

FEW ARE DOING WHAT EVERYONE KNOWS SHOULD BE DONE 85% of CIOs assert that managing knowledge creates a competitive advantage Only 8% of companies have a knowledge initiative that spans the enterprise Only 7% of CEOs have KM as a high priority

Submitted by: Archetype (Text100)

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Following is the key findings from the latest Cambridge Information Network (CIN) Survey & Think Tank. For further information please contact Steve Loynes on 0181 242 4235, stevel@text100.co.uk.

LONDON, UK, 14 September 1999 -- Today the Cambridge Information Network (CIN), a professional online network of 3,500 senior IT executives, released its latest Think Tank research report entitled "The Knowledge Paradox". The report finds that 85% of CIOs assert that managing knowledge can create a competitive advantage. However, only 8% of companies have a knowledge initiative that spans the enterprise and only 7% have CEOs that regard Knowledge Management as a high priority.

CIN found that senior IT executives see strategic Knowledge Management as the key to addressing the dynamics of the New Economy:

- * 81% of businesses drive new products to market in less than two years
- * 92% of companies operate across numerous geographic regions
- * 10% average annual staff turnover creates a serious knowledge loss issue

"The paradox between the high level of need and want for strategic Knowledge Management and the low level of actual implementation is startling," says Ed Baum, President of CIN. "One of the central reasons for this situation is that knowledge is intangible and it's a mind shift to get CEOs to mentally add knowledge to the balance sheet. What we do know is that those companies that crack strategic Knowledge Management will be those most likely to succeed in the New Economy.

Financial justification and boardroom credibility are two of the five biggest Knowledge Management challenges highlighted by the CIN Think Tank:

- * Bean-counter mentality wins

Evaluating the benefits of managing knowledge is a key hurdle. Because executives are typically concerned with the bottom-line, their practical approach to business demands a financial analysis of managing knowledge.

CIN member Steven Mullins, Technical Director, Pacific Bell (United States) says: "We have a very clear objective, which is to increase shareholder value. In a world where we quantify or die, Knowledge Management is going to be grass roots until we can come up with a way to demonstrate to the board

of directors that Knowledge Management means direct bottom line improvement."

CIN member Eugene Chapman, Director of Finance & Administration Systems, JT International, formerly RJ Reynolds International (Switzerland) says: "I think that when people start putting intellectual capital on the balance sheet and publishing it to Wall Street, that is when Knowledge Management will get some notice."

* "Knowledge" is Not Credible in the Boardroom

Respondents also reported that their CEOs could not identify with knowledge as a credible asset. Only 38% of respondents felt that Knowledge Management is a clear concept, suggesting that the term 'Knowledge Management' is a hindrance in gaining senior executive support.

CIN member Wim Bouman, IT Controller, Friesland Coberco Dairy Foods (Netherlands) says: "As a management fashion, Knowledge Management will come to an end - all of these labels have their lifecycles. But as a concept it will stay."

* Top-Down Won't Work

Respondents were also very passionate that Knowledge Management projects cannot be imposed on their populations from the top down. They believe that grass roots efforts suffer fewer obstacles and have greater employee buy-in, while top down efforts often stifle innovation.

Mark Hazlewood, Manager of Information Technology at Bluewater Engineering (Netherlands) says: "The people down in the trenches have a better understanding of what it means to have the right data at the right time."

* Cultural Challenges are Daunting

As an enterprise-wide Knowledge Management system impacts the company business model and culture, it creates a lot of friction with existing hierarchical 'no sharing' structures:

An anonymous CIN member, an IS Manager at a \$900 million manufacturer (France) contributes: "Sharing information should be a priority, but it is not. In our market, they have made secrecy the first value in the corporate culture. There is a maxim that you should know only what you need to know. If you have such a culture, information sharing is a problem."

CIN member Lars Bjonnes, Director of Technology, Merkantildata (Norway) says: "To be honest, we are not sure how to do it today. We are sure that we have to change the culture. We have to make people behave in a different way than they do today, but we are moving fast - maybe sometimes too fast."

* Solutions are Immature

The survey also found that existing technology solutions are basic building blocks, requiring customisation and placing a significant burden on the implementers. In addition, IT executives are eagerly awaiting the maturation of some tools for collaboration and communication, like voice recognition, in order to enable their employees to begin to work in fundamentally new ways.

And finally: Europe Vs United States

The CIN Think Tank identified a further Knowledge Management trend - that European companies are a step ahead of those based in the US. Whilst European companies are also facing the 'Knowledge Paradox', they are ahead of the US when it comes to an active pursuit of Knowledge Management (tools in place, underway or attempted) versus a passive pursuit (implementation planned or considered). Europeans also exhibited more experience of applying Knowledge Management tools and technologies.

However U.S. companies appear to be ahead of Europeans in Internet-enabled Knowledge Management technologies such as search engines and navigation tools. But it will take smaller investments in time and effort for Europeans to close that gap than it will for U.S. companies to get up to speed on more mature Knowledge Management tools.

President of CIN Ed Baum says: "The implications for non-European companies are vast. If the successful application of Knowledge Management is a decisive competitive advantage, then European companies already have an edge. Furthermore, Knowledge Management isn't static. Merging unstructured with structured information is the next phase of Knowledge Management evolution, especially as companies move to implement corporate portals. Companies ahead today will likely be the leaders tomorrow."

Lex Dekkers, Worldwide Director of Knowledge Management Solutions at Compaq Computer Corporation, a sponsor of the CIN Think Tank says "Enterprises are in business to make money - to gain market share, beat the competition - to win. That's why Knowledge Management is foremost on the minds of every success-minded business today. Compaq takes a leadership role in helping enterprise companies build global Knowledge Management solutions that leverage existing IT investments and help them tap into their own wealth of information -- transforming their business into a continuous computing e-business environment."

Kathy Curley, Executive Director of Lotus Institute, a sponsor of the CIN Think Tank, adds: "It's fair to say that the New Economy asset is knowledge. Those companies that supply their workforce with knowledge will see it

transformed into healthy bottom-line profits."

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About the Research:

Led by Cambridge Information Network (CIN) - a division of Cambridge Technology Partners - and jointly sponsored by Lotus Development Corporation and Compaq, the research project was conducted online among 314 self-selected senior IT strategists, who are all members of CIN. CIN wanted to know how companies are handling issues of intellectual capital and intangible assets, and what CIOs are doing to turn these strategies into action. For free copies of the report, readers should contact Christine Marsh on cmarsh@ctp.com.

About Cambridge Information Network:

Cambridge Information Network (CIN) - a division of Cambridge Technology Partners - is a professional online network of senior IT executives providing the first Internet-based research, advisory and consulting service specifically designed for corporations' lead IT strategists. CIN's fast-growing membership of 3500 executives from around the globe (one third from Europe) collaborate in a secure online environment to share experiences, solve common problems, and exchange benchmarking data and other information. For more information on CIN, or to become a CIN member, please go to CIN on the Web: www.cin.ctp.com. Membership is free to qualified executives.

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Cambridge Technology Partners provides management consulting and systems integration services to transform its clients into e-businesses. Working in collaboration with Global 2000 and high-velocity middle market companies, Cambridge combines a deep understanding of New Economy issues with integrated, end-to-end services and a proven track record of shared risk and rapid, guaranteed delivery. Cambridge has more than 4,500 employees and 55 offices worldwide. Cambridge on the Web: <http://www.ctp.com>.

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