



CROWDSOURCING INNOVATION

Adriano La Vopa



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- Quick introduction to Crowdsourcing
- Communities
- Benefits
- How to prepare
- Risks and drawbacks
- Conclusions



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The origins...

JEFF HOWE MAGAZINE 06.01.06 12:00 PM

THE RISE OF CROWDSOURCING

<http://www.wired.com/2006/06/crowds/>

The White Paper Version: Crowdsourcing is the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call.

The Soundbyte Version: The application of Open Source principles to fields outside of software.

<http://www.crowdsourcing.com>



Open Innovation... the buzz paradigm

[...] Open Innovation combines internal and external ideas into architectures and systems whose requirements are defined by a business model.

Henry Chesbrough, [Open Innovation: The New Imperative \(2003\)](#)



[...] open innovation is the formal discipline and practice of leveraging the discoveries of unobvious others as input for the innovation process through formal and informal relationships.

Frank Piller <http://frankpiller.com/open-innovation/>





Another important quote from business

[...] no matter who you
are, most of the
smartest people work
for someone else.

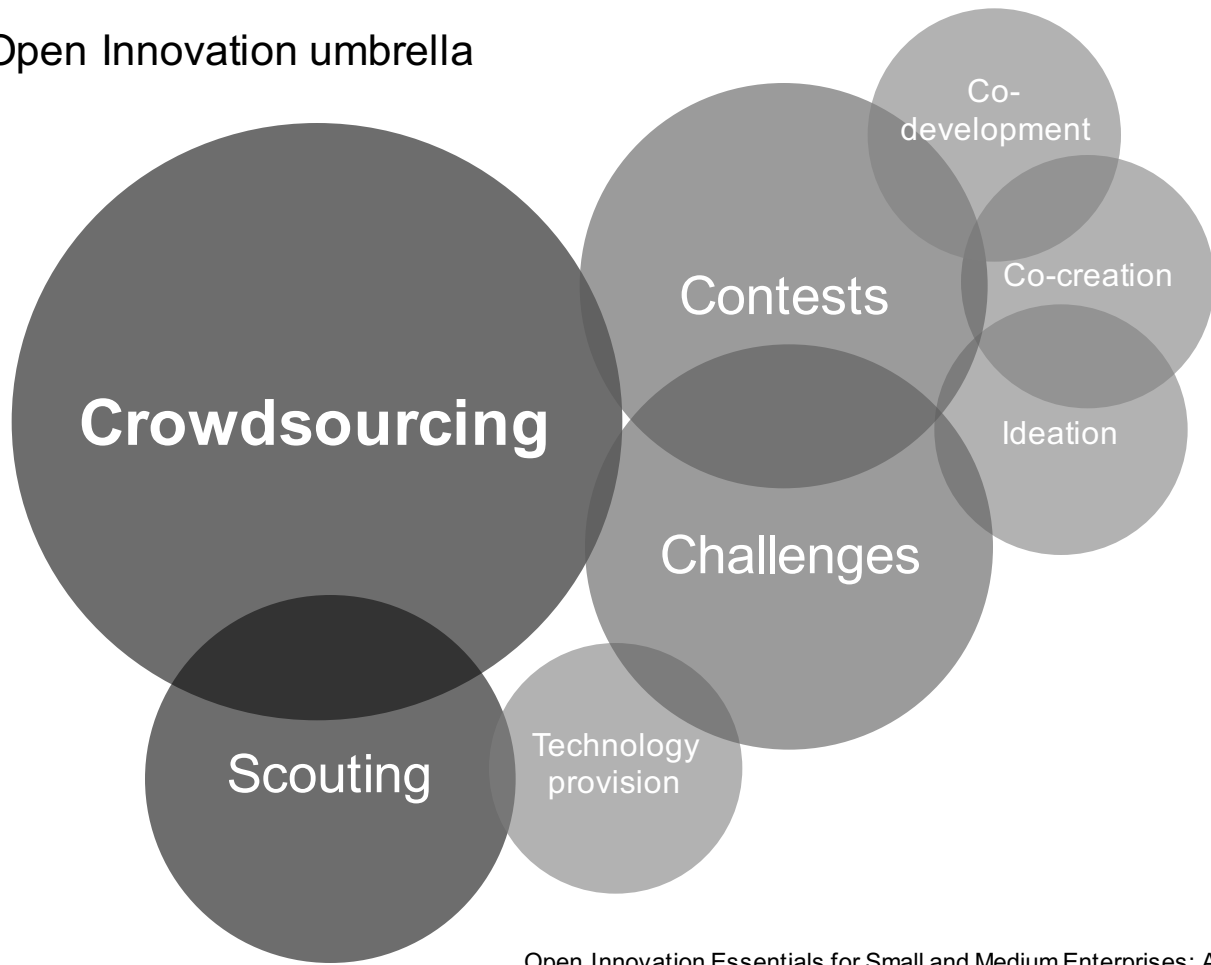


attributed to [Sun Microsystems co-founder Bill Joy](#)



Crowdsourcing and Open Innovation

Open Innovation umbrella



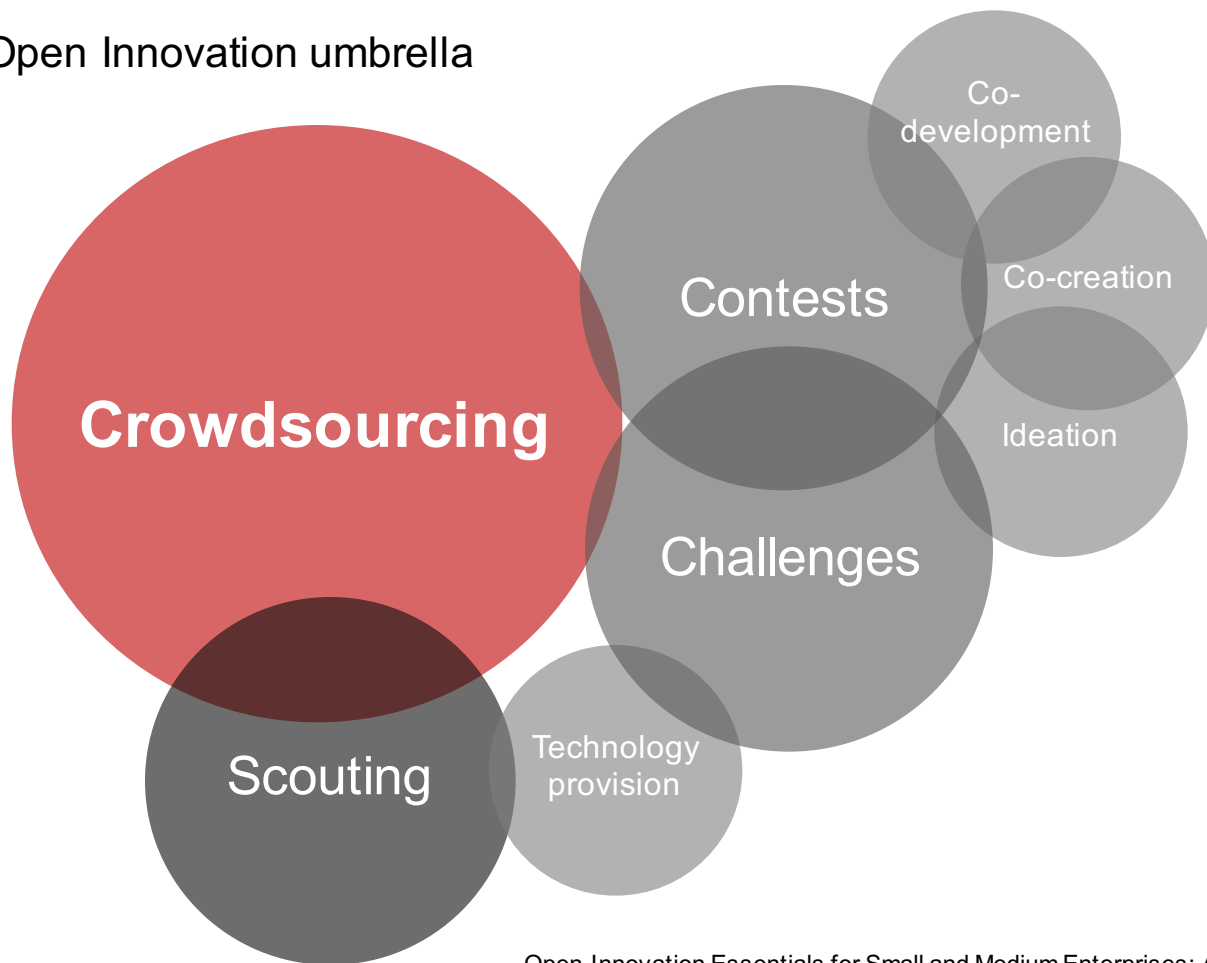
Open Innovation Essentials for Small and Medium Enterprises: A Guide to Help Entrepreneurs in Adopting the Open Innovation Paradigm in Their Business (Business Expert Press, LLC, 2016)

Intro



Open Innovation umbrella

Crowdsourcing
means opening
to outside world



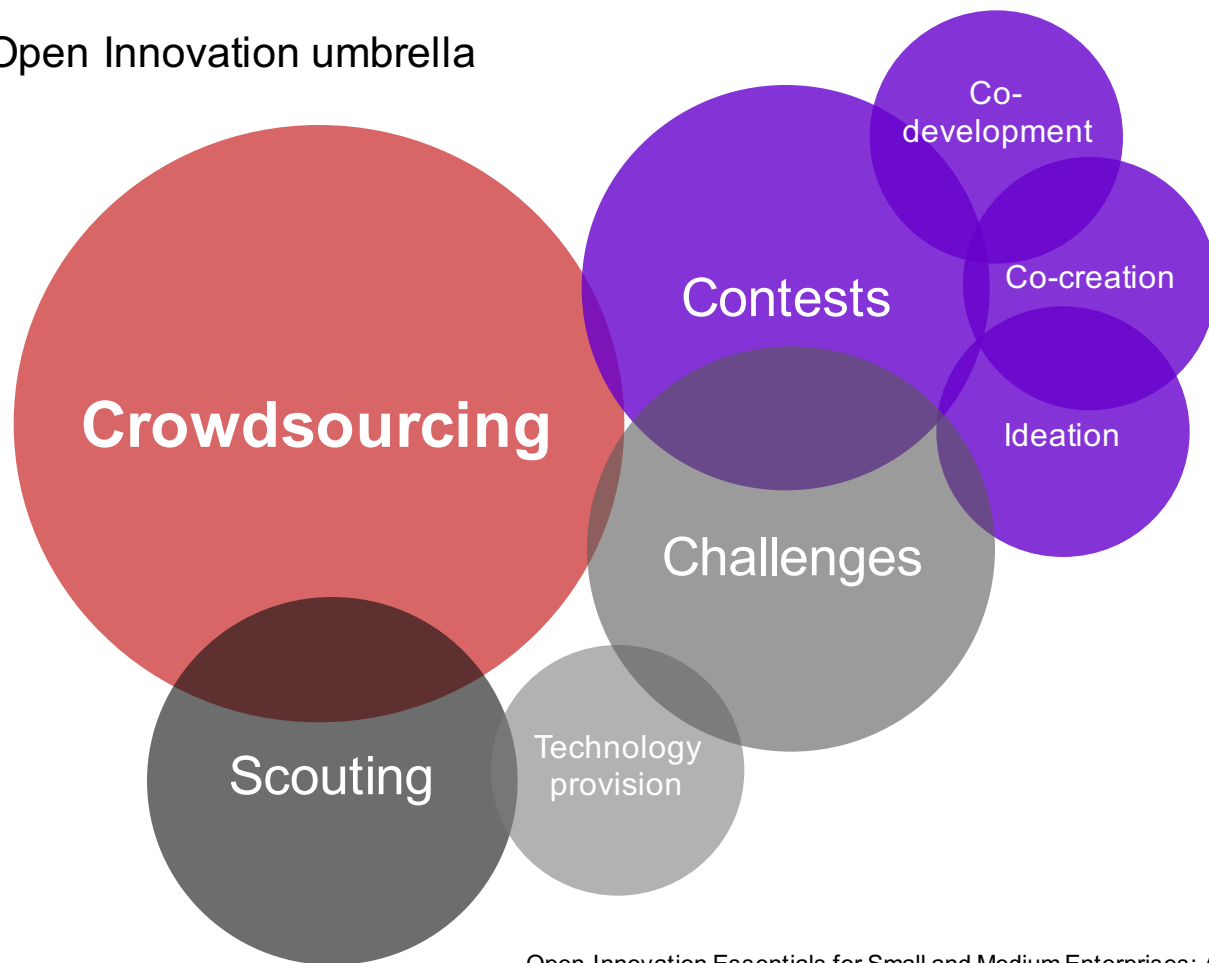
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Open Innovation umbrella

Different ways to crowdsource **CONTESTS**



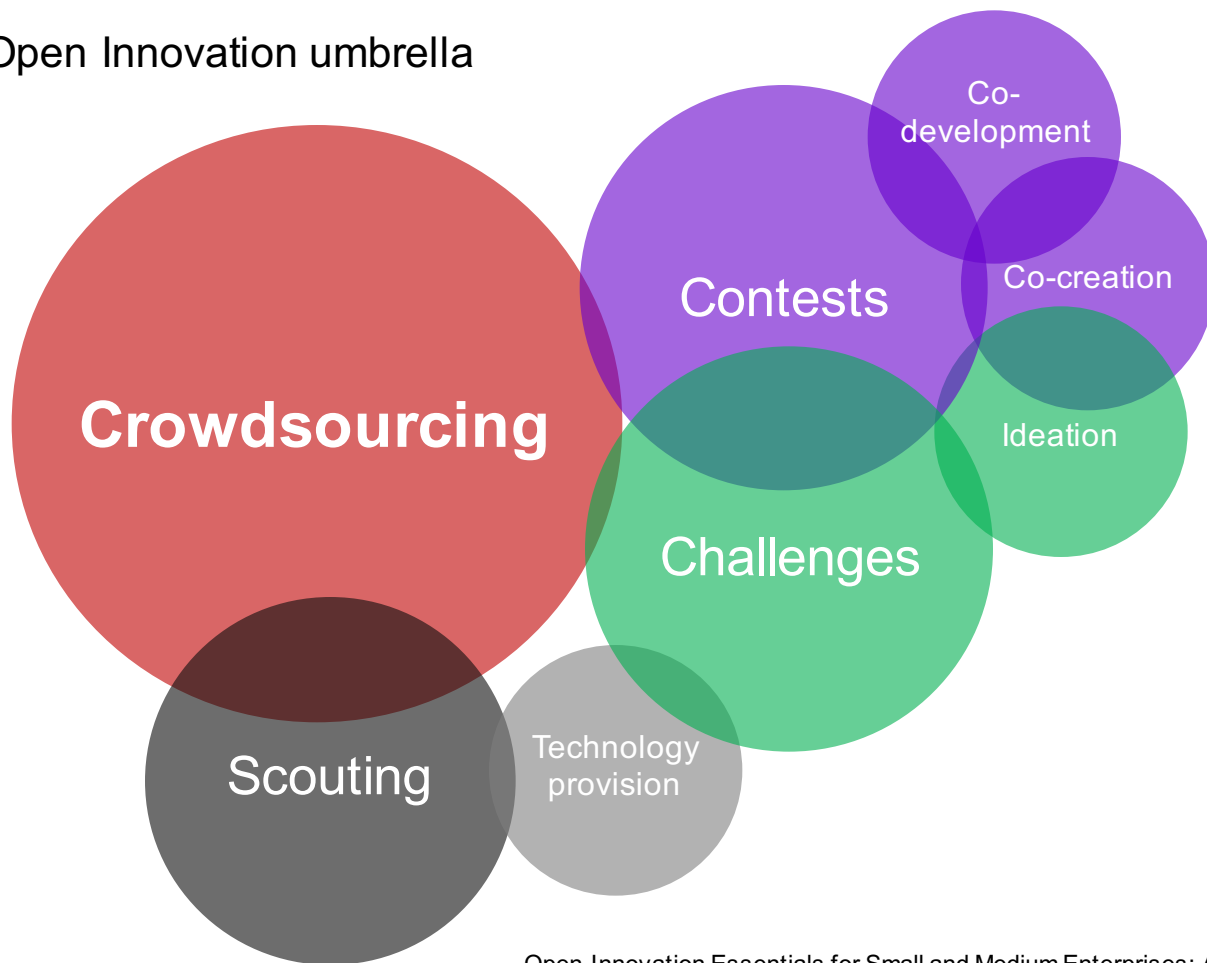
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Open Innovation umbrella

Different ways to crowdsource **CHALLENGES**

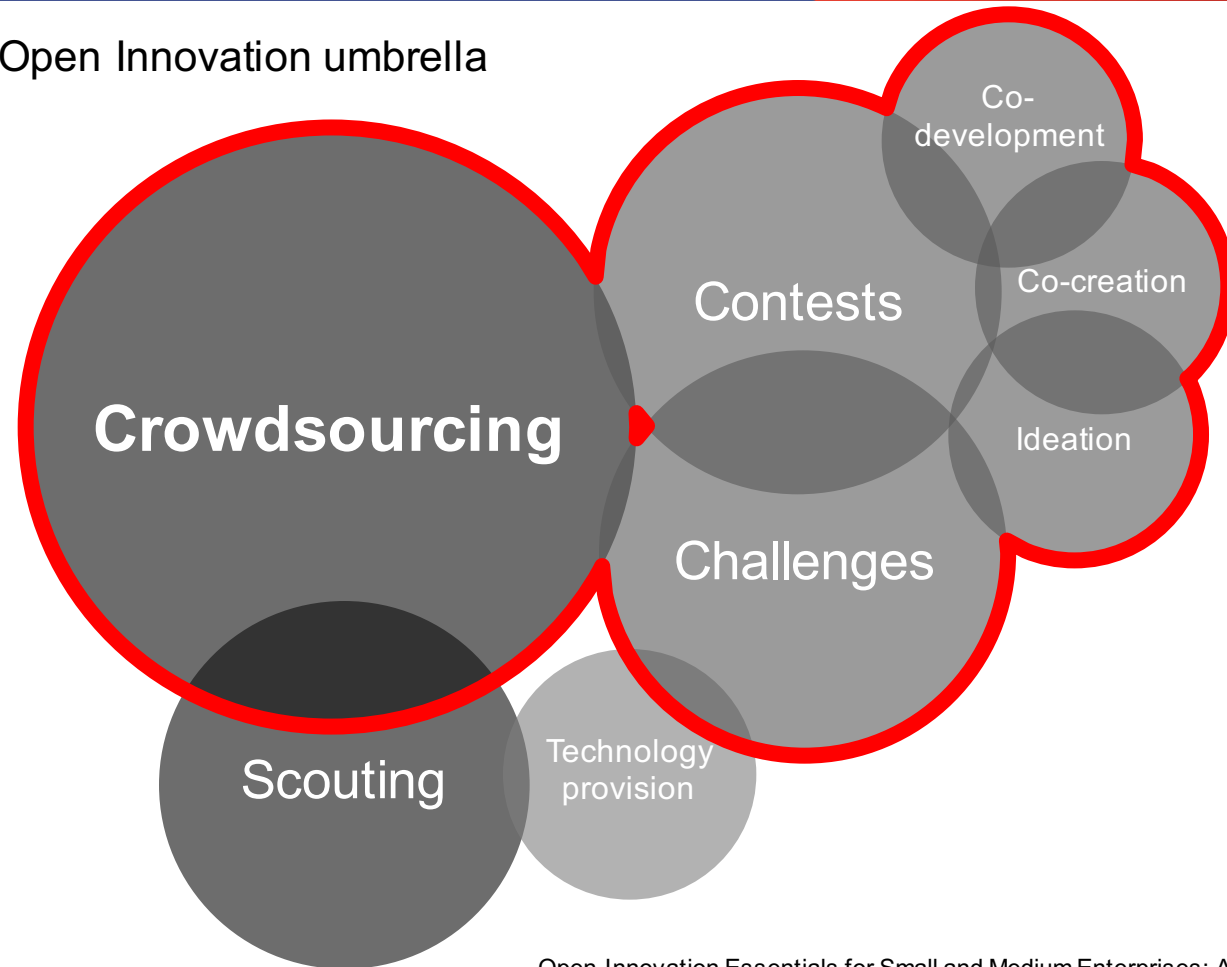


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Intro

Open Innovation umbrella



This set of methods helps you in sourcing from the crowd

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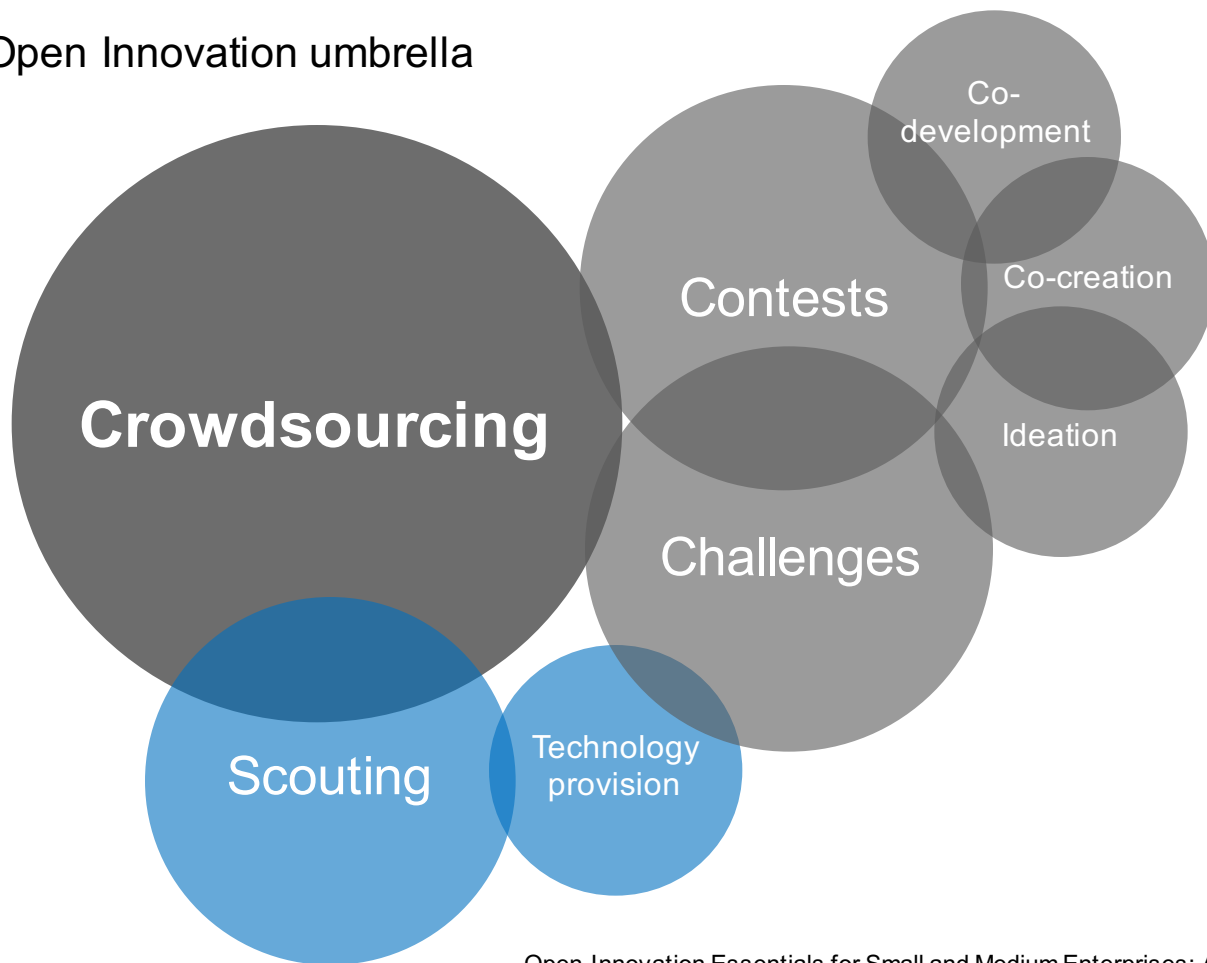
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Intro



Open Innovation umbrella

If you add also
scouting
activities



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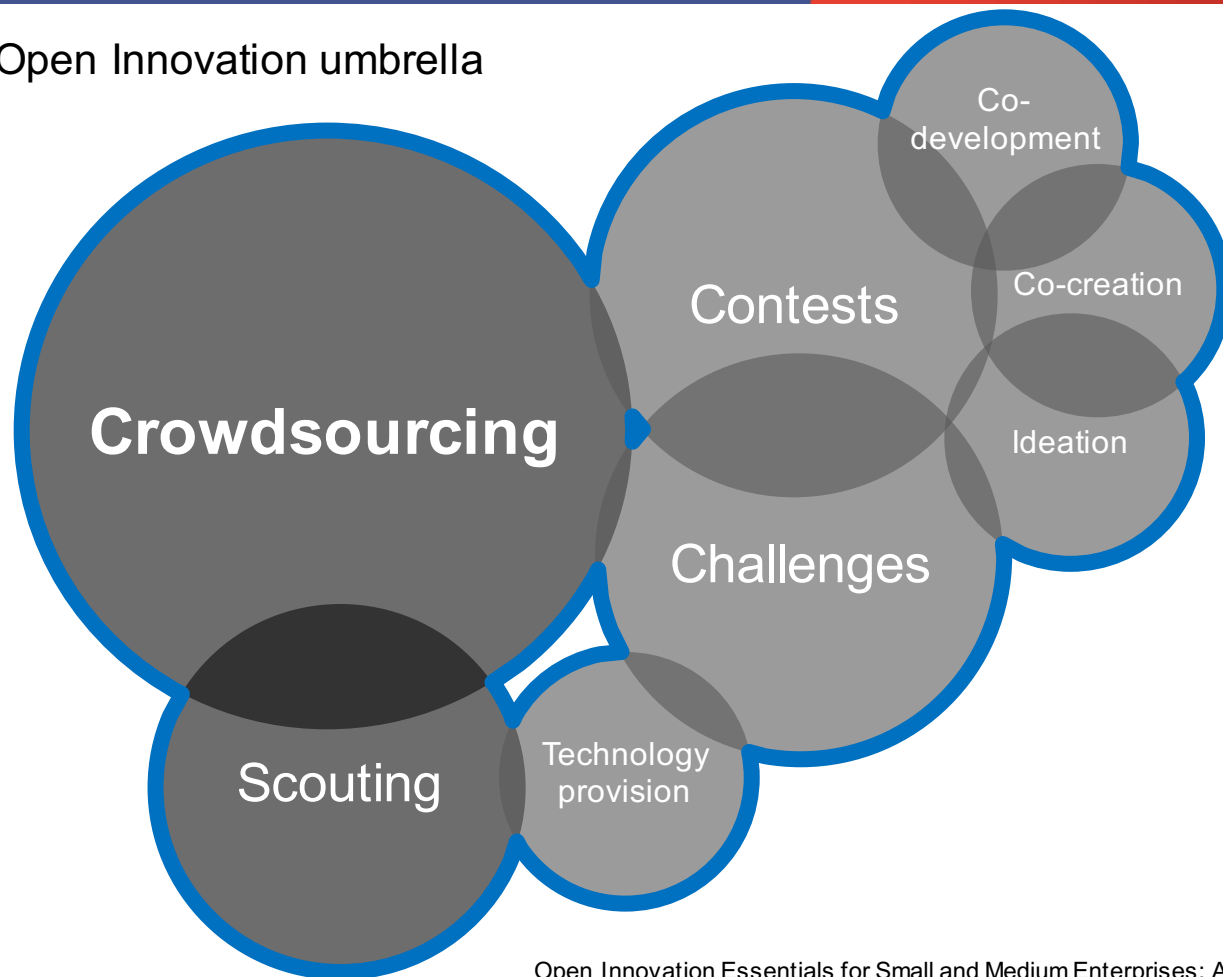
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Intro



Open Innovation umbrella

If you add also
scouting
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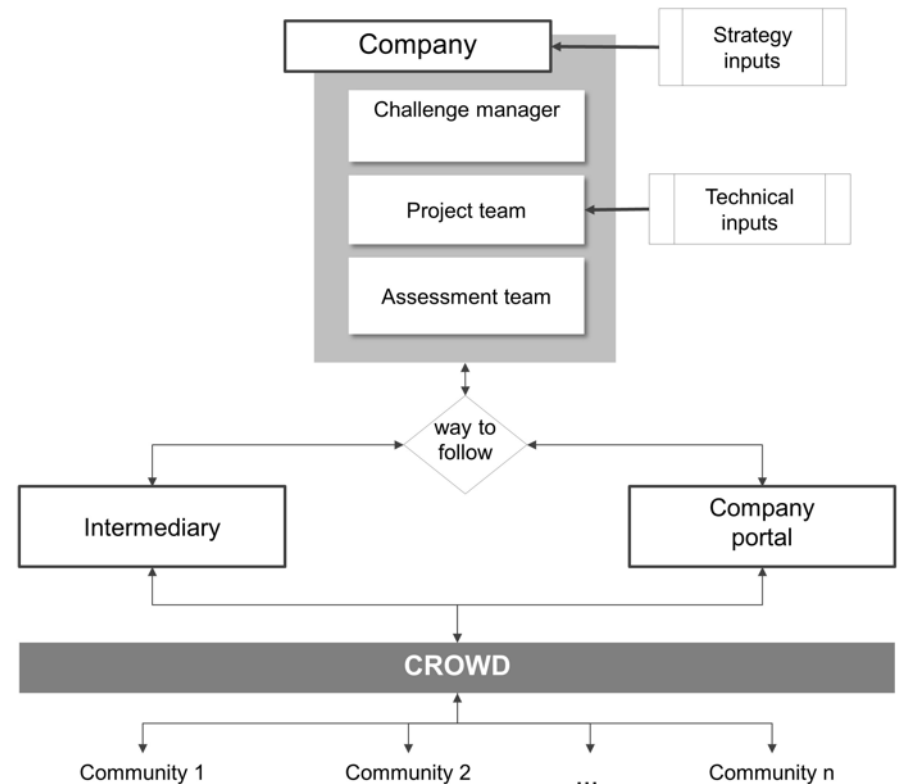
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Approach

Top-Down vs. Bottom-Up

- Company drives the request
- Company sets the strategy
- Company decides how to source opportunities
- Crowd is addressed in different ways
- Specific communities can be selected




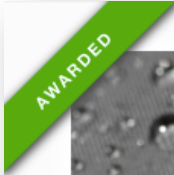
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Approach

An example

- Company drives the request
- Company sets the strategy
- Company decides how to source opportunities
- Crowd is addressed in different ways
- Specific communities can be selected


Innoventually™
One-stop source for innovation™



**NOVEL APPLICATIONS
FOR NEW MEMBRANE
TECHNOLOGY**

A unique PTFE-based microporous membrane that is gas permeable and liquid tight, with adjustable elasticity and/or 3D formability

[Go to the challenge](#)

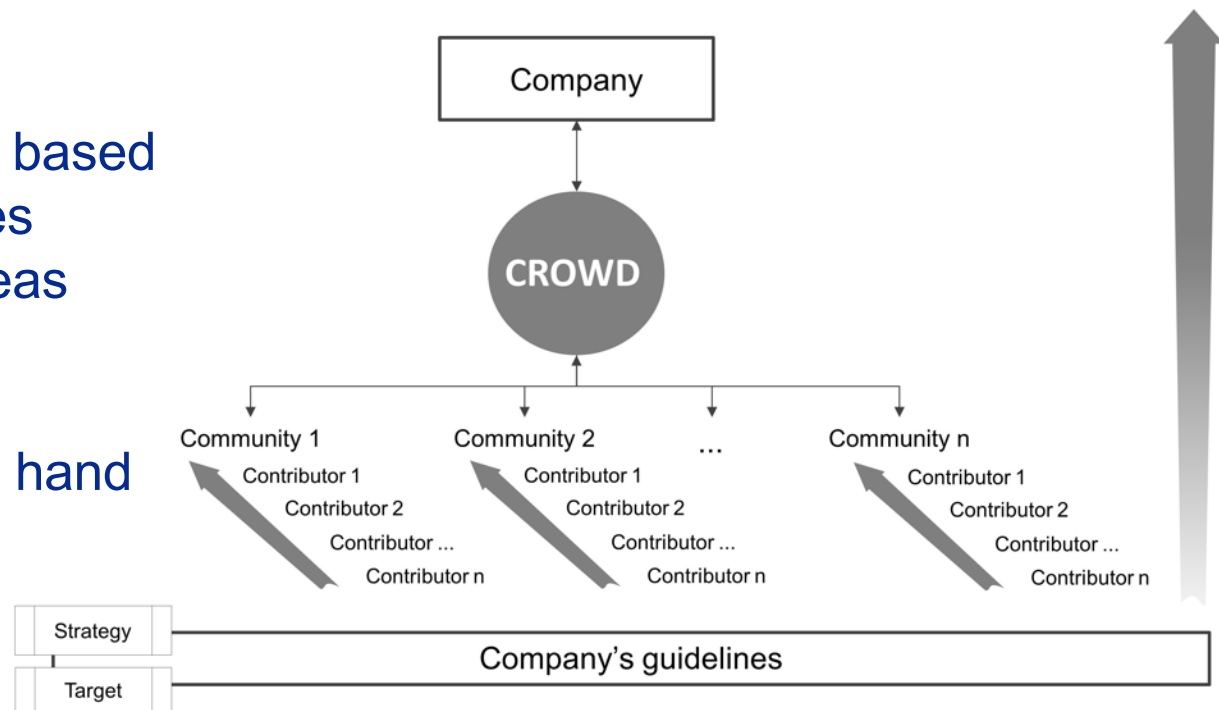
	€ 1.000,00 Reward	30 Sep 2015 Deadline
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IN PARTNERSHIP WITH **Strategic Allies**

Approach

Top-Down vs. Bottom-Up

- Crowd provides ideas based on high level guidelines
- Company received ideas and assesses them
- Company has a huge innovative potential at hand



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Approach

An example

- Crowd provides ideas based on high level guidelines
- Company received ideas and assesses them
- Company has a huge innovative potential at hand

Barilla
The Italian Food Company. Since 1877.

The screenshot shows a mobile app interface for Barilla. At the top, there's a navigation bar with a menu icon and a user profile icon labeled 'LOG IN'. The main content area features a promotional banner for 'MULINO BIANCO' cookies. The banner includes the text '0,50€', 'Sono arrivati i Buoni Sconto di maggio!', 'PER TE IN REGALO 5 NUOVI COUPON!', and 'Potrai scaricare fino a 5 coupon per l'acquisto di Chicchi di Cioccolato.' Below the banner, there are two red circles highlighting the text 'PROPONI LA TUA IDEA Guadagni 15 Chicchi di grano' and 'LA BACHECA DELLE IDEE Leggi e vota le Idee della Community'. To the right of these circles are icons for 'CLICCA QUI!' and 'NEL MULINO CHE VORREI'. At the bottom, there's a navigation bar with icons for 'APPENA SFORNATE', 'LE PIÙ VOTATE', 'DA NON PERDERE', and 'CERCA'.

A bit of humor



© MARK ANDERSON

WWW.ANDERSTOONS.COM



"It's not cheating, it's crowdsourcing."



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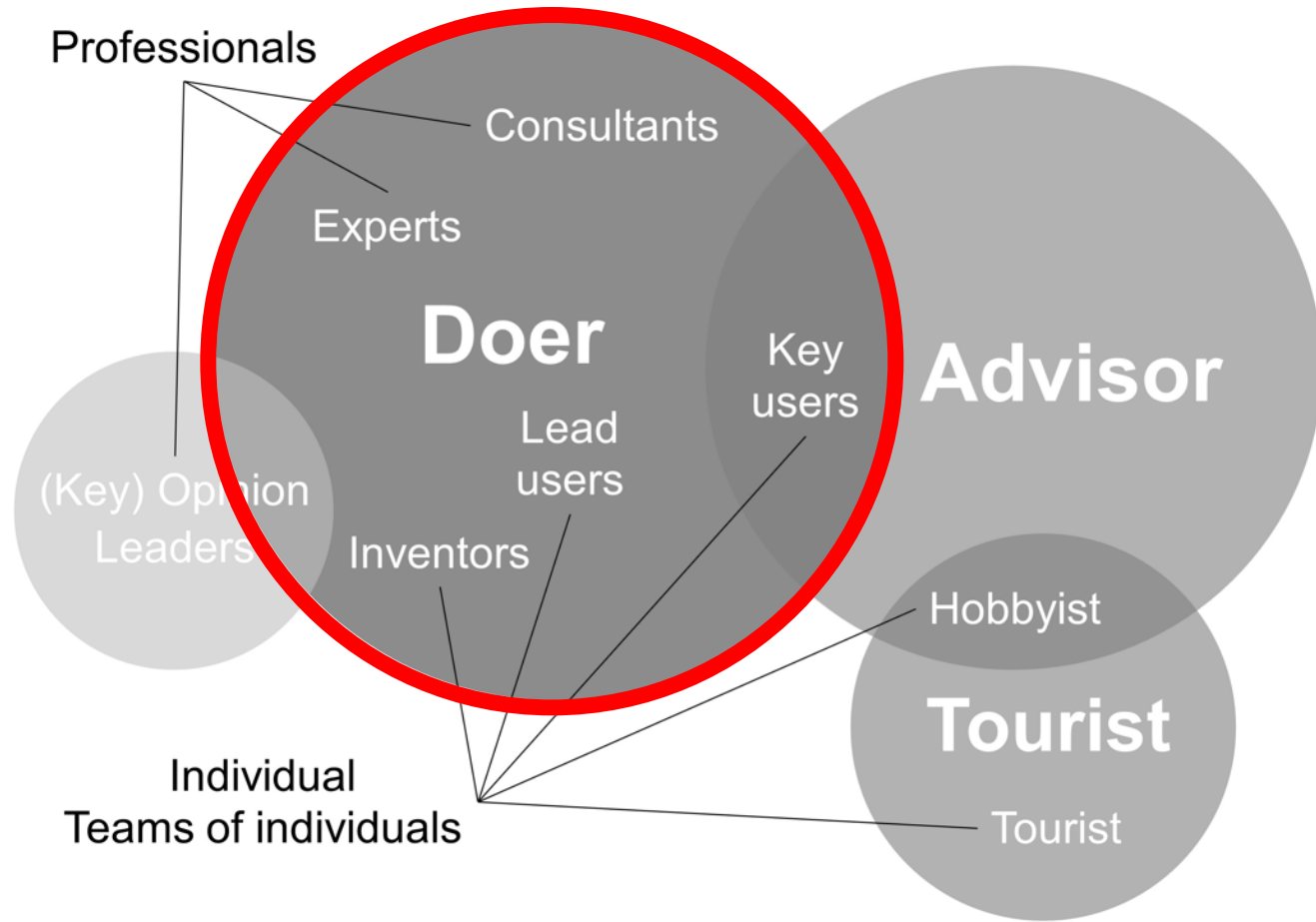
Communities



It is your target

It is the one that provides insightful ideas

He likes to be challenged



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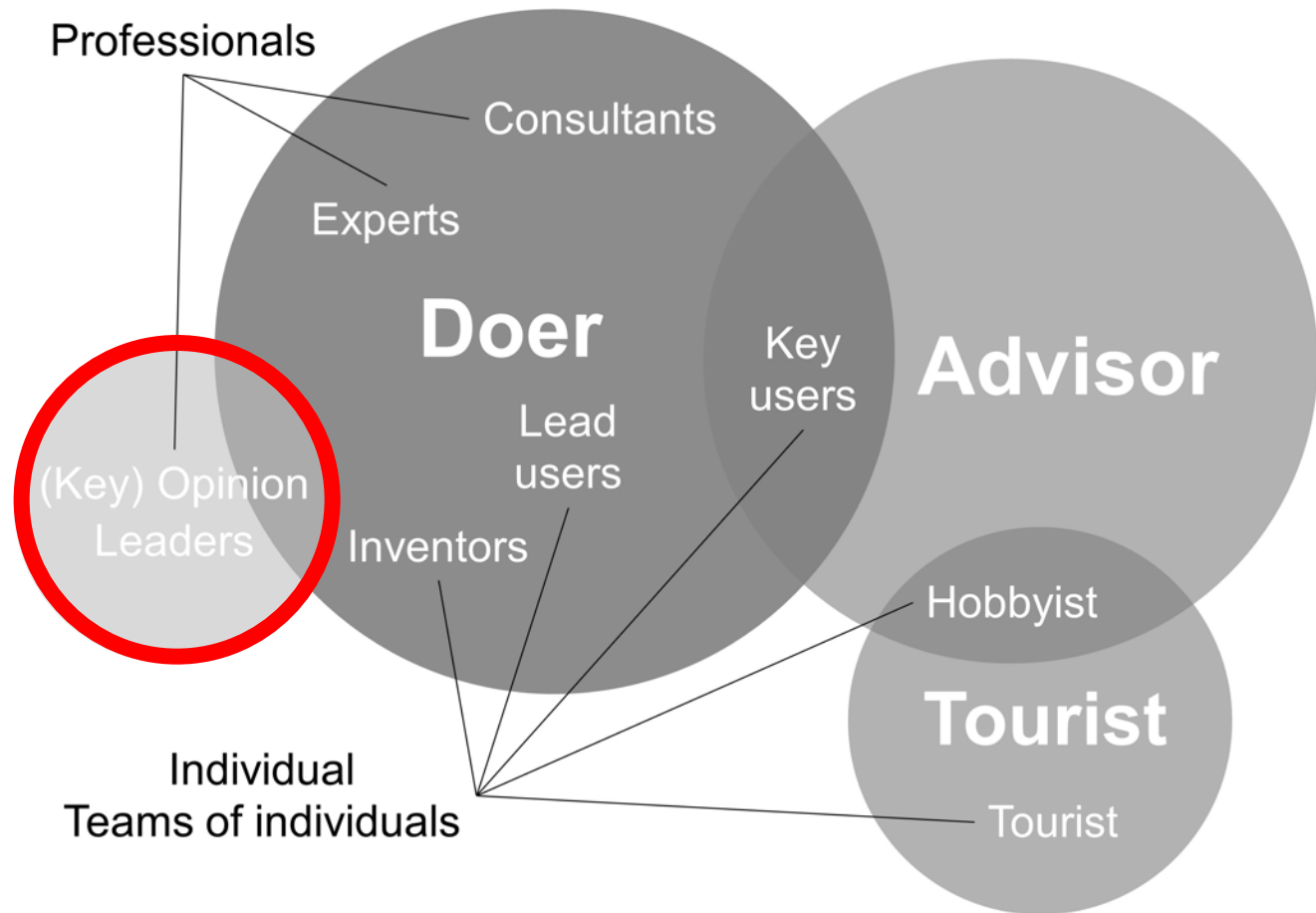
Communities



They are experts

Could be the
turnkey for
your business

Relationship is
based on trust



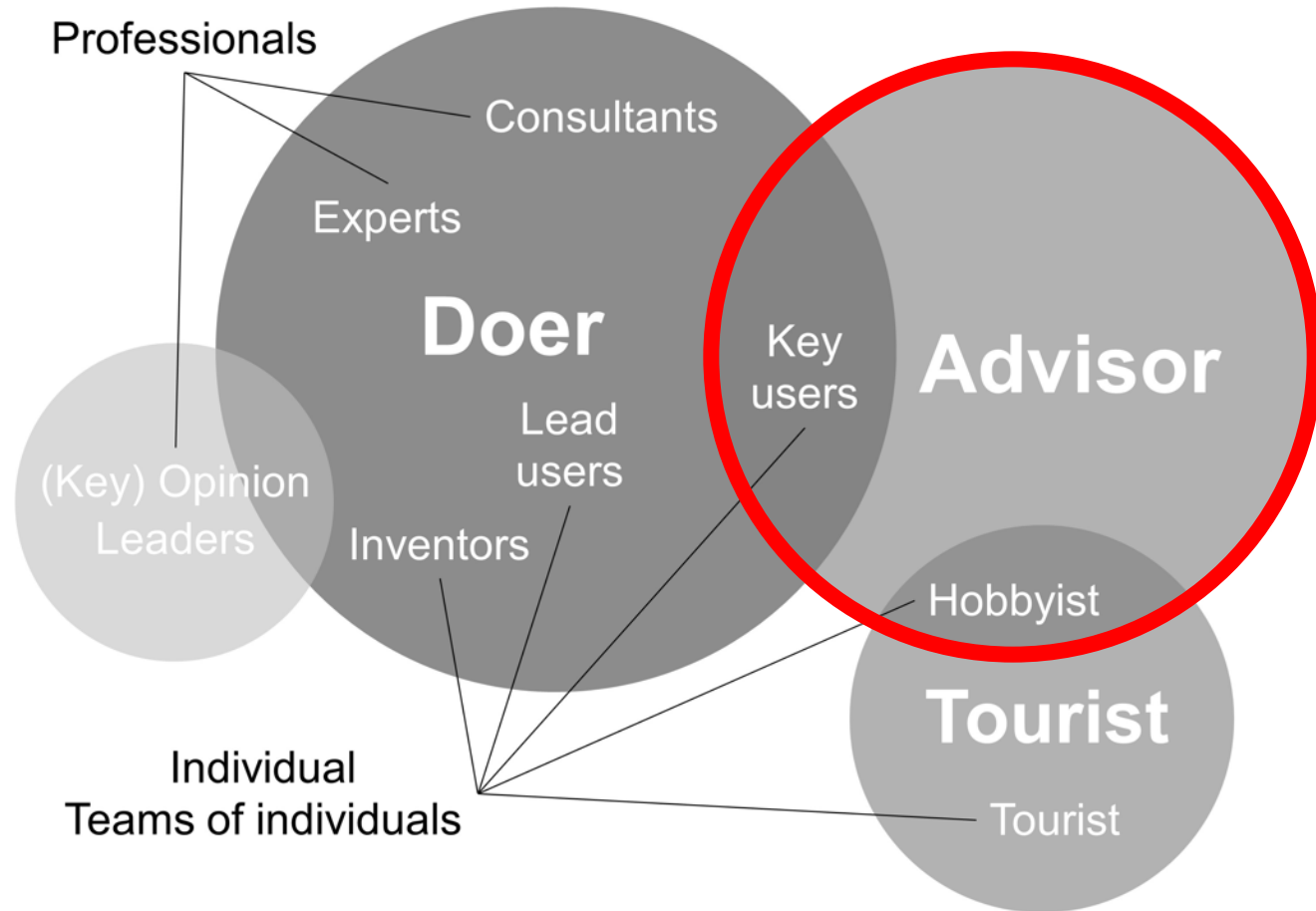
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Communities

It is good to listen to

It is a source of good insights but not ideas

It could become a doer with the right incentive



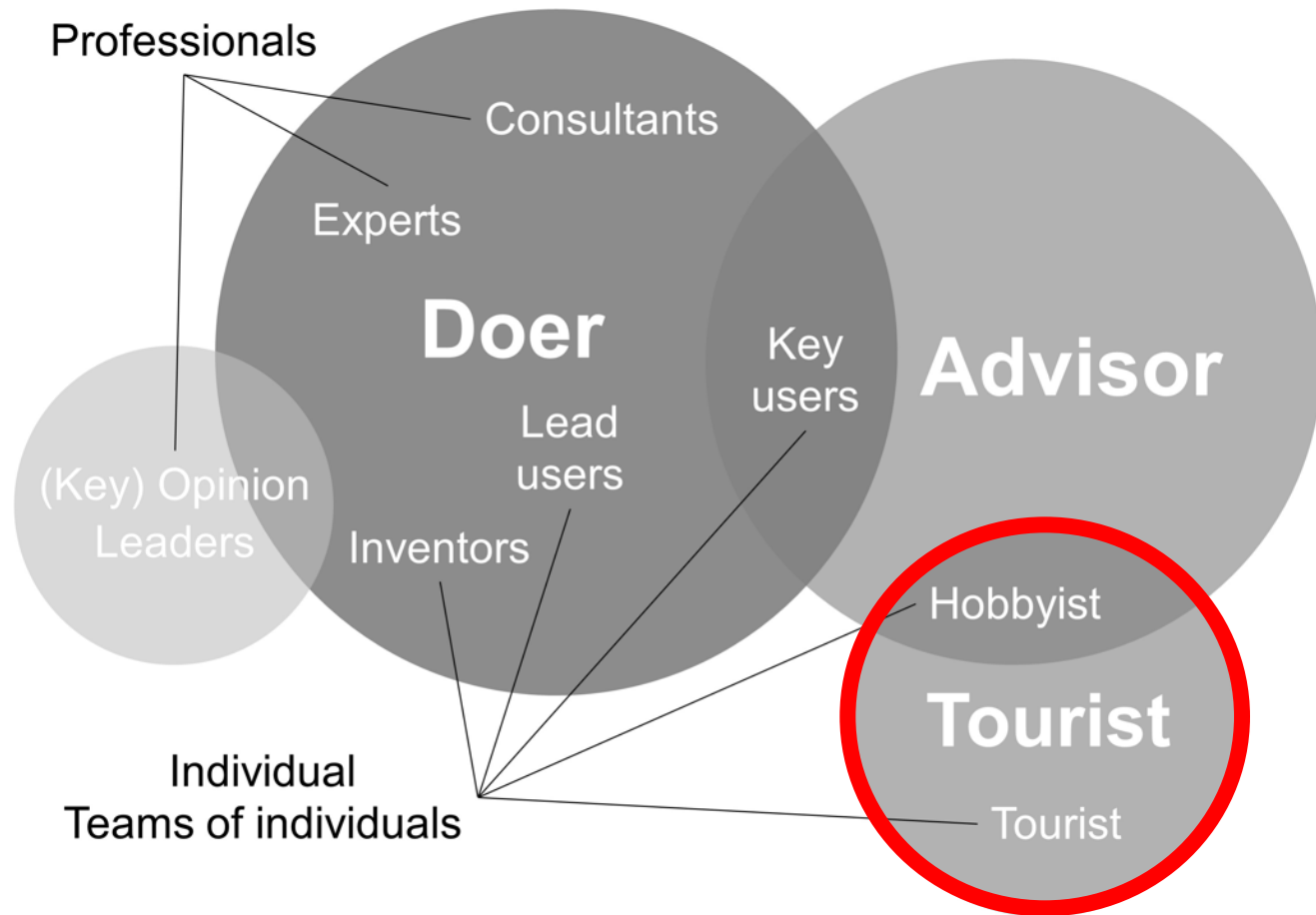
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Communities



It is just passing by

It is not a real source but has some potential



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Use of Crowdsourcing



Main constraints for a business to innovate



Use of Crowdsourcing



Consider for a moment
the possibility to extend
your human resources...

...how will your R&D
department look like?



Use of Crowdsourcing



Consider for a moment
the possibility to get a
solution for cheaper...



...how will your new
product look like?



Use of Crowdsourcing



Consider for a moment the possibility to get a solution faster...



...how will your business be impacted?

Use of Crowdsourcing

Creates a much bigger source of ideas, solutions, new capabilities, expertise and opportunities.

Opportunity
Just Ahead



EU-Japan Centre
for Industrial Cooperation



日欧産業協力センター

www.EUbusinessinJapan.eu

Use of Crowdsourcing

An example

- Internal contest:
51 new ideas
- External online contest:
70 new ideas



Prize of 500 €

user ideas score higher in novelty and customer benefit, but lower in feasibility

The Value of Crowdsourcing: Can Users Really Compete with Professionals in Generating New Product Ideas?

By [Marion K. Poetz and Martin Schreier](#)

Use of Crowdsourcing



You can be the first time right!

Save time asking the right experts

Source a solution in few months



Use of Crowdsourcing

An example

- Experts in packaging technologies
- Patented a solution for labelling package
- They did not know how to use the patent
- Crowdsourced for ideas to use the patent into other applications and other industries



Use of Crowdsourcing

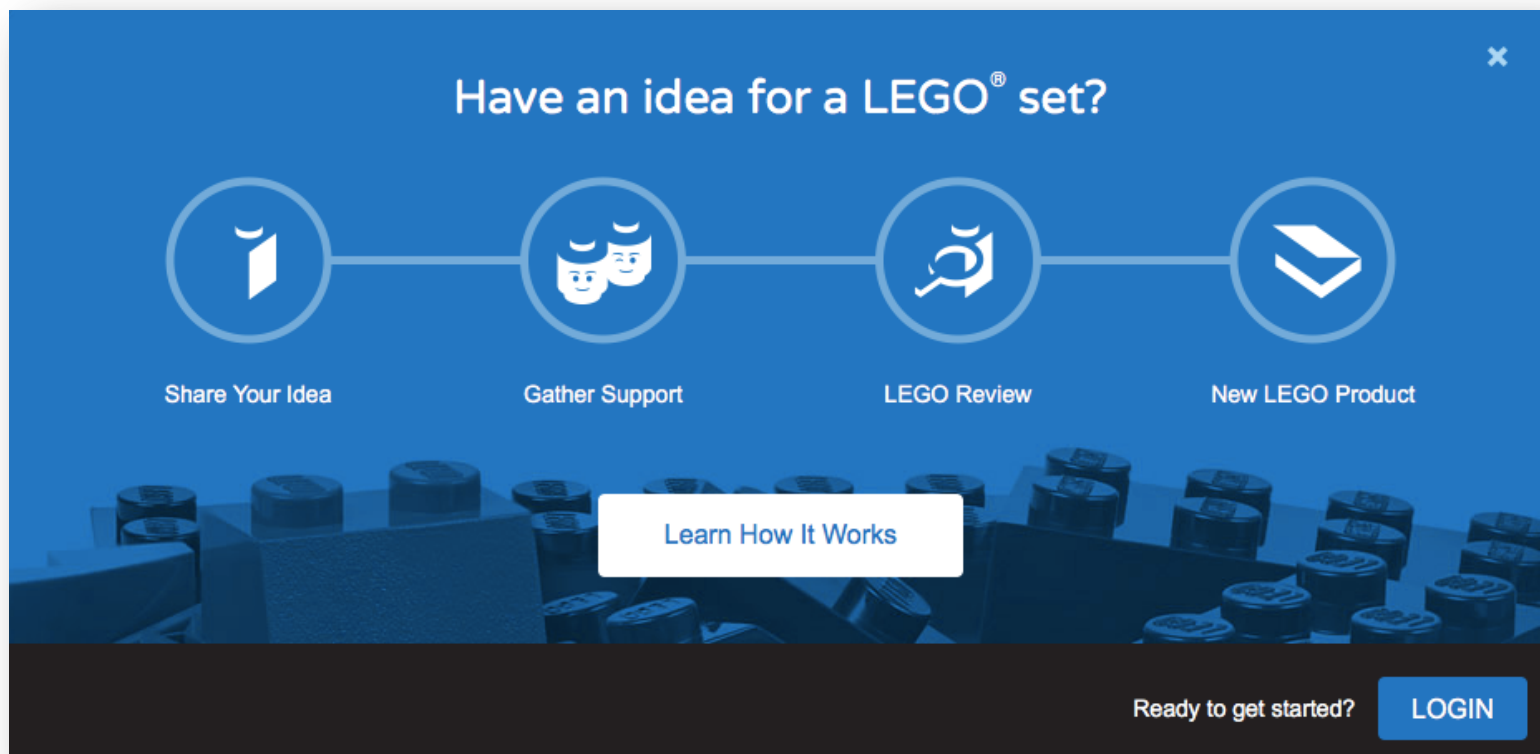


You can optimize costs and time
by sourcing ideas from a
community of «doers»



Use of Crowdsourcing

An example



Have an idea for a LEGO® set?

Share Your Idea Gather Support LEGO Review New LEGO Product

Learn How It Works

Ready to get started? [LOGIN](#)

The screenshot shows a blue interface with a white line connecting four circular icons: a notepad, two faces, a magnifying glass, and a LEGO brick. The background features a close-up of various grey and black LEGO bricks.

Use of Crowdsourcing



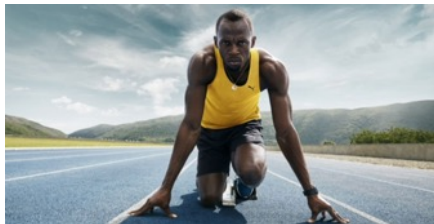
Let's try to reply the questions



...how will your R&D department look like?



...how will your new product look like?



...how will your business be impacted?

Benefits of crowdsourcing



- To «extend» your expertise and gain even more
- To source from more «bright minds»
- To have qualitative and quantitative outcomes at the same time
- To tap into specific communities

[...] for every P&G researcher there were 200 scientists or engineers elsewhere in the world who were just as good—a total of perhaps 1.5 million people whose talents we could potentially use. [...]

<https://hbr.org/2006/03/connect-and-develop-inside-procter-gambles-new-model-for-innovation>



Benefits of Crowdsourcing



- Usually a crowdsourcing activity costs < 30-40 KEuro (make your calculations)
- Be careful cheap means cheaper than what you would spend as R&D costs
- Very cheap is not always a synonym of quality
- Reducing costs means also **UNITY MAKES STRENGTH**
- Abandon the DIY mentality

Benefits of Crowdsourcing



- Reduce time to market
- Dramatically reduce new product development time
- Improve brainstorming power and with a faster pace
- Challenge your own people as well
- Create new synergies and possibility to source talented contributors



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Let's start



Main things to address:

- Brief
- Resources
- Strategy
- Initiative
- Bless from management

Let's start



BRIEF

- Clear
- All criteria for assessing and evaluating ideas
- Assessed from “external party”
- Intended for the right community

Let's start



RESOURCES

- Team (at least 3 people)
- Time to assess
- Money to spend
- Sponsor

Let's start

STRATEGY

- Plan for approaching communities
- Which communities to approach?
- Communication strategy
- Timeline for publishing, gathering, assessing and rewarding

Let's start



INITIATIVE

- Challenge your limits
- Manage risks, but also accept them
- Innovation is risk
- Hazard



Let's start



BLESS

- Manage your stakeholders
- Let them advocate you
- Talk to their heart, brain
- Be clear on what is there for them

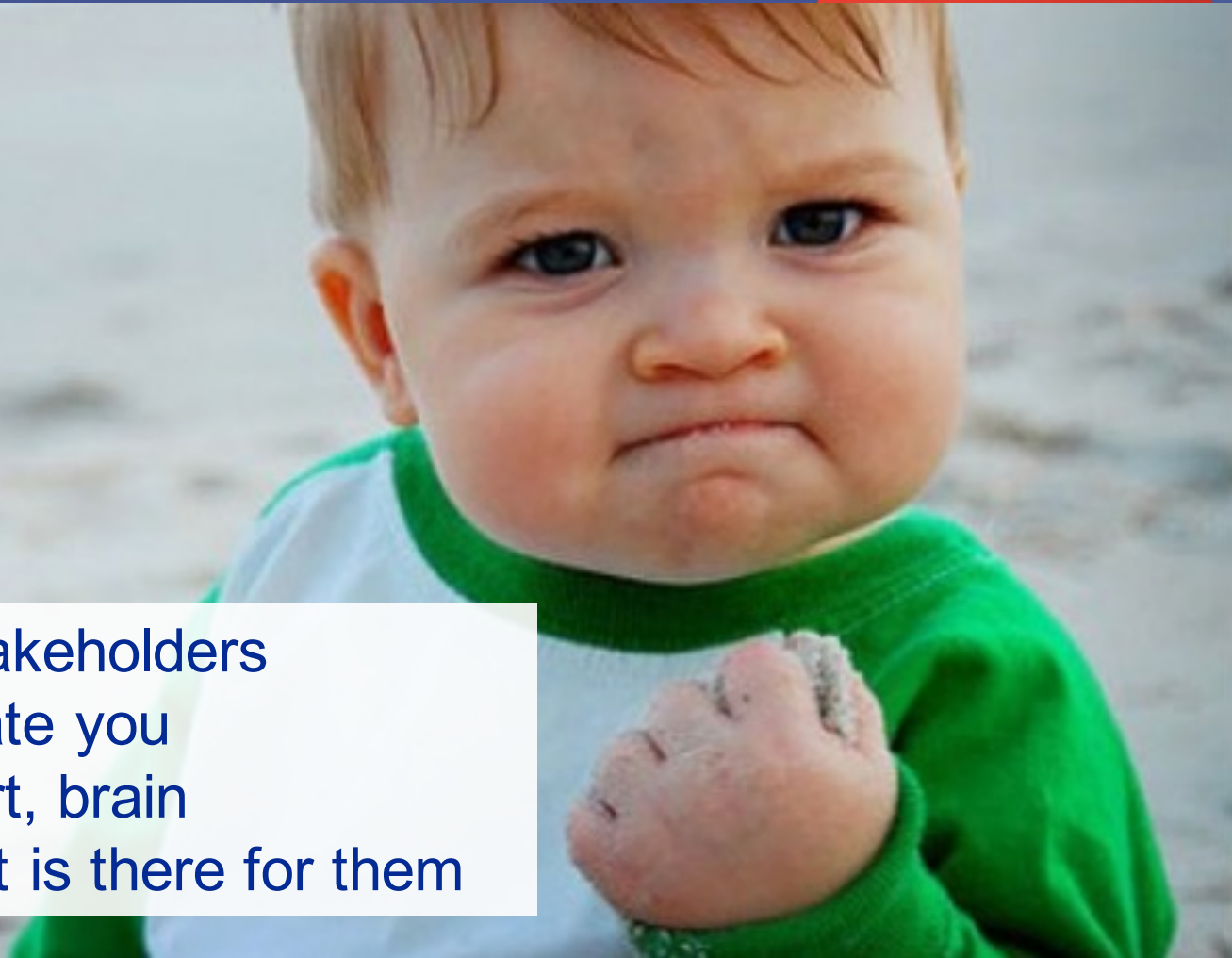




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Risks



A couple of tips on crowds...

- Make educated choices of crowds
- Manage your expectations:
 - Do not overestimate
 - Do not underestimate
- Do not start alone but ask for help of experts
- Use tools for managing the crowds



Risks

A couple of tips on the use of crowdsourcing...

- “Tell the world”
- Build trust
- Quality vs. Quantity
- Cultural differences
- Binding Terms and Conditions



Risks

An example

Early 2012 McDonald used the #McDStories to source nice stories from customers.

6 hours ago



capnmarrkk Capn Marrkk

Fingernail in my BigMac Once [#McDStories](#), McDonald's Twitter Hashtag Promotion, Goes Horribly Wrong huff.to/y1clBQ via [@cvbarnhart](#)

6 hours ago



johngarrettX John Garrett

So PETA and McDonalds got into it today on Twitter. I was surprised I didn't know there was actual meat at McDonalds. [#McDStories](#)

6 hours ago

This is what happened!

...and many more

<http://www.businessinsider.com/mcdonalds-twitter-campaign-goes-horribly-wrong-mcdstories-2012-1?IR=T>



PuppyPuncher Nick

Ordered a McDouble, something in the damn thing chipped my molar. [#McDStories](#)

54 minutes ago



Alice_2112 May

Hospitalized for food poisoning after eating McDonalds in 1989. Never ate there again and became a Vegetarian. Should have sued. [#McDStories](#)

57 minutes ago



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Recommendations

- Keep in mind what Crowdsourcing means and how communities are usually structured
- Use your communities to accelerate your business and impact your company
- Crowdsourcing is not an easy game, but is a double edge knife, use it carefully and ask for help
- Crowdsourcing could bring many benefits along, but could also be risky, so consider everything before opening up

Welcome to the dark side!

