



The Open-Source Software Revolution

How the Proliferation of Open-Source Software is Disrupting the Tech Industry

By Ethan Atwood

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In January 2025, an emerging company based in China called DeepSeek launched an open-source AI model that seemed to defy the principles of traditional compute scaling. Built on minimal resources, with estimates at around \$6 million in total training costs, this model seemingly outperformed those from the most sophisticated and well-funded technology companies in the world.¹

A few days after the release, the S&P 500 dropped significantly, losing over \$750 billion in market value in a single day, driven by historic selloffs in the “Magnificent Seven”.²

In the following weeks and months, various theories emerged around DeepSeek’s ability to build and launch a product that was comparable to industry incumbents *and the ability for an open-source product to impact the markets was realized.*³

For the purposes of this report, the term “open-source” refers to code that can be copied and used with broad rights, such as the MIT and Apache Licenses. This may include but does not necessarily imply “open-weights” or “open-models,” which are AI models that make some of their internal parameters publicly available.

Sherlock Data, a product incubated at the Fidelity Center for Applied Technology, tracks open-source code contributions and engagement amongst leading public code repositories. This data is intended to help institutional investors better understand trends across open-source software development to better inform their overall investment strategy.

To learn more, visit data.sherlockanalytics.com

The Beginnings of Open-Source Development

The origins of open-source development can be traced back to the early days of the computer science industry, where collaboration and collective wisdom were key to finding the best solutions.

The development of the Advanced Research Projects Agency Network, or ARPANET, in 1969, became a precursor to the modern internet, making it possible to share data across long distances. Shortly after, garage hackers emerged in the 1970’s and early computer devices provided hardware with free software already installed.

Next, a movement towards paid software was stymied by Linux, a completely open-source operating system⁴. Early software pioneers instilled a bias towards free and accessible products, which paved the way for the World Wide Web and inspired a variety of universal formats like HTML and HTTP.

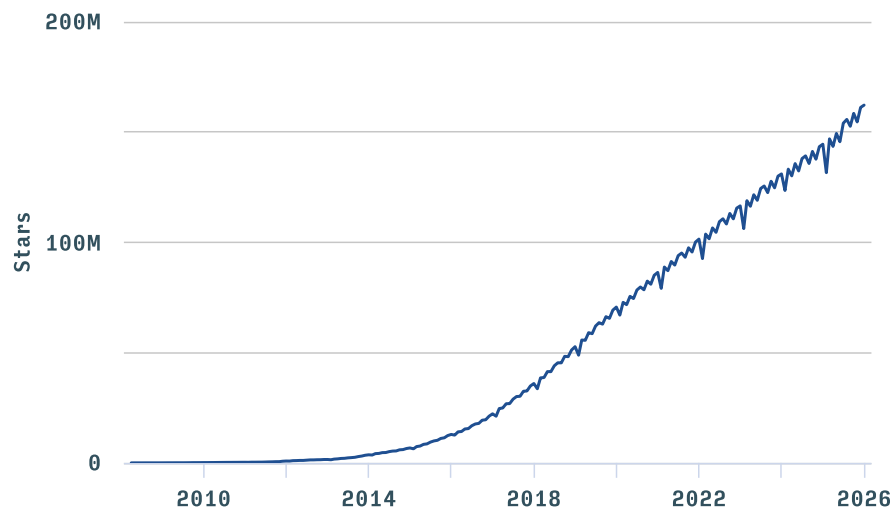
Fast forward to 2008, when a company called GitHub began centralizing software development and collaboration in a single platform. Since its founding, GitHub has grown in popularity and is now home to roughly 630 million projects. Amongst those projects are around 395 million public and open-source repositories which anyone can access, copy, and build upon.⁵

Open-Source Takes Center Stage

In the last two decades we have witnessed a significant increase in the release of open-source products and services from leading publicly traded technology companies.

While ultimately trying to funnel users towards private enterprise software, open-source repositories across 200 publicly traded technology companies have garnered over 150 million stars or “likes” according to Sherlock Data, an alternative data platform launched within the Fidelity Center for Applied Technology.

Figure 1. Total Stars in Open-Source Repositories
From 200 Publicly Traded Technology Companies



Sherlock Data Total Star Count through 2025 (Data Sourced on 02/22/2026)

As of 2025, an estimated 97% of all commercial codebases contain open-source components, underscoring the widespread adoption of public software development for both established and emerging businesses.⁶

In 2026, the open-source community, empowered with AI tools to code faster, continues to disrupt various emerging and established software industries. Open-source is now seen as a competitive advantage, a community-building enterprise, and a lead-generating mechanism. When a software company releases technology for free, they encourage other builders to not only integrate with their products but also improve upon them.

What's Next?

As open-source projects continue to grow, we're now seeing an interesting shift in the types of products being built.

For example, OpenClaw, a personal AI assistant that aggregates communications across various messaging systems, has quickly captured the imaginations of operators across Silicon Valley. With little technical expertise, professionals can connect the personal assistant to frontier models with useful context.⁷

Whether creating new categories or disrupting the old, open-source projects are changing how enterprises work across various segments of the software industry.

Tracking Open-Source Technology Trends

As software development continues to grow, our team wanted to analyze the impact of open-source development on the broader technology industry. For the purposes of this research, we analyzed a list of industry disruptors and the incumbents, which are defined as:

Disruptors: Companies launching products built primarily on or with open-source tooling to quickly gain market share or define an entirely new software category.

The Incumbents: Established and resourced companies that launch open-source products as a "freemium" strategy to encourage developers to leverage their technology early in the product development lifecycle before upgrading to paid, enterprise contracts.

The incumbents and disruptors included in this research represent eight different subcategories of software development:

- » Large Language Models (LLMs)
- » Vibe Coding
- » Customer Relationship Management (CRM)
- » Messaging
- » Databases
- » Code Editors
- » Payments
- » Voice Agents

While the software development industry is dynamic and includes multiple disruptors and incumbents competing for overlapping customer segments, this research focuses on just one disruptor and one incumbent across each subcategory.

In this analysis, Sherlock Data provides the star counts, which are the count of developers that have “starred” or “liked” an open-source repository for the selected organization. These numbers reflect engagement with the product or services and may indicate overall success of their open-source strategy.

Software Development Incumbents and Disruptors

Large Language Models (LLMs)

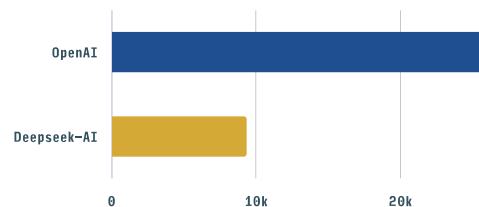
Disruptor: DeepSeek

DeepSeek leverages reinforcement learning and chain of thought reasoning to provide algorithmic efficiency.⁸

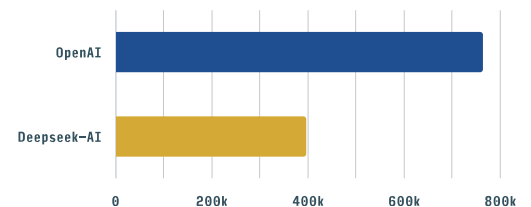
Incumbent: OpenAI

While initially open, OpenAI now also has a proprietary walled garden model that provides API access and integration into Microsoft and other operating systems.⁹

LLM
New Stars Added in 2026



LLM
Total Stars



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

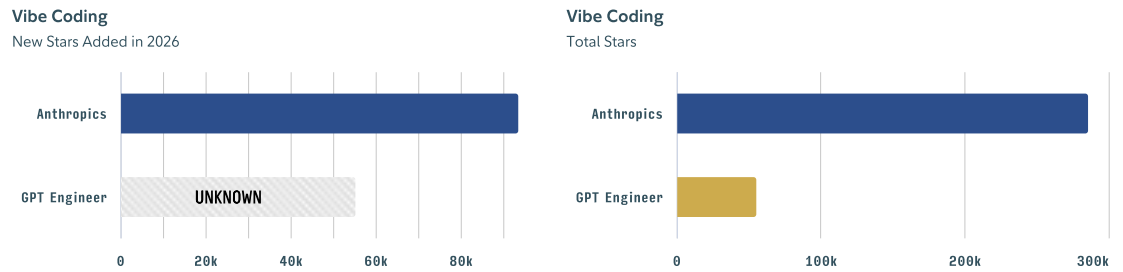
Vibe Coding

Disruptor: Lovable

Lovable is a software company that scaled to \$100M ARR in 8 months. It started as an open-source project called GPT Engineer, which is no longer actively maintained, and now allows users to build full-stack apps via natural language.¹⁰

Incumbent: Anthropic

Anthropic's flagship AI, Claude Code, uses "Artifacts" to allow users to render and edit code within their command line interface.¹¹



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

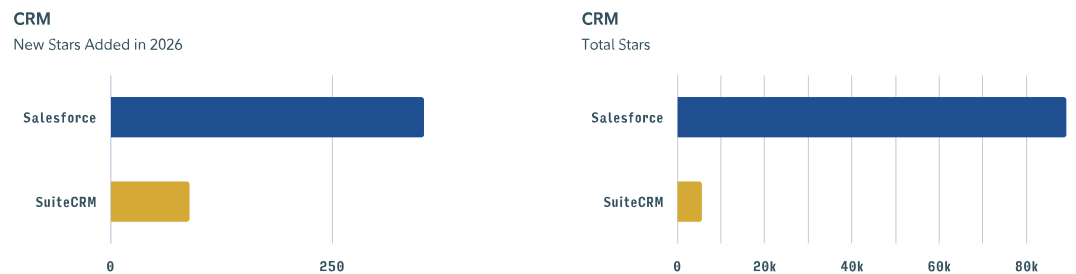
Customer Relationship Management (CRM)

Disruptor: SuiteCRM

An open-source alternative that provides control over data and customization without per-user licensing fees.¹²

Incumbent: Salesforce

Salesforce is a CRM software that is quickly integrating AI agents into its ecosystem.¹³



Source: [Sherlock Data](#) Open Source Engagement dataset, Feb 2026

Messaging

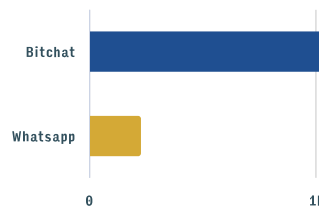
Disruptor: Bit Chat

Bit Chat is a decentralized messaging protocol that uses peer-to-peer encryption and Bluetooth.¹⁴

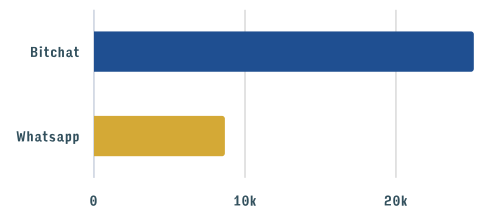
Incumbent: Whatsapp

Whatsapp is a service from Meta that provides free private messaging for friends and family and can be integrated into an application via the Whatsapp Business API.¹⁵

Messaging
New Stars Added in 2026



Messaging
Total Stars



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

Databases

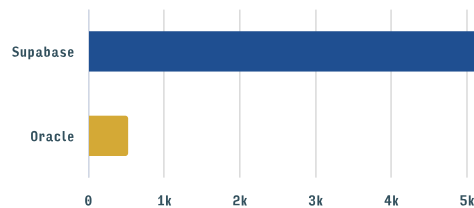
Disruptor: Supabase

Supabase is an open-source “Firebase alternative” built on PostgreSQL, allowing developers to host their own backends without vendor lock-in.¹⁶

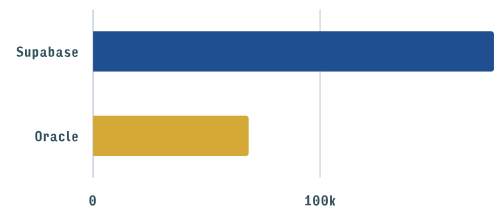
Incumbent: Oracle

Oracle provides relational database management systems, focusing on high-touch enterprise contracts and proprietary cloud infrastructure.¹⁷

Databases
New Stars Added in 2026



Databases
Total Stars



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

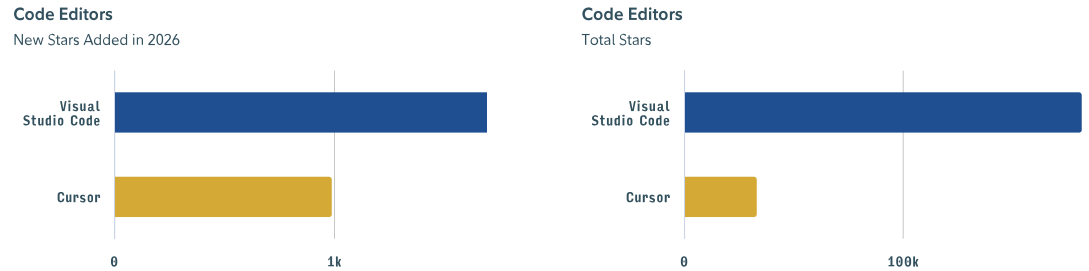
Code Editors

Disruptor: Cursor

Cursor is an AI-native code editor (forked from the open-source VS Code) that uses local context to predict developer intent.¹⁸

Incumbent: VS Code

VS Code is Microsoft’s open-source code editor that serves as a distribution channel for their paid, proprietary GitHub Copilot AI service.¹⁹



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

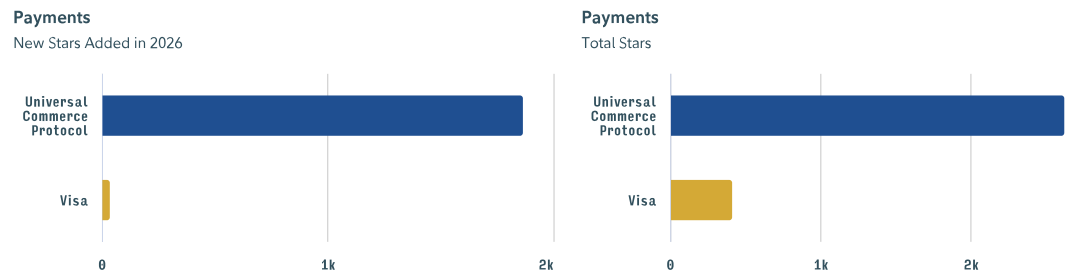
Payments

Disruptor: UCP

The Universal Commerce Protocol is an open standard from Google developers that allows users to build digital payment rails with the potential to bypass traditional card fees.²⁰

Incumbent: Visa

A global centralized network that charges interchange fees on certain digital transactions.²¹



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

Voice Agents

Disruptor: Resemble AI

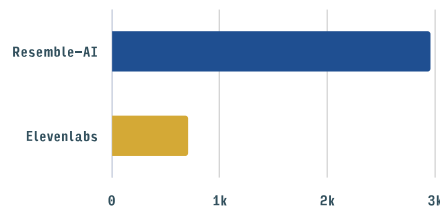
Resemble offers open-source voice cloning tools and APIs that allow developers to integrate custom speech into games and other apps.²²

Incumbent: ElevenLabs

ElevenLabs offers proprietary AI speech models, focusing on real time customer support experiences and expanding into music and other categories.²³

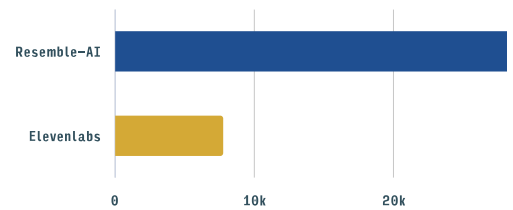
Voice Agents

New Stars Added in 2026



Voice Agents

Total Stars



Source: [Sherlock Data](#) Open-Source Engagement dataset, Feb 2026

Conclusion

From our analysis, we found that the disruptors are driving significant engagement in their open-source products and services in 2026 across each of the subcategories tracked. Meanwhile, while some incumbents are matching this level of engagement and have historical traction from years past, many have been relatively inactive in the first two months of the year.

News stories about Deepseek, Bit Chat, and OpenClaw represent the growing number of free open-source products coming to market from disruptors. In response, many incumbents are launching their own free products, which help retain developer integrations and allow the businesses to grow alongside a burgeoning user base of AI-enabled developers and agents.

By measuring the adoption of open-source products using GitHub stars and other engagement metrics as a proxy, Sherlock Data can help financial professionals anticipate and try to predict the success or failure of a technology company.

Savvy operators may also be able to leverage this data to understand how well a company, whether public or private, is utilizing open-source to win new customers and compete in a rapidly evolving AI-enabled technology industry. As the pace of change continues to accelerate, it remains to be seen how the success of free software will fan the flames of the open-source revolution.

About Sherlock Data

Built for quantitative and fundamental portfolio managers, Sherlock Data provides alternative data focused on open-source software development. Sherlock Data is a part of Sherlock Analytics, a data platform launched by the Fidelity Center for Applied Technology, that uncovers unique, personalized, and actionable data, across multiple asset classes and distribution channels.

Visit www.data.sherlockanalytics.com today to learn more

The organizations mentioned in this research may have additional open-source projects that are not counted in the Sherlock dataset.

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