



The Wisdom of Crowds and The Madness of Mobs

Technology Outlook

http://commons.wikimedia.org/wiki/File:Yonge_Street_crowd_celebrating_the_end_of_the_Boer_War.jpg

The Wisdom of Crowds

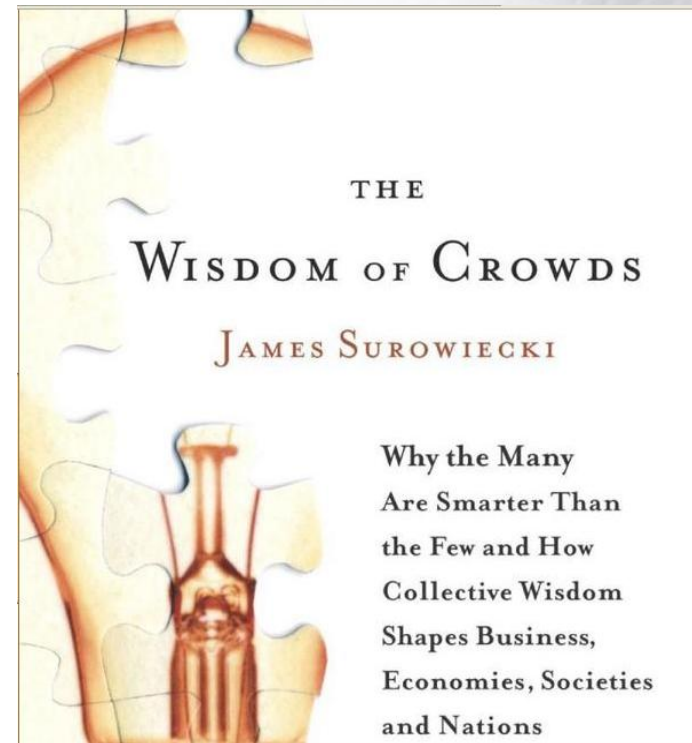
What is it?

A group of individuals is likely to make certain types of decisions and predictions better than individuals including experts.

Certain criteria are required in order to form a “wise crowd”.

If these criteria are not fulfilled we can have situations in which the crowd produces very bad judgments.

Internet and Web2.0 has enabled a wider use of this phenomenon.



Book from 2004

The Wisdom of Crowds

Criteria

According to James Surowiecki these are the criteria to form "wise crowds":

- **Diversity of opinion:** Each person should have private information even if it's just an eccentric interpretation of the known facts
- **Independence:** People's opinions aren't determined by the opinions of those around them
- **Decentralization:** People are able to specialize and draw on local knowledge
- **Aggregation:** There is a mechanism for turning private judgments into a collective decision



The Wisdom of Crowds

Wikipedia vs. Encyclopedia

Wikipedia	Encyclopedia
Anyone can contribute	Experts only
Crowds agenda – social control	Initiators or experts agenda
Multiple opinions combined with open discussions	Experts opinion, discussions within experts group
Continuous updating	~2 years updating cycle

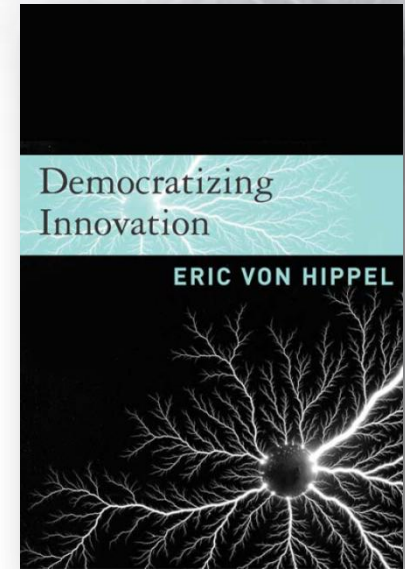
Question/Reflection:

- Which model is most likely to be manipulated?
- How and when can Volvo utilize these models?

The Wisdom of Crowds

Crowdsourcing

- Let the **consumers design and vote** on their own products or carry out other tasks
- **Online design** is becoming a substitute for in-house research and development while voting takes the place of conventional market research
- Examples:
 - **The Peugeot Design Contest**, 2008, uses crowdsourcing for concept car design
 - **Intel and ASUS** Project to create Community-Designed PCs
 - **InnoCentive**, 2002, used crowdsourcing for R&D within biomedical



The Wisdom of Crowds

Examples

Amazon: Enter your favorite books and get suggestions of other books (based on statistic data from other users)



Open Source: Open Office, Linux

Wikipedia: Collaborative knowledge sharing with social control



Betfair.com: the collective wisdom of traders often beat the accuracy of polls, as seen in the Obama/McCain election

The Wisdom of Crowds

How Volvo can make benefits

○ Open specification

- What kind of specifications can be open (Open vs. patent)
- What is the risk vs. benefits (time to market, quality etc.)

○ Crowdsourcing

- Community for drivers, fleet owners etc
 - Use Rewards and voting
 - WikiHow to build user generated “how-to manuals” *by drivers and experts for drivers*

○ Open source, both use and contribute

- NGTP, Next Generation Telematics Protocol
 - BMW, WirelessCar, Volvo...



By phauly

The Wisdom of Crowds

How Volvo can make benefits

- Configuration of a **global organization**
- Developing **Online behavior**, such as IBM Social Computing Guidelines
- An example currently in use within Volvo is the **abbreviation wiki at Violin**

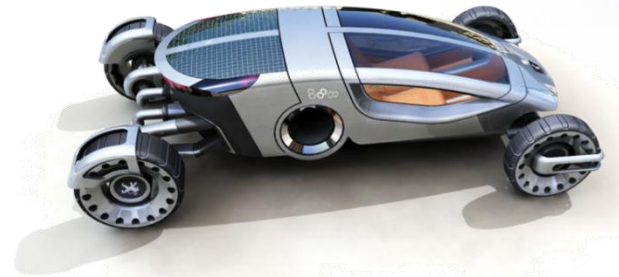


By boltron-

The Wisdom of Crowds

Summing up

- Crowds can be efficient under the right conditions
 - Numerous of examples show how it can be a win-win concept
 - A large number of participants (Internet) reduces the risk of “Madness of the Mob”
- Enterprises can make benefits from “Wisdom of Crowds”
 - Crowdsourcing for design and innovation
 - Open specification
 - Open source participation
 - and more



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