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Title: The big data warehouse squeeze

By Douglas Hackney for PC Week 6.29.98

Data warehousing as we know it is an endangered species-it will not be recognizable by the new millennium. By the year 2000, the generalist data warehousing market of today will be replaced by an applications market providing specific solutions to specific business challenges.

There are several forces driving this phenomenon. First, businesses are awakening to the realization that it does no good to spend \$30 million on an ERP implementation if you can't get the data out of the operational system to analyze and turn into actionable information.

This is causing leading organizations to turn to a variety of turnkey and prepackaged application data mart/data warehouse solutions that are attached to ERP packages. Such solutions include SAP's all-encompassing Business Information Warehouse and Oracle's turnkey Express-based data marts.

Second, the data warehouse as a grand, generalist solution has had a pretty dismal track record. With market-surveyed failure rates ranging from 20 percent, as reported by Meta Group, to 70 percent, as reported by Data Warehouse Network, OTR and Price Waterhouse, the large "build it and they will come" solutions have proved to be dead ends for most IT organizations.

Instead, businesses are stampeding toward a variety of stand-alone data mart applications-such as those for marketing program monitoring, sales analysis and trending, and support issue analysis-in an effort to relieve business pain within the lifetimes of most participants.

The downside is the lack of integration. The vast majority of these stand-alone solutions are nonarchitected, legacy data marts-"legamarts"-that are simply tumors waiting to metastasize.

Application data marts must be constructed in the context of an enterprise data mart architecture to avoid this ugly fate. Otherwise, IT organizations will be faced with the unenviable task of integrating a series of legamarts utilizing multiple extraction processes, disparate business rules and conflicting semantics.

A common example is an organization that throws together a sales analysis legamart from a stand-alone package and then quickly delivers a templated financial budgeting and forecasting legamart. The organization is subsequently faced with integrating the two legamarts' extraction processes and data and two disparate ways of calculating net sales.

Third, the data warehouse market is maturing. As is usually the case, the focus turns from enabling technologies to specific business solutions that can relieve specific enterprise pain. One doesn't have to look further than client/server to see recent evidence of this phenomenon. Instead of widespread attention and headlines concerning client/server, today we focus on sales force automation, ERP and one-to-one marketing.

The combination of these three forces is yielding a rapid consolidation of the data warehouse vendor market. Arbor Software and Hyperion Software have already merged, as have Andyne Computing and Hummingbird Communications. This consolidation will be lightning-fast and will be accelerated by Microsoft's entry into the data warehouse segment later this year.

It is becoming clear that to survive as a vendor in the data warehouse space you must be part of an integrated solution-a solution that provides not only the back-end "plumbing" technology but

also the monitoring, metadata, systems management, front-end application solutions, implementation, management consulting and systems integration services. All of these are required to put the whole package together and create sustained impact on the enterprise.

Who wins in the new world? First and foremost, the business user. Instead of multimillion-dollar investments in monuments to technology, the new focus on delivering specific solutions for specific business pain ensures that business challenges will be met in a timely manner and that value and ROI can be demonstrated quickly. Second, and surprisingly, the technologists win. Instead of becoming trapped in hopeless efforts to boil the ocean with disposable lighters, they can concentrate on inherently incremental efforts to solve specific problems-and the chance to leverage the demonstrated ROI of their data warehouse systems. If they can manage to deliver the solutions in an architected manner, the potential is nearly limitless.

Third, if they can awake to the opportunity, the Big 5 can be winners-Ernst and Young, Deloitte and Touche, PricewaterhouseCoopers, Arthur Andersen and KPMG-as can other large services companies. With few exceptions, these entities have yet to leverage the synergies within their own ranks to exploit the market potential in their existing customer bases. Until now, like the rest of the data warehouse market, they have been consumed with the technological aspects and have missed the much more challenging cultural and organizational aspects.

Where will it end? The generalist data warehousing conferences will be replaced by application-specific shows. The old guard of infrastructure pundits and gurus will be replaced by new application-specific heroes. The plethora of infrastructure companies will gel into integrated-solution providers, and the endless morphing of the technology world will proceed apace.

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