

# Crowdsourcing provides remarkable benefits for companies

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According to a new study from the University of Vaasa "Generic Crowdsourcing Model for Holistic Innovation Management" organizations should be more customer focused in innovation production. The study indicates that crowdsourcing makes the organization's innovation management more customer focused and because this, innovations are more noteworthy and gain more demand in the markets.

Ari Sivula was researching in his doctoral thesis how crowdsourcing is utilized in organizations' innovation management activities.

"Companies generally strive to produce innovations which do not necessarily have a wide range of demand in the markets. These innovations can be really expensive for companies," says Sivula.

Crowdsourcing is one of the best models to bring customers and other stakeholders into innovation development which can be, for instance, new products and services.

"Companies should put new innovation production models into practice more actively. Crowdsourcing is one of the best models in the global business environment because a [company](#) can get direct contact with persons who are motivated and willing to develop innovations together with company's internal actors", Sivula highlights.

Crowdsourcing is a model where some job, traditionally performed by a

designated agent (usually an employee), is outsourced to an undefined, generally large group of people in the form of an open call. The job could be, for example, Computer Aided Designing.

"Several crowdsourcing implementation methods exist for innovation development and their application is normally based on a company's products, services and concepts," he says.

Crowdsourcing provides a [new product](#) and ready customer base for a company

Ari Sivula was researching in his PhD dissertation how crowdsourcing is utilized in organizations' innovation management activities. Sivula says, that case organizations are utilizing crowdsourcing in several ways. Some examples include: ideation processes, using crowd with new product development, supporting strategic planning and even crowdfunding the new product development.

"At the best, companies can implement new product or service development entirely with crowdsourcing or fund development partly and gain a customer base ready for a new product or service. Of course, these processes utilize the crowd from a marketing point of view," Sivula says.

In Sivula's study, managers and specialists provided information about crowdsourcing implementation methods and processes which work well with their industries and organisations. Based on empirical evidence gained from multiple organizations Sivula developed the holistic innovation management model where crowdsourcing is tightly linked to an organization's innovation activities.

Sivula's dissertation indicates that crowdsourcing makes the organization's innovation management more customer focused and

because this, innovations are more noteworthy and gain more demand in the markets.

"For instance, technology company Cisco Systems, that was part of my research, has crowdsourced its technological innovation ideation processes. Moreover, they have developed technologies with crowdsourcing trying to find the next million-dollar business idea with great success. Cisco Systems have calculated that crowdsourcing generates millions in profits for the company. Crowdsourcing as a model is extremely effective and is where a company can benefit economically as well", Sivula says.

Crowdsourcing in itself does not create value for the company. Companies should always consider which are the tasks that could be crowdsourced and would provide value for companies' innovation activities and new product development.

In conclusion, Sivula says, that a company can begin crowdsourcing activities lightly and with small investments. Managers and directors can, for instance, test demand for new products using crowdsourcing; asking the crowd to comment and evaluate the idea utilizing social media tools like Facebook. Sivula encourages companies to take new crowdsourcing models, as a part of a companies' activities, on a wider scale.

"It is smart for a company to use crowdsourcing in innovation management activities because a new product or service gets more demand in the local and global markets faster than without utilizing crowdsourcing models," Sivula tells companies.

**More information:** [www.uva.fi/materiaali/pdf/isbn ...  
78-952-476-691-3.pdf](http://www.uva.fi/materiaali/pdf/isbn...78-952-476-691-3.pdf)

Provided by University of Vaasa

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