Two Heads Are Better Than One: Leveraging Web 2.0 for Business Intelligence

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ABSTRACT

This paper examines how Web 2.0 may be used in organizations to support business intelligence activities. Five leading professional services firms in the Energy, IT, software and health industries were used as the field research sites and action research performed on their Web 2.0 tools and environment. Business intelligence was the most significant driver of service value to their clients. From the data, five key findings were observed on the strategic use of Web 2.0 in the leading services firms. Firstly, the firm is aware that social networking tools can improve employees’ performance. Secondly, there are more tools for tacit-to-tacit and tacit-to-explicit knowledge transfer than explicit-to-explicit and explicit-to-tacit. Thirdly, the firm has a higher number of tools where knowledge flows within itself and almost none for external knowledge flows. Fourthly, social network is part of normal work responsibilities. Finally, KM tools that were most recognized as assisting social network use were of the Web 2.0 genre such as wikis, RSS feeds and instant messaging and blogging. The authors show that using Web 2.0 improves social networking and may be linked to a service professional’s individual performance.

Keywords: Business Intelligence Activities, Individual Performance, Knowledge Management Strategy, Social Networking, Web 2.0

INTRODUCTION

Web 2.0 technologies have emerged as the next level of innovation in web-based applications that facilitate collaboration and sharing between users and the use of these technologies have been growing rapidly in recent years (O’Reilly, 2005). Typically, Web 2.0 platforms comprise technologies such as messaging, blogs, wikis, Really Simple Syndication (RSS) feeds, and social networking tools. Whereas the first generation of web tools were asymmetric in terms of users receiving information and knowledge from various websites, Web 2.0 is a euphemism for a more bi-directional, and one might say democratic, flow which often leads to peer-to-peer knowledge sharing and dissemination. This has enabled knowledge workers to interact and socialize more intuitively through online forums, directly exchanging know-how and experience with one another and creating content online. Web 2.0 technologies have been
effectively used in the business environment where keeping increasingly widely distributed employees in contact with one another is vital. Their value lies in creating communities, collaboration, co-creation and connections, that when applied to the workplace can impact the way employees work, innovate, engage and deliver to their clients, partners and other colleagues (Xarchos & Charland, 2008). Hence, many leading edge businesses are using Web 2.0 as part of their knowledge management strategies to improve performance and to find new opportunities for knowledge creation and diffusion.

Arguably, the most intense of such knowledge management initiatives is business intelligence which is often misunderstood as data mining but also about keeping abreast of the customer, competitor and the market through intelligence (cf. Foo, 2008; Tiwana, 2002). More specifically, whereas knowledge management is about exploiting intellectual capital, business intelligence is more focused on knowing about the business conditions that an organization operates in. The sources of intelligence is not confined within research analyst reports, databases, statistics, annual reports, government reports, catalogues, directories and publications. It can also be in the form of observations such as price lists, advertisements, financial data, patent applications and commercials. Finally, intelligence can be gathered by attending seminars, information trade events, social contacts, sales force meetings, meeting and discussions with suppliers, distributors and partners. Through a case study, this paper attempts to examine how Web 2.0 social networking tools can be strategically used to improve business intelligence which ultimately leads to better company’s performance and results.

Sveiby (1997) created the first intellectual capital framework and defined it in terms of three elements, namely, employee competence, internal structure and external structure. These three elements comprise the hardware and software of an organization from human and organization capital, processes, data, to leadership, vision, policies and relationship capital. Therefore, a primary objective of KM and BI must be to discover and analyze an organization’s strengths and weaknesses along the 3 elements and benchmark them with competencies of competitors (Pan & Scarbrough, 1999).

Richard & Nory (2005) have further described how BI may help firms analyze transactions within each element. Using the SECI framework of Nonaka & Takeuchi (1995) to described the knowledge creation spiral, they also highlighted that BI may directly affect combination more than the other three conversion processes – socialization, externalization and internalisation. However this provides an incomplete view as it focuses on internal processes to the exclusion of external interactions with the market.

This paper describes an investigation of how a knowledge-intensive professional services firm leverages social interactions among employees, business partners, customers and its environment in order to support business intelligence activities that contribute to knowledge management effectiveness and corporate performance. We believe that business intelligence initiatives are particularly vital for services as both quality and productivity are directly aided by what is known about the operating environment. In this study, the scope of business intelligence transcends data mining and analytics and includes other sources of social intelligence about the customer, market and the competitor. The source of intelligence hence shifts from the explicit and into the realm of the tacit – mainly social interactions that are difficult to capture and mobilize. As opposed to the view of Richard & Nory (2005), we look at how organisations utilize “social capital” through employee interactions to capture knowledge from the marketplace and stay competitive. More specifically, we ask whether and how Web 2.0 tools help to support the four knowledge conversion processes in order to derive business intelligence. Note that the focus is on the more strategic business intelligence rather than a more operationally driven knowledge management perspective.
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