



Make Room, Wikipedia: Internet-based Collaboration Could Change the Way We Do Business

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It sounds like something from a futuristic TV thriller: American spies thwarting the next 9/11-style terrorist plot through a shared online community modeled after Wikipedia, the free and highly popular user-created, web-based encyclopedia.

But Anthony D. Williams, co-author of the new book, *Wikinomics: How Mass Collaboration Changes Everything*, recently told a Wharton audience that this online community of spies already exists, and is on the case.

"The national intelligence community took a lot of criticism after 9/11 for failing to connect the dots," said Williams, who delivered the keynote speech at the 9th Annual Emerging Technologies Update Day, sponsored by Wharton's [Mack Center for Technological Innovation](#). "And so now the national intelligence community is saying, 'Well, could we learn something from Wikipedia, and could we share knowledge in a cross-organizational way?' And in fact we have IntelliPedia, which is actually a real project. Of course, it's not open to the public."



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IntelliPedia may be sealed off, but other web sites -- community-oriented and built around user-generated content -- are not only open to all but thriving, from the public photography site Flickr.com to Craigslist.org, the mostly free classified-ad site that now draws more traffic than mainstream job sites like Monster.com. In *Wikinomics*, which Williams co-authored with Don Tapscott, the writers predict that rapidly surging online creation and collaboration in the mode of Wikipedia will "open up the economy" and revolutionize the way that business is conducted in the 21st century.

"When I say 'opening up the economy,' I mean that ordinary people now have access to technology, where they can create value and even collaborate and level the playing field with the world's mightiest enterprises," said Williams. "And this new presentation to the economy is going to change the way we invent, produce, design and distribute products on a global basis."

Williams' presentation drew pointed questions, and occasional skepticism, from his audience. Several wondered whether the masses of people using open-source online tools can really develop better solutions than smaller groups of experts, while one attendee wondered whether collaborative efforts were too easily manipulated. "Look at the oil industry and global warming, for example, or the war in Iraq. I don't think there's any evidence that people are making better decisions with more information," he noted.

A "Perfect Storm" in the Growth of the Internet

Williams noted during his talk that even he and co-author Tapscott -- who runs the Toronto-based think tank New Paradigm, where Williams is vice president and executive editor -- did not realize its potential when, in 2002, they began researching the web's impact on business. Their efforts grew over time into a \$9 million research project, funded by a number of the think tank's corporate clients.

The authors of what ultimately became *Wikinomics* were trying to track a rapidly moving target; in fact, Wikipedia itself did not even exist when the project began some seven years ago. The online encyclopedia was launched in January 2001, using the wiki software that had been developed in the mid-1990s. (A "wiki" is simply a website that allows visitors themselves to easily add, remove, and otherwise edit and

change available content.)

Today, Wikipedia draws a whopping seven billion page views a month, and has been translated into more than 10 languages. Although the project has received some bad publicity over incidents in which online "vandals" have deliberately posted fake information, at least one study has indicated that the accuracy of Wikipedia on selected topics is close to that of the established Encyclopedia Britannica, even though the Internet encyclopedia has roughly 10 times more entries.

The concept was not entirely new, however. The most influential open-source project may still be the Linux computer operating system, which was developed collaboratively by computer scientists beginning in the early 1990s. Today it is used not just by millions of people, but by corporations such as Motorola and BMW. Williams noted that the rise of Wikipedia, Linux -- and other user-generated platforms from online marketplace eBay to MIT's increasingly popular online curriculum -- is no accident, but part of what he calls a "perfect storm" in the growth of the Internet.

The key ingredients in that storm, he said, are the technological advances -- often referred to as "Web 2.0" -- that make online collaboration and communication easier to transact, as well as the arrival of a generation of Internet users that has been born since 1980 and that insists on taking a more active role in creating or editing the online content that it uses.

Williams noted that one of the interviewees for *Wikinomics*, freelance film editor Josh Peterson, told him that the rapid changes in the Internet reminded him of the history of filmmaking. "He said, 'In the early days of filmmaking, the technology had turned to a point where you didn't actually have to be a technician to make a film, and it was at that point that the torch of creativity passed down from technicians to story tellers. I think you would agree that we have much better films today as a result.'"

Public Squares vs. Walled Gardens

The defining traits of the Internet since the year 2000 -- especially the ability of users to create content and form communities of interest -- have created what Williams described as "public squares" in comparison to what he called the "walled gardens" of the pre-2000 web. The changes are driven by young users who are exhilarated by the variety of choices offered by the Internet but who also carefully scrutinize the companies they buy products from. The *Wikinomics* authors found that 65% of this new generation of online customers wants a two-way relationship with the brands they select, with the ability to provide feedback and direct input.

Williams brought to his presentation dramatic proof of how the more collaborative web sites, like the technology-oriented Digg.com, have already surged past more established and more hierarchical sites like rival Slashdot.org. At the same time, he demonstrated some even newer Internet projects that highlight the future in an age of what the authors call "peer production."

For example:

1. Marketocracy.com, an investment tool in which some 70,000 people create virtual stock portfolios; the results of the top 100 performers are used to guide a real-world mutual fund that routinely outperforms the Standard & Poor's 500 index of large companies.
2. "Ideagoras" -- where scientists and product developers openly share ideas for new advances. A prime example of this concept is InnoCentive, a web-based approach to commercially oriented research that enlists scientists globally to solve specific problems, with the ability to reap cash bounties for their work. Williams said consumer giant Procter & Gamble is a major booster of InnoCentive, even though the firm already retains 9,000 of its own employees devoted to research.
3. The so-called "global plant floor," in which industrial giants like aircraft maker Boeing are using the Internet to re-define their relationship with their suppliers. He said that Boeing's new 787 jet, "the Dreamliner," is a highly collaborative effort with parts manufacturers; one result is that the electrical specifications, which typically ran to 2,000 pages, have now

been reduced to 20 pages.

4. Second Life, the increasingly popular virtual world developed by San Francisco-based Linden Lab, where players create human-like avatars that socialize and spend a type of money, "Linden Dollars," to buy virtual property. Williams noted that the country of Sweden even has opened a "virtual embassy" within Second Life, with the idea of luring tourists.

Second Life is an example of what the authors called "prosumers" -- consumers taking a proactive role in their relationship to a product. He noted that established consumer brands are increasingly working with these "prosumers," and he cited the case of Doritos, the popular tortilla chip, which recently solicited hundreds of homemade ads from its customers, displayed them on its website and aired the most popular one on the Super Bowl.

Nevertheless, there are clearly some bugs to be worked out during the transition to this new "wikinomics." For example, as Williams was giving his talk, the *Los Angeles Times* was reporting that the Doritos contest had been overtaken by professionals, and that four of the five finalists were filmmakers who had worked for advertising agencies or had produced commercials in the past. Likewise, there have been intellectual property disputes over some of the discoveries on InnoCentive.

Ironically, Williams conceded that he and Tapscott encountered some turbulence when they sought to create a Wikipedia entry for their term, "wikinomics." "They [the Wikipedia volunteer editors] said, 'This looks like a neologism -- it's not really notable, and there are only 40 or 50 Google hits, so this doesn't deserve to be in Wikipedia.'" The entry was deleted.

Williams said he and Tapscott were dismayed at first, but when the book was published they re-submitted the entry and it was accepted -- a metaphor, perhaps, for what the authors hope will be growing recognition of collaborative Internet sites as a rising economic force.

Citing the work of Yale law professor Yochai Benkler, Williams said that "in the Information Age, there is a new mode of production emerging and it's not the hierarchical form that we've known since the Industrial Revolution, and not quite the capitalist marketplace where people contract for services. It's a fluid way of producing value."

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