

knowldgWORKS News Number 30  
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### KnowBits

- A. Still Disappointing After All of These years

Back a number of years ago in my travels at COMDEX I happened upon a new company with one of the first knowledge management products. The company was Autonomy. I spoke with the founder of the company, liked the product and the price and decided to purchase it. The beginning was pretty rocky and we never really got that original version to run. When we did get it to run, it appeared that its ability to actually crawl the web and find desired material was highly constrained. Its touted statistical algorithms were not performing to my expectations and I certainly saw no reason to put my community of potential users through the trials of such a product. This was 1996.

Now, Autonomy has introduced a sort of personal version of the engine called Kenjin. I was pretty excited about this figuring that the technology surely must have matured - after all they have opened it up to the web. Well, I am still not impressed. Have a look and form your own opinion. You can find this latest entry into knowledge management at: <http://www.kenjin.com>. I'd be interested in hearing your opinion of this software.

- B. The Prototypical Knowledge Management Organization

I am pleased to announce the availability of a report entitled, "The Prototypical Knowledge Management

Organization." This document defines many of the positions that one would need in a hypothetical knowledge management organization. Full organization and seed organization definitions are given, and each role is defined by a complete job description. A total of eleven roles are defined for the hypothetical organization. If you are interested in obtaining a copy of this report, please send email to me at [rkaplan@accsys-corp.com](mailto:rkaplan@accsys-corp.com).

### C. kworks discussion at egroups

In case you missed it the discussion group for knowldgWORKS News has moved to egroups. Go to the ACCSYS Corporation home page at <http://www.accsys-corp.com> and you can access the discussion group from there. Sign up and discuss your newsletter.

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B2B and KM  
May 30, 2000

I don't know about you but lately I feel deluged by an onslaught of e's. The newest rash of e's are about a new way of doing business on the Internet - namely the Internet phenomena called "Business-to-Business" (B2B).

As far as I can see there has always been B2B . After all, General Motors, prior to the emergence of Internet-based B2B, could not have built an automobile without B2B relationships. So why is there so much chatter about B2B all of a sudden?

Because of the Internet, it is possible to connect disparate networks from all over the world. The connection of these disparate networks provides the capability to move information among any connected computers. Email, the original form of data and information to move over the Internet, though largely unstructured did represent a means by which people and business could communicate.

B2B represents a major shift in the way that the Internet is being used as a communication platform. Broadly, the paradigm can be explained like this. There is a single computer in the world, and this computer is the vehicle by which everything gets done. Although

theoretically this is not a new idea (Sun Computer Systems coined the phrase, "The Network is the Computer"), I believe the profundity of the idea has long been overlooked. In essence, the "Network is the Business."

Let's assume that any computer used by a business can communicate with any other computer in the world. To make use of this ability to enable B2B, what must the computers actually communicate?

In my opinion, the answer to this question can be obtained if we consider the question to be about knowledge management. If we want to impact the business through the use of B2B Internet technology, then we must have an understanding of what it is we need to communicate and this understanding must come from knowing how the business operates. Business operations can be defined in terms of business processes. Embedded in these processes are knowledge sources and knowledge sinks (users/uses of knowledge). By understanding how knowledge flows through sources and sinks in a business, it is possible to understand what needs to be communicated between computer systems.

Consider how Wal-Mart has enabled B2B in their enterprise (Source: Worth, March 2000): 100 million shoppers troop through 2937 stores. The name of the game for Wal-Mart is to move merchandise. The more merchandise that is moved, the more profitable Wal-Mart will be. How does Wal-Mart move merchandise faster? One way is that Wal-Mart's vendors have access to Wal-Mart's information systems. A vendor can see how its products are selling in Wal-Mart stores. When inventories fall to certain levels or when other criterion is met, the vendor can have new stock delivered to anywhere Wal-Mart needs the merchandise. By combining information and knowledge, Wal-Mart is able to be one of the most successful retail organizations. Whereas competitors like K-Mart turn their inventory 3.3 times per year, Wal-Mart turns it over 6.5 times per year (Source: Worth March 2000).

Let's consider for a moment why the ability to have Wal-Mart's computers and a vendor's computers communicate with one another is so important. The more Wal-Mart can sell, and the more quickly it can sell, the more money it will make. The set of processes Wal-Mart has established for efficient retailing are information driven. Processes

are knowledge that enables a business enterprise to execute its business.

Wal-Mart can sell merchandise so long as its processes are supplied information as it is needed. What would be different if Wal-Mart were not so tightly connected with its business partners? Instead assume Wal-Mart relies on standard means of communication to operate. In this scenario, a Wal-Mart representative would have to call a representative of the vendor. The vendor representative would have to contact the appropriate person in his/her organization, and that person would have to gather, create, or even contact others to get the information needed. The process could take days or weeks. Multiply this time by thousands of vendors and you have the potential for some pretty serious delays. Only by understanding the process by which it carries out its business, can Wal-Mart optimize its connection with its vendors

It would be easy to assume that B2B strategies are fairly straightforward. Identify two or more business. Define their transaction(s). Use the Internet to facilitate the transaction(s). In the case of a Wal-Mart or a GM such an approach would never work because it ignores the fact that current business processes might not translate, unmodified, to the Internet, and business process change for most established companies represents substantial commitment and expenditures.

Creating a B2B relationship based on what I will call process touch points represents the basic requisite of any B2B interaction. Understanding process touch points is a knowledge management task. The use of the process will require information and defining this information is a knowledge management task. An organization that treats its processes as a knowledge asset will be ahead of the game in the B2B arena. Those that do not will be at a competitive disadvantage.

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The knowldgWORKS News is written in its entirety by Randy Kaplan and edited by Harriet Trenholm. Suggestions for the newsletter should be sent to rkaplan@accsys-corp.com. All suggestions will be considered and always appreciated.

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