Wikinomics

How Mass Collaboration Changes Everything

by Don Tapscott and Anthony D. Williams
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Take-Aways

- Mass collaboration has changed how you work – and will keep changing it.
- Wikinomics – the "new art and science of collaboration" – is built on "openness, peering, sharing and acting globally."
- More good people and ideas are outside your company than inside. Use them.
- Organizational boundaries will get porous as finding and sharing data gets cheaper.
- Collaborative business activity won't be as controllable as independent enterprise, but it will produce better and unexpected results.
- Seek value through creating platforms for participation and through taking advantage of platforms created by others.
- As people grow more technologically savvy, you can fight them and fail, or adapt to how they hack your product, collating their ideas for your own purposes.
- Shift from producing all innovation in-house to exploring good ideas everywhere.
- Augment all social interactions with computer software.
- Don't assume that the world or your products will remain stable or isolated. Others will interact with them, change them and combine them.

Rating (10 is best)

Overall	Applicability	Innovation	Style
9	9	10	7

Relevance

What You Will Learn

In this Abstract, you will learn: 1) How mass collaboration is changing business; 2) What "wikinomic" practices are; and 3) Why you must integrate them into your business.

Recommendation

Don Tapscott and Anthony D. Williams have written an intriguing, necessary and, in some ways, groundbreaking book, which *getAbstract* recommends to everyone…with some caveats. The authors examine the possibilities of mass collaboration, open-source software and evolutionary business practices. They integrate examples from the arts ("mashups"), scholarship (Wikipedia) and even heavy industry (gold mining) to argue that new forces are reshaping human societies. Some of their examples will be familiar, but others will surprise and educate you. However, the authors are so deeply part of the world they discuss that they may inflate it at times – for instance, making the actions of a few enthusiasts sound as if they already have transformed the Internet – and they sometimes fail to provide definitions or supporting data. Is the "blogosphere," for example, really making members of the younger generation into more critical thinkers? Tapscott and Williams repeatedly dismiss criticisms of their claims or positions without answering them. The result is that the book reads at times like a guidebook, at times like a manifesto and at times like a cheerleading effort for the world the authors desire. It reads, in short, like the Wikipedia they so admire: a valuable, exciting experiment that still contains a few flaws.

Abstract

What is "Wikinomics"?

"Wikinomics" combines the term "wiki" (from the Hawaiian word for "quick") with "economics," but even more than speed, Wikinomics refers to a new way of interacting that is appropriate for and made possible by the digital age. It is built on software that enables collaboration.

"Leaders must think differently… and embrace a new art and science of collaboration we call wikinomics."

Traditional business organizations kept clear boundaries, and tightly controlled their proprietary information and processes. Such firms sought to hire and keep the best people. By contrast, if you implement wikinomics principles in your organization, you assume that the boundaries of firms, documents and processes are porous. More good people and ideas exist outside your business than inside, so find ways to use them to generate ideas and solve problems. For example, rather than producing everything in-house and trying to be good at everything, outsource production. Allow outside companies to focus on what they do best. Rather than having a hierarchical relationship with suppliers, work with them as partners. For instance, instead of providing detailed production specs they must follow, allow them input on design as well. And, in the step most people find the scariest, share your information with a wider public, including selected elements of your intellectual property. How much you give away and to whom will vary according to the nature of the problem you are posing and your industry, but doing so always creates greater openness. This will require you to have faith in people you've never met, and to trust a collaborative process that is both organic (growing in unexpected directions) and democratic (arising from the masses, rather than descending from the top down).

"We are entering a new age where people participate in the economy like never before."

"Managers should treat wikinomics as their playbook and harness its core principles to achieve success."

Wikinomics is unfamiliar and unpredictable. In many ways, that may seem threatening to you. Deciding how much to share beyond your organization is a judgment call. Share too much and you'll lose your advantages. Share too little and you won't reap the benefits of global collaboration. Wikinomics business activity is proving to be more effective than traditional models. You probably are aware of mass collaborations in the computer industry, as with open-source software, or online, as in the collective authorship of the evolving encyclopedia Wikipedia. But you may have dismissed Wikinomics as irrelevant to you. You'd be wrong, as demonstrated by Rob McEwen at Goldcorp, Inc., which mines gold. When a main mine seemed to be dying and the company was struggling, McEwen followed the example of Linux, an open-source software system, and offered the "Goldcorp Challenge." His company shared all of its data about the declining Red Lake gold mine, and offered prizes of more than $500,000 for new ideas on how to find and extract its gold. Ideas poured in. Some came from wildly unexpected quarters and applied new disciplines to the problem. The result? Since the challenge, miners have found "an astounding eight million ounces of gold," and Goldcorp's stock price and profits have soared.

The Nature of Wikinomics and the Forces Fueling It

Wikinomics is based on four principles: "openness, peering, sharing and acting globally." Openness means communicating honestly and lowering or eliminating boundaries, as with open-software platforms. "Peering" refers to working collaboratively, not hierarchically – for instance, directly contacting someone instead of going through formal channels. "Sharing," which accompanies the first two steps, means making it easy to share digital information, such as enabling people to swap music files. Sharing your information with the world is a global act that requires relinquishing any isolationist tendencies. As you join the global market, expect overseas competition and partnerships. Build an organization that assumes international activity.

Computer technology, especially the connectedness provided by the Internet, is fundamental to Wikinomics. When the Internet first appeared, it was like a "digital newspaper." You could read content from many places, but you couldn't interact with it. The new Internet assumes interaction, as on Flickr, a photography site where people swap, discuss and "tag" photos, or on Del.icio.us, a "social bookmarking service," where shared bookmarks spark conversations and connections among strangers. "Open application programming interfaces" (API) are also an essential part of this new Internet. They let Web sites "intermingle," and that's pivotal: You aren't creating something alone anymore; you're building a huge interactive edifice with millions of others.

While this might be novel to you and something you need to get used to, the "Net Generation" or "Net Gen" takes it for granted. Members of this generation, "born between 1977 and 1996," assume that online interactions will be essential components of their social networks. Virtual meeting places like Friendster or MySpace offer adolescents refuge from a physical world grown hostile. But chatting youngsters are not the only ones building this new interactive world. The Internet has dramatically lowered the cost of finding information, making it easier for firms to conduct transactions outside their organizational or geographic borders. This makes global collaboration economically natural, almost inevitable.

The speed of these networks allows them to flow around older structures to meet individual needs that older structures do not fulfill. Take Wikipedia coverage of the London bombing on July 7, 2005. The first Wikipedia entry appeared in just 18 minutes, long before the news media arrived. Volunteers – a major part of this new, social media economy – wrote and edited the stories. With the cost of information, interaction and

communication dropping so much, more people are creating and working for the joy of it – the impetus behind many Wikipedia entries. Wikipedia isn't perfect – its very openness has allowed abuses – but its level of accuracy has been rising steadily. The result again derives from the Linux open source approach – rather than going through formal versions of a product and not releasing it until it's perfect, you release a working version on the Internet and let people around the globe debug it. This process of "peer production" makes collaboration and experimentation cheaper, generates "social capital" and helps you keep pace with consumers. Peer production drives the spread of open-source software. Using such software requires flexibility, because it changes, but it is often cheap or even free.

Using "Ideagoras"

In ancient Greece, people met in the agora (marketplace), where the great philosophers taught. The online world has spawned something similar: the "ideagora," a virtual "marketplace of ideas." Using an ideagora is like "having an eBay for innovation." While ideagoras are still developing, you can find viable examples. There's the InnoCentive service, which links "90,000 scientists from 175 countries" and, more applicably, links them with companies like yours that want to tap their expertise. Rather than generating all your new ideas in-house, you can post your problems or questions on InnoCentive, and wait for this virtual market to bubble forth an unexpected solution. Or, to use this Wikinomics resource another way, browse the ideas offered for sale or development to see if any mesh with what your organization does best.

If your R&D department makes a good discovery that your company can't employ, offer it for licensure via ideagoras. This works with patents that you hold but aren't currently using. For instance, in the 1990s, Procter & Gamble found that it used less than 10% of the patents it generated. As companies mix and match their expertise, ideagoras are going to fuel intense crossfertilization. Techniques from one industry will be adapted to others. To take advantage of this, many companies will have to change the inherent "not-invented-here" bias that blocks their receptivity to interactive external exchanges. Be clear about what you want. Since this model is too new to already have generated rules of thumb about how much to do in-house and how much to import, you'll have to make such complex decisions on the fly and, most likely, repeatedly.

Harnessing the Energy of the "Prosumer"

Traditional consumers are relatively passive. They consume what others produce. "Prosumers," by contrast, co-create products in tandem with providers. Second Life, an online multiplayer video game, is a good example. More than 300,000 players help build the world where they're "playing." Other examples include the growing interest in customizing cars (as in MTV's *Pimp My Ride*) or the do-it-yourself movement. In fact, once consumers in your field become technologically savvy enough to be prosumers, you can either raise the walls higher to prevent them from hacking your product, or you can welcome their countless creative contributions. Of course, you want to control your product, but the historical tide is rolling against you. Your best bet may be to find ways to celebrate this culture of democratic "remixing." You can provide permission for noncommercial reuse of your creations (building good will), sell the tools prosumers need to tinker and set up mechanisms for harvesting the best of their efforts.

Sharing and Science

Peer review is an established, important part of scientific quality control. However, science is advancing quickly and traditional academic publishing moves with glacial slowness.

Online peer reviewing is radically accelerating the process, thereby accelerating scientific progress itself. But there's more. Digital libraries allow information to be shared globally. Science blogs enable collaborative science on a global level. Projects such as MIT's OpenWetWare use a "wiki-based site to swap data, standardize research protocols, and even share material and equipment." The Human Genome Project shows the success of collaborative science that is going to generate change. The big pharmaceutical companies had been pursuing proprietary research projects in this field, much as they conduct drug research. They had to shift gears and support collaborative research, and to change the way they planned to extract value from the completed research. Consider how you can share data, research and science.

Industries and universities must change their partnerships to do a better job of incorporating independent and business research. Industry must respect the demands of the university system, while academic research should include customer feedback.

Participation, Production and the Workplace

One innovative Web site helps people find places to live by combining lists from craigslist, the online classified ad service, with maps from Google. The result is a "mashup," a combination of two or more software applications, often promoted by people who are using existing platforms to create new value. Some mashups, like PeopleFinder, which helped families scattered by Hurricane Katrina, respond to emotional need. Others are commercial or informational, such as Scorecard, which shares EPA environmental data.

Wikinomics interactions also occur in the realm of physical production. Some are radically ambitious, such as MIT's "fab lab," which would make your home a production facility. You could order flat machine parts that would arrive by e-mail for you to print and punch-out. Other innovations use traditional production modes, newly organized. Boeing once supplied detailed specs to outside manufacturers, had them deliver parts and then assembled its planes. Now Boeing interacts with suppliers continually, often in real time, and gives them much more say in the area of design. Suppliers now create entire subassemblies, which Boeing snaps into place, radically cutting its production times. BMW is doing something similar. To use this "global plant floor," consider orchestrating design and production processes, not controlling them.

Find ways to stay in touch with your work force via alternative forms of software-based communication. You already have e-mail and the Internet, and maybe an intranet. You can add blogs, collaborative authoring software and, perhaps, multiplayer video games so employees can interact in real time. Expect jobs and organizations to become more like the freelance and volunteer activities that now fuel mashups and open-source software editing. Expect your workplace to be reshaped like Boeing's production practices. Expect organizations to flatten, and people and ideas to come and go. To enable these changes and profit from them, find ways to collaborate. But before you begin, develop the infrastructure you need, because once you start you must be prepared for the unexpected.

About The Authors

Don Tapscott, who teaches at the University of Toronto, wrote *Paradigm Shift*, *The Digital Economy* and other books on the information age. He founded the New Paradigm think tank where Anthony D. Williams is vice president and executive editor.

> "Winning companies today have open and porous boundaries, and compete by reaching outside their walls to harness external knowledge, resources and capabilities."

> "Just as you can twist and scramble a Rubik's Cube, prosumers will reconfigure products for their own ends. Static, immovable, non-editable items will be anathema, ripe for the dustbins of twentieth-century history."

> "How do you know a platform for participation when you see one? The truth is, that's up to you."