Knowledge Commerce

Commercializing Organizational Knowledge

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Three megatrends

Technology
- Performance; Connectivity; Mobility

Virtualization & Globalization
- of markets, products and resources/labour

Information/Knowledge Work
> 70% of work (US/EUR) information intensive

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The New Economy

Networked Knowledge Economy

Global and interdependent
## Knowledge Trends - Macro

### 1995-6
- Few conferences, books and articles
- A few leading firms
- Sharing best practice
- Learning
- ICT - groupware
- US - Scandinavia

**Skandia, Dow, Glaxo-Wellcome, Hewlett-Packard, BP, Buckman Labs**

### 1999-2000
- 100+ conferences, books, 10+ journals
- Large firms + governments
- Innovation / conversion
- Communities / trading
- Intranets, e-commerce
- World-wide

**World Bank, OECD, iqport, Xerox EU, China, ‘competitiveness’ etc.**

## Knowledge Trends - Micro

**A New Dimension** → **Recognized Discipline**

**Strategic Initiative** → **Routine Practice**

**Best Practices** → **Breakthrough (10x) Practices**

**Inward Focus on Sharing** → **External Focus on Value**

**Knowledge Processes** → **Knowledge Objects**
Knowledge Trends - Micro (cont.)

- Intellectual Capital → Tradeable Knowledge
- Knowledge Maps → Knowledge Navigators/Agents
- Knowledge Centres → Knowledge Hubs & Networks
- Knowledge Communities → Knowledge Markets
- Knowledge Management → Knowledge Innovation

The New Opportunity

**Internal Focus**
- Knowing and sharing what we know

**External Focus**
- Existing Products & Services
- Knowledge Products & Services
- Creating and converting knowledge (innovation)

**Intranet** **Extranet** **Internet**
K-Commerce

Knowledge Products/Services
E-commerce (transactions)
Marketing / Distribution
Internet

The Best Opportunity?

Ideas
IPOs
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Internet Stock Valuation

- P-E ratios: 35 (S&P500) - Yahoo! 450
  - eBay 700
- Priceline.com > Delta + United + US Airways
- AOL = 1.4 x Times-Warner
- Amazon.com
  - Revenues $600m
  - Valuation $11,000m
- Barnes & Noble
  - Revenues $3,000m
  - Valuation $2,500m

N.B. All figures subject to wild fluctuations!
... Value is complex and volatile

K-Commerce Products/Services

User Services
  - Advisory, training, consultancy, web devt.
  - e.g. NextEra, Jupiter, US Interactive, SciNet

Applications/Markets
  - Communities, auctions, markets
    - e.g. Fatbrain, Deja, QXL, Priceline, Chemdex, TKE

Enabling Services
  - Directories, payments, trading, advertising
    - e.g. Yahoo! Sina.com, WorldPay, iqport, LinkShare

Software
  - Servers, multimedia, e-commerce
    - e.g. RealNetworks, BackWeb, Tradex, Ecash

Infrastructure
  - Networks, satellites, telcos, ISPs
    - e.g. Teledesic, Qwest, Freeserve, China.net

. . . . Innovative Opportunities (and risks!) at every level!

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Knowledge Enhanced Products

- Add-on services
  - installation
  - training
  - consultancy
- Customization
  - grows smarter with use
- New knowledge products
  - databases

Knowledge Packaging

Create → Convert → Commercialize

Uncodified → Codified → Diffused

E.g. processes, databases, documents, drawings

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Types of Packaging (examples)

**Internal KM Activities**
- Best Practice Sharing
- Expertise Directories
- Intellectual Assets
- Intranets
- Domain know-how
- Communities (internal)
- Customer Knowledge
- Knowledge Centres

**External K-Products**
- Best Practice Databases
- Consultancy teams
- IPR - licences, patents
- Extranets
- Expert systems, consultancy
- Communities (e.g. industry)
- Customer profiles, databases
- Advisory Services

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Knowledge Products / Services

**Uncodified** (tacit)
- Broadcasting
- Lectures
- Research
- Accountancy

**Codified** (encapsulated, explicit)
- Software
- Online databases
- Publications

**Passive** (one way)

**Active** (interactive)

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The Internet Effect

Value

Consulting

Higher Volumes (globally)

Courses

Publications

Volume

Lower Costs (marketing, delivery)

Creating Value (knowledge assets)

- Identify demand for knowledge - FAQs
- Review assets vs. user needs
- Make them accessible / usable - formatted, organized
- Customize - think customer decisions, processes
- Quality e.g. assessed, accredited
- Connections - e.g. hyperlinks, links to advisory services
- Add intelligence - expert commentary, dialogue
- Well marketed - increased usage enhances value
Examples

- IPR e.g. Dow, Project Alba
- Consultancies e.g. ERNIE, GBP
- Market specific portals e.g. Chemdex
- Online info e.g. PracticeDatabase.com
- Customised info e.g. Reuters *Inform*
- Knowledge networks e.g. Teltech
- Trading Platforms e.g. iqport

*Learn from the Leaders ....*

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Amazon.com

- 4 million books, mostly discounted, 24 hrs/day
- Personalization, 1 Click buying
- Connects to related books
- Alerts - emails when new titles of interest
- User reviews = validation, emergent community
- Affiliates, strong brand awareness
- High levels of customer service

Extracting and Exploiting Customer Knowledge

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iqport.com

- A trading platform for knowledge assets
- Classification system, search engine
- Wrappers - describing what’s in the asset
- Guilds - aggregate assets, add extra services
- Accreditation - validating and branding by guilds
- Micropayments - pay-as-you-go, revenue sharing
- Scope for communities, online consulting etc.

Internet and 4Ps of Marketing

- Product
  - many variants possible, faster time to market
- Price
  - expectations of much lower prices; information is “free”
- Place
  - direct to end-users; disintermediation/re-intermediation
- Promotion
  - direct, can be more targeted, but audience has more choice and control (oblivion is just a click away!)
4Ps Become 7

Product  
Positioning

Promotion  
Portals/Pathways

Place  
Progression

Price  
Payments

Performance

Packaging

7Ps of Internet Marketing

- Packaging  - same knowledge, different/customized packages
- Positioning  - rising above the crowd, something distinctive
- Portals and Pathways  - from where your customers go first
- Page impression(s)  - informative, helpful, 'stickiness'
- Payment mechanisms  - make it easy to do business
- Progression  - from free to things they will pay for
- Performance  - responsiveness, service, statistical analysis
Summary - Opportunities

☐ Human capital (people-based knowledge)
  – product knowledge surround: add-on services
  – advisory services using expertise
  – create communities

☐ Structural capital (object-based knowledge)
  – package / sell existing or by-product information
  – give access to databases (extranet)
  – harvest / convert some human capital to explicit

☐ Hybrid - explicit plus expertise

Use the Internet for Volume and Reach

Summary - Challenges

☐ Internet speed - 100 days - are you fast enough?

☐ Unique knowledge - what does your IC audit show?

☐ Expectations of ‘free’

☐ ‘Independence’ vs. consultancies

☐ External marketing focus - vs. internal pull

☐ Internet marketing - how fast up learning curve?

☐ Constraints/Culture of main business - cf. Reflect.com
“What is the value of an idea that comes in the flash of a second but is based on a lifetime of experience?”

Karl Erik Sveiby