

Potential types of revenue generators

The following is a breakdown of the different types of activities Sugar Labs can do to generate revenue.

Solicit donations from individuals through annual/bi-annual fundraisers

Resources required:

- Marketing efforts – many organizations publish multiple social media posts per day, sustained for a few months to achieve a successful campaign.
- Cost of premiums and time to deliver those premiums (if physical) – many fundraising efforts offer some sort of reward, typically called a premium, for donating. Premiums can cost the organization money to purchase the premium, as well as time to deliver those items, if they're physical.
- Advertising costs – it may be worthwhile to pay for advertising.

Pros:

- Funds can typically be raised over the course of months, and the time to launch a fundraiser is negligible.
- Fundraising campaigns are also good opportunities to listen to the community.
- Fundraising events can be a good time to bring people together.

Cons:

- The total amount received during any particular fundraiser can be highly variable. To offset this risk, orgs usually set up recurring donations, often tied to some sort of benefit (like special access at events or a discount with a partner organization).
- We (Sugar Labs) don't seem to be particularly adept at tooting our own horn, marketing, and getting the word out.
- We don't yet have a very robust list of donors.

Initial recommendation:

I recommend that we continue to solicit donations from individuals. I'm a bit more hopeful that we can achieve successful fundraisers now that we are moving onto platforms like every.org and benevity.org (before donors could only either donate via PayPal or by sending a check to our mailing address, which was probably hard to find). On these platforms, donors can give using various methods, including ACH, credit card, and crypto currency. I also see promise in partnering with a business to offer a discount for donors who give over a certain threshold annually.

Sales of merchandise

Resources required:

- Marketing efforts – posts to social media and mailing lists are necessary to keep the public interested in our merchandise.
- Cost of merchandise – merchandise costs money to make. Purchasing stock requires an initial “investment” in order to be sold later.
- Cost of shipping and handling – keeping inventory of merchandise in stock costs money, as well as shipping costs and the time required to mail the merchandise.
- Advertising costs – advertising merchandise could help increase sales.
- Quality control – it’s important to conduct a certain level of quality control on a regular basis to ensure that our products leave a positive impression on customers.

Pros:

- Profit margins can often be quite low, so this alone is not an acceptable method towards financial sustainability.
- Oftentimes merchandise also serves the role of marketing, since customers are likely to show it to their friends and family.
- Merchandise is fun. It can also bring less “techy” people into the orbit of our organization.

Cons:

- Holding merchandise requires physical space. Our capacity to hold merchandise is very low, as it’s dependent on the space that any of us has access to.
- Shipping items costs time and money. It’s an added responsibility to fulfill orders in a timely manner.
- When using partners, it’s possible that the relationship may end at some point (e.g. if the partner is no longer satisfied with the progress of a campaign or goes out of business.)

Initial recommendation:

We currently have merchandise for sale through partner businesses. One is branded USB sticks of SoaS through USB Memory Direct. The other is clothing through Bonfire. Links to both can be found on <https://www.sugarlabs.org/products/>.

Whereas these partners have allowed us to have the pros without the majority of the cons (we should still keep an eye on quality; for example the ISO that’s shipping on the USBs should always be tested before it’s updated), I recommend that we continue doing this. That said, it is not a major source of revenue.

The only questions I have are: 1) how much marketing and advertising do we want to put into this and 2) are there any other partnerships we would like to seek (e.g. stickers)?

Ask for donation/payment upon download

Resources required:

- Development of a payment button on our website – some websites ask you to consider making a donation upon download of an ISO. This requires a somewhat minimal amount of development to implement.
- Maintenance of payment button – payment processors are always updating their APIs, so it's important to update the code approximately every year.

Pros:

- It's easy to implement, although some expertise is required.
- It's asking for a donation precisely the moment that the person is considering our value as an organization, increasing the likelihood that they will make a donation.
- By asking a prospective donor to pay what they can, we might receive a larger amount than what we would typically ask for.
- People who donate – or otherwise pay – for something are more likely to report when something goes wrong, which means we'll get more rapid bug reports.

Cons:

- We need to do routine checks to make sure that the payment system works, and we need to update the code approximately every year.
- If we don't update our ISOs very often, it may become more glaringly apparent.
- Our link may compete with other distribution channels, creating a bit of noise.
- Responding to reports, although nice, requires increased capacity on our part.

Initial recommendation:

This idea is taken from <https://trisquel.info/en/download>, which asks for a donation after you've clicked to download. I believe some distributors ask as part of the initial download process (which is slightly more aggressive). Either implementation could help us generate a little more revenue. We may even receive more bug reports as well, because people "paying" for the software are more likely to report when something goes wrong.

We could also consider a "support version" that promises a certain level of support to those paying for it. For example, someone could pay \$120 with the promise that we will offer support for the initial installation and for a certain set of other things. (This would require us to probably hire someone to do this job, and we'd need to ask our lawyer to draft terms that we could deliver on.)

I recommend that we start with a button to donate as part of the download process.

As for a "support version", we can consider adding that after we've increased our org capacity.

Private grants from medium and large organizations

Resources required:

- Time spent researching organizations and building relationships – finding private grants takes time, and building the necessary relationships required to receive the grants also requires time.
- Time spent writing proposals – it takes time to write a solid proposal.

Pros:

- Grants can help us fund certain projects.
- Proposals are typically less intense than public grants.

Cons:

- Private funders typically have an agenda (i.e. “strategic funding”), and it’s sometimes hard to match that agenda. Also, private funders sometimes change their focus, as we’ve seen here in the US since the start of 2025.
- Private funders typically do not want to pay for any overhead costs (e.g. management, rent, and other basic expenses).
- These grants can be somewhat hit or miss.
- Some grants are not even announced publicly, so it is necessary to have existing relationships with potential funders.
- Some of these grants examine your past finances in order to determine whether or not your organization is capable of handling the project (probably because they don’t want to pay for anything except the project itself), and our financial history is not yet stable.

Initial recommendation:

I recommend that we continue to pursue private grants. That said, we cannot rely entirely on this sort of funding.

To a certain extent, it’s a bit of a “chicken and the egg” challenge, since some individual donors are waiting for us to “do something great” before they donate, meanwhile larger private donors are looking for a certain level of financial stability.

Let’s continue to do research on these grants and continue to build relationships with leaders in the education community.

Sale of premium plugins

Note: These would be licensed as free software, just as we do with anything else we distribute. This is inspired by WordPress, which distributes many plugins from a variety of different vendors, all under a free license, some are completely gratis, others are commercial (but still libre).

Resources required:

- Time spent developing a platform for selling plugins – time and effort is required to create a platform that can distribute plugins from within one of our online applications (e.g. Music Blocks, Turtle Blocks, or Sugarizer).
- Time spent developing plugins – time and effort would be required to create plugins that people would be willing to pay for.
- Marketing and advertising – it would cost time and money to get the word out about these premium plugins.
- Time spent giving priority support to customers – typically with this model, the software is behind a paywall that adds a convenient download. But perhaps the bigger value is in the support that comes with the download. This requires time and effort by a human.

Pros:

- When done right, this could add overall value to our organization
- When done right, this could be quite profitable

Cons:

- This would require a large investment of time and effort.
- This might take 6-12 months before being deployed and another 12-24 months before achieving profitability.

Initial recommendation:

I don't recommend that we do this to solve any short-term financial problems.

That said, I think we might consider something like this for this grant:

<https://www.nsf.gov/funding/opportunities/pose-pathways-enable-open-source-ecosystems>

Public grants

Resources required:

- Time spent researching organizations and building relationships – finding private grants takes time.
- Time spent writing proposals – it takes time to write a solid proposal.
- You sometimes need personnel that fit a certain criteria – some grant proposals require personnel with a PhD.
- If we choose to work with a professional grant writer, that could cost us a few tens-of-thousands of dollars, some of which would be paid up front.

Pros:

- Some of the larger national grants are in the millions or tens of millions of dollars
- Unlike private grants, public grants typically don't require your organization to have a certain kind of financial history.
- Unlike private grants, public grants typically fund a certain percentage of your overhead.

Cons:

- The US's national funding is seemingly unstable at the time of writing.
- The US's funding focus seems to be unstable at the time of writing.
- It requires a fair amount of time and effort to apply; it's usually best if a dedicated team of people work together on a proposal.

Initial recommendation:

I recommend that we continue to work on public grants.

Although they are a lot of effort and the results are somewhat speculative, there is a benefit to writing the applications that goes well beyond anything that may or not be received.

Strategically speaking, I find it imperative that we create a team to write and review these sorts of large grant proposals.

Crowdfunding for a particular project

Resources required:

- Nearly identical to donations from individuals – see [Untitled document](#)
- Time and effort is required to draft specifications and budgets for different projects.

Pros:

- Nearly identical to donations from individuals – see [Untitled document](#)
- Donors may be more motivated to donate to particular projects.

Cons:

- Nearly identical to donations from individuals – see [Untitled document](#)
- Getting us all on the same page about what projects we'd like to prioritize may require time and effort.

Initial recommendation:

every.org has simple ways to create campaigns for individual projects. I recommend that we take a little time out to choose the five top projects we'd like to prioritize funding for (e.g. Sugarizer, new lesson plans, gen-ai services, etc) and add those as campaigns on every.org.

Cloud-based generative-AI as a service

Resources required:

- Time spent completing development and testing – time and effort is required before we can deploy the services we developed in 2024.
- Time spent on quality control – time and effort would be required to ensure that our services maintain a certain level of quality.
- Marketing and advertising – it would cost time and money to get the word out about these services, once ready.
- Time spent giving priority support to customers – it's important to provide continued support to customers while they are subscribed to the service.

Pros:

- We've already created some solid drafts of code that could be deployed in the future, as one of these services.
- When done right, this could add overall value to our organization
- When done right, this could be quite profitable

Cons:

- If we choose a "freemium" model, the server costs could be considerable. We'd need to get the right balance in order not to burden ourselves with too much financial risk.
- Maintaining quality could require a few staff to provide proper coverage.
- We've struggled already to deploy these services in any sort of initial phase.

Initial recommendation:

I recommend that we continue to prioritize these projects to test how people would use them, but I don't recommend relying too heavily on them as a potential source of revenue. That said, if a donor is willing to help us invest in this, I think it would be a decent bet since we already have done much of the development.

Mid-level partnerships: Support for pre-installed Sugar Learning Platform

Resources required:

- Time spent researching potential partners – it's important to find the right partner for something like this, which will probably take time.
- Time spent working on a proposal – time and effort is required to articulate what we can offer a partner.
- Time and effort spent on development – it would cost time and money to achieve pre-deployment goals.
- Time spent offering ongoing support – this level of service would need a dedicated staff member (or two) providing support to the organization.

Pros:

- We are the experts, and I think people would recognize us as such.
- When done right, this could add overall value to our organization.
- This may provide predictable and reliable revenue.
- This also seems promising in terms of outreach.

Cons:

- It may be challenging to persuade decision makers that our services are worth paying for.
- We probably need to hire staff before committing ourselves to this.

Initial recommendation:

I don't recommend that we pursue this in the near future unless we find a partner that can really offer a lot in terms of their own resources.

That said, let's keep this on the table and continue to build relationships in order to be ready when the time comes. We should also consider this for grants, possibly even as a proposal for a grant like [Pathways to Enable Open-Source Ecosystems \(POSE\) | NSF - National Science Foundation](#).

Lower-level partnerships: Direct support for teachers for a school district

Resources required:

- Time spent creating a comprehensive business model – in order for something like this to work, we need to write out the planned business model in detail.
- Time spent on quality control – time and effort would be required to ensure that our services maintain a certain level of quality.
- Marketing and advertising – it would cost time and money to get the word out about these services, once ready.
- Time spent giving hands-on support to customers – this level of service would need a dedicated staff member (or two) providing support to the organization.

Pros:

- We are the experts, and I think people would recognize us as such.
- When done right, this could add overall value to our organization.
- This may provide predictable and reliable revenue.

Cons:

- It may be challenging to persuade decision makers that our services are worth paying for.
- We probably need to hire staff before committing ourselves to this.
- We might be somewhat bound to location, since classrooms usually need real-time support with the absolute least number of technical obstacles.

Initial recommendation:

I don't recommend that we pursue this in the near future, although we should continue "building a resume" by working in partnership with schools. It may be easiest to find smaller government grants to fund more focused, local initiatives.

In the future, assuming we are able to grow our organization, we can start to add this to our list of available services.

Selling kits for the classroom

Note: This could be hardware kits, such as robots or legos, or simpler kits, like a collection of handouts and physical manipulatives to accompany lesson plans.

Resources required:

- Time spent creating a comprehensive business model – in order for something like this to work, we need to write out the planned business model in detail.
- Time spent finding a partner – for something like this, we will most likely need a partner.
- Time spent on development – it would cost time and money to develop a product that is truly marketable.
- Time spent giving hands-on support to customers – this level of service would need a dedicated staff member (or two) providing support to the organization.

Pros:

- When done right, this could add overall value to our organization.
- This may provide predictable and reliable revenue.
- A successful deployment would help make our software more accessible to more people around the world.

Cons:

- It will take time to find the right partner.
- We ourselves don't have some of the skills we need to create and distribute hardware, since our main focus is software development.
- We probably need to hire staff before committing ourselves to this.
- This may require financial capital on our part, unless the partner is willing to take on those sorts of financial risks.

Initial recommendation:

I don't recommend this as a short-term solution. I would also advise against doing any of these projects in tandem that require us to hire staff. If we do one of these projects, we should stick to only that project until we're finished, then, upon successful completion, consider whether or not we are ready to take on another.

I do think it's worth reaching out to people at Lego and other organizations in order to build relationships now, which may lead to these sorts of relationships in the future. On that note, I did have one initial conversation with a representative at Lego, albeit somewhat lower in terms of decision making within the org.

Summary

There are a lot of great ideas floating around. I do think we must be mindful of timing. Some things we can do are easy and promise short-term benefit, such as a donate button upon download of our ISO. For those sorts of ideas, I think we can take swift action (I've already asked our www-v2 team to implement this). For other ideas, such as private and public grants, we'll need to plan 6-12 months out (keep in mind that we are awaiting to hear the results on a few different grants that were submitted, such as Meta's Llama grant). Ideas like premium plugins and kits in the classroom will likely require planning in the 12-24 month range. Gen-ai services are achievable, I think possibly in a 3-9 month range, but we've really been struggling with our infrastructure, which makes me think that we need to either hire someone to lead as a sysadmin or find a dedicated volunteer to take on the responsibility.

Continuing to build lists and relationships will be useful regardless of which options we choose to prioritize, and grant writing is a useful exercise regardless of outcome.

In summary, we need to choose some priorities, and those priorities need to be contextualized into a plausible timeline for success. I hope that this analysis helps facilitate our conversation about which ideas to prioritize, as well as to create a strategic timeline for 2025.