used: Ketchen and Shook (1996) found it used in only 5 of 45 segmentation studies they examined.

Table 1: Proportion of within-cluster variance in a sample of segmentation studies

	Objects to be clustered	Variables used for clustering	Number of clusters	% within cluster variance
Assael and Poltrack (1999)	TV programs	Viewers of the program	2	39 % ^b
Dunne and Turley (1997)	Seniors	Demographics and perception of senior banking schemes	3	45 % ^c
Cheng and Black (1998)	Apartment markets	Characteristics of markets	5	14 % ^b
Jimenez-Martinez and Polo-Redondo (2001)	Firms	Opinions and behavior in the adoption of EDI	3	80 % ^c
Leong, Huang, and Stanners (1998)	Different media	Managers' perception of media	2	65 % ^b
Portnov and Pearlmuter (1999)	Urban areas	Indicators for urban development	7	50 % ^b
Schaub and Tokar (1999)	Individuals	Expectations about counseling	5	56 % ^a
Thombs and Osborn (2001)	Counselors	Views of addiction and valued treatment practices	3	93 % ^d
Woodman, Clark and Rimmington (1996)	Hospital kitchens	Characteristics of hospital kitchens	3	40 % ^b
Total			Mean = 3.7	Mean = 54 %

^a calculated by error index supplied in paper, ^b approximated by dendrogram supplied in paper, ^c approximated by scree plot supplied in paper, ^d information provided by author upon request

A small survey we conducted (we could find no prior published data on the matter) indicates that current practice in market segmentation studies results in an average of 3.7 market segments specified and 54% of total variance left as within-segment variation after the completion of cluster analysis (table 1).¹ This suggests that a considerable fraction of heterogeneous customer need may indeed currently be going unserved by standard commercial products on offer in the marketplace.

With respect to new product development, the market segmentation approach is a rather costly technique as it involves shifting the information about needs from the user to the manufacturer and creating a new product on the basis of this information at the manufacturer's site. It is not surprising that this process is rather expensive, time consuming (as many iterations might be necessary) and vulnerable to "errors of translation".

An approach that addresses some of this last problem is conjoint analysis (Green and Srinivasan 1978a; Green and Srinivasan 1978b). Here, users choose, rate or order simulated objects

that are described by different factors (e.g. price, color, and size), each with different levels (e.g. color red, blue, and green). From the answers of the respondent the specific utility of the factors and levels are calculated and can be used as an improved input for market segmentation (Green and Krieger 1991).

The key advantage of this approach (as compared to the traditional method of using ratings of preference, attitudes, motives etc. as input for segmentation) is its proximity to the “real” decision situation. Thus, the central merit of this approach is that the “error of translation” is reduced. The high validity resulted in an increasing number of applications in new product development since its beginnings in the 1970s. On the other hand, the major task of designing is still is on the manufacturer’s side: the user only (passively) chooses from options the manufacturer provides. He is not able to add a new element to the solution space preselected by the manufacturer. Unfortunately, also a lot of real-world heterogeneity of preference is lost as the conjoint procedure and the strain for the respondents allows only a small number of factors and levels (Gibson 2001). A number of admirable efforts has been made to allow larger number of factors and levels (self-explicated conjoint and adaptive conjoint models, Green 1984) and reduce the number of questions necessary (fast polyhedral adaptive conjoint estimation, Toubia, Simester and Hauser 2002).

The role users play (deciding on permutations of preselected factors and levels) in conjoint analysis is conceptually related to another approach that is admittedly methodologically totally different: the product configurators of typical mass customization applications in which the users can design their own product by selecting a permutation of a given set of factors and level (Liechty, Tamaswamy and Cohen 2001). In this approach the shifting of the design process towards the users goes two steps beyond segmentation and conjoint analysis: first, no longer only a sample of users (which is assumed to represent the mass) is employed but each potential customer with his specific needs is investigated. Second, the information (factors and levels preferred) obtained is no longer employed as an information input for the design process of the manufacturer but taken as an actual work order.

In the mass customization approach a large portion of heterogeneity of user preferences is retained. However, although these permutations can easily reach an incredible number of products possible – e.g. the firm www.customatix.com offers an impressive quantity of 3,420,833,472,000,000,300,000 different shoes. This impressive number deludes the fact that innovative features cannot be incorporated and it can easily be that among these seemingly endless number the individual user cannot find a product that meets his preferences. At the end of the day, a mass customization website is nothing more than an extreme extension of the line extension idea: instead of a very limited number of prefab products a lot more possibilities are offered that are manufactured on request. Non-average needs, however, are naturally not always covered by this approach.

2.2: How are heterogeneous user needs currently served?

How are non-average user needs currently served? Some are probably not served at all, with users simply remaining dissatisfied. In other cases, users may find a custom supplier to create precisely what they want to order. In still other cases, users – firms or individuals - may “serve themselves” by designing their own products from scratch or by modifying commercially-available products to better serve their needs.

A few empirical studies have examined the frequency with which users innovate. All find that quite a large fraction of both industrial and consumer users reporting that they have taken the option of “making their own” (table 2). Thus, Urban and von Hippel studied firms that were using “PC-CAD” software to design printed circuit boards and found that 24% reported that they had built their own PC-CAD systems. Morrison et al (2000), studied Australian libraries that had installed computerized library information systems. Twenty six percent of these libraries reported having modified their systems one or more times after initial installation in novel ways not intended by the system manufacturers. (This despite the fact that suppliers of library information systems both customize the systems upon initial installation *and* incorporate many user-adjustable parameters into the systems they sell.) In the field of consumer sports equipment Luthje (2000) found that 9.8%

of a representative sample of German outdoor athletes (hiking, mountaineering) had significantly modified their equipment or invented and constructed new products for their own use to serve their personal sporting needs in a better way. Franke and Shah (2001) studied four samples of athletes who were quite serious about their sporting activities (members of clubs of expert sailplaners, snowboarders, canyoning athletes, and handicapped cyclists) and found that 32% of their respondents reported having either modified their equipment or having designed and built entirely new products for their personal sporting use.

Table 2: Study findings on the frequency of product modification by users

Innovation Area	Sample of Users	% Innovating for Own Use	Did the innovating users have “lead user” characteristics?
Printed Circuit CAD Software(a)	136 PC-CAD association members	24.3%	Yes
Library Information Systems (b)	102 Australian Libraries	26%	Yes
Pipe Hanger Hardware (c)	74 Pipe hanger installation firms	36%	NA
Outdoor Consumer Products (d)	153 Purchasers from outdoor product mail-order catalogs	9.8%	Yes
Outdoor Sporting Products (e)	197 Members of specialized outdoor sporting clubs	32.1%	Yes

Data sources: (a) Urban and von Hippel (1988); (b) Morrison, Roberts and von Hippel (2000); (c) Herstatt and von Hippel (1992); (d) Luthje (2000); (e) Franke and Shah (2001).

2.3: “Toolkits for innovation” to better serve heterogeneous needs

If present commercial products do not serve heterogenous user needs particularly well, how can manufacturers improve matters? One approach would be to decrease within-segment variation in user need by increasing the number of segments studied and served with responsive products – even down to the level of “markets of one.” A second approach builds upon and supports the previously-noted tendency of many under-served users to “do it themselves” to obtain better solutions. This second approach involves manufacturers actually abandoning efforts to understand the heterogeneous needs of their users in detail. Instead, they equip all users or any interested users with “toolkits for innovation” to assist them in designing their own new custom products. For

reasons to be described next, we think that this second approach is likely to be the more promising one, and it is the one explored empirically in this paper.

Why should one be able to serve heterogeneous user need more effectively by transferring product design work from manufacturer to user? After all, the same work is being done in both cases. The advantage lies in lowering the cost of access to “sticky” information required to develop a product.

To understand this matter, consider first that innovation involves applying problem-solving to information. The information that problem-solvers must draw upon in the case of product development resides at both manufacturer and user locations. Manufacturers tend to know more than users about solution possibilities and how a product can be most effectively manufactured; users tend to know more than manufacturers about their particular needs and their particular use environments. Traditional product design processes involve collecting information about needs from users and shifting it to the site of manufacturer-based product developers for problem-solving work. This information transfer process is often costly, because information is often “sticky” – costly to move from place to place. (The stickiness of a given unit of information is defined as the incremental expenditure required to transfer that unit from one place to another in a form usable by a given information seeker. When this cost is low, information stickiness is low; when it is high, stickiness is high [von Hippel 1994]).

Next, note that the stickiness of a given body of information is not immutable: with investment, firms or individuals can “unstick” or reduce the stickiness of some needed information. For example, firms may reduce the stickiness of a critical form of technical expertise by investing in converting some of that expertise from tacit knowledge to the more explicit and easily transferable form of a software “expert system” (Davis 1986). Or they may invest in reducing the stickiness of information of interest to users by converting it into a remotely accessible and user-friendly computer data base. This is what the travel industry did, for example, when it invested substantial

sums to put its various data bases for airline schedules, hotel reservations and car rentals "on-line" in a user-accessible form.

Finally, consider that incentives to unstick information can vary. For example, suppose that to solve a particular problem two units of equally sticky information are required - one from a user and one from a manufacturer. In that case, there will be an equal incentive operating to unstick either of these units of information in order to reduce the cost of transfer, other things (such as the cost of unsticking) being equal. But now suppose that there is reason to expect that one of the units of information, say the manufacturer's, will be a candidate for transfer n times in the future, while the user's unit of information will be of interest to problem solvers only once. For example, suppose that a manufacturer expects to have the same solution-related information called on repeatedly to solve n user product design problems while, in contrast, solving each problem involves unique need information from a user. In that case the total incentive to unstick the manufacturer's information across the entire series of user problems is n times higher than the incentive for an individual user to unstick its problem-related information (von Hippel 1998).

The particular pattern just described often holds in real-world problem solving, because manufacturers tend to specialize in particular types of solutions – for example, software or plastics or integrated circuits – that they want to apply to as wide a range of user needs as possible. An important consequence of this incentive structure is that there will be an incentive to shift problem-solving activity to the locus of the *less frequently called-upon sticky information* - in the case of our example, to the user. When this is so, it is reasonable (but not proven) that approaches to satisfying heterogeneous user needs that involve user-based problem-solving will be more cost-effective than approaches involving manufacturer-based problem solving - such as attempting to serve many market segments via manufacturer-developed products.

Solution-related information that is unstuck and shifted to users is most effectively supplied in the form of “toolkits for user innovation” (von Hippel 2001). Toolkits for user innovation in the software field include four important capabilities. First, and most important, they incorporate enable

users to carry out complete cycles of experimentation and learning during the process of designing their custom product or service. This capability is essential because problem-solving in general, and problem-solving in product design in particular, is fundamentally based upon trial-and-error learning (Baron 1988). Second, toolkits must be “user friendly.” This means that users should be able to operate them using their existing skills and customary design languages. Third, they must contain libraries of designs for useful components and modules for custom products that have been tested and debugged. These allow users to adopt what they can, and focus their design efforts on the truly novel elements of the custom design being developed. Fourth and finally, toolkits must contain information about the capabilities and limitations of the production process that will be used to manufacture the product. This ensures that a user’s design will in fact be producible.

3. Research Samples and Methods

Our empirical study of the heterogeneity of user needs, user innovation and user satisfaction is focused upon the security needs of users of Apache web server software. Web server software is used on computer servers connected to the Internet. A server’s function is to “service” requests from Internet browsers for particular documents or content. Initial versions of web server software were developed in the early to mid 1990’s and offered relatively simple functionality. Over time, however, Apache and other web server software programs have evolved into the complicated front end for many of the technically demanding applications that now run on the Internet. For example, web server software is now used to handle security and authentication of users, provide e-commerce shopping carts and gateways to databases. Apache software now consists of hundreds of specialized programs and program modules that collectively address the range of functions that make up a modern web server.

Apache, the software product that is the subject of the empirical study in this paper, offers the functional equivalent of a toolkit for user innovation that appropriately skilled users can employ to create customized and improved versions of the software. Apache offers this opportunity to users because it is “open source” software that is explicitly designed to enable modification by users.

When software is “free” or “open source,” users are allowed to download the software from the Internet and use it without charge. Users are also explicitly granted the legal right to study the software’s source code, to modify the software, and to distribute modified or unmodified versions to others.² Tools for software design and test ranging from software languages such as C to compilers and debuggers are also available in open source form on the web. Taken together with the possibility of testing newly-written server functionality on one’s own website, and the ability to “produce” and distribute user-developed code on the Internet, these elements comprise a complete toolkit for user innovation for Apache users.

In the case of Apache, the offered freedom to modify the standard software has been and is exercised by many users and also by programmers working for companies such as Apple, Covalent, Redhat, IBM and C2Net, that ‘package’ and sell Apache software for particular applications. The ability of users to modify standard Apache offerings for themselves is a valuable element in our study.

Apache, along with other open source software, is not designed in response to information about general market or user needs. Instead, it consists of a collage of contributions from individual users, each motivated by an individual need that may or may not represent a need that is widespread among users. Users that do have sufficient incentive to innovate may freely modify their own copy of Apache. If they think that others might benefit from what they have done, they may then submit their code to a central group of volunteers – the 22 members of the Apache Software Foundation. These volunteers have the right to change to standard, “authorized” version of the code that is distributed to all interested users free of charge. They review changes that are submitted, and will tend to accept those that conform to the technical and quality standards of Apache. Despite (because of?) this lack of explicit or planful attention to general market need, Apache software has been very well received by users. Apache 1.0 was released on December 1, 1995. In the space of five years and in the face of strong competition from commercial competitors like Microsoft and Netscape, Apache has become the most popular web server software on the Internet. In 2000, it was

used by more than 60% of the 8 million World Wide Web sites extant. It has also received many industry awards for excellence.

We have elected to focus our study only on the security-related needs of Apache users for two very practical reasons. First, adopting this focus we reduce our study space from hundreds of software functions to the more tractable number of 45 such functions. Second, the individuals or groups with direct needs for the security-related features of Apache are the “webmasters” responsible for the secure and reliable operation of corporate and organizational websites. Webmasters are clearly identifiable within organizations and are relatively easy for us to access via the Internet.

3.1 Samples of Apache webmasters and data collection methods

For our empirical study we elected to draw from two samples of Apache users (webmasters): (1) a sample of Apache users who posted a question or an answer on a question at the Apache Usenet Forum (<http://www.deja.com/group/comp.infosystems.www.servers.unix>), and (2) a sample of Apache users who subscribed a specialized online Apache newsgroup (apache-modules.org). Our reason for selecting this stratified sampling approach was that we wanted to have an adequate representation of users that both did and did not have the technical skills needed to modify Apache security software to better fit their needs. Subscribers to apache-modules.org tend to have a higher level of technical skills on average than those posting to the Apache Usenet Forum, because the former is directed primarily to the interests of highly-skilled users.

Sample 1: Apache Usenet Posters

A total of 1371 postings were made to the Apache Usenet Forum between December 2000 and April 2001 by a total of 563 different individuals. Analysis showed that a relatively few posters were responsible for most of the postings in our sample, with the most prolific 1% of the users originating 20% of the postings, and the top 20% originating 61% of the messages (Gini coefficient

= 0.509). (This type of highly-skewed pattern is often seen in studies of open source project activities and contributions.)

We sent e-mails to all 563 individuals responsible for one or more postings, and asked them to fill out an electronic questionnaire. To raise the likelihood of a response, our cover letter included a note from Ben Hyde, Apache Software Foundation member, explaining that the results of the survey would benefit Apache. We also offered a free MIT T-shirt to all who returned a completed questionnaire.

We eventually received 75 completed questionnaires, from our sample of 563. Since one hundred and twenty two of our e-mails were returned by the mail server as undeliverable, our response rate was 17% for messages actually delivered to a functioning email address. The response rate for messages actually delivered into recipients hands is probably significantly higher, as it is likely that many messages were delivered to email addresses that were no longer being monitored. (Many relatively sophisticated computer users change email accounts frequently to avoid ads and other undesirable email collectively known as “spam.”)

The 75 individuals who did respond collectively accounted for 37.1% of the 1371 messages posted to the Apache Usenet Forum during our sampled period. Thus, frequent posters are overrepresented in our sample of respondents.

Sample 2: Apache-Modules.org Subscribers

The apache-modules.org mailing list consists of approximately 600 users of Apache who have a general interest in the programming and application of Apache modules. The posting activity between November 2000 and May 2001 displayed an extremely skewed distribution (Gini coefficient = 0.914). Only 95 of the 600 subscribers to the list posted a message within this period (16%).

We sent requests to all 600 to fill out electronic questionnaires. These requests contained the same inducements to respond as were described for sample 1. Forty emails bounced back as non-deliverable and we received 63 completed questionnaires. Our response rate for messages that

reached the intended address (but that may not have reached the intended addressees for reasons explained earlier) was thus 11.3%.

Active subscribers are overrepresented in this sample. Among the active sub-population we have a response rate of 30.5% while the response rate among inactive subscribers is only 7.3%. (The number of postings i.e. the “degree of activity” does not make a difference: if we weight the answers with the number of postings we obtain almost the same response rate of 30.6%.)

For the analysis both samples were combined, resulting in a total of 138 cases. Due to some cases where not all questions were answered the sample size used in the analyses varies from 128 to 138. The webmasters responding to our questionnaire displayed a good distribution across website type and size. Approximately 76% of the sites were run by for-profit organizations, and 24% by non-profit groups or individuals. The number of persons managing and maintaining each website ranged from 1 to 50 with a median of 3. The number of hits per day per site ranged from 1 to 100 million, with a median of 2,000. Respondent webmasters were also quite up-to-date in their use of Apache. Apache has been progressively improved, and new versions are periodically released incorporating the latest improvements. All of our respondents reported using the latest major release (1.3), and the great majority (83.3%) reported using a relatively recent update of that major release (version 1.3.12 or higher.)

3.2. Development of list of security functions and questionnaire

We wanted to present our questionnaire respondents with as complete a list as possible of potential Apache security needs for their evaluation. Discussions with Apache users and members of the Apache Software Foundation quickly revealed that, while there were lists of security-related code modules, there was no list of security-related functions available. We therefore generated our own such list. We began by generating a preliminary list from published and web-based sources. Next, we presented this preliminary list to 10 experts in web server security and Apache web server software. These experts were asked to make any corrections or additions they thought appropriate. The corrected list was then presented to a sample of 11 Apache webmasters who were asked to make

any further corrections needed, including any corrections to language needed to make the questions clear and unambiguous to the intended webmaster respondents. A internet-based questionnaire was then developed and pilot tested with 10 webmasters who suggested a few additional changes but in general commented very favorably upon its content and clarity.

The major part of the questionnaire consisted of a list of potentially-desirable security functions for Apache that users could evaluate with respect to their own need for them and their importance (7-point rating scales). In sum, there were 45 security related functions of a web server included (table 1). Some of them are incorporated in the Apache standard, some are available in additional modules, and a few are not yet addressed by any security module generally available to the Apache community. (Security threats can emerge quickly and become matters of great concern before a successful response is developed and offered to the general Apache community. A recent example is “site flooding;” a form of attack in which vandals attempt to cause a website to fail by flooding it with a very large number of simultaneous requests for a response.) Table 3 lists five general types of security functions users might feel they need with illustrative examples. A complete listing of the 45 functions included in the questionnaire is provided in the Appendix.

Table 3: Security Related Functions Used in the Questionnaire

Security-related function	Basic Web Server Security Functionality	Authentication of Client Identity	E-Commerce Related Functions	Within-Site User Access Control	Other
Illustrative Example (See Appendix for complete listing)	“Can act as HTTP proxy server”	“Support NIS/password-based authentication”	“Support real-time credit card authorization”	“Prohibit by client certificate/digital ID”	“Detect intrusion attempts by examining client requests”
Number of functions (total = 45)	8	19	5	7	6

3.3 Heterogeneity of need measure

A key measure for our study is an overall measure heterogeneity of user needs in a sample. We define the “heterogeneity of need” in a group as the degree to which the needs of i individuals can be satisfied with j standard products which optimally meet their needs. This means heterogeneity

of need is high when many standard products are necessary to satisfy the needs of i individuals ($j \approx i$) and low when the needs can be satisfied by a few standard products ($j \ll i$).

To measure heterogeneity, we analyze the extent to which j standards, varying from $[1; i]$ meet the needs of the i individuals. Conceptually, we first locate a product in multidimensional need space (dimensions = 45 in the case of our present study) that minimizes the distances to each individual's needs. (This step is analogous to the Ward's method in cluster analysis that also minimizes within cluster variation, see Punj and Stewart 1983). The "error" is then measured as the sum of squared Euclidean distances. We then repeat these steps and determine the error for two optimally positioned products, 3 products, etc up to a number equaling $i-1$, 1 minus the total number of individuals in the sample (obviously, the error when the number of products is identical to the total number of individuals is zero.) The sum of squared errors for all cases is then a simple coefficient that measures how much the needs of i individuals can be satisfied with j standard products, where $j = 1, 2, 3, \dots, i-1$.

The "coefficient of heterogeneity" just specified is sensitive both to the (average) distance between the needs and for the configuration of the needs: when the needs tend to form clusters the heterogeneity coefficient is *ceteris paribus* lower than if they are evenly spread. To make the coefficient better comparable for different populations, we calibrate it using a bootstrapping technique (Efron 1979) involving dividing the coefficient by the expected value (This value is generated by averaging the heterogeneity of many random distributions of heterogeneity of the same kind). The average random heterogeneity coefficient is an excellent value for calibration purposes because it a natural borderline: it assumes that there is no systematic relationship between the needs of the individuals or between the need dimensions.

- If an empirical coefficient is equal to this average random heterogeneity coefficient there is no systematic tendency of the individuals to cluster. Each individual's needs is totally independent from other individuals' needs and all combinations of needs regarding the dimensions of need are equally likely.

- If an empirical coefficient is lower than this average random heterogeneity coefficient there is a systematic tendency of the individuals to cluster. That is, there are groups of individuals with similar needs.
- If an empirical coefficient is higher than this average random heterogeneity coefficient we would conclude that there is a tendency for individuals' needs to disperse, for example because one's needs are negatively impacted by another person's needs. Thus, individuals who purchase clothing with a goal of emphasizing their individuality might seek selections that they think others are unlikely to have chosen.

The higher the coefficient the more heterogeneous are the needs of users in a sample. If the calibrated heterogeneity coefficient equals 1, there is no systematic tendency of the users to cluster. If it is higher than 1 there is a tendency to disperse. If H_c is lower than 1, there is some tendency of the individuals to cluster. A coefficient of 0 means that the needs of all individuals are exactly the same.

4. Research findings

4.1. Heterogeneity of user need

We find the security module needs of Apache users in our sample to be quite heterogeneous. Indeed, the calibrated coefficient of heterogeneity is 0.98, indicating that there is essentially no tendency of these users to cluster beyond chance.³

A hierarchical cluster analysis (Ward method, Squared Euclidian distance) shows the following relationship between the number of clusters and the remaining within-cluster variance (table 4).

Table 4: Relationship Between Number of Clusters and Remaining Cluster Variance in Apache Sample

# of clusters	2	3	4	5	10	15	16	17	50	100	128
Remaining within cluster variance (n = 128)	88.9%	80.7%	76.9%	73.7%	62.4%	55.5%	54.4%	53.3%	28.0%	6.5%	0%

For example, if we accepted a four-cluster solution (the mean number selected in the studies reviewed in table 1) we would have 76.9 % remaining within cluster variance. Such a solution would be very likely to leave many users seriously dissatisfied.

Although the measured heterogeneity in our sample is rather high, the coefficients provided probably understate actual heterogeneity in the sample. Recall that in our questionnaire we used 45 variables that covered 45 security-related functions of web server software. Our expectation was that this list would cover almost every aspect of need any user in our sample might experience with respect to Apache website security. But, just in case, we added an open question asking user respondents to list up to four additional needs they experienced that were not covered by the standard list. Nearly 50% of the users used the opportunity to add additional functions. Twenty two percent had one additional suggestion, 16% had two, 4.4% had 3 and 3% had 4 for a total of 108 suggestions. When duplicates were eliminated, we found a total of 92 distinct additional security-related needs that one or more individual users found relevant.

4.2: Heterogeneity of need vs. user skill levels

Recall that Apache is a software product consisting of “open source” software. Such software can be modified by programmers with appropriate skills. In our questionnaire, we asked each of our respondents to indicate whether they had the skills needed to modify Apache to better suit their needs. We also asked our respondents about the level of modification they had actually made to the Apache code used at their website. These two measures can be seen in table 5 and, as can be seen, they corresponded reasonably well. That is, many of those who claimed the ability to make modifications had also done so.

Table 5: Customization and Programming Skills

	Degree of customization implemented by users			
	No customization: Standard version only	Security enhanced standard version of Apache installed	Integration of additional security modules	Customized version installed that involved coding by user
% of sample (n = 131)	42.7%	5.3%	32.8%	19.1%
Programming skills claimed by users ^{a, b}	4.2 (2.2)	4.3 (2.6)	5.3 (1.7)	6.2 (1.3)

^a “Some people in the server maintenance group are able to do some modifications of Apache that involve coding”
[1 = strongly disagree; 7 = strongly agree], means (standard deviations)

^b ANOVA $F = 7.05$, $p < 0.000$ shows that differences of means are strongly significant

Heterogeneity of need in our sample was approximately equal for respondents with and without the skills needed to customize Apache more to their liking. We determined this by splitting up the users in our sample into two groups: the highly skilled who stated that they were capable of modifying Apache by writing new code ($n = 62$) and the less skilled users who were unsure about this or claimed not to be able to do such modifications ($n = 66$).⁴ In table 6 we see that the degree of heterogeneity of need is high in both groups, but is slightly higher within the group of highly skilled users ($H_c = 1.05$ vs. 0.97). This difference is supported by the fact that the highly skilled users also tend to suggest more new security related functions beyond the 45 that were incorporated in the questionnaire (0.94 vs. 0.63 on average).

Table 6: Heterogeneity of Needs of Apache Users of Different Skill levels

Coefficient	Highly skilled users (n = 62)	Not highly skilled users (n=66)
Empirical heterogeneity coefficient	216,134.41	226,493.71
Average random heterogeneity coefficient (basis: 100 random preferences, each 45 variables, ranging from 1 to 7)	205,295.22	232,201.41
Calibrated heterogeneity coefficient H_c	1.05	0.97
Average number of suggestions for further improvement (additional functions)	0.94	0.63

Skilled and unskilled users gave generally similar judgments with respect to the subjective importance of each of the 45 Apache-related security functions included in our questionnaire. Their assessments on this matter differed significantly with respect to only 4 of 45 functions (re function #8, $p < .05$; re functions #4, 13 and 18, $p < .1$). In all of these 4 cases, the skilled users judged the importance of the function to be higher than did the unskilled users. Although the reasons behind

these similar judgments of subjective importance may differ among our respondents, this finding raises the intriguing possibility that innovations developed by skilled users might also be of value to unskilled users.

4.3 Satisfaction of users with Apache security functions

In general, Apache users generally seem to be moderately satisfied with all security related categories, with the best satisfaction values being seen with respect to basic web server functionality and within-site user access control. Yet, they are by no means enthusiastic (table 7).

Table 7: Satisfaction of Apache Users with Apache Web Server Security

User satisfaction with the following web server security functions (Full range of satisfaction index -21 to + 21: see text)	Highly skilled users (n = 64)	Not highly skilled users (n=67)	Difference (one-tailed t-test)
Satisfaction with Basic Web Server Functionality	4.5	3.7	p = 0.085
Satisfaction with Authentication of Client	1.5	0.6	p = 0.000
Satisfaction with E-Commerce Related Functions	0.3	0.1	p = 0.267
Satisfaction with Within-Site User Access Control	7.2	6.3	p = 0.197
Satisfaction with Other	1.5	1.4	p = 0.470
Overall Satisfaction	3.0	2.1	p = 0.013

The satisfaction data shown in table 7 were calculated using an adequacy-importance model where satisfaction is equal to the sum of ratings of different attributes, weighted by the subjective importance of the attribute.

$$S_{ij} = \sum_{k=1}^n (E_{ijk} * I_{ik})$$

S = satisfaction of individual i with object j

E = rating of object j concerning attribute k (1 to n) by individual i

I = importance of attribute k, rated by individual i

To better compare values for different categories, we divided the resulting value by the number of functions in the respective category (e.g. authentication of client – 19 functions). A positive value for the resulting satisfaction means that the individual rated the object positively on average (better than 4 on the scale from 1 to 7), a negative value corresponds to an unfavorably

evaluation (worse than 4 on the scale from 1 to 7). The theoretical range of the satisfaction index is [-21; 21].

As can be seen in table 7, the satisfaction *levels* of those that have the skills needed to modify Apache is significantly higher than the satisfaction of those who do not have this ability. However, the *patterns* of satisfactions and dissatisfactions are quite similar for these two types of user, with the correlation of the two groups with respect to the satisfaction means of all 45 security functions being quite high ($r = 0.884$; $p < 0.000$). (We will develop the implications of this latter finding in our section 5 discussion.)

On the face of it, the higher satisfaction of technically-skilled users seen in table 7 could be due either to the user modifications made to the standard software or to the ability of more highly skilled users to operate standard versions of Apache security in a more satisfactory way. (By way of analogy, consider that an expert pilot might find a given aircraft much more satisfactory than would a novice pilot – simply because the expert can operate it more skillfully and effectively.) To test this possibility, in table 8 we examine only the technically skilled users in our sample who claim the capability of making modifications to Apache software. For these technically-skilled users, we find significantly higher satisfaction levels among those that actually did customize their software.

Table 8: Skilled Users Customizing Their Software Were More Satisfied Than Those That Did Not Customize

User satisfaction with the following web server security functions (Full range of satisfaction index -21 to + 21: see text)	Users that customized (n = 18)	Users that did not customize (n = 44)	Difference (one-tailed t-test)
Satisfaction with Basic Web Server Functionality	5.5	4.3	0.100
Satisfaction with Authentication of Client	3.0	1.0	0.001
Satisfaction with E-Commerce Related Functions	1.3	0.0	0.023
Satisfaction with Within-Site User Access Control	8.5	6.9	0.170
Satisfaction with Other	3.9	3.9	0.699
Overall Satisfaction	4.3	2.6	0.010

One might wonder why those with the ability to modify Apache closer to their liking are not totally satisfied. The answer can be found in respondents' judgments regarding how much effort it would require to modify Apache more to their liking. We asked all respondents who indicated

dissatisfaction of a level 4 or lower with a specific function of Apache how much working time it would cost them to improve the function to the point where they would judge it to be very satisfactory (to be at a satisfaction level of 7). For the whole sample and all dissatisfactions, we obtained a working time of 8,938 person days necessary to get a very satisfactory solution (≈ 34 person years). This equals \$78 of incremental benefit per incremental programmer working day (\$716,758 divided by 8,938 days). This is clearly below the regular wages a skilled programmer gets. We conclude from this that skilled users do not improve their respective Apache versions to the point where they are perfectly satisfied because the costs of doing so would exceed the benefits.

4.4. Willingness to pay for software improvements

Estimating user willingness to pay (WTP) is known to be a difficult task. Prior research offers several measurement concepts for willingness to pay, ranging from actual transaction data to simulated auctions and survey data (Wertenbroich and Skiera 2001). In our study, the product in question (improved Apache software security functionality) did not exist yet, and so we were limited to survey data approaches to WTP. Popular methods here are conjoint experiments where respondents value objects that consist of several attributes containing price. However, due to the very high number of variables we used we could not employ this or similar methods (Gabor and Granger 1966). As a consequence, we elected to employ the contingent valuation method (CVM) in which the respondents are directly asked how much they are willing to pay for a product or service (Mitchell and Carson 1989).

Results obtained by the contingent valuation method are found to often significantly overestimate actual WTP (Lindsay and Knaap 1999). Our own survey of the empirical literature supports this finding. The empirical studies we found that compare expressed WTP with actual cash payments on average showed actual spending behavior to be only 15-20% of expressed WTP.⁵

Our overall approach was to ask each user that had indicated he or she was not really satisfied with a function (i.e. if his satisfaction with the respective function was 4 or less on a 7-point

scale - 1 = not satisfied at all; 7 = very satisfied) to estimate how much he or she would be willing to pay to get a very satisfactory solution regarding this function. We offered respondents payment scales rather than open-ended approaches since research into WTP has shown that this method provides more valid results (Donaldson, Thomas, and Torgerson 1997). To compensate for the likely overstatement of expressed relative to actual WTP in our study, we deflated respondents' indicated willingness to pay by 80%.

An additional deflator of an unknown amount was added by three other elements of our analysis. First, if a user checked the category "I don't know" (which was the seventh possible answer on this question) we counted his answer as \$0. Second, we only asked about willingness to pay relative to the 45 functions described in the main body of the questionnaire. Willingness to pay for items added by users on the open-ended question were not included. Third and finally, we did not take into account that also users who are rather satisfied with a function (5 or 6 on our 7-point scale) would probably also be willing to pay some money to get an even better solution.

After deflation, our sample of 137 respondents were found willing to pay \$700,000 in aggregate to improve Apache web server security functions to a point that fully satisfied each of their needs (table 11). This amounts to an average of \$5,232 total willingness to pay per respondent. If we extrapolate from our sample of 137 respondents by assuming that each controls 10 of the 315,000 physical servers mounting Apache software (Netcraft as reported in Wired magazine, October, 2001) we end up with \$164,802,000 of willingness to pay in aggregate.

The Apache Software Foundation does not charge for its software, but the cost of functionally similar Sun webserver software is about \$1,100 per machine (Source: Sun website, November, 2001). If we assume that users would pay about the same amount per machine for Apache software if it too were a commercial product, we see that the total additional amount that Apache users would be willing to pay to be perfectly satisfied with the security features of their Apache software is about 50% of the total "equivalent commercial price" of Apache software installed by users to date. (This may seem like a counterintuitively large amount. But note that the

price of server software does not necessarily reflect its value to the user. Competition affects the proportion of benefit created by an innovation that product manufacturers can capture, and in this product category commercial software suppliers compete against Apache open source software – a very capable product offered at a price of zero dollars.)

Table 9: User Willingness to Pay for Software Improvements

	Number of users who are not satisfied with at least one function (n = 137)	Money each dissatisfied user is willing to pay to get a very satisfactory solution (per function)		Money all users in the sample are willing to pay to get a very satisfactory solution
		Mean	SD	
Basic Web Server Security Functionality	39.6 %	\$ 1,774	\$ 5,034	\$ 107,353
Authentication of Client	35.8 %	\$ 3,895	\$ 15,561	\$ 189,967
E-Commerce Related Functions	20.9 %	\$ 2,141	\$ 4,954	\$ 60,717
Within-Site User Access Control	29.9 %	\$ 499	\$ 1,858	\$ 18,731
Other	49.3 %	\$ 5,075	\$ 21,599	\$ 339,989
Total				\$ 716,758

As we would expect, the level of user satisfaction with specific functions (table 8) appears related to the amount users are willing to pay for improvements (table 9). Thus “within site user access control” received the best values for satisfaction, and here users would pay the smallest sum to get an improved solution. Bringing only 2 of the 45 functions analyzed to what each user sees as perfection for that function would account for about 50% of the total amount that users are willing to pay for software improvements. Altogether, the top 19 of 45 functions account for 96.25% of that amount.⁶ Note, however, that “perfection is in the eye of *each* beholder,” and that achieving perfection for all dissatisfied users could require making different improvements for each.

5. Discussion

Within-segment variation in user needs and associated unserved willingness to pay represents what we may somewhat dramatically call the "dark matter" of market need. It is often significant in amount, but it is not now directly observed or served in conventional marketing practice. Instead, analysts typically explore average user needs in a few market segments and develop products and services suited to the average user in each segments.

As was noted earlier, this traditional practice makes perfect sense for a world in which it is costly to design, produce and/or advertise products for each market segment selected. After all, if one can only afford to provide and advertise a standard product for a few market segments, there is little practical value in creating finer segmentations or learning more about within-segment variation in user needs. However, the world is now changing, and it is becoming steadily cheaper to design and produce for “markets of one.” In this new world, we think it makes sense to first analyze the heterogeneity of user need in a marketplace via cluster analysis in conjunction with conjoint analysis. Then, if heterogeneity is high, one may elect to increase user satisfaction via a toolkit approach that helps users to design their own custom product solutions. In contrast, if heterogeneity is low, one might prefer to follow the traditional approach and offer standard products adjusted to the needs of a few market segments.

In this paper we studied user needs for and satisfaction with Apache server software security functionality. Here, we found high heterogeneity of user need accompanied by significant user willingness to pay for products better suited to individual needs. We also saw that users with the technical skills to do so did sometimes modify Apache, and that users improving their own implementation of Apache via a “toolkits for user innovation” approach showed higher satisfaction than did users unable to modify Apache.

It is important to note that modifying and creating new products via toolkits for user innovation is not a costless activity, and that users will employ the approach only to the extent that their benefits exceed their costs. Costs to users consist of the one-time cost associated with obtaining and learning to use the toolkit plus the variable cost associated with actually designing and implementing a given modification or innovation. With respect to one-time costs, in the case of our Apache study less than half of all users in our two samples had made the one-time investment in coding skills that would allow them to modify Apache code. (Specifically, only 37% of our sample of Apache Usenet posters – probably reasonably typical of average Apache users in terms of technical capabilities - reported that they were able to modify Apache in ways that involved actually writing new computer code. Sixty four percent indicated that they were able to download and integrate a

module that had been developed by others into their copy of Apache.) In the case of variable costs, we saw in section 4.3 that users with the skills needed to modify Apache had not modified it to a level of perfect satisfaction, but only to a level where (we assume) their incremental innovation costs equaled their incremental innovation benefits.

The impact of these cost considerations on the toolkits for innovation approach to satisfying heterogeneous user need is that the fraction of a user population *directly* benefiting from the approach will increase as one-time and variable costs go down. However, to the extent that users with lower skills and incentives share the needs of more highly skilled and motivated users, and to the extent that the more highly skilled openly reveal the solutions they have developed, even a costly toolkit for innovation can *indirectly* benefit the former group. This is because it typically takes less skill and effort for a user to adopt a solution developed by a skilled user than it does to develop that solution de novo. This point is nicely illustrated in our Apache study. As was noted above, only 37% of our sample of representative users felt that they had the skills needed to write new code, but 64% felt that they had the skills needed to download and use new code developed by others.

For this reason, manufacturers may find it valuable implement toolkits for innovation even if the proportion of the target market that can directly use them is relatively small. As studies of the sources of important innovations have shown, many innovations are developed by “lead users” for their own non-standard needs (von Hippel 1988). Later, these lead user innovations become attractive to the general population of user/customers, and are profitably diffused by manufacturers (or, in the case of open source projects, by the users themselves). This is likely to be the case in the specific instance of the Apache open source innovations studied here. Research on the characteristics of users modifying Apache shows them to be lead users (Franke 2002).

In the case of our study, it does seem that innovations by skilled Apache users might well be of benefit to less-skilled users. First, recall that we found (table 8) that the skilled and the less skilled users in our sample have quite similar preferences, with a significant difference in the importance ratings present in only 4 of 45 functions. Recall also that, while the mean satisfaction levels differed between these two groups, the *pattern* of satisfaction levels is very similar. (The correlation of the two

groups satisfaction means for all 45 security functions is $r = 0.884$; $p < 0.000$). In other words, although both groups show different satisfaction *levels* (because the skilled are able to help themselves) the satisfaction *patterns* were similar – which in turn means that the less skilled may well be profit from modifications made by skilled users in the Apache case.

How generalizable is the toolkits for user innovation approach to addressing heterogeneous user needs? After all, Apache is clearly not an ordinary product nor is it developed by a conventionally-organized innovation process. Apache is open source software that is developed, produced, distributed and supported by a community of users rather than by a manufacturer. The elements of the toolkit needed to both design and modify open source software are available free to that user community, and the “official” version of the software is put out by a community of user volunteers working as the Apache Development Foundation.

Despite the unconventional nature of the product we studied here, we think that the approach is widely applicable. The toolkits for user innovation approach that helps users to innovate to address their own idiosyncratic needs is equally applicable to physical products developed by manufacturers. For example, it has been successfully applied in the field of custom semiconductor design for many years. Custom semiconductors are a physical product that are produced by a relatively few manufacturers in costly fabrication facilities called silicon foundries. In this field toolkits for user innovation are produced by third parties, and are used by custom semiconductor customers to “design their own” custom designs that are later produced for them in silicon foundries. Although no direct information exists on user satisfaction with this arrangement, billions of dollars of customer-designed semiconductors are produced each year, and available evidence suggests that designs done by the users themselves cost less and are developed in less time than can be done by the manufacturers (von Hippel 1998, Thomke and von Hippel 2002).

Of course, the importance of addressing heterogeneous user need is independent of the specific approach taken. Future research might identify and explore strategies in addition to toolkits that may also serve this goal. Evolving technologies are opening the way to new solutions. We hope that others will find it interesting to join us in exploring this fascinating subject.

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Appendix:

Complete listing of web server security-related functions included in study questionnaire

Basic Web Server Security Functionality: 1. Can change user access control list without restarting server; 2. Can act as an HTTP proxy server; 3. Hierarchical permissions for directory-based documents; 4. Web server has built-in virus scanning engine; 5. Disallow requests for files on particular devices; 6. Has the ability to control client access to remote web server resources based on the date and time of the client’s request; 7. Supports SSL; 8. Supports the IPsec security standard

Authentication of Client: 1. Supports NIS/password-based authentication, 2. Support LDAP-based authentication, 3. Supports DCE authentication, 4. Support Kerberos authentication, 5. Supports Novell Directory Services (NDS) authentication, 6. Supports the TACACS+ authentication protocol, 7. Can authenticate against SMB servers, such as Windows NT and Samba, 8. Supports NTLM authentication, 9. Supports SiteMinder authentication and authorization, 10. Integrated certificate server, 11. Supports TDS authentications, 12. Can authenticate by checking the contents of a database, 13. File-based cookie authentication, 14. Supports Windows NT domain controller authentication, 15. Can authenticate using user-provided function/script, 16. Supports the ability to create an authentication module that runs on a remote machine, 17. Allows multiple NCSA-style password files, 18. Supports Lotus Notes based authentication, 19. SSL client certificates (digital ID’s)

E-Commerce related Functions: 1. Supports S-HTTP, 2. Supports SET, 3. Supports real-time credit card authorizations, 4. Supports electronic check payments, 5. Supports digitally signed tickets, to allow the passing of authenticated data from site to site

Within-site User Access Control: 1. Prohibit access by domain name, 2. Prohibit access by IP address, 3. Prohibit access by user and group, 4. Prohibit access by directory and file, Configurable user groups (not just a single user list), 5. Prohibit by client certificate/digital ID, 6. Prohibit by combination of the above

Other Functions: 1. Can hide part of a document based on security rules, 2. Can detect intrusion attempts by examining client requests, 3. Ability to limit number of concurrent connections from a host, 4. Supports the ability to run the Hypertext Transfer Protocol daemon (httpd) chrooted, 5. Supports the ability to provide access control based on the “Referer” HTTP environment variable 6. Security for virtual servers

¹ Our survey methodology was as follows. First, we identified all peer reviewed articles in ABI/Inform from 1986 to 2001 that used the term “cluster analysis” in the full text. We obtained 722 hits. All were checked to determine whether actually cluster analyses were performed, whether the subject matter was market segmentation studies or equivalents, and whether the data needed for table 1 was supplied. In cases where recent studies were appropriate but some needed data were not supplied, we emailed to the authors with a request for it. Of 22 requests made, 3 responses supplying the requested data were received.

² A software author uses his or her own copyright to guarantee these rights to all users by affixing any of a number of standard licensing notices, such as “Copyleft,” to the code. Well-known examples of free or open source software are the GNU/Linux computer operating system, Perl programming language, and the Internet e-mail engine SendMail (Raymond 2000). Many thousands of free and open source software projects exist today and the number is growing rapidly. A repository of open source projects, Sourceforge.net, lists in excess of 10,000 projects and more than 100,00 registered users.

³ The empirical heterogeneity coefficient equals 817,555.95 ($n = 128$) and the average random heterogeneity coefficient (basis: 100 random preferences, each 45 variables, ranging from 1 to 7) equals 835,144.43. Consequently, the calibrated heterogeneity coefficient equals 0.98.

⁴ We asked respondents for their level of agreement with the statement “Some people in our server maintenance group are able to do some modifications on Apache that involve coding”. A 7-point rating scale was used (anchors 1 = strongly disagree, 7 = strongly agree). Persons responding to this statement with a 5 or lower were placed into the lower skilled user group.

⁵ Brown et al (1996) in a study of willingness to pay for removal of a road from a wilderness area found expressed WTP to be 4 to 6 times larger than actual WTP. Lindsey and Knaap (1999) in a study of WTP for a public urban greenway found expressed WTP to be 2 to 10 times larger than actual WTP. Loomis et al (1996) found expressed willingness to pay for art prints to be 2 times larger than actual WTP. Neil et. al. (1994) found expressed WTP for conserving an original painting in the desert to be 9 times larger than actual WTP. Seip and Strand (1992) found that less than 10% of those who expressed an interest in paying to join an environmental organization actually joined. Willis and Powe (1998) found that among visitors to a castle, expressed WTP was in 60% lower than actual WTP.

⁶ The two functions that account for 50% of the “money left on the table” are 41 (Can detect intrusion attempts by examining client requests) and 16 (Supports NTLM authentication). These two functions are followed in declining order with respect to money left on the table by functions # 4, 30, 42, 40, 6, 27, 31, 20, 39, 32, 12, 8, 7, 24, 18, 44, 2, 45, 10, 1, 3, 22, 43, 23, 29, 38, 21, 13, 17, 37, 15, 25, 35, 9, 28, 19, 34, 26, 36, 5, 33, 11, and 14. (See Appendix for a capsule description of each of these numbered functions.)