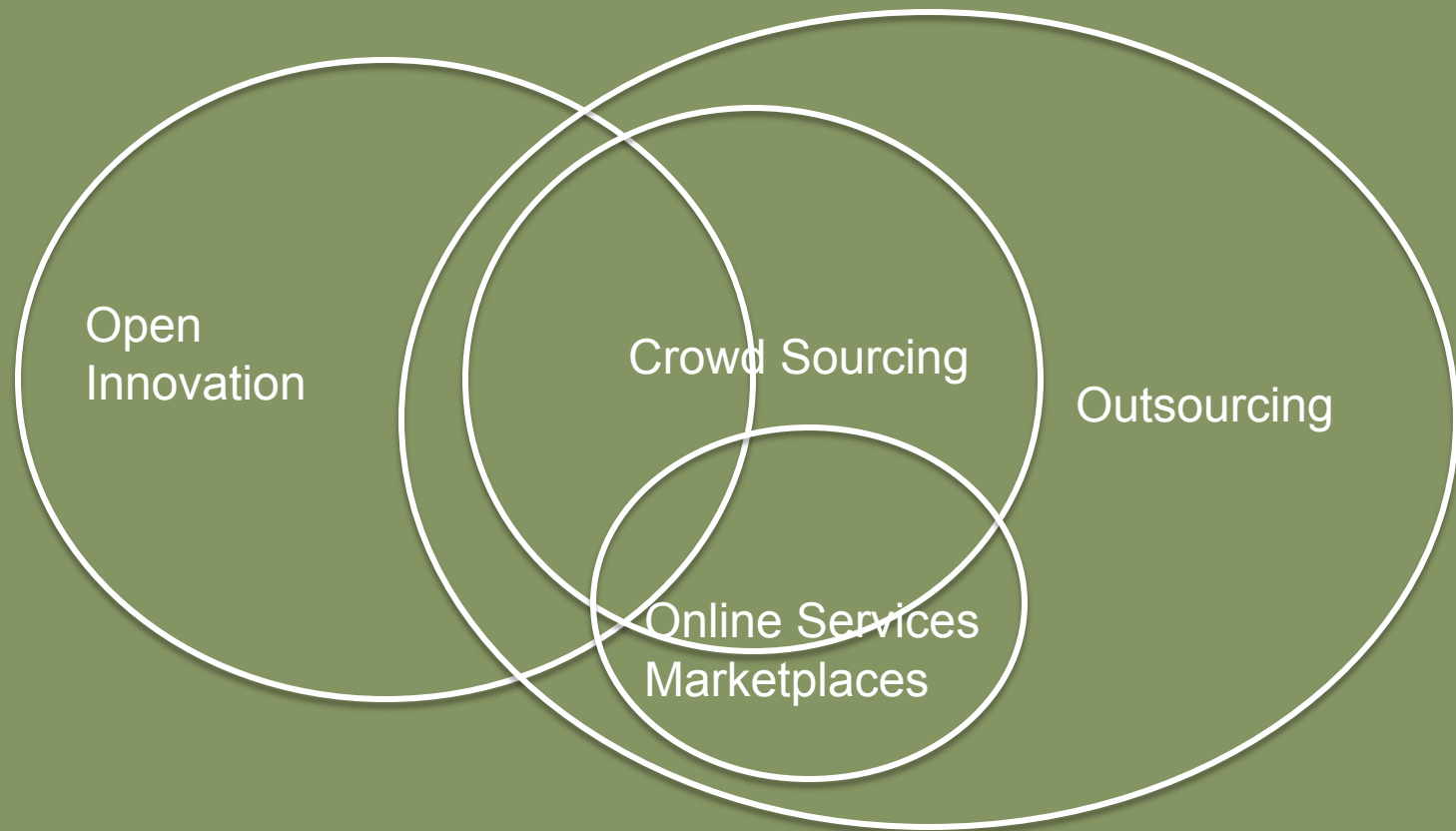*Natalia Levina*
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OPEN INNOVATION & CROWDSOURCING DISCUSSION

Open Innovation

"a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology" (Chesbrough, 2003).

Mapping the Terminology

Proponents of Crowdsourcing over Outsourcing

- Pick a solution and pay based on pre-specified criteria vs. pick a provider and pay for whatever they deliver
  - Top Coder versus Rent-a-Coder
- No up-front training costs
  - Innocentive.com versus IDEO
- Huge collectives of providers
  - Amazon Mechanical Turk vs. Low-cost Offshore Vendor

Is the grass really that green?

1. Need to formulate a problem precisely in a language that is understood by a wide range of providers without much discussion
2. Problem formulation itself may reveal valuable Intellectual Property
3. Abstracting out of the context in which the problem arose may lead to solutions that cannot be adapted back to the context at hand
4. Collaborative solutions between teams of solvers are hard to enable (albeit some steps have been made towards them)
5. Leveraging clients accumulated expertise in solving the problem is difficult
6. Client employees may reject ideas they were not part of creating ("Not Invented Here")
7. Choosing among solutions (often including spam) is challenging

Good Middle Ground

- Outsourcing, possibly to multiple partners, may be a good "middle ground" solution for poorly-formulated problems that require team-based collaboration not only between solution providers but also between multiple client's stakeholders and providers
  - E.g., IDEO, Gen3 Partners,