Enterprise Crowdsourcing: Changing the Way Work Gets Done

Carl Esposti, Founder & CEO of Crowdsourcing.org and Massolution
Dori Albert, Enterprise Crowdsourcing Practice Manager
Dawn Evans, CEO Sourcing Interests Group
Agenda

• Introductions
• An introduction to “The Crowd in the Cloud”
• Crowdsourcing for the Enterprise
• Questions
About SIG
SIG is in its 22\textsuperscript{nd} year as a membership organization comprised of sourcing, outsourcing and procurement professionals. Our Fortune 500/Global 1000 members span many industries.

- SIG is unique in that it \textit{blends service providers, law firms, advisory firms, consultants and practitioners in a non-commercial environment} to share industry knowledge, gain trusted insight and make powerful connections.

- SIG is acknowledged by many as a \textit{leader in providing an ongoing forum for sharing best practices and thought leadership} in procurement, outsourcing, offshoring, insourcing and shared services.

- SIG \textit{offers venues for the active sharing of non-competitive information and practices among members}, and provides environments conducive to learning and relationship building.
Introductions: Moderator

Dawn Evans
CEO

Direct: 904.314.9557
Cell: 530.448.0000
Fax: 904.621.9499

Email: devans@sig.org
Twitter: dawnsig
LinkedIn: www.linkedin.com/in/dawntevans
About SIG

SIG offers two annual Global Summits for members and buy-side non-members

A SIG Global Summit is…
• Non-commercialized
• Almost 70% buy-side
• Global brands
• 3 days of networking
• Executive Roundtables
• Advanced workshops
• 40 breakout sessions

75% of attendees are at director level or above, of which 45% are VP/C-level

Executive Roundtables

Procurement and Outsourcing Executives participate in deep-dive discussions on risk, innovation and talent management

Roundtable Format:
• Executive Luncheon
• Executive Leadership Keynote
• Roundtable Discussions
• Executive Networking Reception
# Introductions: Presenters

<table>
<thead>
<tr>
<th>Dori Albert</th>
<th>Carl Esposti,</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Lionbridge Crowdsourcing Practice Manager</em></td>
<td><em>CEO Massolution &amp; Crowdsourcing.org</em></td>
</tr>
<tr>
<td><img src="image1.png" alt="Dori Albert" /></td>
<td><img src="image2.png" alt="Carl Esposti" /></td>
</tr>
</tbody>
</table>

## Key areas of expertise

### Dori Albert
- Outsourcing
- Off-shoring
- Crowdsourcing
- Data Management

### Carl Esposti
- Outsourcing
- Off-shoring
- Crowdsourcing
- Crowdfunding
Enterprise Crowdsourcing
An introduction to the “Crowd in the Cloud”
Carl Esposti, Founder & CEO, massolution and Crowdsourcing.org
The world is full of willing people; some willing to work, the rest willing to let them.

Robert Frost
American poet,
1874-1963

Computers are incredibly fast, accurate, and stupid. Human beings are incredibly slow, inaccurate, and brilliant. Together they are powerful beyond imagination.

Albert Einstein
Crowdsourcing visionary,
1879-1955
The outsourcing industry is poised for a disruptive shift that has the potential to be larger than the shifts that drove the outsourcing of work and the distribution of work offshore.
Enterprise crowdsourcing continues to demonstrate aggressive and accelerating growth.

In our sample of leading Crowdsourcing Service providers (CSPs), revenues grew approximately 53% from 2009 to 2010 and then accelerated to approximately 75% from 2010 to 2011. Early estimates on growth in 2012 suggests an increase of over 100% in market gross-revenue.

Total number of crowdsourcing workers continues growing explosively, in most cases due to new companies entering the market. After posting an impressive 131% increase in 2010 over 2009, the industry continued signing up new workers at a pace of 103% growth in 2011 over 2010.
Detailed analysis of the revenue by crowdsourcing category also reveals that the adoption pattern varies by category.

Freelance companies are most dependent on start-ups as clients. Software services shows peculiar reliance on both large enterprises and start-ups, reflecting different strategies and maturities of CSPs in this category. Ideation is focused primarily on large and medium size enterprise clients.

Expertise-based crowdsourcing is the most diversified in terms of target client segments, it exhibits almost equal share of every segment.

**Revenue composition by client size and crowdsourcing category**

*Percentage*

<table>
<thead>
<tr>
<th>Region</th>
<th>Large enterprise (&gt;$1B in Revenues)</th>
<th>Medium enterprise ($100M - $1B in Revenues)</th>
<th>Small enterprise ($10M - $100M in Revenues)</th>
<th>Start-ups &amp; small businesses (&lt;$10M in Revenues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise-based</td>
<td>23%</td>
<td>21%</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Ideation</td>
<td>40%</td>
<td>35%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Micro-tasks</td>
<td>10%</td>
<td>40%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Freelance</td>
<td>2%</td>
<td>15%</td>
<td>81%</td>
<td>5%</td>
</tr>
<tr>
<td>Software services</td>
<td>3%</td>
<td>3%</td>
<td>13%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: massolution, 2012
The Evolution of Work Into the Crowd

<table>
<thead>
<tr>
<th>OUTSOURCING</th>
<th>GLOBALIZATION</th>
<th>CLOUD</th>
<th>CROWD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Infrastructure</td>
<td>Remote</td>
<td>SaaS</td>
<td></td>
</tr>
<tr>
<td>Applications</td>
<td>Infrastructure/Applications</td>
<td>BPaaS</td>
<td></td>
</tr>
<tr>
<td>Horizontal BPO</td>
<td>Support</td>
<td>Platform BPO</td>
<td></td>
</tr>
<tr>
<td>Vertical BPO</td>
<td>BPO Specialties (e.g., CRM / F&amp;A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Processes</strong></td>
<td>Improved with shifting end-to-end accountability</td>
<td>Standardized and externalized</td>
<td>Further optimized</td>
</tr>
<tr>
<td>Defined and selectively retained and sourced</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Separation of systems from people (e.g., RIM / ERP Integration)</td>
<td>Highly scalable cloud-based technologies</td>
<td>Workflow, adjudication and worker management</td>
</tr>
<tr>
<td>Sophistication systems monitoring, reporting and governance tools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pricing Model</strong></td>
<td>FTE/Staff Augmentation evolving to deliverable based (sometimes with performance incentives)</td>
<td>On-demand and usage based</td>
<td>Can reach full variability and up to 100% performance based</td>
</tr>
<tr>
<td>Input Based evolving to output based</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Accountability at lower cost</td>
<td>Scalability and improved efficiency and speed</td>
<td>Changes the paradigm for existing and new scope</td>
</tr>
<tr>
<td>Flexibility still a Myth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td>15%-20% (up to ~30% for transformational OS)</td>
<td>30%-40% (driven by labor arbitrage)</td>
<td>~30%-90%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Four Models for Engaging the Crowd

POST TASKS OR HIRE WORKERS

DIRECT AND ORGANIZE WORK

BROADCAST SEARCH

SEEK IDEAS, OPINION AND FEEDBACK

Daren C Brabham, Ph.D.
Assistant Professor, University of North Carolina at Chapel Hill
Developing and Enterprise Crowdsourcing Strategy

**Enablers:**

- Structured methodology for analyzing work/processes and matching to crowdsourcing Use Cases
- Knowledge of crowd engagement models
- CSPs strategies, quality, performance and stability
- Navigation of the market landscape and knowledge of market maturity
Future enterprise models for service delivery will be built on hybrid strategies that harness both Private and Public “Crowds in the Cloud“.

Industry think tank, massolution specializes in research, design and in the delivery of crowd-business models for nations, governments, enterprises, and institutions. massolution also operates The Industry Website™ Crowdsourcing.org.

For crowdsourcing, massolution provides research and analysis covering models, adoption, Crowdsourcing Service Providers (CSPs) and use cases.

For crowdfunding, massolution provides research and analysis covering models, platforms (CFPs), implementation strategies, and campaign data and analysis.

Massolution’s unique data assets, fact-based research and proprietary intellectual property, drive forward-looking and actionable insights that inform the strategies and operations of business leaders and market stakeholders.

Carl Esposti, Founder & CEO  
Email: carl@crowdsourcing.org  
+1 310.948.1258

www.massolution.com
Crowdsourcing for the Enterprise
Changing the way work gets done
Enterprise Crowdsourcing Defined
The Next Generation of Outsourcing

What is Crowdsourcing?

• The process of connecting with a large group of people via the Internet who are tapped for their knowledge, expertise, time or resources.

• When managed, crowdsourcing gathers those most fit to perform tasks, solve problems, and contribute with the most relevant and fresh ideas.

• Crowdsourcing evolved as a result of the collaboration and interoperability enabled by Web 2.0 technology at the turn of the century, and it’s business application has been expanding ever since.

WHAT IS ENTERPRISE CROWDSOURCING?

• Leverages online workers with a broad range of skills from around the globe who are paid to complete tasks that fulfill business needs.

• Provides the necessary project management, risk mitigation, security, quality control, contracting, and coordination for enterprises to effectively leverage crowdsourcing.
Enterprise Crowdsourcing – A Paradigm Shift

*Task Based vs. Role Based Drives Efficiencies*

### Role-Based Employee/Contractor FTE

- **Core Activities of Role**
  - Administration
  - Non-productivity
  - Related Activity
  - Meetings
  - Absence

### Task-Based Crowd Workers

**Advantages of Task-Based Workers**

- Labor base scales to meet fluctuating levels of demand
- Cost in line with the type of work performed
- Eliminates non-productive time inherent in an FTE model
The Value of Crowdsourcing

Bringing Innovation to the Enterprise

**Productivity** - Increased throughput by processing massive volumes of tasks within a set timeframe with larger teams, parallel processing and 24x7 coverage

**Flexibility & Scalability** - On-demand access to specialized resources, in any geography and multiple languages

**Cost Savings** - Cost efficiency over current labor models with lower fixed costs and elimination of non-productive, billable time

**Predictability** - Output-based pricing allowing full transparency, predictability and accountability for business results

**Time to Market** - Flexibility to quickly ramp up and down to meet peak periods of demand with very little notice
Crowd-based Management Models

*Lionbridge focus on High Value Crowd Management*

**Lower Value**
- Crowd Facilitation
- Crowd Marketplace
- Corporate Sites
- Small/Med Business
- Volunteer Communities

**Higher Value**
- Crowd Sourcing
- Enterprise Crowdsourcing
- Enterprise Applications
- Lionbridge Applications
- Client’s Platform

**GLOBAL VIRTUAL WORKFORCE**
Lionbridge Snapshot

$457M Market Leader in Globalization Services

**Global-Scale Market Leader**
- Leadership position in multi-billion dollar globalization services industry
- Global Enablement, Global Testing, Global Crowdsourcing
- Global scale program management across 26+ countries

**Recurring Base of Global 1000 Customers**
- Recurring relationships with 800+ clients
- 95% of revenue comes from recurring clients of 1+ years
- Top clients include Microsoft, Google and HP

**Unique Crowd-in-the-Cloud℠ Delivery Platform**
- Crowd-in-the-Cloud℠ strategy
  - Qualified “crowd” of 100,000+ virtual professionals
  - Cloud technology platform to optimize service delivery
Lionbridge Crowd Model Designed for Success

A Differentiated Global Model for Long-Term Advantage

Global Private Workforce
100,000+ Virtual Professionals in 100+ countries

Proprietary Cloud Platform
Efficient technology-enabled delivery

Global Scale
Skilled program management experts in 26 countries
Largest Managed Service Crowdsourcing Company:

PRIVATE Crowd: 450M Tasks, 100,000 + Workers, 102 Countries, 4,600 Cities

Heavily Screened Private Crowd operating under Non-Disclosure Agreements managed through a secure proprietary platform to complete tasks and deliver real-time updates

Rapid on-boarding process with minimum capacity to handle 100,000 applicants annually across 100+ markets

Extensive domestic & international HR, Legal & Payments knowledge across all countries
Private Crowd Demographics

Who Are the Workers in the Cloud?

Profile:

- Screened to Fit
- Highly Educated
- Bi-Lingual
- Experienced: From Finance to Technology, to Language
- Located in 100+ countries around the World
- Resident in 4,600 cities and towns
- Paid directly to their Bank Accounts
5 CORE Quality Controls & Audit Framework

Unrelenting Focus on Quality

Expert Review
In-house experts run in-depth reviews on more qualitative aspects of the tasks and the worker

Peer Review
In-Country “Moderators” review live work samples

Multiplicity
Same tasks delivered to multiple users, increases confidence

Injected
Regular “Gold Set” testing is completed across task types

Qualification
All workers are pre-screened & qualified based on customer requirements

5 Levels Quality Controls & Audit Framework

Level 1
Level 2
Level 3
Level 4
Level 5
Enterprise Crowdsourcing Solutions

Enterprise-Grade Services

Data Management Services
- Data Capture
- Enrichment
- Classification/Indexing
- Big Data Processing

Testing
- In-Country
- Web/Mobile
- Device
- User Experience
- Functional

Translation
- User-generated content translation
- Moderation of User-generated content

Custom Crowds
- Knowledge-Based Tasks
- Expertise-Based Tasks
## Lionbridge ECS Data Management Offering

### Data Capture
- **Buyer:** Directors and Vice Presidents of Operations
- **Description:** Combines technology and a workforce to produce results that are 99.9% percent accurate, reducing data management costs by as much as 40 percent.
- **Details:** Data conversion specialists use a system that cuts the data into snippets to remove all context and scrambles it behind the firewall to ensure 100% security.

### Data Enrichment
- **Buyer:** Head of Content or Data Strategy
- **Description:** Clients only pay for each piece of new content that is sourced, enabling them to provide more comprehensive information to their employees and customers.
- **Details:** Expands data sets with new information, meta data tags, attributes and annotations. Includes Global/Multilingual research, record/list completion, attribute additions and extensions, and classification.

### Big Data Cleansing, Classification & Normalization
- **Buyer:** CIO and CTO
- **Description:** Difficult to make sense of structured and unstructured data unless it is all in the same format. Data Cleansing, Classification and Normalization capabilities ensure that all the data is gathered into the same format.
- **Details:** Transcribe audio files, digitize images to adding index tags to data to ensure all information is normalized and analytics ready, leverage multilingual or international resources.
Lionbridge ECS Testing Offering

Testing

Buyer:
Managers with web & mobile, device, user experience and functional testing needs to simplify and speed-up the testing process

Capable of testing everything from hot spots, to transactions to geolocation accuracy, all while providing organizations with consistent reporting and immediate response times

Eliminate the pressure, time and cost of finding local testers while resting assured they are getting the most comprehensive and rigorous local testing available
Lionbridge ECS Translation Offering

**Translation**

**Buyer:**
Directors to VPs to Chief Marketing Officers, looking for ways to leverage the power of user-generated content, from user reviews of products or services to blog postings to survey responses to product descriptions

**Aggregates, evaluates and translates content for a global audience, giving marketers a way to connect with customers across the globe and drive worldwide revenue**

**Utilize skilled pool of in-country native speakers, user-generated content is translated with accuracy, takes into account local idioms and cultural differences, ensuring an optimum user experience in any geography**

**Marketers can improve time-to-market for products requiring local content or data and can quickly adapt to market changes that are country-specific**
### Lionbridge ECS Custom Crowd Offering

**Custom Crowd**

<table>
<thead>
<tr>
<th>Buyer:</th>
<th>Model easily scales to accommodate fluctuations in workforce needs, elastic workforce that drives both results and cost savings</th>
<th>Highly qualified crowd on demand that are screened to fit, highly educated, multi-lingual and are sourced from more than 100 countries around the globe</th>
<th>Secure proprietary, web-based platform which distributes the work, balances workload and ensures quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anyone struggling to complete enterprise-level tasks with variable volumes that are seasonal or don’t require an always-on workforce</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Enterprise Crowdsourcing Quick Start
Framework to Get Started

1. **Initiation**
   - Stakeholder Identification
   - Working Session
   - Work area identification
   - Work plan

2. **Task Design**
   - Requirements gathering
   - Process analyses
   - Work evaluation
   - Skill evaluation
   - Use case design

3. **Pilot**
   - Configure platform
   - Determine Outputs & Metrics
   - Distribute Tasks
   - Optimize Task Design

4. **Execution**
   - Scale, qualify and align resources
   - Distribute full workflow
   - Report and monitor results

---

- Task Design and Process Analysis is the key to a successful engagement
- Early Stakeholder buy-in is critical to implement change
- Defined execution phase
- Go – No Go decision made
Lionbridge Competitive Advantage

Unmatched Global Scale & Expertise

Comprehensive Experience and Global Reach
- Over 10 years of Crowdsourcing experience
- Public Company: Nasdaq: LIOX
- Over $150M in crowd revenue
- Over 100,000 Private Crowd Workers in over 100 countries and 4,600 cities
- Common Governance

Unrelenting Focus on Quality

Top Quality Results
- A unique private crowd model with a focus on program management, security, quality
- An unrelenting focus on quality including a five level quality control and audit framework
- A proprietary crowd management platform used to manage our workers, complete tasks, deliver real-time project status, and ensure security

Managed Service Approach

Focus on Superior Customer Service
- Unique fully managed service based on quality delivery and client SLAs
- Unique project approach designed to meet our clients individual needs
- 95% of revenue comes from recurring clients of 1+ years
Lessons Learned in the Crowd Space

Capitalizing Ten Years of Crowd Experience and Expertise

✓ Proper Partner Incentive
  • We make money delivering your programs, not on ancillary services, as the “Platforms” do

✓ Global Payments are Complex
  • Concurrent multi-currency bank eliminates currency conversion fees
  • Weekly payment processes to reduce Bank Fees
  • Global SAP deployment for consistent operations management

✓ Sophisticated Recruiting Engine
  • The ability to proactively source unique skills from all over the world is critical

✓ Configurable Task Management Platform
  • Proprietary platform configurable to meet client’s unique needs

✓ Private Crowd
  • Scalable Global Network of Private crowd workers all under NDA

✓ Managed Crowdsourcing equals Quality Results
  • Program management offices in 26 countries to mirror Clients’ international expansion needs
Dori Albert
Crowdsourcing Practice Manager
Dori.Albert@lionbridge.com

www.thesmartcrowd.com

http://blog.lionbridge.com/enterprise-crowdsourcing/
https://twitter.com/#!/lioxcrowd
https://www.facebook.com/LionbridgeCrowd
Questions

Thank You!