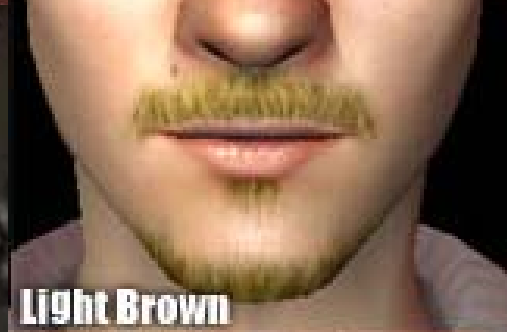
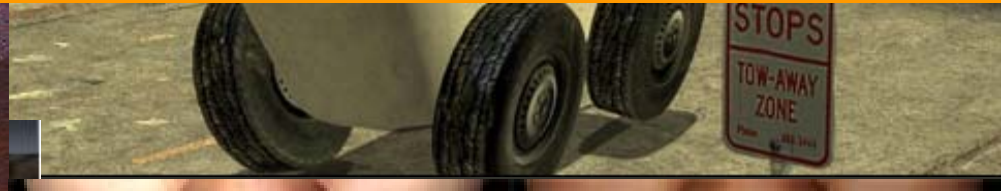
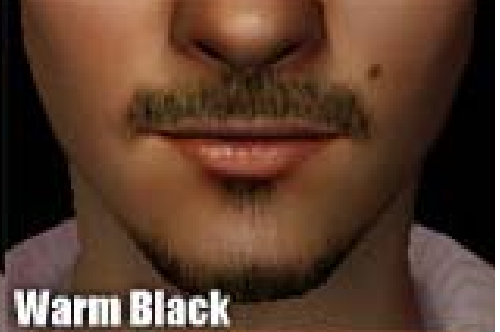


# Notes from the Underground

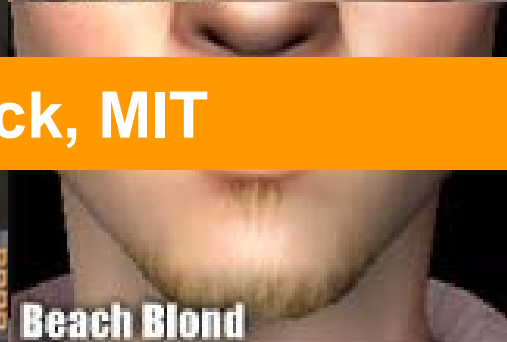


Light Brown

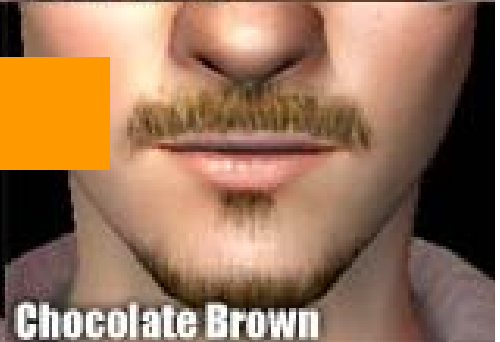


Warm Black

# Ethan Mollick, MIT



Beach Blond



Chocolate Brown

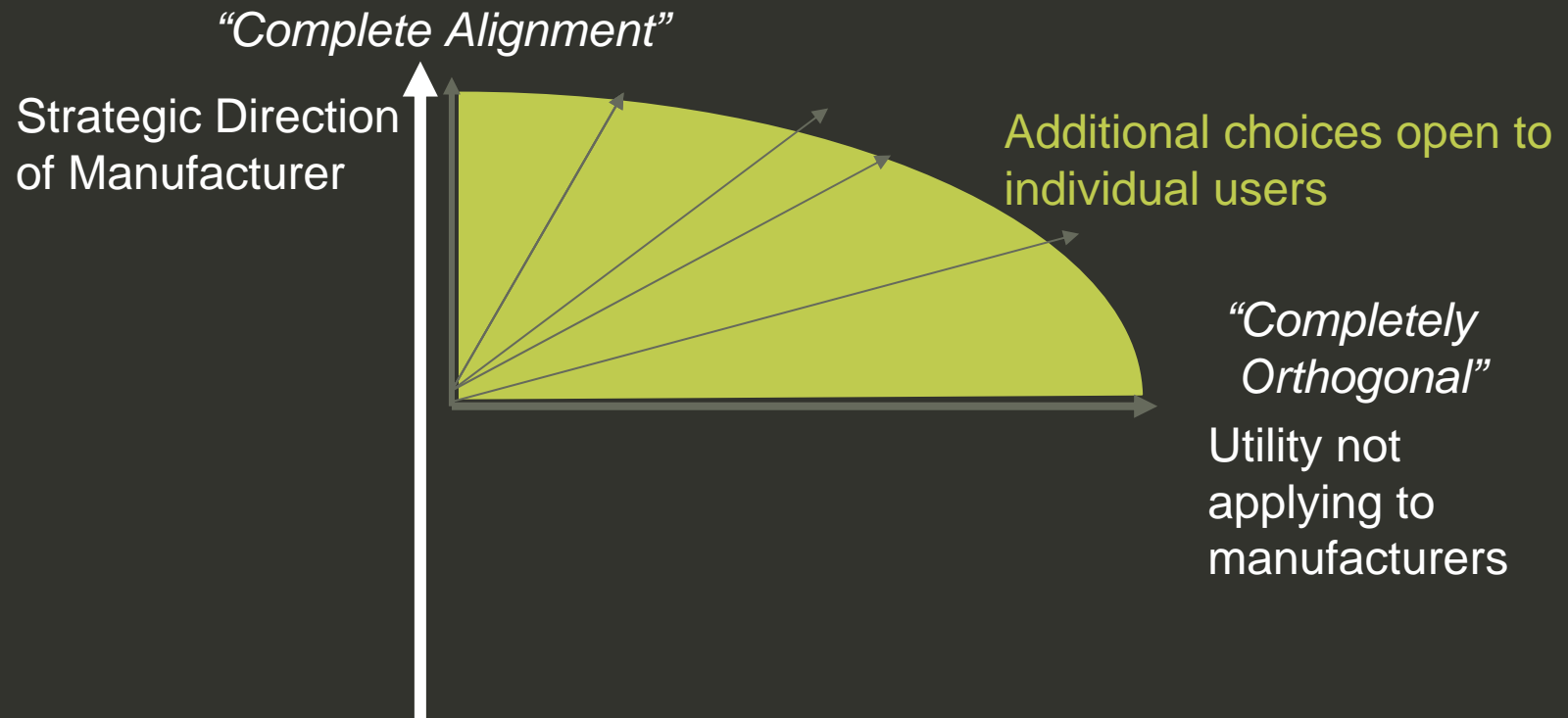
# The quick overview

- ◆ Part of a larger historical study on underground user communities
  - Mollick, Ethan. (2005) Working with the Underground. *Sloan Management Review*. Summer, 2005.
  - Mollick, Ethan. (2005) Engines of the Underground: The Elite-Kiddie Divide, *ACM SIGGROUP Bulletin*, Issue 25, Volume 2
- ◆ For this talk, focusing on how firms align users communities

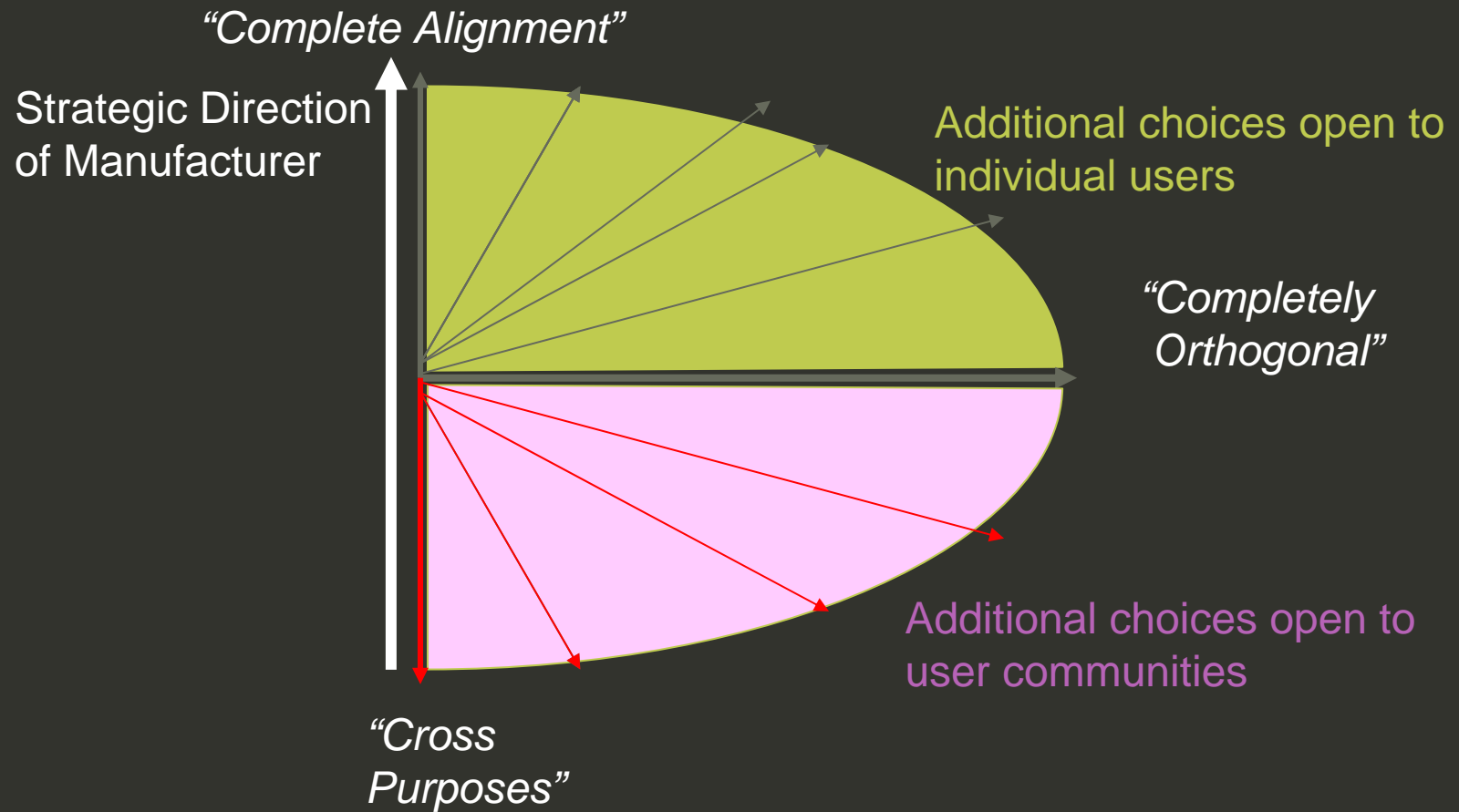
The assumption is that distributed innovation communities generally work with firms



But individual user innovators attempt to solve problems that are not necessarily those of the manufacturer (Von Hippel, 2005).



And communities of users can arrive at an even wider range of incentives, since they do not depend on individual utility.



There have been a number of attempts to align distributed user communities and firms.

- ◆ Four main models

- Walled Garden: Harley-Davidson
- Close Alignment: Game Modders
- Conflict: Phreakers
- Alliance: TiVo
- Unfortunately, not enough time to talk about all of them, so a brief visit to one case...

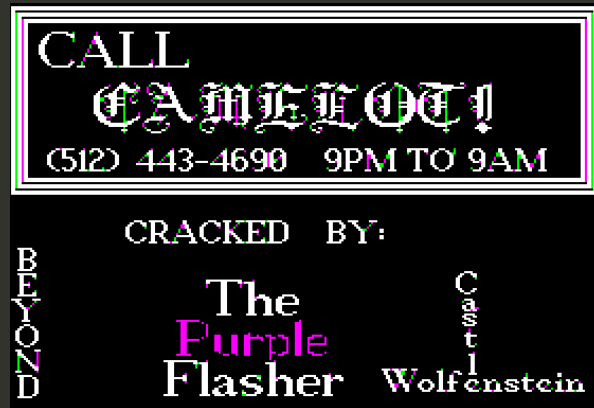
# Game Modding

- ◆ Game modding is a oft-cited example of positive user innovation:
  - Over \$16.5 million worth of free labor in one average game alone (Postigo, 2007)
  - Mods have boosted sales by millions of units (Au, 2004)
  - Players of *The Sims 2* have createed 20,000 kinds of chairs, almost 100,000 articles of clothing, and 52 different goatees

But game modding was one aspect of user innovation in “pirate” communities



Castle Wolfenstein  
1983



Cracked Version  
1984



Modded Version  
1984

# But communities and companies are now tightly aligned

## Community Direction

- ◆ Community praise
  - Having highly played mods
  - Having legal or recommended mods
- ◆ Recognition
  - Access to beta tests
  - Forum management
- ◆ Economic benefits
  - Contests
  - Job prospects

## Company Direction

- ◆ Toolkits built into most games
- ◆ Acceptance of "5%" losses
- ◆ User community management has become critical
- ◆ Companies listen to users formally

# Thoughts about the future of aligning spontaneous communities

