

COURSE: BUSINESS MODEL INNOVATIONS

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# Crowdsourcing



# WHAT IS CROWDSOURCING?

Crowdsourcing is the process of getting work or funding, usually online, from a crowd of people.

The word Crowdsourcing is a combination of Crowd & Outsourcing




# WHAT IS CROWDSOURCING?

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## Definition's:

Crowdsourcing is the act of outsourcing tasks, traditionally performed by an employee or contractor, to an undefined, large group of people or community (a "crowd"), through an open call.

Crowdsourcing is an online, distributed problem solving and production model.



# WHAT IS CROWDSOURCING?

The term crowd sourcing was first used by Jeff Howe in 2006 in an article for wired magazine.



# HOW CROWDSOURCING WORKS?

## The Crowdsourcing Process

*In Eight Steps*



# TYPES OF CROWDSOURCING

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Crowd funding

The wisdom of the crowd

Crowdsourcing creative work

Microwork

# CROWD FUNDING

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Crowd funding describes the collective effort of individuals who network and pool their money, usually via the Internet, to support efforts initiated by other people or organizations. This includes disaster relief, startup company funding, free software development, scientific research and many more.



# THE WISDOM OF THE CROWD

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The wisdom of the crowd is the process of taking into account the collective opinion of a group of individuals rather than a single expert to answer a question.



# CROWDSOURCING CREATIVE WORK

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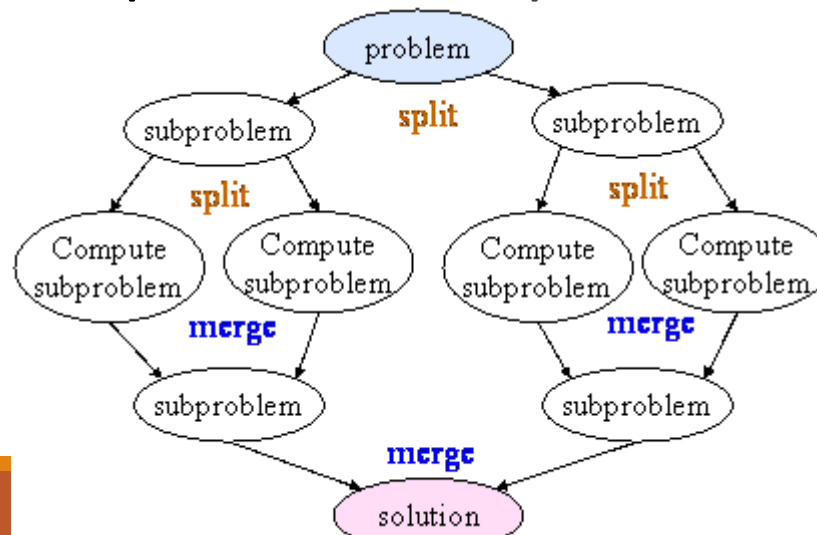
Creative crowdsourcing spans sourcing creative projects such as graphic design, architecture, apparel design, writing, illustration etc.



# MICROWORK

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Microwork is a series of small tasks which together comprise a large unified project, and are completed by many people over the Internet. Microwork is considered the smallest unit of work in a virtual assembly line. It is often used where human intelligence required to complete the task efficiently.



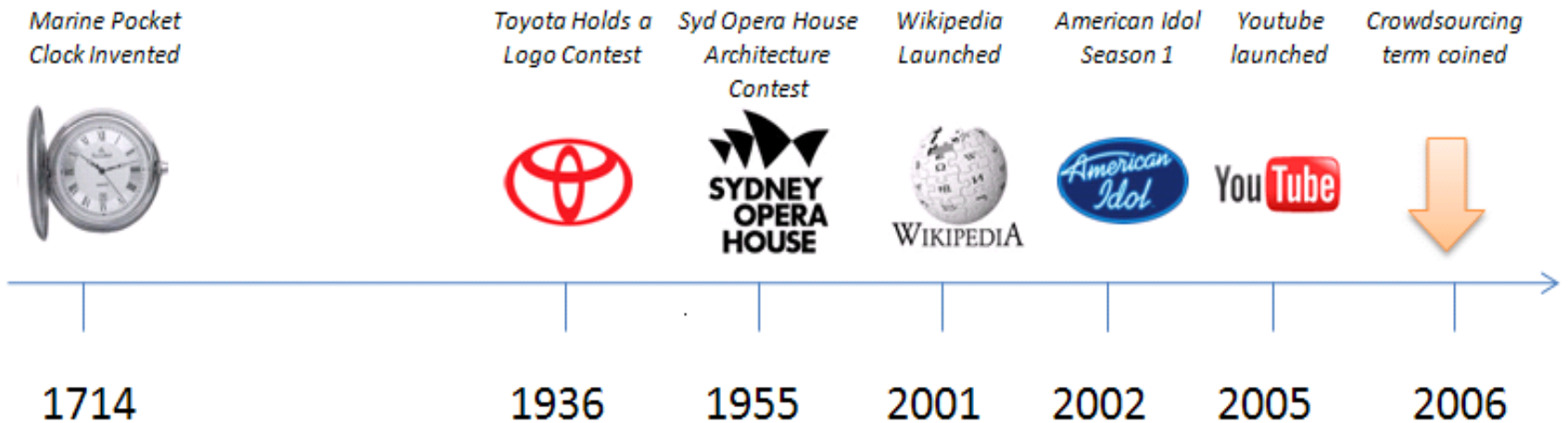
# APPLICATIONS OF CROWDSOURCING

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- Testing & Refining a Product
  - [Netflix](#)
  - [SellaBand](#)
- Market Research
  - [Threadless](#)
- Knowledge Management
  - [Accenture](#)
  - [Wikipedia](#)
- Customer Service
  - [My Starbucks ideas](#)
- R & D
  - [InnoCentive](#)
  - [P&G Connect & Develop](#)
- Polling and Voting
  - [InTrade](#)
  - [Building a new city](#)

# APPLICATIONS OF CROWDSOURCING

## The History / Genesis of Crowdsourcing



[www.designcrowd.com](http://www.designcrowd.com)

[twitter.com/DesignCrowd](https://twitter.com/DesignCrowd)

[twitter.com/aleclynh](https://twitter.com/aleclynh)

 DesignCrowd

# BENEFITS OF CROWDSOURCING

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Problems can be explored at comparatively little cost.

Payment is by results.

The organization can tap a wider range of talent than might be present in its own organization

Turn customers into designers

Turn customers into marketers

# PROBLEMS WITH CROWDSOURCING

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Quality

Intellectual property leakage

No time constraint

Not much control over development or ultimate product

Ill-will with own employees

Choosing what to crowd source & what to keep in-house

Early crowd funding efforts can even date back to the 18<sup>th</sup> century when writers and musicians gathered money from many investors to publish large pieces of work.

# Giveforward

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One of the earliest crowdfunding platforms was launched in 2008 after its co-founder could not find a meaningful way to help families affected by Hurricane Katrina.

# Giveforward motto

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*“We’re here to help if you’re looking for a way to raise funds for friends or loved ones in need.”*

# KICKSTARTER

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Another early crowdfunding platform that has generated huge success is KICKSTARTER.

KICKSTARTER specializes in creative projects such as films, games, art and technology.



<http://www.kickstarter.com/hello?ref=nav>

# KICKSTARTER

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\$850 million pledged

By more than 5 million people

Funding more than 50,000 creative projects

<http://www.kickstarter.com/hello?ref=nav>



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More  
than  
500  
crowdfunding  
platforms

# Why does it work?

Small donations from many people can raise a lot of money.

By tapping into your online social connections, you can reach a much broader audience in less time than traditional fundraising processes.



# Examples of Crowdfunding sites

Crowdfunder (specializes in business and tech start-ups)

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Crowdrise (funds charities & causes)

Quirky (funds for inventors)

Invested.in (to create your own funding community)

Indiegogo (no specialization)

# Crowdsourcing or Crowdfunding?

Crowdfunding falls under the Crowdsourcing umbrella, but not all crowdsourcing services are looking for donations.

Some crowdsourcing sites collect innovative ideas or work on problem solving questions

# Two basic models for fundraising

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1. Donation based
2. Investment based

# The Process

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**Create a  
Page**



**Spread  
the Word**



**Collect  
Donations**

# Selecting a Crowdfunding Service

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The **Giveforward** website offers four suggestions or things to think about if you are considering using an online crowdfunding service.

<http://www.giveforward.com/s/learn/>



# Choose a user friendly service

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Navigate through the website.

Does it make sense to you?

Do you like how the pages look?

Can you easily update and edit the information?

# Website Tools

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The best crowdfunding website will have social tools to assist in sharing your fundraiser on social media.

Make sure the website has Facebook and Twitter applications as well as an easy way to share via email.

# Fundraising Coaches

Check to see if the people behind the website are accessible. Do they have email addresses, a live chat, a phone line, or all three?

It is very important that you feel the website and the team behind it are honest, responsible, and legitimate.

# Fees

Normal fees for personal fundraising sites range from 7% to 12%.

Some organizations charge the credit card processing fees to the donor; others roll the fees into the organization service charges.

*This information came from the Give Forward online crowdfunding website.*

# Example

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All-or-nothing funding is a core part of **KICKSTARTER**

If a project is successfully funded, they apply a 5% fee to the funds collected *plus* credit card processing fees of 3 to 5%.

# Reference and source

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