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## Edison Innovations loves complaints

Internet pioneer sees potential for products by tapping into needs

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STAFF REPORTER

KENWOOD – Longtime Internet marketing whiz Larry MacDonald has fired up what he calls a “Web 2.0 monetization engine,” a potentially powerful system for identifying the need and market size for new products and services.

Edison Innovations Inc. utilizes the Internet to find people who are attuned to frustrations and limitations of goods and services currently in use. These so-called scopers find their information on the Internet and funnel it to the company via the Web.

The system then sifts through the information to identify a solution with an addressable market large enough to justify product development.

“About five percent of the general population are what we’ve come to recognize as scopers, the kind of people who can be a thorn in the side of employers by constantly pointing out that something could be done better,” said Mr. MacDonald, who was CEO of MacDonald

Ventures.

Mr. MacDonald was one of the first to recognize the potential of interactive Internet communities and was a major contributor to The Well, a community that predated the Web.

Mr. MacDonald has lent his expertise to companies such as JP Morgan HQ, Siemens Business Communications Inc. and Pacific Union Company and also taught marketing at UC Berkeley.

“I’ve found most market research to be ineffective. Focus groups can lead you astray. Inventors are too likely to patent their bright idea and then attempt to force it down the throats of consumers. Ninety percent of patented products and services fail,” said Mr. MacDonald.

He and his four partners have devised a business model that essentially eliminates the inventor and moves from identification of market need to determination of market size to product functions – using feedback from end users – to product manufacture.

“It’s the Edison factory model of bringing people together with all the necessary skills. We identify needs instead of starting with ideas,” he said.

Edison Innovations takes the concept to the development stage and sells it to an established enterprise or startup on a royalty basis. A portion of the royalties goes back into the system to compensate everyone involved.

The company is self-funded while the first products go into the pipeline. Mr. MacDonald is working with several large companies to help them expand their product lines.



Edison Innovations founder and CEO Larry MacDonald

According to Gerry Forth, a health care entrepreneur who consults with startups, most big enterprises aren’t equipped to sift through their market.

“It’s a very innovative approach, very creative. The company makes good use of emerging Internet communities. There are people around the world who like getting involved, many just for the fun of it,” said Mr. Forth.

Mr. MacDonald is a believer in the wisdom of crowds.

“In the technology industry especially, companies are very strong on engineering but weak on consumer knowledge. This is apparent in the memory device space and GPS and digital audio consumer products,” he said.

But his model cuts across most industries.

“People’s frustration can revolve around something as simple as ‘What’s for dinner?’ That’s a problem for which there is a solution, and supermarkets should be addressing it,” he said.

Murray Ansell, who developed TurnKey Licensing, a system for new product commercialization, joined the Edison Innovations advisory board along with Chris Lynch of the Santa Rosa Chamber of Commerce, retired high-tech executive Jerry Gladstone, David Workman at ThermaSource, attorney Lawrence Edelman, former U.S. Patent and Trademark executive Donald Kelly and other local professionals.

“I’ve known Mr. MacDonald for a number of years, and I think he’s got something important,” said Mr. Ansell.

“He’s hitting on the right end of the process, where the problems come from. If you get a product right in the beginning, it’ll sell itself in the end.”

For more information, visit [www.edisoninnovations.com](http://www.edisoninnovations.com).