EXECUTIVE SUMMARY

The Knowledge Quotient: Unlocking the Hidden Value of Information

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The availability of a wide variety of data and the technology, skills, and processes to take advantage of it promise to radically change how information is accessed, analyzed, and shared to make better decisions, personalize customer interactions, optimize operations, and innovate. A big part of realizing this promise is dependent on efficient and effective access to unstructured content and the analysis of such content in addition to and in conjunction with structured data. The unstructured content, especially, is locked in a variety of formats, locations, and applications made up of separate repositories that don’t talk to each other.

The hidden value in content is unique to each organization, and unlocking it is not a trivial task as many organizations face roadblocks because of a lack of appropriate technology and processes. However, organizations that do unlock this value have demonstrated an ability to increase revenue, improve productivity, reduce costs, respond to customer or stakeholder needs more quickly and accurately, and help bring products to market faster.

Although unstructured content accounts for 90% of all information according to IDC, organizations have generally either significantly underinvested in technology and processes for addressing unstructured content or invested in substandard technology and processes for addressing unstructured content. Yet unlocking the value hidden in unstructured content is more critical than ever. The amount and pace of information that knowledge workers have to deal with on a daily basis are increasing dramatically.

IDC set out to identify organizations that are able to extract more value out of the information available to them. What are these leaders doing better or differently than others? How are they combining new technology and processes as well as empowering staff to unlock the hidden value of information? What are the benefits that these organizations are achieving? What are the lessons learned from these organizations, and how can they help others achieve similar results?

In the course of our multivendor-sponsored research, which included a survey of 2,155 organizations across 6 countries as well as in-depth interviews with 11 organizations in the United States and Europe, we identified a set of leading organizations that have a high Knowledge Quotient (KQ).
The Knowledge Quotient is a score developed by IDC that identifies an organization's ability to unlock the hidden value of information. As shown in Figure 1, the KQ is composed of four primary information access, analysis, and sharing capabilities.

**FIGURE 1**

The Knowledge Quotient

- **Process** refers to the ability to access, analyze, and share all relevant information originating inside and outside the organization.
- **Technology** refers to the availability and quality of and satisfaction with unstructured information access, analysis, and sharing software.
- **Socialization** refers to an organization's ability to share and reuse information.
- **Culture** refers to the management's support, funding, and recognition of information as a key organizational asset and the human resources to treat it as such.

Source: IDC, June 2014

We segmented the 2,155 organizations into two groups: those with a KQ in the 90th percentile (or about 10% of the research sample) and all others. For the purpose of this study, we call the former group of organizations KQ Leaders. This highly select group is characterized by its ability to unlock the hidden value of information and in turn drive business benefits. However, the fact that KQ Leaders represent only a fraction of the population leaves significant room for improvement and an opportunity. We found a strong correlation between higher KQ and the achievement of greater benefits from the use and support of information access, analysis, and sharing technologies and processes.

Figure 2 shows the percentage of KQ Leaders that achieved benefits from their recent information access, analysis, and sharing projects that either met or exceeded expectations. The rest of the organizations used technologies and processes that either did not meet expectations or did not have any benefits or where the benefits were not quantified.

Organizations with top KQ scores are five times more likely than others to experience benefits that exceed expectations. In other words, KQ Leaders are significantly more frequently able to unlock the value from their organization's information assets.
FIGURE 2

Organizations with Benefits That Meet or Exceed Expectations

A few examples of the benefits from information access, analysis, and sharing projects and technology deployments that we encountered in our research are explored in the sections that follow.

Industry: Information Services

A provider of OEM service and repair information to the professional automotive service and collision industries is using text analytics technology to identify, extract, classify, and organize parts and repair information from all car manufacturers, yielding an improvement of almost 5,000% in data ingestion and processing processes. This has enabled the company to expand into new geographic regions (with multilanguage support), improve its pricing model, and provide new insights to clients, which in turn enables them to improve inventory management or speed service delivery.

Industry: Insurance

An insurance company is able to respond to claims after a disaster much more quickly and with far fewer employees than its competitors using automated technologies for monitoring social media, phone calls, email, and text messages, providing a superior level of service at a fraction of the cost.
**Industry: Manufacturing**

A global manufacturer with 70,000 internal users is saving over $50 million per year by unifying access to intranet, content management, customer support, and ERP sources and enhancing the productivity of all users.

**Industry: Research and Development Services**

A global research and development (R&D) company is using text analytics and information access and analysis technologies to automatically identify and extract skills and areas of expertise for knowledge workers based on the content they have created. This skills data is used by employees to find internal collaborators across the globe, yielding a significant increase in productivity and innovation.

**Industry: Pharmaceuticals**

A major pharmaceutical manufacturer generated millions of dollars in new revenue by combining new research with previous research and drug studies, which introduced a new use and new market for an existing drug that it already had on the market.

**Industry: Financial Services**

A global investment bank is generating significant new revenue using information access and analysis technologies as the hub of a knowledge management system, collecting, locating, sharing, synthesizing, and analyzing information across the globe about topics such as stock and bond information, company analyses, investment reports, internal email, and even internal social media.

**Best Practices of Knowledge Quotient Leaders**

The number of these types of organizations with the highest KQ remains relatively low. Most organizations need to overcome several technology and organizational challenges to increase their KQ. One of these challenges is the ability to assess project benefits. 63% of our sample had not quantified benefits from their projects — an unexpectedly high percentage, suggesting a lack of methods, discipline, and resources to perform this invaluable task.

How can your organization increase its KQ as well as improve the opportunity to unlock the hidden value of information and reap the business benefits of doing so? The lessons learned from organizations interviewed and surveyed by IDC suggest the following key best practices of KQ Leaders:

- Create an organizational information access and analysis strategy to tie structured and unstructured data sources together virtually.
- Implement search strategies that can effectively access siloed and legacy data sources. Create a single unified index and view of all the information within your organization, regardless of its location, and standardize information access subject to permissions.
- Develop and promote an organizational culture that understands and embraces the collection, use, sharing, dissemination, and collaboration of information as a key asset. Encourage information collection, retention, and reuse within your organization.
• Use information handling techniques and processes such as text analytics, auto-categorization, auto-tagging, and auto-taxonomy generation to extract additional value from your unstructured information and relate it to your structured data repositories.

• Develop measures and methodologies for determining success. Our study shows that organizations that explicitly measure their information access and sharing efforts are much more likely to gain significant benefits than those that don’t.

Unlocking the hidden value of information can yield immediate and tangible benefits to your organization. Knowledge is the lifeblood of many organizations, and increasing your organization’s knowledge quotient can improve productivity, help contain costs, increase innovation, and increase revenue by leveraging the organization’s most important asset, knowledge.

METHODOLOGY

The research was conducted in the fourth quarter of 2013 and the first quarter of 2014 and is based on a combination of survey- and case-based research. The survey, conducted with 2,155 knowledge workers from private and public sector organizations across 6 countries, dealt with organizations’ information access and handling practices. 39% of the survey respondents had the title of manager or above.

For the purposes of this study, IDC defines knowledge workers as employees who are connected to the Internet and use a computing device to find, create, share, access, or enter information or data electronically in the course of performing their job. Skilled task workers, researchers, salespeople, analysts, managers, IT staff, executives, and professionals are all included as knowledge workers.

IDC analysts also conducted 11 in-depth interviews with organizations in the United States and Europe about their information handling practices. Additional ongoing IDC research about the content analytics and discovery, search, and big data markets was referenced in assessing the results of this research.

Additional detail about this research is available in the IDC white paper The Knowledge Quotient: Unlocking the Hidden Value of Information (IDC #249643, July 2014).

Note: All numbers in this document may not be exact due to rounding.

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References

1 The Digital Universe in 2020: Big Data, Bigger Digital Shadows, and Biggest Growth in the Far East, December 2012, sponsored by EMC

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