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## When it pays to open up to the competition

By Tim Bradshaw  
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Last week, nearly 300 people gathered in London with the express purpose of hacking **Yahoo's** technology. But the internet giant did not call the police – it had called in the hackers itself.

Yahoo was the first big internet company to host a "hack day" back in 2005, and it has now held such events all over the world.

Most companies would not dream of allowing a group of strangers in to poke around under the hoods of their products. But Yahoo was built on the technological principles of open source – which means that anybody can see the underlying code on which a piece of software is based and thus improve it.

"Opening stuff up can enable employees of Yahoo to collaborate [internally] more easily and collaborate with third parties," says David Filo, Yahoo's co-founder. "Open is something, I think, that will continue to drive a lot of innovation."

It has allowed, for instance, collaborations with competitors such as **Google** and MySpace, allowing Yahoo users to transfer new content and services from them to a personalised Yahoo homepage.

Indeed, at a time when many companies' investments in innovation are being cut, technology and media companies are showing that there can be advantages in harnessing the ideas of customers or even competitors.

The principle has been extended beyond technology and applied to organisational structures. For instance, new kinds of advertising agencies are springing up that replace the vast, all-encompassing networks of **WPP** or **Omnicom** with something more informal and ad hoc.

"Digital [networking] allows and feeds a freelance marketplace, because I can rapidly find experts," says Piers Fawkes, co-founder of PSFK, an informal network of trend-watchers and creative types around the world. Feedback from 400,000 monthly readers of PSFK's blog informs the consulting work it does for **Apple**, **BMW** and **Coca-Cola**, while regular conferences and "salons" further aid networking.

Websites such as Twitter have also been instrumental in making it possible to find and maintain such loose connections.

Mr Fawkes likens the new agency model to a film production company with a central "superproducer" to pick up talent as and when required. "If you have a superproducer, you don't have to staff up," he says. Without a team of, say, TV advertising makers to support, recommendations for clients are unbiased.

More established advertising agencies are also experimenting with the loosely coupled network model. Ben Fennell, BBH's UK chief executive, describes the agency's BBH Labs as the collision of technology and idea generation: "We are pioneering new ways that we might work in social networking, open source creative working, creating virtual networks of creative communities."

As well as coming up with more interesting ideas, the Labs concept could also lower an agency's overheads in permanent staff, office space and support functions, and increase flexibility.

Ben Malbon, managing partner at BBH Labs in New York, says the Labs were inspired by working with Google. "They only ever do half the work, their whole model is based on collaboration, outsourcing and crowd-sourcing."

It also works on the mantra that no matter where you work, there are always more smart people somewhere else. "Rather than trying to hoard all the great people in the building, all we need to know is that we know the best people," he says. "We spend a third of our time meeting people who we'd never normally meet because we never thought we'd need their help."

That could also mean involving more people in the product development process. BBH Labs used itself as a test case by "crowd-sourcing" its own logo, attracting 1,740 submissions on Crowdspring, a site facilitating open calls for creative services work.

But in spite of its popularity, the experiment brought accusations of exploitation or commoditising creative work, and the sheer volume of entries made the process more labour-intensive than BBH expected. "In the quest for quality from the crowd, two of the bigger problems we face are around pride and payment," says Mr Malbon.

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