

Technology

Tips for the Oscar pool freak

Forget the experts – go with whatever the most people are thinking

Joeseph Williams

So you want to clean up in this year's Oscar pool? Instead of sitting through hours of obscure movies, you'd be better off relying on the masses to fill out your ballot for you.

James Surowiecki, a writer for the New Yorker, follows business and technology trends closely. In his 2004 book, *The Wisdom Of Crowds*, he argues that crowds have a collective intelligence that can be harnessed to predict everything from the number of jelly beans in a jar to who will win Oscars or where the next terrorist attack will occur.

The idea of collective wisdom isn't new to technologists. Many of the tools of the trade are so-called "open source," meaning that anyone can edit the code. This means that over time, the best adaptations are left in and the worst are edited out. The Linux operating system, Mozilla's Firefox Web browser and the recent champion, Wikipedia, all run successfully by relying on the wisdom of crowds.

Before Oscar night, check out the Hollywood Stock Exchange (www.hsx.com), a so-called "decision market" where members buy and sell shares with fake money related to box office returns, opening weekend successes and, of course, Oscar winnings. The Harvard Business School completed a study comparing the predictive power of the HSX compared to other Hollywood sites and found that it was the single best predictor for opening-weekend box office results. Furthermore, the HSX's track record on Oscar winners is strong.

Because Internet transactions are essentially instantaneous, markets set up like HSX often react to breaking news before experts themselves have internalized events and processed their consequences.

Surowiecki gives an example of the stock market's response to the Challenger space shuttle explosion in 1986. The component parts of the shuttle were made by dozens of aerospace and technology companies. It took weeks after the explosion for a team of investigators to uncover the faulty O-ring, made by aerospace materials manufacturer Morton Thiokol.

However, the aggregate intelligence of the market seemed to instinctively know who was to blame. Minutes after the explosion, Morton Thiokol's stock plunged 12 per cent, far more than that of other companies involved in the shuttle launch.

A book on my shelf might predict the opposite. *Extraordinary Popular Delusions And The Madness of Crowds* Written was written in 1841, well before open-source computing and the success of the Internet, by journalist Charles MacKay.

Surowiecki would say MacKay's book describes a world in which modern technology was not available to unleash the power of collective decision-making. MacKay's crowds, obsessed with chain letters and the newest fashion trends in Paris, were not diverse enough or decentralized enough to ensure the best ideas bubbled to the surface.

Not just technology buffs, but those developing modern business models are heeding Surowiecki's thesis. HSX itself has now expanded into consulting for other companies keen to use the collective wisdom of crowds for their own business ventures. Many industries are setting up online markets of their own similar to the HSX, so their employees can trade shares internally on the predicted success or failure of products and business decisions.

So on Oscar night, it seems a safe bet to trust the HSX, although if you want to cash in, know that the HSX deals strictly in fake money.

The biggest online Oscar pool is probably the one run by Entertainment Weekly at predict.oscar.go.com, where you can register and compete for prizes. If you want to earn some real scratch, set up your own pool at www.theofficepool.com, or bet at www.centrebet.com/academy-awards-odds.php.

Better yet, go old school, dress up like a movie star and watch the Oscars at a friend's house, betting with ballots from www.chiff.com/art/movies/oscar-pool-sheet.htm.

Chances are you'll be walking home with a pocketful of cash. @

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