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## TopCoder's network drives innovation

Innovation requires a sophisticated awareness of myriad resources that can influence new product and service development. Companies can gain an edge or maintain their lead by searching broadly and deeply, viewing every piece of information as a potential source of insight. To this end, innovators accept the random, chaotic nature of idea gathering, set up systems to support the hunt, cast a wide net, and go for quantity.

For instance, TopCoder, Inc., sponsors an online competition for computer software development projects. The Glastonbury, Connecticut-based IT outsourcing firm posts the specifications for small, unique software projects on its website, enticing legions of talented programmers to compete against each other to submit the best software code. TopCoder judges the entries based on quality, irrespective of the time taken to produce them, and awards the victor--and succeeding competitor--cash prizes.

TopCoder then combines the smaller software modules with others in its vast library to produce a superior application for its clients. Compared to industry norms, company officials credit the innovative process with reducing software development time by several months and cutting the cost by roughly 50 percent.

By taking a best practices approach to building a culture that unleashes the power of ideas, companies like TopCoder foster a continuous influx of innovative concepts. In addition to maintaining a company's competitive edge, this tactic helps promote greater cross-pollination of ideas, and it generates an increased return on innovation investment.

Sources: PricewaterhouseCoopers' Global Best Practices<sup>®</sup> knowledge base and "Gaming the system" by Scott Leibs, *CFO Magazine*, January 2008.