

A decorative graphic consisting of a grid of squares in various shades of blue and teal, arranged in a stepped, cross-like pattern that frames the central text.

# **THE STATE OF KNOWLEDGE MANAGEMENT IN 2023: UNTAPPED POTENTIAL FOR BUSINESS VALUE**

By Joseph McKendrick, Research Analyst  
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## EXECUTIVE SUMMARY

Knowledge management (KM) has reached an inflection point. With businesses seeking to compete on knowledge, create “wow” customer experiences, and empower their workforces, knowledge management has never taken on a more critical role. The next generation of knowledge management is boosted by the power of artificial intelligence (AI) to automate business processes, including even knowledge creation, and augment knowledge workers in decision making and process execution. Most recently, the hyper-successful launch of ChatGPT has rejuvenated interest in AI and knowledge management, highlighting their importance and disruptive potential to create more business value.

Our research findings show that KM still shows huge untapped potential for creating business value. Today, even departments such as customer service, IT helpdesk, and human resources in many organizations, long considered sweet spots for the use of knowledge, have yet to adopt it, let alone leverage it to the fullest. Moreover, many organizations have an antiquated view of knowledge management that is limited to old-school document management and not modern AI technologies for automation and employee augmentation. Many businesses are also hamstrung by legacy KM tools that limit the scope and potential of their knowledge initiatives. Moreover, many organizations do not seem to have a plan to unify their knowledge silos across the enterprise. This perpetuates the risk of customer and employee frustration from inconsistent answers and findability challenges, leading to system disuse, conversation and process improvisation, and non-compliance with regulations and best practices.

The good news is most businesses are keeping up the investment in knowledge management or even increasing it this year—a wise move in today’s uncertain economy since knowledge management can help reduce operational costs.

These are some of the findings from a survey of 307 KM leaders and professionals, conducted by Information Today, Inc., in partnership with [eGain Corporation](#). The online survey, conducted in the first quarter of 2023, included KM executives and practitioners across more

than 20 industries, who are subscribers to KMWorld magazine and/or members of their online community. (See the “Demographics” section at the end of this report for a more detailed breakdown.)

Key results of the survey include the following:

- ▶ Knowledge management has great potential for more adoption and use across the enterprise. For example, even “sweet-spot” departments for KM adoption such as customer service, IT helpdesk, and human resources, are not fully onboard with 44%, 45%, and 61% of these departments still not using it today. Other departments are even farther behind with 66% of sales, 71% of legal, and 67% of field service organizations not having deployed KM.
- ▶ The vast majority of respondents have yet to start using differentiating and game-changing knowledge capabilities such as conversational (77% not using) and process guidance (63% not using).
- ▶ Knowledge continues to be siloed in most organizations with 36% of respondents having three or more knowledge management tools in use and 12% two or three, with 31% not even knowing how many they have.
- ▶ More than seven in 10 managers, 72%, indicate they have no plans or do not know if there is a plan to consolidate knowledge silos into one trusted hub of knowledge. Given that silos continue to be the biggest obstacle for customer (CX) and employee experiences (EX), this presents an opportunity for leading organizations to get ahead of the pack in eliminating such siloes and improving CX and employee confidence and experience in using knowledge.
- ▶ A majority, 89%, said their 2023 knowledge management budget will increase or remain the same, a prudent decision in today’s uncertain economy since KM can improve both the top and the bottom lines.

## 1.

## THE CHALLENGE: ADOPTION, SATISFACTION WITH CURRENT KNOWLEDGE MANAGEMENT TOOLS IS LUKEWARM

Knowledge management is a must-have for the performance of the entire enterprise, but still lags in adoption. It is still under-penetrated even in sweet-spot departments such as contact centers, internal help desks, and HR—where the ability to quickly answer and resolve customer or employee queries is essential. For example, 61% of human resource departments do not take full advantage of knowledge management, along with 45% of IT help desks, and 44% of contact centers. Within these functions, knowledge management is essential if organizations seek to deliver high-quality service and superior user experience (See Figure 1).

In addition, overall satisfaction with KM tools is lukewarm at best. More than one-quarter, 26%, say they are not satisfied with their knowledge management solutions. Only 18% express a high degree of satisfaction with their solutions, followed by 55% indicating they are only “somewhat satisfied.” This is not a glowing endorsement of the legacy tools they are using today (See Figure 2).

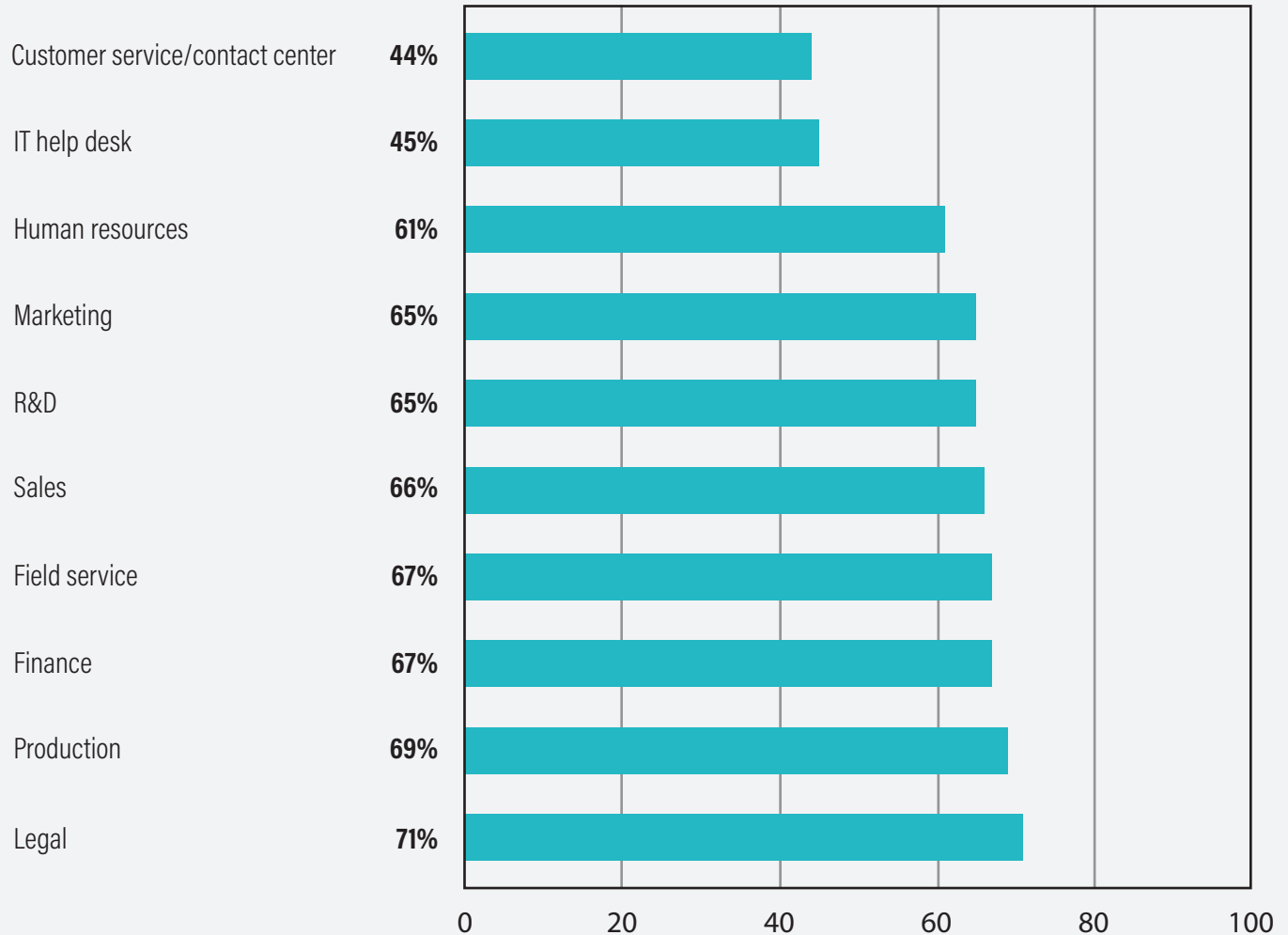
In terms of industry levels of satisfaction, KM is most widely endorsed in the public sector, with 23% of government or educational organizations expressing high levels of satisfaction. This acceptance of the current generation of tools runs lowest among financial services firms, with only six percent expressing a high degree of satisfaction (See Figure 3).

What’s getting in the way of more widespread adoption of knowledge management, and movement to next-generation knowledge management? When

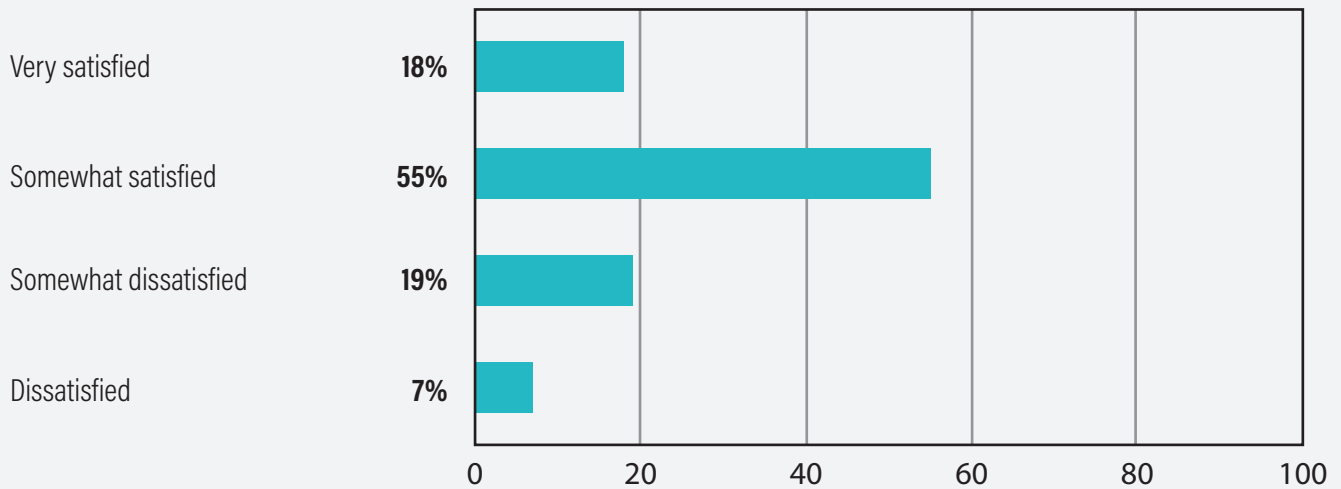
asked for further insights, beyond the lukewarm sentiment towards knowledge technologies they are using today, many managers cited cultural issues and a need for greater executive understanding of the value of KM to sponsor and support knowledge initiatives. Respondents say that their KM efforts tend to get held back due to this challenge as well as difficulties in measuring ROI, a need for a more knowledge-centric corporate culture, and a need for greater user education. There’s a “lack of strategy that deals with knowledge, data, and IT infrastructure on the one hand, and process mapping on the other (e.g., the process to capture, share, develop knowledge). We are good at training users on features, but not on process and rationale (why, how, and when).”

When asked for barriers for users getting the most out of corporate knowledge management systems, lack of time, lack of awareness, difficulties in learning, complexity of poor user interfaces, and resistant corporate cultures are cited as leading issues. “Adoption of a knowledge management system starts with getting managers at all levels to understand the cost to their teams of poor knowledge management practices, and then give them very basic tools to begin adopting new practices in their organizations and measure improvements.”

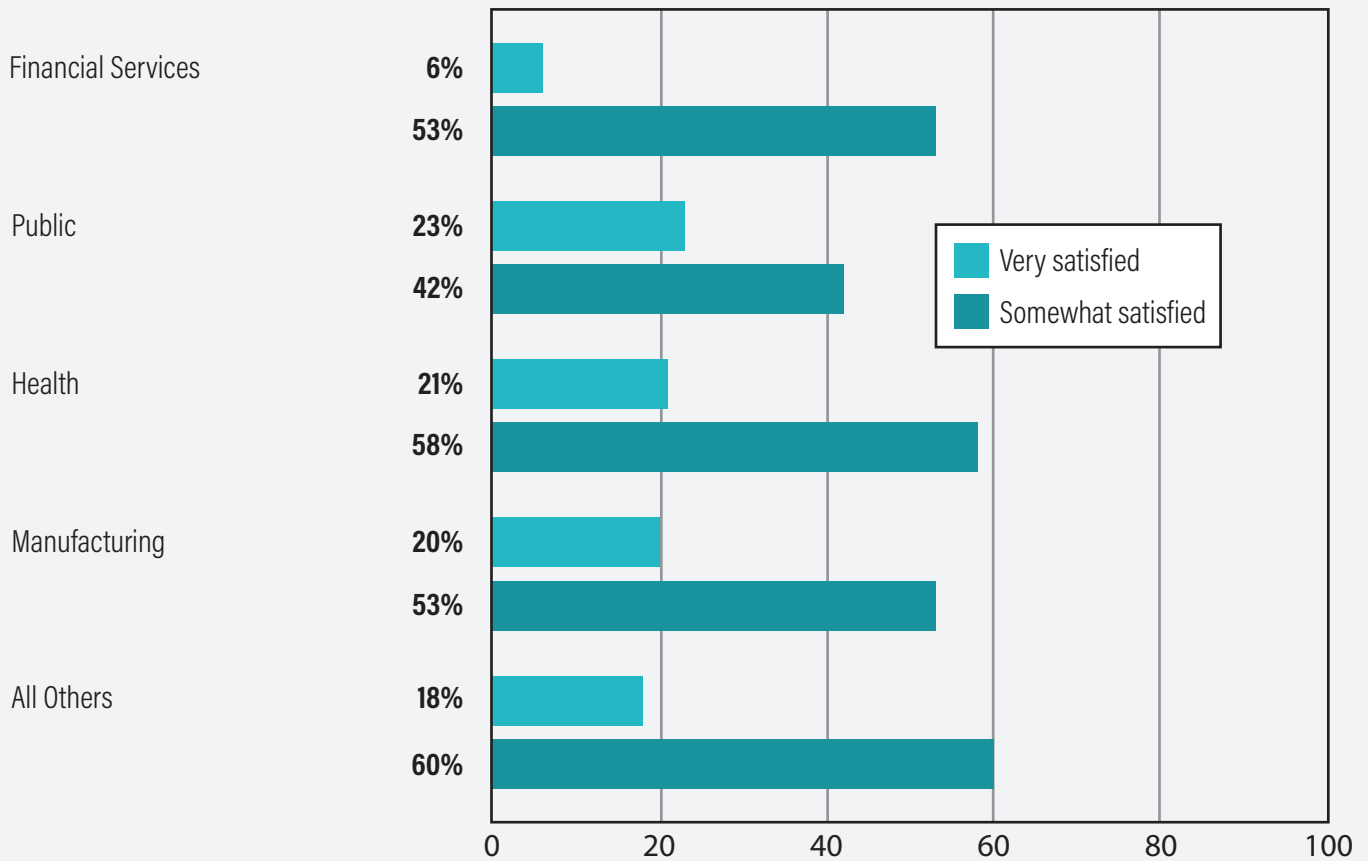
**Figure 1: Knowledge deficit across the enterprise**  
(Percent not indicating usage at this time)



## Figure 2: Satisfaction with Current Knowledge Management Solutions



## Figure 3: Satisfaction Levels – By Industry



## 2.

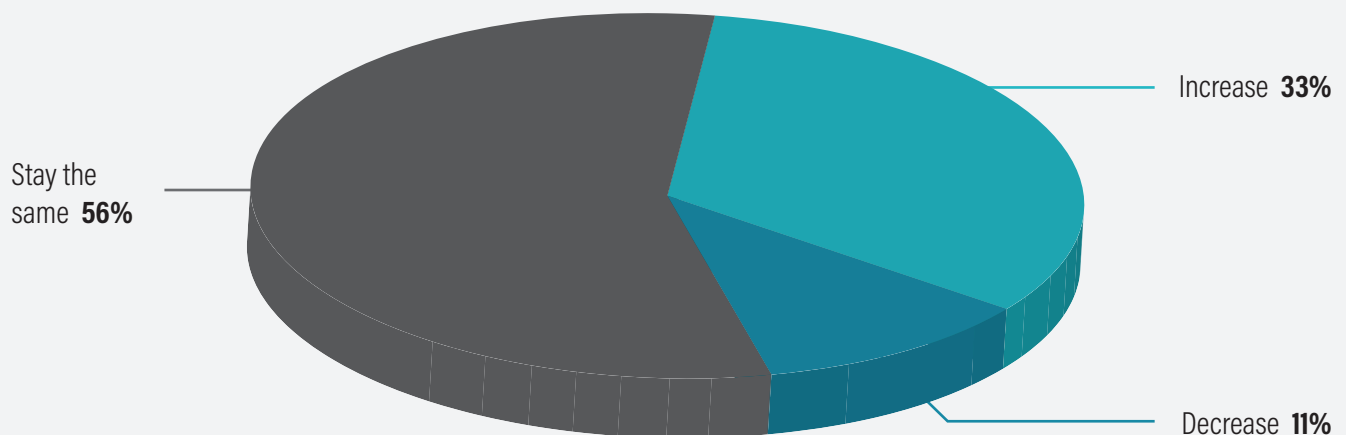
## KNOWLEDGE MANAGEMENT BUDGETS SUSTAINED

While KM managers state they face some headwinds in terms of business embrace and tooling, their budgets seem to be intact for 2023. Almost nine in ten, 89%, in fact, plan to sustain or increase their knowledge management investment this year. A majority, 56%, say spending will remain the same, while one-third expect to increase their spending (See Figure 4).

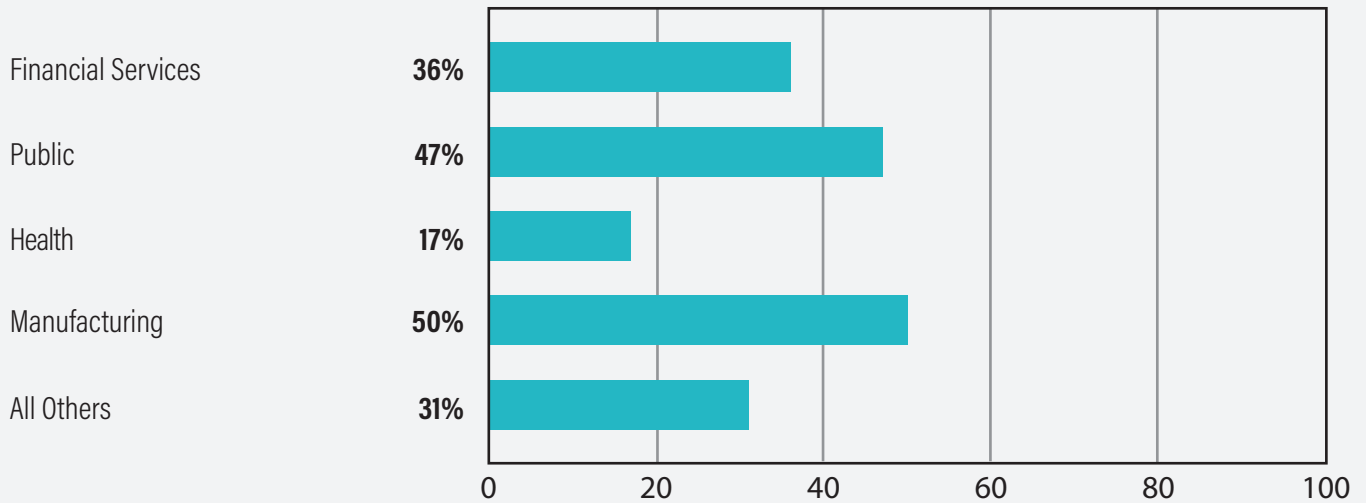
The most pronounced budget increases are seen within manufacturing organizations and public sector entities (See Figure 5).

The area of knowledge management most likely to see a boost in funding over the coming year is content management, indicated by 28%. Another 25% are ramping up spending on search. In addition, 25% will increase their funding for tools that address process guidance in the flow of work (See Figure 6).

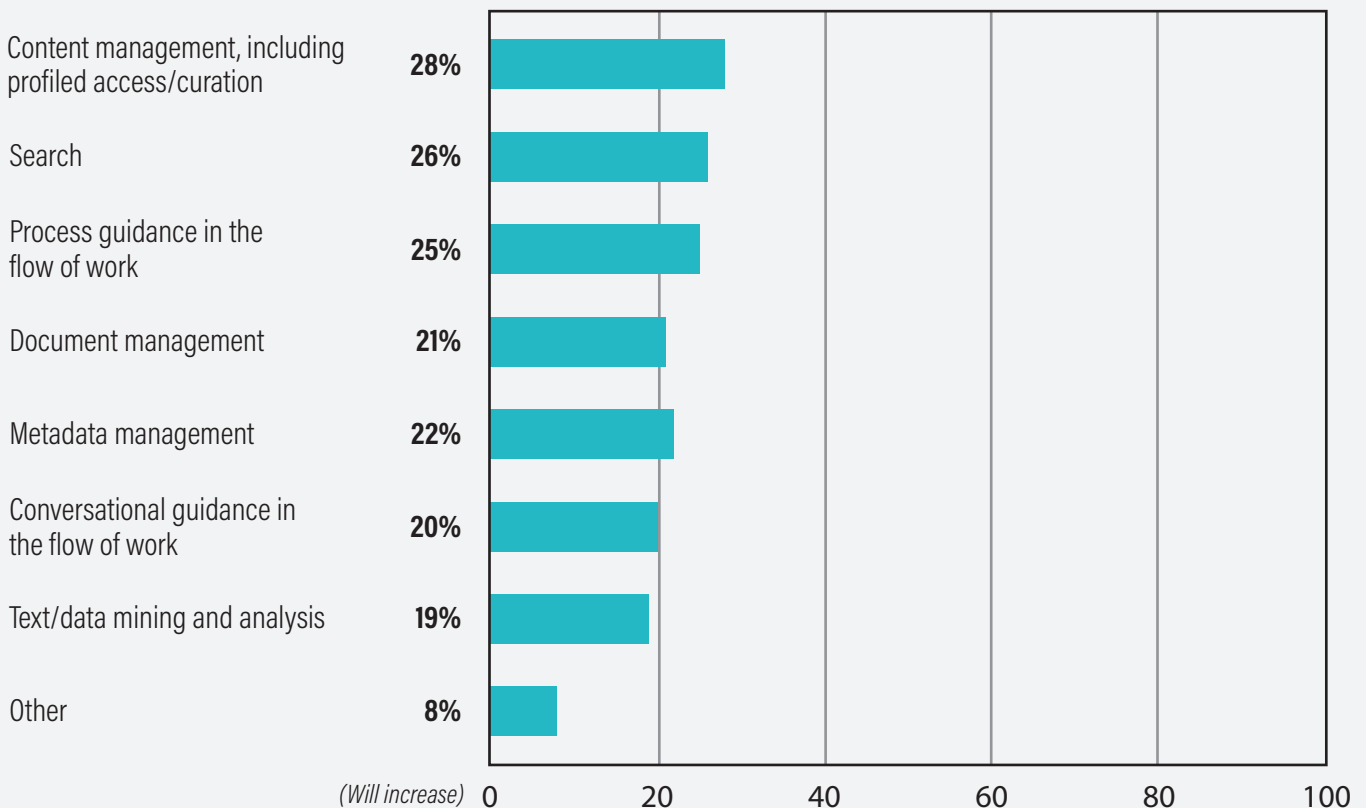
**Figure 4: How Knowledge and Tools/Platform Budget will Change During 2023**



### Figure 5: Budget Increases – By Industry



### Figure 6: Planned 2023 funding Levels for Selected Knowledge Management Capabilities





## 3.

## MULTIPLE KNOWLEDGE MANAGEMENT TOOLS IN ORGANIZATIONS, BUT LITTLE EFFORT TO CONSOLIDATE

Knowledge continues to be siloed in most organizations—36% of managers have three or more knowledge management tools in use, along with 12% having two or three. Tellingly, 31% have no clue how many they have (See Figure 7).

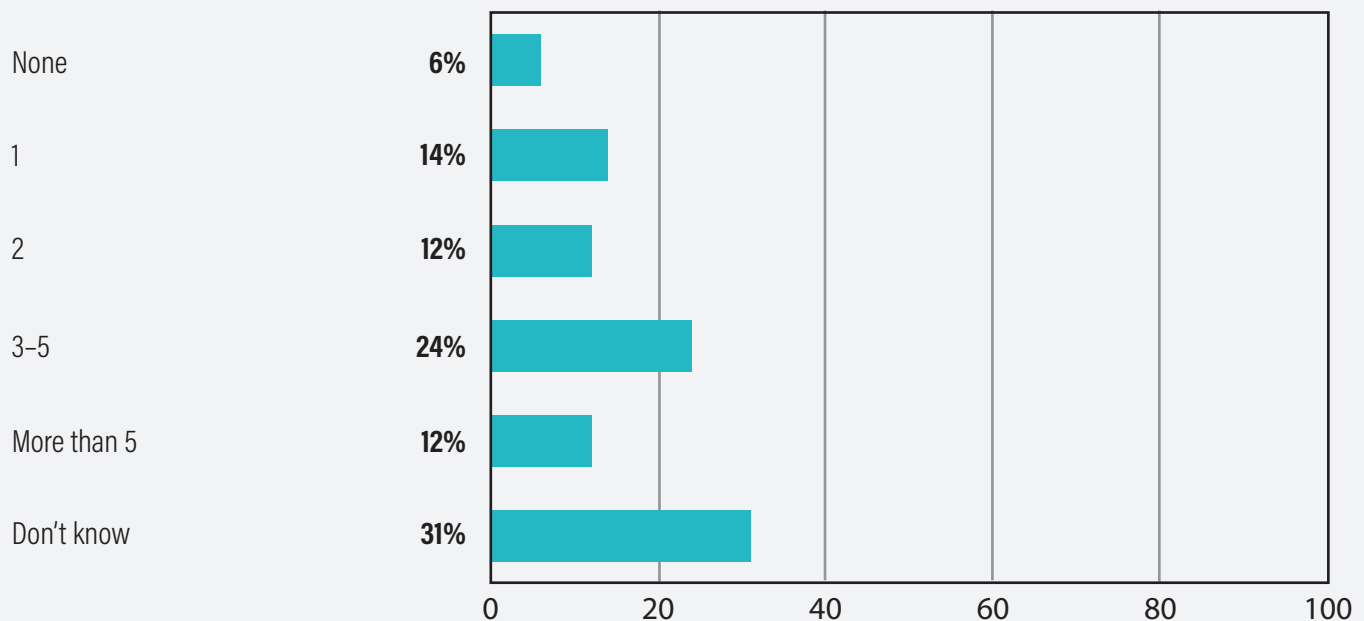
While most organizations have multiple knowledge management platforms with which they are working, only a few—just over one-quarter—are considering consolidation of their silos at this time. Manufacturers and organizations within the “all others” category show the highest fragmentation of knowledge (See Figure 8

More than seven in 10 managers, 72%, indicate they have no plans or do not know if there is a

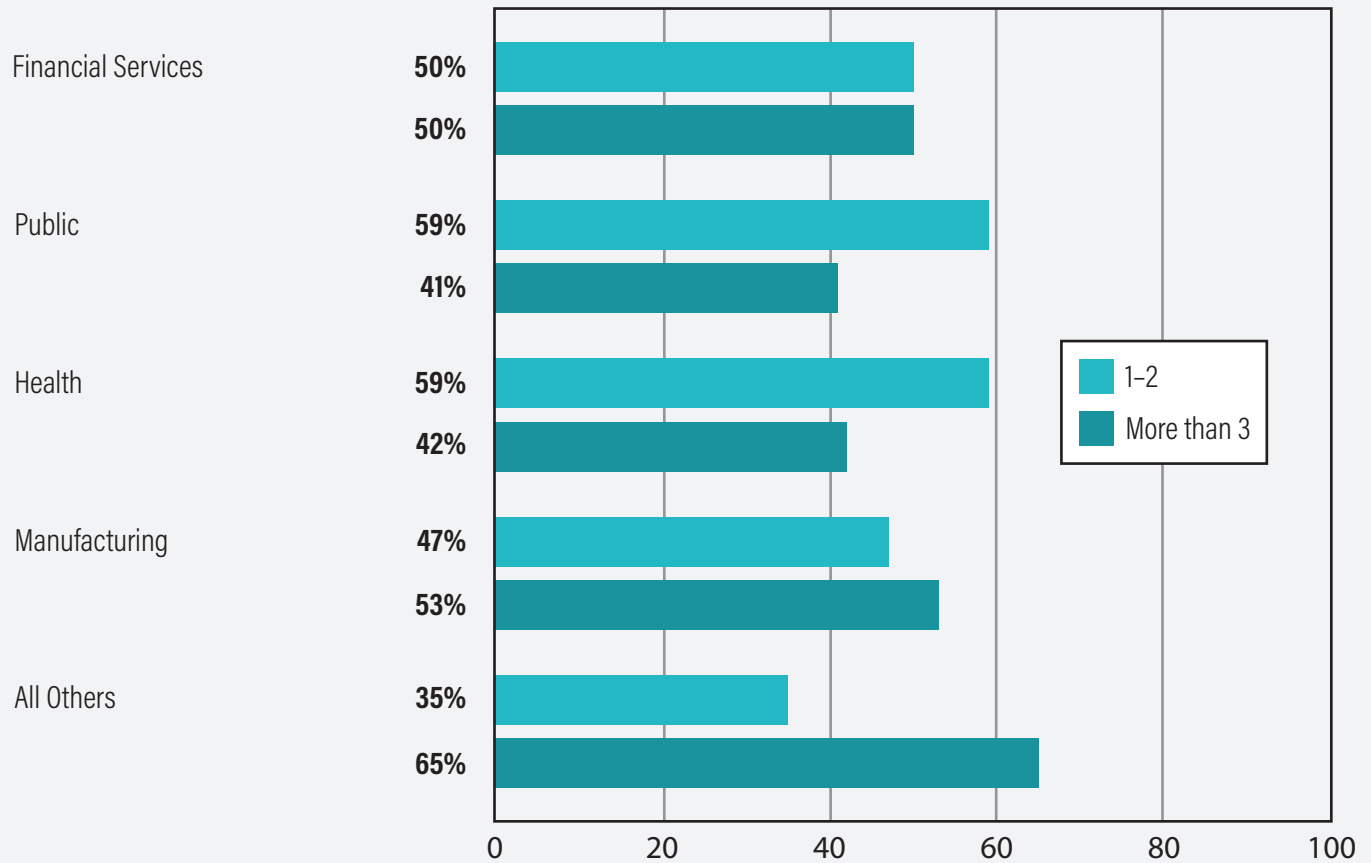
plan to consolidate knowledge. Given that silos continue to be the biggest obstacle for customer (CX) and employee experiences (EX), this presents an opportunity for leading organizations to get ahead of the pack in eliminating such siloes and improving CX and employee confidence and experience in using knowledge (See Figure 9).

Most dissatisfied with their current KM tools, the financial services firms expressed the highest intent to consolidate knowledge (See Figure 10). This is likely driven by their needs for compliance in a highly regulated environment.

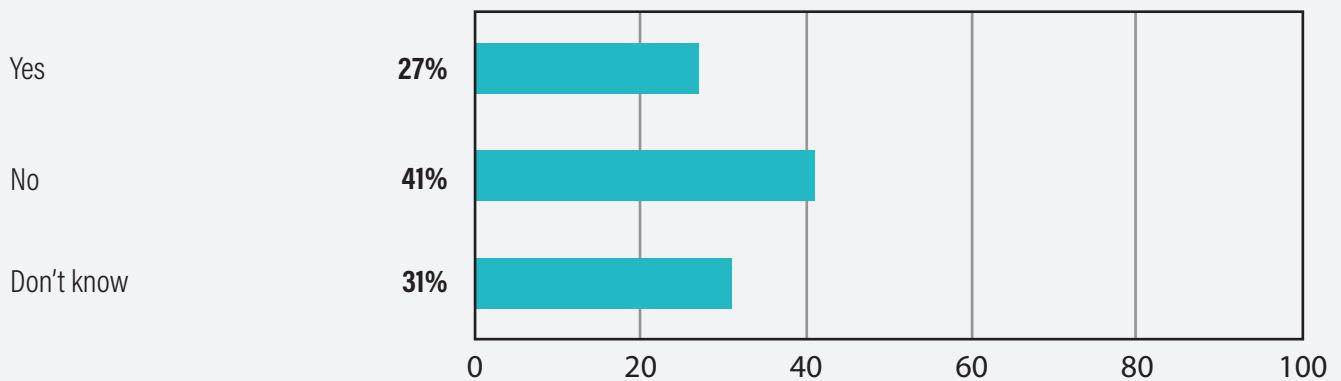
**Figure 7: Number of Knowledge Management Tools Being Used Within Organizations**

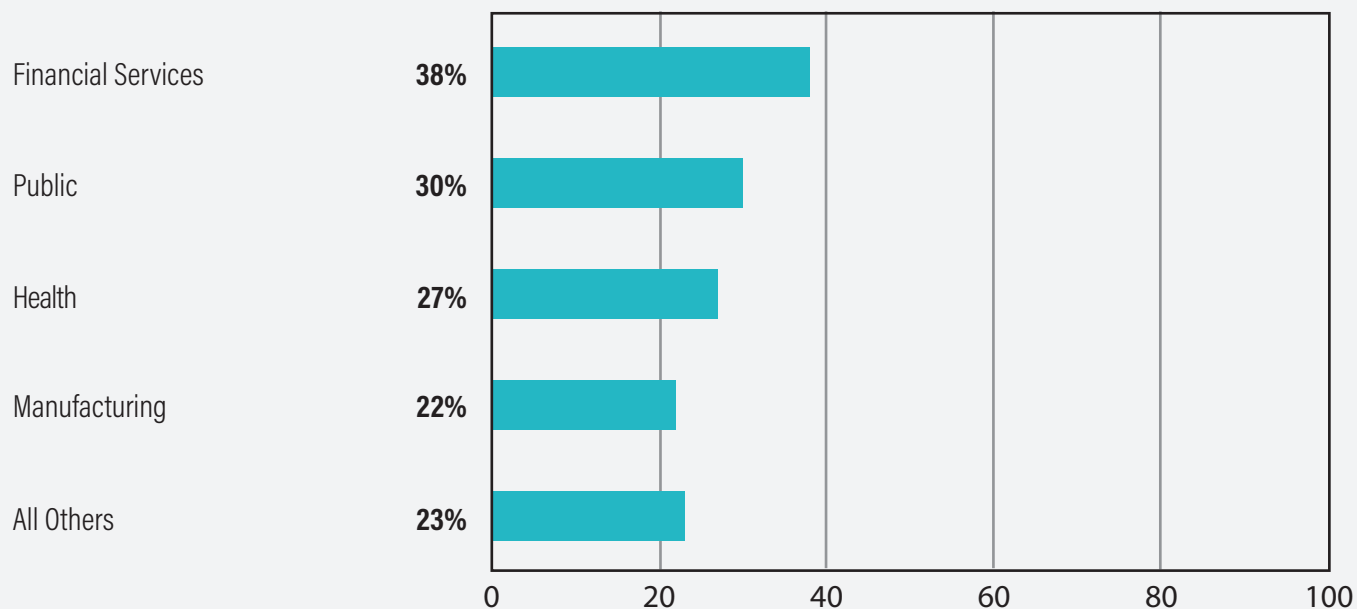


## Figure 8: Knowledge Management Tool Levels – By Industry



## Figure 9: Plans to Consolidate Knowledge Silos into Single Platform 2023?



**Figure 10: Plans to Consolidate – By Industry**

## 4.

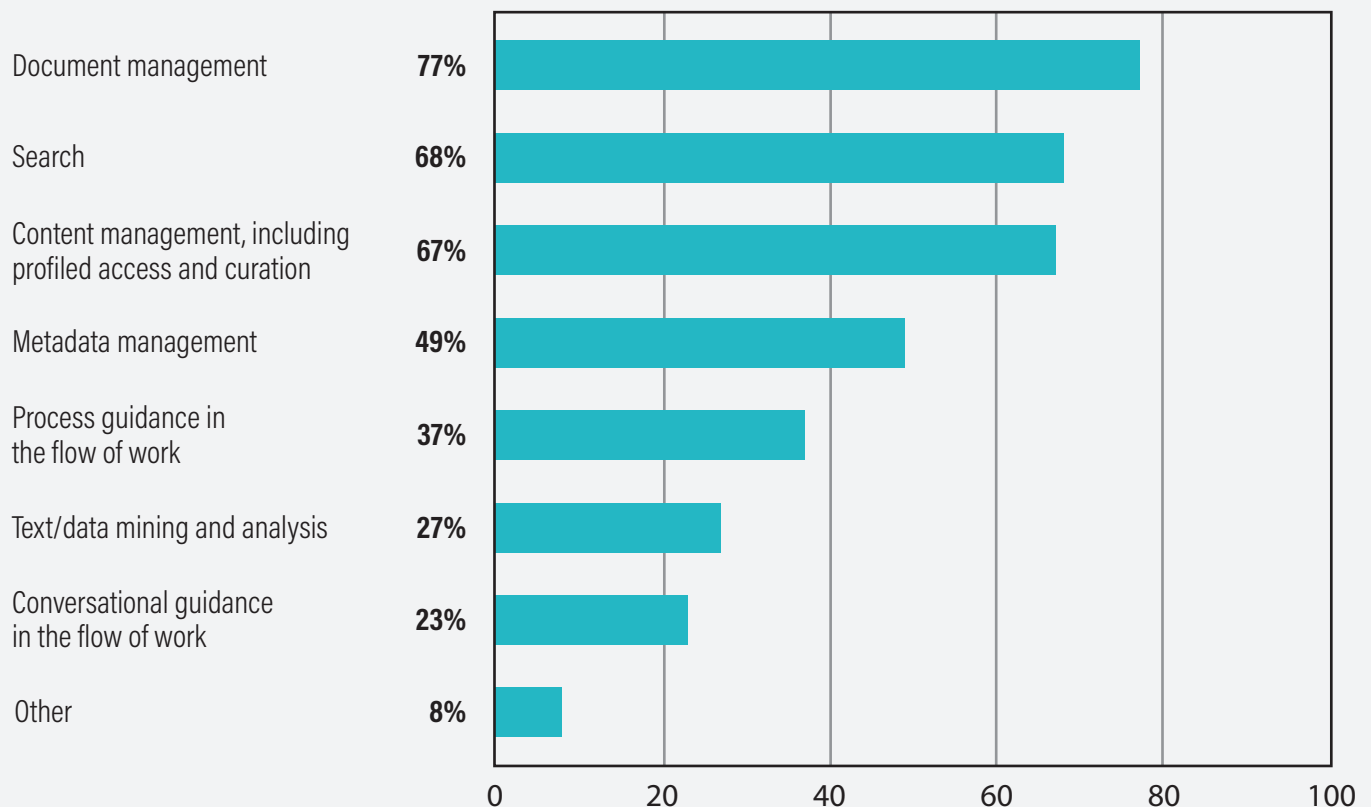
## TOP KNOWLEDGE MANAGEMENT USE CASES: DOCUMENT MANAGEMENT AND SEARCH

Knowledge continues to be perceived as simply document management and/or search, and this limits value creation from knowledge. More than three-fourths of organizations cite document management is the top use case for today's generation of knowledge management tools. The vast majority of respondents have yet to start using differentiating and game-changing knowledge capabilities such as conversational

(77% not using) and process guidance (63% not using), powered by AI (See Figure 11).

This presents an opportunity for forward-thinking businesses to invest in cutting-edge areas such as AI-enabled conversational and process guidance to stand out from the pack in operational performance, while delivering great user experiences.

**Figure 11: Knowledge Management Capabilities Used Today**



## 5.

## RECOMMENDATIONS

Here are some recommendations to businesses, based on the survey findings.

► **Understand the potential of modern knowledge:**

Knowledge is much more than document management and keyword search. Next-gen capabilities such as reasoning, process guidance, and generative AI, using large language models, take knowledge-based value creation, CX, author experience, and employee experiences to the next level.

► **Benchmark yourself:** If you are not an early adopter, look at what leaders in your industry are doing. What is your knowledge maturity vis-à-vis competitors? How are they using modern knowledge? In fact, this analysis will help get support for your knowledge initiatives from the C-suite.

► **Demand value models and use-cases:** Ask vendors to help you model the business value of modern knowledge. Explore use-cases beyond the obvious. Ask vendors and analysts for guidance. Competitive benchmarking and value modeling will make it easier for you to get sponsorship and sustained support from the C-suite.

► **Technology matters:** Per Gartner, KM is the #1 technology that can help improve CX, employee experience, and operational performance all at the same time, but not all vendors are created equal. Do they offer rich functionality out of the box? Do they have domain expertise? Do they bring experience in delivering business value at scale? Do they offer risk-free trials?

► **Knowledge hub will bolster trust and improve adoption:**

The survey demonstrates that the knowledge in many organizations remains siloed, often in inconsistent content haystacks, making it difficult, if not impossible, to find the right answer or knowhow needle in those haystacks. Unifying trusted knowledge content, knowhow, and capabilities into a hub will eliminate silos and increase confidence in using the knowledge.

► **Educate, educate, educate.** Senior executives need to be better informed on the implications of a well-focused, next-generation knowledge management strategy in their business. Line employees need training to get the most out of tools, as well as make contributions to the knowledge base. Incentives for individual performance should be balanced with those for using and sharing knowledge to foster a knowledge-sharing culture.

► **Measure, manage, optimize, communicate.**

Modern KM tools make it easy to measure the value of knowledge and optimize it on an ongoing basis. Internally communicating the business value created with KM is as important as measuring and optimizing. If you are new to this, enlist the help of experienced vendors and industry analysts in doing it to sustain the momentum of your initiative.

## 6.

## DEMOGRAPHICS

**Figure 12: Number of Employees**

(Includes all locations, branches, and subsidiaries)

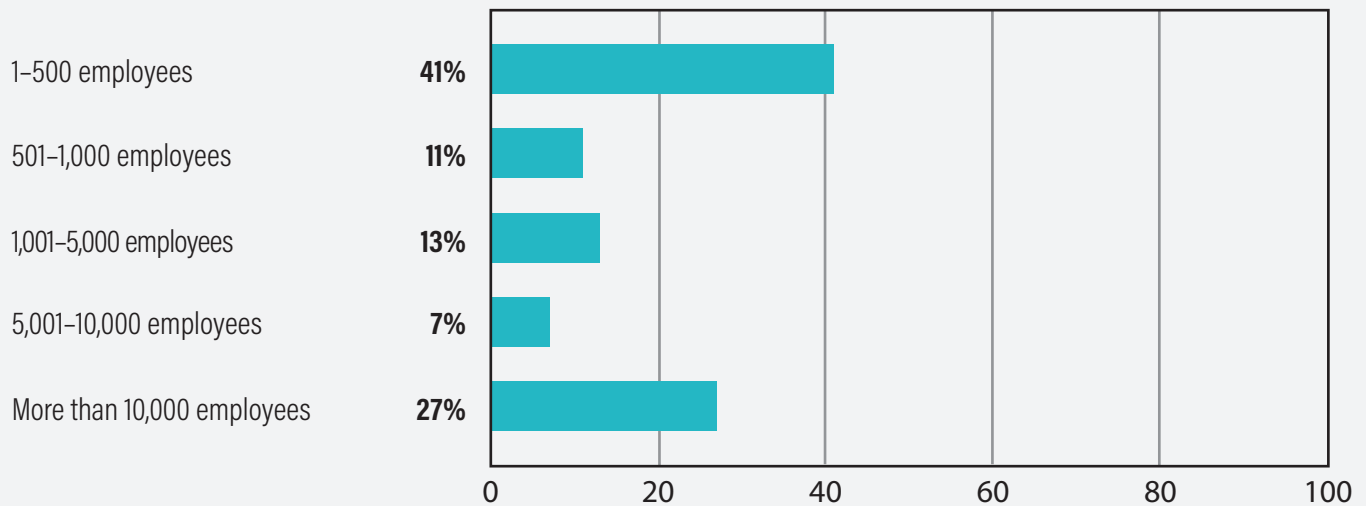
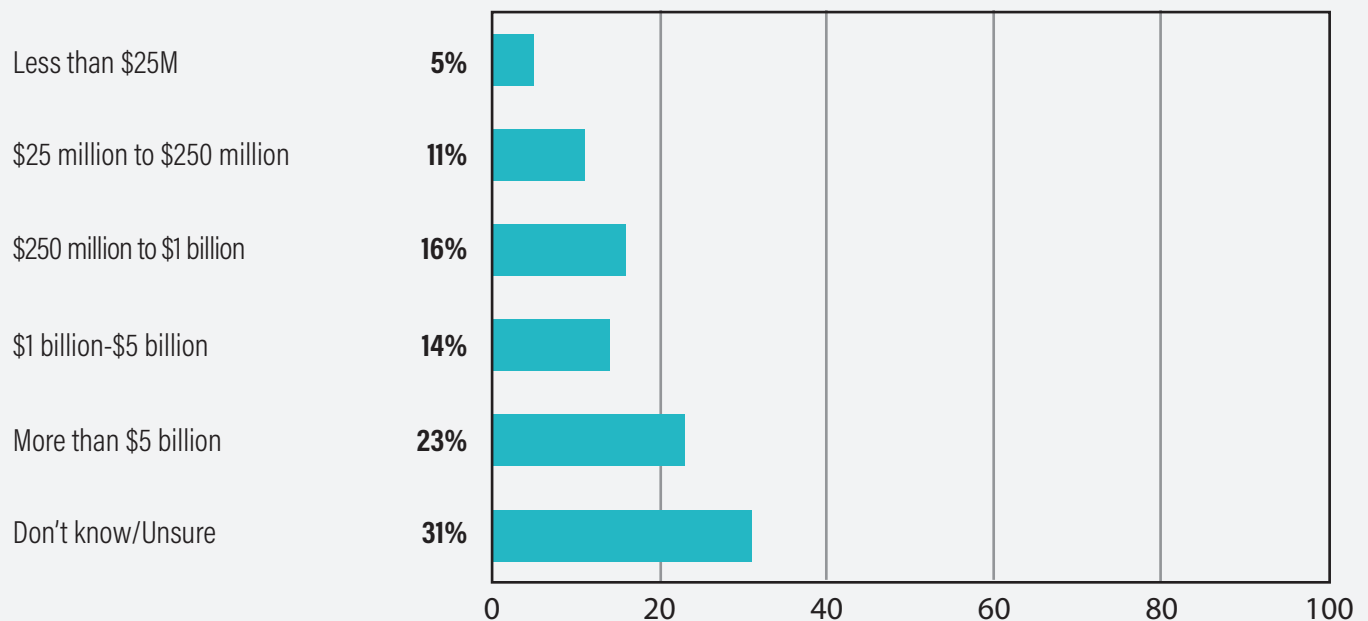
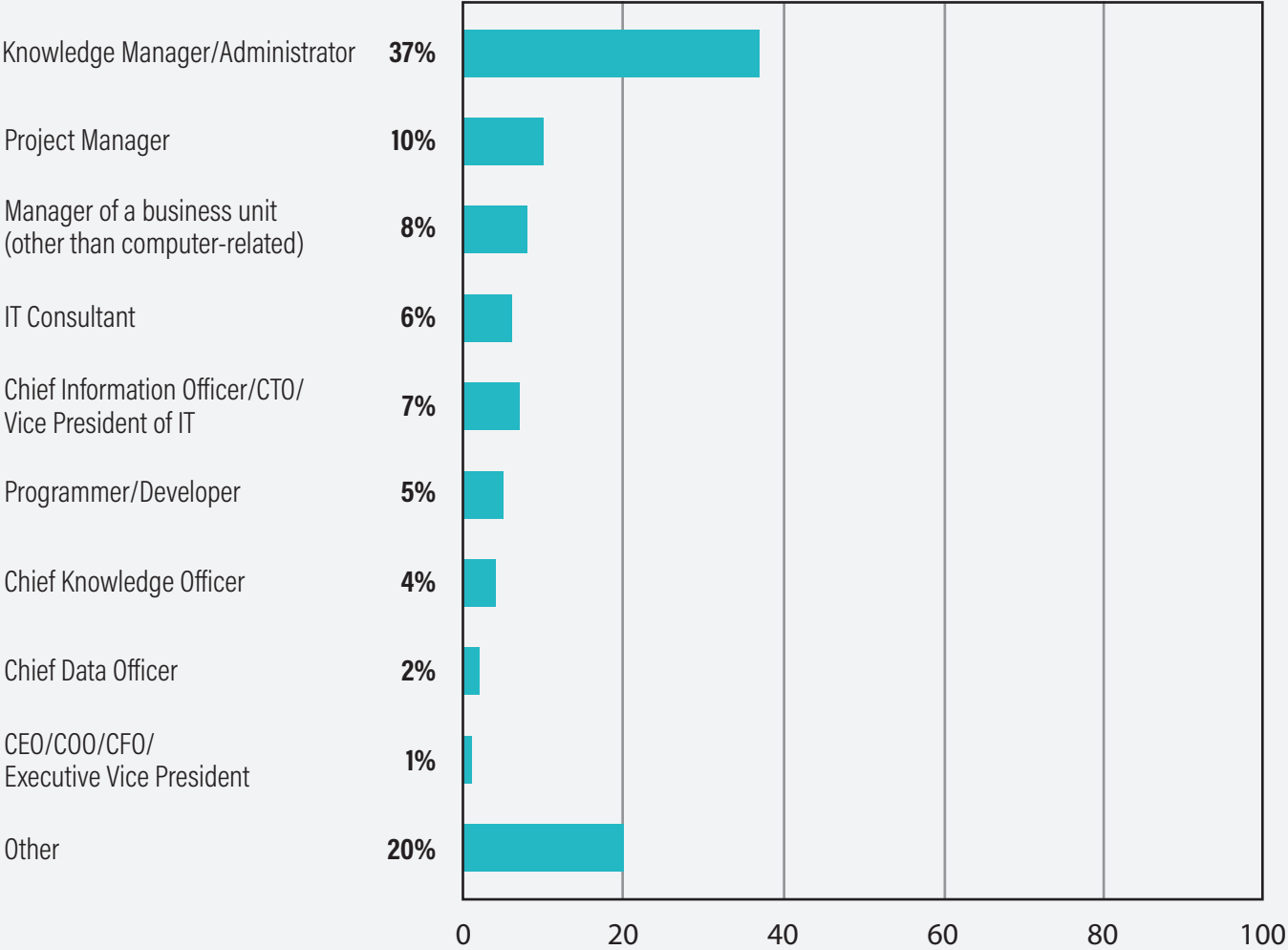
**Figure 13: Total Annual Revenues**

Figure 14: Primary Job Titles



**Figure 15: Primary Industry**