Chapter 12
Knowledge Management as a Key Factor for Value Addition in IT Services

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ABSTRACT

This chapter presents a background about Knowledge Management, and the importance it has in the Information Technologies Services market. Knowledge Management may have several advantages and benefits for an IT company. But sometimes, IT companies are not aware of all the importance knowledge deserves. In fact, Knowledge Management could help an IT enterprise to save costs, increase the quality of Service or increase the market share. That is because the design of a suitable Knowledge Management Model may be very important for an IT company, together with all the critical factors that may contribute to a successful Knowledge Management process implementation.

INTRODUCTION

This chapter contains a perspective on Knowledge Management (KM) inside the Information Technologies (IT) market, including the situation of KM nowadays in IT companies and some benefits and advantages it may generate for a company. There is a summary about some opinions and perspectives related to the KM nowadays, and the importance of it in some companies.

The chapter details and analyses all the synergies between KM and other processes and elements in an IT company. It also contains a list of factors that may affect or interact with KM in a company.

According to these situation and issues analyzed, this chapter proposes a generic KM Model for an IT European company, considering all the parts that it may contain. Although these parts might depend on the type of the company (its size, market share, features, processes maturity level), this chapter gives

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a general overview of the parts involved, trying to consider all the issues that are critical looking for a successful KM in the IT company.

The chapter also gives some ideas and recommendations on how to implement such a model in an IT company, and the points to be considered when trying to implement this in a company successfully.

After these points, there is an extract and summary about all the value a KM Model could provide an IT company, and hence, a final analysis of why KM is so important for an IT company that plans to keep or increase the market share.

BACKGROUND

A starting point for some companies is to understand the difference between data, information and knowledge (Alavi & Leidner, 2001). Data do not give details or value more than a group of results or reporting from a process or procedure. Information might be considered the next maturity step, because it gives an added value to data, including any kind of analysis of these data. Knowledge may be considered the next maturity step, because it involves the understanding of this information by the company (departments, employees, Senior Management).

Knowledge might be classified into different categories and/or dimensions (tacit-cognitive, tacit-technical, explicit, individual, social, conscious and automatic) (Alavi & Leidner, 2001). Tacit knowledge includes action, experience, and involvement in a specific context (intuitions, hunches (Irma, 2001)). Explicit knowledge may be articulated in symbolic and natural forms (data, guides, procedures (Irma, 2001)). Cognitive knowledge involves mental maps, viewpoints and beliefs. Technical knowledge refers to concrete know-how and skills. Social knowledge in some cases has been considered one of the most important from a strategic perspective (Spender, 1996). For some authors, a company that loses its tacit knowledge (experience, know-how, skills) also loses its identity (Spender, 1996).

Knowledge Management (KM) is a substantial process which assures a suitable management of documentation, information and knowledge in a company, besides adequate resources training and communication (Olalla & Mata, 2016). But anyway, it's important to consider how knowledge is created, and what are the barriers to that KM creation. At this point, some authors consider that practices, norms and values influence behaviours, and these behaviours influence definitely knowledge creation, sharing and use (David & Fahey, 2000).

There are many KM styles but not all of them may be equally effective (Choi & Lee, 2003). These authors identified four KM styles: dynamic, system-, human-oriented, and passive, and made an investigation to see which ones could be more effective. The dynamic style resulted in higher performance, due to both knowledge reusability through information technologies and knowledge sharing through informal discussions among employees.

Worldwide economy has evolved its perspective related to assets, changing the focus on natural assets by the focus on intellectual assets (Lee & Choi, 2003). It is a global trend nowadays in the IT market, so it is an important key fact to be considered. In fact, some companies do internal audits of intellectual capital every year for inclusion in its annual report for stakeholders (Davenport, De Long & Beers, 1998). In fact, since some years ago, enterprises compete on the basis of creating and using knowledge (Leonard-Barton, 1995), According to some authors, knowledge is one of the critical driving forces for business success (Yew, 2005).