

Technology

The wizard of Wikinomics

Don Tapscott says corporations will soon rely on the collective

|Joseph Wilson

WIKINOMICS: HOW MASS COLLABORATION CHANGES EVERYTHING by Don Tapscott and Anthony D. Williams (Portfolio), 336 pages, \$32.50 cloth. Rating: NNNN

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Between snippets of Super Bowl football last month, viewers were treated to a new kind of commercial. Live The Flavour was a 30-second ad created for a whopping \$12.79 by five Doritos fans in North Carolina. For their efforts they received \$10,000 in prize money and a trip to Miami to see Super Bowl XLI.

Doritos is only the latest of a growing number of companies that have recast the way they do business. Instead of spending millions of dollars on development and production fees, the company farmed out the job of advertising to millions of media-savvy customers via the Internet. For a mere \$50,000 in total prize fees, Doritos got to choose its favourites for broadcast.

Doritos is dabbling in a form of economics dubbed wikinomics by authors Don Tapscott and Anthony D. Williams. This new way of doing business embraces mass collaboration and open-source development, and respects the power of consumers to change the course of the market.

In their highly acclaimed book, *Wikinomics: How Mass Collaboration Changes Everything* (Portfolio), Tapscott and Williams explain how principles that first flourished online, such as the open-source philosophy and modus operandi of Linux and Wikipedia, are trickling into the wider economy.

I recently caught up with Tapscott in California, where he offered more examples of companies adapting in this way.

"When Procter & Gamble is looking for a molecule that will take red wine out of your shirt, they have 9,000 chemists inside their boundaries and 1.5 million outside," he tells me. "Because the Web drops collaboration costs, they can get to that million-five."

The first chapter in *Wikinomics* discusses the fall and rise of mining company Goldcorp. CEO Rob McEwan saved the struggling company in 2000 by making its usually carefully guarded geological data completely public. Goldcorp offered a prize of \$575,000 to prospectors who could use the data to find gold.

In a few short months, by harnessing the combined wisdom of the masses through the Internet, the company eventually netted a staggering 8 million ounces of gold in land thought to be nearly exhausted.

Most traditional business-minded people initially have a hard time with this idea.

"You could argue that all of this mass collaboration is bad," says Tapscott. "When you put something in the commons and take it away from profit-making hierarchies, don't you undermine the legitimate right of companies to make a profit?"

No, says Tapscott.

"A smart company can figure out how to harness this huge new democratizing power."

As CEO of Canadian think tank New Paradigm, Tapscott says his goal is to help companies embrace these new business models and compete in new ways. Their research shows that, contrary to expectations, companies don't lose their ability to make a profit, but instead can profit immensely if they can figure out a way to spin open-source collaboration in their favour.

Companies like Procter & Gamble do this by hunting down good ideas in what Tapscott dubs "ideagoras," virtual public spaces where ideas are exchanged or auctioned off on what amounts to an eBay for ideas. Other corporations are beginning to think of their customers not as consumers, but as "prosumers" – skilled collaborators who have myriad ideas for improvements or product spinoffs.

"It gives people a way to participate in the economy that they didn't have previously," he says. "Rather than just reading an encyclopedia, you can write one. Rather than watching the evening news, you can produce it on CurrentTV."

Imagine how many innovative and legitimate uses we'd find for the iPod if Apple were to make its source code

public. Apache, an open-source Web server, has been "peer-collaborated" into a position where it hosts over half of all sites on the Internet.

Tapscott and Williams have embraced these ideas themselves. The final chapter of Wikinomics, called The Wikinomics Playbook, is being written as you read this by over 1,000 interested collaborators. Tapscott wants to use the wisdom of his readers to create the ultimate guide for businesses interested in adapting to the new playing field.

Add your thoughts at www.wikinomics.com. @

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Additional Interview Audio Clips

Don Tapscott explaining the kind of business model that embraces the Wikinomics philosophy



Don Tapscott discussing New Paradigm and some exemplary case studies

