

Class: IT & Strategic Opportunity  
Section: 4002-873-90  
Project: IT Final Paper – Detailed Outline  
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Due: 5/16/2005

## Four Concepts and Best Practices

### *Pricing:*

- Determine your pricing strategy (high, low, differential) that will allow for the most profit to be earned
- Products that are differentiated from competing products will be able to price higher.
- If your product is being sold over the Internet (a point-to-point median), lean towards differential pricing – it will maximize profits by providing different prices for different types of consumers; most notably through versioning, group pricing and personalized pricing (selling at a different price to different consumers).
- Using this methodology will maximize profits earned, and allow prices to better match the consumers – removing “pricing-out” potential customers.

### *Versioning:*

- If your market naturally separates itself into different segments, use those segments for versioning the product to each of them.
- Emphasize the differences in versions to create value for your customers.
- If selling an online version of your product, “treat the information *as if* it were free. The company’s strategy focused on adding value to its on-line services” (Shapiro, Varian, 67)
- Distribute a “free” version of the software to demonstrate product to users, and “make sure users can’t easily turn the low-end [free] version into the high-end [full] version” (Shapiro, Varian, 64)

### *Rights Management*

- Determine your products distribution and reproduction costs
- If your product is mainly a “Information good” you should give away some of your content; if it is a program, you should distribute free samples but also apply the versioning concepts
- Your free samples should direct consumers on how to get the “full” product
- There will always be “bit leggers”, it is better to manage your content with DRM and provide value added services then it is to eliminate all bit legging.

### *Lock-in*

- Be prepared to barter before you become locked in as both the seller and the buyer
- Buyers should maximize the costs to switch and minimize the benefits that might be provided – increasing the initial discounts on the deals; sellers should typically do the opposite
- Beware of creeping lock-in; always be on the look out for secondary sources and competitors’ offerings.
- Lock-in is not necessarily bad for either the seller or the buyer; it is how aggressive each is with each other that can make the process painful

## Knowledge Management

*Why KM is needed in an enterprise?*

- Part of the enterprise strategy and business process (Morey, Maybury, Thuraisingham, 15)
- When used it improves the use of the knowledge within the enterprise, increasing intellectual capital (Morey, Maybury, Thuraisingham, 17)
- Innovation can then occur from this increased sharing of knowledge, creating more knowledge. This will lead to a snowballing effect of knowledge within an enterprise (Morey, Maybury, Thuraisingham, 15)
- When KM is used successfully, resources are applied more efficiently, allowing for greater cost savings to that business.

*Four processes of socialization, Externalization, Combination, and Internalization:*

- These concepts are all linked together, commonly thought of on an outward spiraling diagram – the core of the knowledge creation process.
- Socialization: sharing knowledge through experiences with others. This is the beginning of the knowledge creation process – typically this helps to create shared mental models between people (Morey, Maybury, Thuraisingham, 147)
- Externalization: This is the next step in the knowledge creation process; this step is the taking the mental models and concepts learned from the socialization concept, and communicating them to others, usually through written ideas, metaphors and models. (Morey, Maybury, Thuraisingham, 149)
- Combination: Taking the written concepts, models and metaphors from the externalization and recombining those ideas is the combination process. This process allows the ideas to be arranged in new ways, often producing new knowledge as a result of the combination. (Morey, Maybury, Thuraisingham, 152)
- Internalization: This occurs when all three previous processes have occurred – the knowledge then becomes a valuable asset – the person who has internalized this knowledge can share their experiences with others through communication, writing, drawing and explaining. A person who has internalized information is able to pass it on to other in the socialization stage – this time being the person sharing the knowledge (Morey, Maybury, Thuraisingham, 154)

*The role of “Creative Disruption” on knowledge creation and use:*

- Creative disruption is the occurrence of an event that breaks the normal everyday “comfortable” processes
- It allows people to step back and re-evaluate “basic attitudes toward the world” (Morey, Maybury, Thuraisingham, 165)
- This in turn allows for new concepts and ideas to be created.
- Leads to new knowledge being acquired by these people involved in this process.

*Example of knowledge management:*

A personal example of knowledge management in my experiences was the first few days in my new job as a system administrator. There were many things to learn about the systems and

people that I worked with; with most of this knowledge not being written down anywhere (like how the system interact with each other, who has authority to request permissions' changes, etc). This knowledge was eventually gained by talking to co-workers and my bosses, then going through the steps a few times to make sure I understood the concepts fairly well. Using the knowledge I had learned from these interactions, I was able to develop extensions to the services we offered the facility, made possible by first learning the basics. As of now, I show new employees in my department the proverbial "ropes" of the servers and the people to go to – exactly what I went through a few years ago.

## Issues Related to Representing and Indexing the "Knowledge Resources"

### *Knowledge sources within an organization:*

- People / staff (especially gatekeepers)
- Documentation and manuals / policies
- Social structures

### *External knowledge sources:*

- History of interactions with other companies and people
- Public information (through newspapers, books, and the Internet)
- Previous employees, contractors

### *Semi-structured knowledge representation for indexing, and standards:*

- Allows that knowledge to be pulled efficiently in the first pass
- Indexing systems that use keywords from documents
- Supports relationships of documents to other documents (MILK-like system) (Agostini et al.)
- Ontologies (an abstract model of a particular field - it describes concepts, attributes of concepts, and the relationships between concepts providing an agreed shared vocab. based on large group peer reviews) and stores documents, ideas, contacts as nodes in a tree. (Agostini et al.)
- Ontologies seem to have become the de-facto standard currently for knowledge indexing, as computers with the power to process this information have become more readily available.

### *Tools, Techniques & software:*

- Implement the MILK System for knowledge information retrieval (Agostini et al.)
  - Uses ontologies
  - Document relations
  - Find information through relations
- Implement the SKIP System ("Jarg Corporation: Products")
  - Uses "plain English" lookups
  - Look for complete ideas
  - Can assist in the creation of "good" ontologies.

## Bibliography

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