3 Crowdsourcing Executive Summary

This report provides an overview of crowdsourcing, including an introduction and history of this concept, analysis of modern crowdsourcing operations, and a recommendation for future action.

Crowdsourcing is the idea that a task can be completed by enlisting help from a large number of people, typically the public. Prior to the internet, this was difficult to organize. Which is why, in recent years, communications technology has allowed many industries to leverage crowdsourcing. Finance, delivery, transportation, and even idea generation have all been revolutionized by this.

Crowdsourcing, in its most basic form, has been used even as early as the 18th century when the British government enlisted the public for help to find a way to measure a ship's longitudinal position. However, the majority of large crowdsourcing projects have occurred after the invention of the internet.

Modern crowdsourcing operations promise to deliver value faster, cheaper, and with greater flexibility than traditional operations. But they also have their unique cultural, economic, and technological challenges. Cultural challenges can include lack of acceptance among the local population due to resistance to change. For example, the local culture may prefer to work face-to-face rather than crowdsource work over the internet. Economic challenges stem from crowdsourcing's biggest advantages; relatively cheap and flexible labour. It is difficult for low-skilled and low-commitment workers to produce quality work, which is necessary to maintain trust with the customer. Finally, technological challenges include the ever-growing need for information security. How can information be secured when it needs to be shared with so many people?

Even with these challenges, companies are more than willing to find solutions because the potential benefits of crowdsourcing far outweigh the risks. The most obvious benefits are cost savings from outsourcing to low-cost workers and the flexibility to hire any number of independent contractors. For example, delivery companies can hire twice as many contractors for peak delivery times and half as many for other times. However, other benefits include public engagement are just as important. Companies like Kickstarter which help

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crowdsource funding for projects benefit greatly from the increased engagement of their sponsors, who may market the project to their friends and family.

This report goes on to make several recommendations; the use of AI to improve the ability for companies to target the right crowd with the right experience or skills and finally, the need for companies to change their management and operational strategy in light of this new crowdsourcing concept.

The conclusion of this report is that crowdsourcing is a rapidly growing trend which comes with a set of unique benefits and risks. Businesses need to understand this concept and be prepared to adapt to this disruption.