Chapter 10

Collaboration, Innovation, and Value Creation:
The Case of Wikimedia's Emergence as the Center for Collaborative Content

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ABSTRACT

This chapter describes the entrepreneurial vision and business model of Wikimedia, particularly the successes and challenges of its innovations, the wiki and Wikipedia. The case study first traces the history of how Wikimedia was founded, as such providing a rich descriptive background, using information obtained from scholarly news sources and websites. This historical overview is followed by a description of Wikimedia's business model, including the sources of capital and flows of revenues. The business model is then compared and contrasted to other Internet business models such as Knol, Google's open encyclopedia. This is followed by a discussion of a balanced scorecard to analyze how the wiki business model generates value. Finally, the case explores the use of Wikipedia from a societal and ethical perspective and provides an illustrative example of its use for collaborative work in a funded academic research project.

BACKGROUND

Wikipedia, the online encyclopedia, is one of the top ten most visited websites in the world and a truly innovative product concept (Wikimedia Foundation,

2009a). The Wikipedia product is one of a growing number of innovative uses of the World Wide Web known as Web 2.0 (O'Reilly 2005). Despite the format of its name, Web 2.0 does not denote a specific version of a particular product. The 2.0 means, in a general sense, a break from the past uses of the World Wide Web and the dawning of a new era—a

second wave, if you will—of Web applications. This second wave of the Web is characterized by such applications as social networking, blogs, and video-sharing, as well as wikis like Wikipedia. The values inherent in Web 2.0 include collaboration, creativity, shared ownership, a sense of community, and participation.

Just as innovative is Wikipedia's originator, the pioneering Wikimedia Foundation, established in 2003 by founder Jimmy Wales. This chapter describes the entrepreneurial vision and business model of Wikimedia and the success and challenges of its Web 2.0 innovations, the wiki and Wikipedia. The case study traces the history of how Wikimedia was founded, as such providing a rich descriptive background, using information obtained from scholarly news sources and websites, including the Wikimedia website itself. This historical overview is followed by a description of Wikimedia's business model, including the sources of capital and flows of revenues. The business model is then compared and contrasted to other Internet business models such as Knol, Google's open encyclopedia, and Britannica's Webshare offering. A business value perspective is used to analyze how the wiki model generates value for businesses.

Wikipedia is truly unique in its collaborative philosophy. Its innovativeness is both the secret to its success and the biggest challenge to its credibility. The case explores this concept, its controversy, and the associated ramifications to society, along with an illustrative example of its use for collaborative work in a funded academic research project.

THE WIKI MODEL: INNOVATION THROUGH COLLABORATION

The Wikimedia Foundation is a nonprofit organization dedicated to encouraging the growth, development, and distribution of free, multilingual content, and to providing the full content of wiki-based projects to the public free of charge. It developed the Wiki—the Hawaiian word for "quick" and the acronym "what I know is" to be easily and quickly learned and used (Wikipedia, 2009a; Survey: New Media, 2006; Kirschner, 2006). It enables a group or larger community of participants to post, edit, and structure a variety of information and knowledge on the Web. Rather than using an editorial staff of researchers and writers, Wikipedia allows its content to be driven by a global network of communities of volunteer contributors. The organization, based in San Francisco, California, is managed by just over 20 paid staff. They maintain the technical infrastructure, software, and servers that allow millions of people to collaborate for knowledge creation.

A key characteristic of entrepreneurship is that it is a risky endeavor, with as many potential successes as pitfalls. Jimmy Wales' success with Wikimedia followed an earlier failure in an online collaborative project from which he learned important lessons. Wales' success with Wikimedia, therefore, is a case of getting it right the *second* time. The Wikimedia Foundation operates some of the largest collaboratively edited reference projects in the world. All contributions are licensed as open source, meaning that their content may be freely used, edited, copied and redistributed, subject to the restrictions of that license. At the creation level, the foundation's objective is to provide the community with freely-licensed tools for participation and collaboration. To ensure worldwide, unrestricted dissemination of knowledge, the foundation does not enter into exclusive partnerships with regards to access to their content or use of their trademarks. Although US-based, the organization is basically international in its nature, managed by a diverse group of trustees, staff members, and volunteers with emphasis on transparency. Being community-based, its fundamental mission is to support community-led collaborative projects, listening and taking into account the voice of these communities in all important decisions.

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