Viewing Powerhouse Vendors Through the Lenses of KM

As enterprises demand more knowledge management functionality, powerhouse vendors are responding with smart enterprise suites and KM modifications to their core offerings.

In the past, pundits and gurus predicted the end of knowledge management (KM) — that it soon would be absorbed within the general business management discipline. However, after more than 10 years of modern KM practice, it seems that KM visibility is once again on the rise. So what's happening to cause this increase?

First, the real-time enterprise depends on real-time decision support, which, in turn, depends on knowledge. Second, more enterprises understand the benefits and practices of KM and are turning to it as a means to get more value from their intellectual assets (see Figure 1).

Figure 1
KM on the Hype Cycle

Source: Gartner Research
Enterprises are also demanding more functionality from vendors, and better integration of that functionality. Powerhouse vendors are responding in two ways.

- The most obvious response is the bundling and integration of several different KM-related tools into the smart enterprise suite (SES, see "The Smart Enterprise Suite Is Coming: Do We Need It?").

- Less obvious, but with perhaps even longer-term effects on business processes, is the incorporation of KM-related tools such as team collaboration, natural language processing, expertise location and content management into supply chain management (SCM), customer relationship management (CRM), business intelligence (BI), enterprise resource management (ERM) and enterprise resource planning (ERP) technology.

Both of these responses are evident in new and planned market offerings of powerhouse vendors that will compete with the first wave of SES vendors that are better known for KM (see "The First Wave of Smart Enterprise Suites").

**The Five Lenses of KM**

Gartner defines KM as a disciplined business process for managing the enterprise's intellectual assets. This very broad definition can include practices as common as information retrieval to more-esoteric practices around the valuation of intellectual assets. Overall, we have identified three dozen practices that enterprises may consider as part of their KM program (see Figure 2).
All these practices seek to create value from the intellectual assets of the enterprise; and in many large Global 2000 companies, almost all of these 36 practices are found somewhere in the enterprise. The practices can be grouped into five overlapping categories (see "Long Knowledge Management Hype Cycle Has Advantages") listed below, from the most mature to least mature:

- **Information management and access** — Supports management of knowledge that has been codified in either structured or unstructured repositories and databases, that is, explicit knowledge

- **Process knowledge** — Manages knowledge that is inherent in a process, that is, implicit knowledge
• Knowledge workplace — Manages knowledge held by the knowledge worker, that is, tacit knowledge

• E-commerce — Manages the integration of enterprise knowledge from internal and external systems

• Intellectual capital management — Manages the processes for the creation of wealth from the intellectual assets, or knowledge capital, available to the enterprise

Just because so many practices are focused on the enterprise's intellectual assets does not mean those intellectual assets are infinitely leverageable. The various practices associated with KM are comprised both of elements of leverage to maximize value and elements of stewardship to care for the assets.

Human capital, in particular, requires great care. Knowledge workers must have reasonable workplaces, systems and access to information, applications and each other to maximize the value they create. Explicit knowledge, as well, has limits: Take an asset as simple as a brand, use it repeatedly without care, and it will become diluted. Hence, brand management is a form of intellectual asset management that requires continued care.

Powerhouse Vendors and SESs

With so many different views of KM, there is no single KM product to help enterprises manage their intellectual assets. Even the SES vendors focus on just two of the five lenses of KM, information management and access and knowledge workplace. However, the emergence of SESs promises integrated functionality that supports most enterprise KM needs, in particular, content management, collaboration, information retrieval and task management within a portal framework.

Enterprises will need to look beyond the SES on two occasions:

• First, to get more robust functionality than that offered in the SES. For example, a business unit responsible for Web publishing may need a Web content management system that offers better workflow, versioning and customer search.

• Second, to get functions not offered in the SES. For example, the enterprise's patent counsel might need specialized support for intellectual property management.

Several powerhouse vendors will enter the SES marketplace during the next year with the objective of building on their customer bases with new SES-type offerings. Several of these vendors, such as Oracle, Siebel Systems, SAP and PeopleSoft, have little significant history in KM and collaboration. They do, however, understand business processes that depend heavily on knowledge. As they enter the SES marketplace, they will not
displace the current SES vendors by sheer marketing power. Powerhouse vendors first will have to develop offerings that wrap all of their products around individual users in a way that solves their problems of managing and simplifying vast amounts of not only structured information but also unstructured information and collaborative interactions. By 2005, BI, CRM and ERP powerhouse vendors will offer products that effectively integrate robust SES capabilities with structured information management (0.8 probability).

**Bottom Line:** As powerhouse vendors such as Oracle, Siebel, SAP, PeopleSoft, Microsoft and IBM show interest in supplying new tools (primarily SESs to support KM, as well as additional KM functionality in SCM, BI, ERP and CRM product lines), it is important to understand the vendors’ objectives. They will be targeting practices that have the most-common demand across several business units of an enterprise. Buyers beware. For now, enterprises should compare the offerings of the powerhouse vendors with the expectation that they will still need best-of-breed applications in many parts of the business. However, within two years, these powerhouse vendors will offer products that effectively integrate robust SES capabilities with BI, ERP and CRM. Enterprises that already have invested in a SES, or will do so in the next year, should be looking at whether the first-wave vendors will provide a follow-on offering that will integrate with structured information management applications.

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<thead>
<tr>
<th>Acronym Key</th>
<th>Description</th>
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<tbody>
<tr>
<td>BI</td>
<td>Business intelligence</td>
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<td>CRM</td>
<td>Customer relationship</td>
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<td>IC</td>
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<td>KM</td>
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<td>SES</td>
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