

Open-source software opens business doors for web-development companies

Appnovation Technologies and Work at Play Ltd. finding success in harnessing low-cost OSS options for a growing list of clients

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The marketing phrase "your one-stop shop" is frequently used by web-development companies that promise to take care of everything from website design and marketing to e-commerce for prospective customers.

And while many businesses are succeeding in offering a range of services using a plethora of development platforms, Appnovation Technologies is taking a contradictory approach.

Led by Arnold Leung, its 23-year-old CEO, Appnovation has made a point of offering few services – namely website and application development – and using few development platforms.

After three years of business, the approach appears to be working: Appnovation is profitable, it posted \$1 million in revenue last year and on track to generating \$1.5 million in 2009.

That compares with \$600,000 in 2007.

The company has hired four employees in the last four months and is planning to hire another three developers in the next six months, which would bring its headcount to 23.

"I've never really done the technical work myself," admitted Leung, whose role as the youthful head of one of Vancouver's fastest-growing web developers is doubly impressive considering that Appnovation is the second company he has founded.

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Arnold Leung, CEO, Appnovation Technologies Inc.: "I'm always thinking about how do we grow the company, how do we scale and [hire] more people?"

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Appnovation's success is partly related to the emergence of open-source software (OSS) in the mainstream web-development community.

Compared with pay-for-use content-management technology like Microsoft Corp.'s SharePoint, OSS platforms are free and can be easily customized by programmers.

The City of Vancouver has launched a program in which much of its data is accessible to everyone. It's also replacing many of its applications with ones powered by OSS.

Appnovation initially worked solely with Drupal, one of the most widely used

OSS platforms – particularly among media companies and non-profit groups.

The company has since adopted the iPhone development platform to create mobile applications. It also recently became among the first Vancouver companies to partner with Alfresco Software Inc., the developer of Alfresco, the newest emerging OSS.

Leung organized Vancouver's first Alfresco night in Vancouver on November 12.

He is also a co-founder of VEF Momentum, an event that's under the umbrella of the Vancouver Enterprise Forum but dedicated entirely to Vancouver's youngest



David Gratton, Work at Play Ltd. founder: the company's expertise is in building social-media applications and the front-end of websites where user engagement is key

entrepreneurs.

While Appnovation is adopting new development software, don't expect it to expand the number of services it offers.

"Most firms don't want to focus on one thing, because they think they'll expose themselves to a lot of risk," said Leung.

"What we find is the opposite."

Among Appnovation's larger Canadian clientele are Sage North America and the Canadian Cancer Society.

The company developed the website for a division of NBC Universal that operates a Spanish-language TV network and websites for many non-profits, including Institute for the Future, Public Agenda and Conservation International.

Appnovation also partnered with Vancouver's Work at Play Ltd. to develop parts of MTV Networks' virtual online world, Virtual MTV.

Work at Play has a minority stake in Appnovation and, like Appnovation, has built a successful business on the shoulders of OSS.

It recently hired four employees, bringing its headcount to 25, and plans to open an office in Los Angeles next February.

Its revenue more than doubled in 2008 to \$2.2 million and, according to David Gratton, Work at Play's founder, it's having another "record" year.

"There's open-source software that nobody uses and that carries a lot of risk," said Gratton. "But in popular open-source software like Drupal you can get a bug fixed in seconds. If it's a Microsoft product you have to write a bug report [and] you have to wait for the next [fix] release."

The company's real expertise is in building social-media applications and the front-end of websites where user engagement is key.

The two companies regularly team up: Work at Play handles the visuals and engagement side of application and web design while Appnovation takes care of the technical back-end.

Work at Play doesn't leverage OSS as a marketing tool, but Gratton noted that clients like the software because it's cost effective. OSS is free of the licensing fees associated with proprietary software.

Said Gratton: "The fact that [clients] don't have to pay a \$1 million-plus licensing fee for the content-management system we're [using] makes us attractive right off the bat." ■
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experience

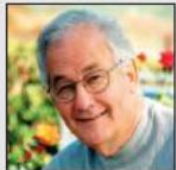
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