

New forms of employment Crowd employment, Denmark

Case study 22: Boblr

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Introduction

Crowd employment is a new phenomenon in Denmark, making this a pioneering case study in the Danish context. Almost no research has been conducted on this issue up to now.

Since 2006, a number of companies have launched crowdsourcing platforms for very different purposes, but usually for posting different challenges, tasks, or competitions. Private companies use crowdsourcing as a way of involving consumers in marketing and product development, while government institutions do so to involve citizens in democratic processes, creating virtual citizens' meetings.

In Denmark, since crowdsourcing is still in its infancy, different terms are being used to define it – one example being 'open innovation'. There is no standard term or definition, but most of these terms define crowdsourcing as a way of solving problems.

At the beginning of 2014 only one company in Denmark, [Boblr](#), specialised in crowdsourcing for business purposes. Based on the available information, Boblr is the only independent crowdsourcing platform in Denmark – other forms of crowdsourcing are managed exclusively within a specific company or organisation.

Boblr can be seen as the Danish equivalent of [InnoCentive](#), an American company that offers to formulate a request for an idea or solution to a concrete problem or challenge to a wide network of professionals (a crowd) for public institutions or private companies. The challenges are primarily scientific or technical, characterised by a high degree of complexity.

This type of crowdsourcing is also known as 'competition crowdsourcing', because the company picks a winner from a pool of ideas and solutions. The winner usually receives a monetary reward, which differs depending on the competition (Danmarks Teknologiske Institut, 2014).

The Danish company Boblr is based on the same principle as InnoCentive. Boblr offers to formulate inquiries (for a fee) for new ideas or solutions to specific problems to potential solvers (professionals) and therefore acts as a mediator between solvers and companies.

This case study is focused on Boblr. It draws on interviews with one representative from Boblr, two self-employed people who participated in and won a contest on Boblr, one company that posted a task to the crowd using Boblr, and two external stakeholders with expertise either in innovation and new technologies or in labour market conditions for freelancers.

General characteristics of Boblr

Boblr provides a platform, or a meeting point, for companies in need of creative solutions and professionals in the area of design and marketing. However, there is no direct contact between the companies and the solvers. Challenges from companies that need new ideas or solutions are publicised by Boblr to a large network of professionals in their respective areas. Previous competitions have included a contest to design a new toy for children, develop a recruitment concept for a large global company, and design a logo for the Helsinki 2012 European Athletics Championship.

Chief Executive Officer Malene Sihm Vejlsgaard established Boblr in the summer of 2010 as a private company. She is also the only employee. Since Boblr is an internet platform it does not require extensive administration.

The company is legally incorporated in Switzerland, the CEO's country of residence, but the buyers are mainly Danish-owned companies, many of which do business internationally. This reflects the fact that advertising for the crowdsourcing solution is done by networking whereas the CEO's primary network and references are Danish. There are a variety of buyer companies using Boblr. One example is large Danish company [Danfoss](#), which produces components for refrigerating and heating. Danfoss launched a competition for recruitment through social media. Another buyer, toy company [Dantoy](#), launched a competition based around designing toys.

Boblr is a small business with relatively small operational needs. From the summer of 2010 to January 2014, Boblr matched companies and professionals in 15 competitions. However, according to the CEO, more than 30,000 professionals internationally are connected to Boblr as followers through different social media platforms. Around 3,700 professionals from both Denmark and abroad receive information from Boblr every time a new competition is launched. Boblr acknowledges that the company has lack of control over the quantity and quality of the participating professionals.

Lack of control over a crowd of professionals underlines the fact that there are 'no strings attached' between Boblr and the professionals. The internet platform only seeks to spread the challenges as widely as possible. This is the reason why Boblr neither imposes any requirements for the background of its participants nor has procedures for registration. Companies and individuals alike can participate in the competitions posted on Boblr.

Companies pay a fee – approximately €3,000 – to Boblr in order to launch their tasks using the internet platform. The fee is per competition launched. This gives them access to a large number of professionals — most often designers. When a match is made between a professional and a company, the company pays Boblr a commission fee, worth 15% of the solution value. In every competition, the award amount is not negotiable after the winning solution has been identified. In the past, the amount of the award has ranged from about €2,000 to €20,000. With the current use of the platform it is obvious that Boblr cannot finance one full-time salary.

Since Boblr only facilitates contact between solvers and companies that vary in size and sector, it does not assume the role of an employer – rather, it plays the role of a broker. Also, participating professionals cannot communicate with each other during the competition. The participating professionals, or solvers, are often self-employed freelancers, employees of other companies or students who participate in the competitions during their spare time. Based on the list of winners presented on the site, the crowd consists of a diverse set of professionals of both genders with different levels of experience, qualifications and skills. In interviews, participants underlined that it is not the amount of the award that makes participating attractive. What they enjoy is the opportunity to become more creative and the challenge of the tasks compared with their everyday work. Freelancers also want to attract more customers.

Design and implementation process

Boblr was inspired by InnoCentive, and was launched after some desk research on the platform by CEO Vejlsgaard. The internet platform was developed by web designers who never physically met the CEO. However, Boblr is still in its experimental stage, having posted only 15 challenges so far. Consequently it does not provide professionals with enough work to become their main source of income. Since Boblr employs only one person, its overhead costs are small.

Throughout its history, Boblr has encountered several challenges. Firstly, participating companies have been reluctant to post competitions, because crowdsourcing still represents a very untraditional way of working. Second, Boblr has also experienced some resistance from professionals, especially those who participated in competitions without winning and have not received any reward for their work.

The main idea behind Boblr is to cut all the 'extra work' when developing new ideas or solutions. The professionals do not have to prepare PowerPoint presentations, take care of administration or go to sales meetings. From this perspective, Boblr sees crowdsourcing as a more effective way of 'getting to the point' by focusing on the solution or idea, isolating the creative process and opening it up to a broader panel of professionals. The more usual way focuses instead of the final product as the aim. This limits the pool of professionals that are able to engage in the process and improve its creative potential.

At the same time, Boblr seeks to increase creativity in problem solving. According to the CEO, creative work depends on the professional's passion for the assignment. Creativity tends to increase when the professional chooses to enter into a competition instead of being assigned to a task by the manager — which is typically the case in an agency. According to the CEO, this platform provides benefits to the professionals as well as the companies. Professionals can freely choose the projects they are willing to work on, while the companies tend to get a better quality and 'higher-creativity' products.

Boblr's CEO also emphasised that the creative process does not always fit into office hours and that the valuation of creative work seldom clearly corresponds to the number of hours spent in the process. Nevertheless, pricing systems in the agencies or freelance job assignments are often closely linked to billable hours.

Working methods, processes and procedures

The competition process at Boblr starts with a company having a certain challenge which needs a wide variety of potential solutions to pick from. Boblr assists the company in describing and presenting its challenge to the crowd. Boblr makes a quality check before launching to ensure that the challenge is presented in an understandable manner.

There is no formula for the presentation or standards for the process but there is a close dialogue between Boblr and the company based on the specific challenge. The participants are able to ask Boblr questions to clarify issues when the challenge is launched. This excerpt from the Boblr home page presents a new challenge:

*Create a powerful symbol that simply visualises our products' strengths.
The symbol should be informative worldwide and effective also in very
small sizes on packaging materials.*

A description of the challenge – as well as information about the amount of the award for the winning solution – is posted on Boblr for the crowd. The award typically varies between €2,000 and €20,000. The participants describe the number of hours spent on making a proposal as 'variable'. Sometimes a good idea comes in a split second and describing it is easy. Other times the idea does not come as easily. The competitions launched also vary in size and complexity.

Boblr uses various social media channels to create connections to both solvers and buyers. According to the CEO, personal relationships are a cornerstone in the recruitment. Boblr also uses testimonials from professionals as well as other companies to establish interest and maintain credibility. One of the key sales arguments is that the solver gets the opportunity to continue their cooperation with the company after the competition. However, based on the interviews with two professionals that have won competitions, this is seldom the case.

Since Boblr does not hire or enter any formal employment relationship with the professionals, it is not responsible for the solvers' social protection. The solvers' social protection depends on their status. For those working on a contract elsewhere, social protection is part of their contract with their employer. For freelancers and other independent solvers their social protection varies and is voluntary and individual. The only contract made between the company and the solver is related to the winning solution. The terms of this contract are known upon entering into the competition: the award is based on the premise that the company buys the intellectual rights of the solution.

Potential solvers have the opportunity to contact Boblr in order to clarify any arising questions about the challenge. However, direct contact between the company and professional is not allowed. The professional has to upload a solution to the Boblr website. Solvers do not have to upload a complete product, but rather present a concept, idea or draft. Before making a final judgement, the companies can ask professionals to comment on their solutions.

While the final decision lies within the company, Boblr emphasises the importance of professionalism in the review process and encourages judgements based on solid professional grounds. This is a very important part for the professionals, because they could lose their interest in the platform if the winning solutions prove to be low quality. Consequently, Boblr demands buying companies set up juries to pick the winning solution. The jury must consist of professionals with design or trendsetting skills. Some companies have these skills in-house; others need to establish a jury of external experts from the field. More than once, Boblr has turned down a challenge because a company neither had the competences nor did it want to establish a competent jury.

After the winning solution is chosen, the professional is notified and receives a monetary reward directly from the company in return for passing over the intellectual rights of the solution or idea. However, there is no guarantee that a winner will be picked.

In most cases there is only one winning solution, and only one solver receives the award. However, some companies choose more than one solution – even though they entered the competition with the goal of finding just one. In this case, the award is split among the winners. According to Boblr, the terms are clear and predefined, thus the possibility of more than one winner is known. In order to keep the process and method as simple as possible and cut out all unnecessary bureaucracy, there are no negotiations after the challenges have been posted. However, the fact that many competitions end with the company picking more than one winner has given rise to debate among the interviewed solvers about the clarity of the predefined terms where the amount of the award is central.

The content of the solution is confidential and conditional in the contract. The winner is not allowed to use the solution in his or her portfolio, but is allowed to mention that he or she won a specific competition for the company. The professionals who do not win the challenge keep all of their intellectual rights and are free to reuse their ideas.

According to Boblr, the amount of the award is based on the estimated European price levels in the professional field. Price-setting on the global market is difficult, and there exists an opportunity for lowering prices on platforms like Boblr. The [Danish Technological Institute](#) argues that law initiatives may change such trends – for example, by setting a price, both in extent and content – but there is no actual political debate that reflects potential regulation.

External support

Boblr receives external support through the CEO's personal network in the design and marketing sectors. The Boblr site includes many testimonials from high-profile business leaders who support the concept, although not all of them have used the platform first-hand.

More extensive and formalised support has come from the Danish Technological Institute, a self-owned and non-profit institution, which develops, applies, and disseminates research and technology based knowledge. The Danish Technological Institute has referred several companies to Boblr. This support helps overcome slow uptake from companies that serve as buyers on the platform.

Outcomes

It is still difficult to identify potential outcomes and effects because this phenomenon is still in its very early stages. Crowdsourcing still cannot be a main source of income for participating professionals. Recognition of their work seems to be an immediate incentive for them. This recognition can be used for marketing or personal purposes such as training, fostering of a network or even fostering employability.

Crowdsourcing may facilitate professionals' entry into the labour market or help become self-employed. On a more general economic level, this argument indicates job creation as a potential outcome. However, some of the informants argued that the crowdsourcing model merely changes the nature of work from permanent employment in agencies to independent, self-employed status. At the same time, this model presents a risk of outsourcing jobs from Denmark to other countries as such platforms are open to a global workforce.

The difference between participating in a competition at Boblr and freelance work is not obvious. Many professionals participating in Boblr competitions are self-employed people working on a freelance basis. However, there are certain differences between working as a freelancer and participating in crowdsourcing competitions through Boblr. Firstly, the pricing in freelance jobs is generally set on the time spent on the task. In Boblr, pricing is solely based on the product. This pricing system aims to erase the financial incentives to take a lot of time to complete a task. It also creates stronger transparency in the pricing system. Secondly, the process used by Boblr differs from freelance work because the platform acts as a mediator replacing any direct contacts between the professional and the company. In turn, this affects the length of the process as the professional does not participate in discussions about the background of the challenge or is responsible for developing an idea into a final product.

From the company perspective, crowdsourcing increases the number of solutions presented which may be seen as improving quality in itself. However, as there are no strings attached, it could also be argued that the quality in some instances decreases. According to Boblr, a large crowd of competing participants gives a much wider perspective on possible solutions and encourages a higher quality of potential solutions. The model opens up possibilities for 'wild ideas' or 'long shots'. Furthermore, a competition on the Boblr platform includes professionals from various countries around the world, mostly Asia and Europe, which helps to access ideas from different cultural perspectives and professional traditions.

Strengths and weaknesses

The interviews helped identify specific strengths and weaknesses, which varied according to different stakeholders, namely companies and professionals.

For professionals, the strengths of this type of employment are somewhat similar to working as a freelancer. Crowd employment implies a high degree of freedom, because the solvers can pick challenges that are particularly interesting to them. Besides monetary rewards, winning also

means social and professional recognition for them. On the other hand, they have no guarantees for the award as it may, as described, be divided in smaller shares at the discretion of the buyer companies. These weaknesses may keep some from entering challenges.

Competitions offered by Boblr are a good way for professionals or small agencies to promote themselves. A motivating factor for professionals to participate is the opportunity to pitch on more prestigious tasks than the individual professional or a small agency could provide. Since the competitions are open to all, they present a way for less experienced persons or students to establish themselves as industry professionals.

For companies, crowdsourcing facilitates a higher level of creativity and a variety of solutions for their challenges. Global competition means that companies can source more unique solutions than when working with domestic service providers.

For professionals and companies, Boblr allows saving time, because they focus solely on the challenge rather than PowerPoint presentations, CV considerations and so on. Professionals support this view by describing the process as easier and more 'hands-on' than having sales meetings.

Decision making on the winning solution is solely based on the product rather than trust and expectations between the companies and professionals. On one hand, it increases transparency and objectivity, but on the other, it can be considered as a certain procedural weakness as the dialog and joint process between teams of creative professionals and a customer is generally considered key for delivering a suitable idea. It means the model chosen by Boblr, with no contact between the company and the solvers, makes the site and the business model seem unprofessional. This image might also be partially created by the fact that crowdsourcing is still a very new phenomenon that has not yet proven its long-term value and sustainability. An interviewed participant described the frustration of handing over an idea and not knowing its destiny. A participant described the model very illustratively as a 'hit and run'.

By posting new tasks online, companies provide access to their information which could be useful to competitors. Furthermore, company management has to take the responsibility of making a choice. When companies use the services of an agency or bureau they tend to rely mostly on their professional assessment on what kind of solution should be chosen. This responsibility of companies to make the final decision by themselves on the solution might discourage them from using Boblr. Many companies seek to insure themselves against any incompetent decisions by using agencies for their professional argumentation.

Some of the interviewed professionals question the size of the award and the turnover of intellectual rights. Companies have all the benefits of trawling the international oceans for good ideas, while only investing relatively small amounts of money. However, in the field of design, the lion's share of earnings does not come from developing an idea, but from the royalties. With Boblr, the award is solely for developing the idea, and royalties are handed over to the company when the intellectual rights have been written off by the solver to the buyer company. The transfer of intellectual property rights and remuneration is very similar in agencies, where professionals work as in-house designers (Dansk Teknologisk Institut, 2014).

Some of the external sources note that crowdsourcing, as represented by Boblr, is undermining market price, since the monetary awards involved are rather small. For the challenges launched so far the awards vary from €1,000 to €20,000 with an average at around €6,000. It is, however, difficult to calculate a market price since the competitions cut out only a part of the regular contracts with broader consultancy services.

Furthermore, a large number of unsuccessful professionals do not receive payment for the hours of work put into developing the solution. However, Boblr answers this criticism by pointing out that both the agencies and the freelance workers often spend their time on sales meetings and presentations with no billable hours.

Future plans

Boblr expects to expand in the future. Its CEO expects that in the future more businesses will utilise the crowdsourcing model used in Boblr. Since Boblr is still a pioneer in this field in Denmark, it is difficult to assess whether its model will play a significant role in the Danish labour market in the future.

Commentary

In the case of Boblr, the crowdsourcing model does not involve employment of a crowd, but entails a platform for creating contacts between various professionals and companies.

Since crowdsourcing is still in its very early stages in Denmark, it is difficult to draw any generalising conclusions. It is clear that the basis for growth in Denmark is much smaller than for InnoCentive in the USA. It is doubtful that crowd employment will become a significant source of income for professionals in the near future. Nonetheless, crowdsourcing will remain as an attractive model used for fostering new and innovative ideas.

Information sources

Bibliography

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