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Extract from: The Data-Warehouse Advantage

Companies are building data warehouses that boost efficiency and let them know their customers better

By Rick Whiting

Data-warehouse projects have a reputation for being complex, costly, and almost certain to fail. Well, they are complex and costly. And the rate of data-warehouse project failures, while down from analysts' estimates of 60% to 90% in the 1990s, still hovers around 40%, according to a recent report from the Cutter Consortium. But more companies are successfully building and operating data warehouses that boost operational efficiency, lower operating costs, and get them closer to their customers.

This year's winners of the Data Warehousing Institute Awards prove that data-warehouse projects can be a critical piece of a company's IT efforts. Here's a look at [one] of the winners;

For large banks, knowing who their customers are can be a problem. While a customer may have a checking account, home mortgage, and financial investments all at one bank, information about those services is frequently maintained in separate databases, making it difficult for the bank to get a complete view of the customer.

BMO Financial Group (formerly the Bank of Montreal) uses a central data warehouse with application-specific data marts to get that 360-degree view of its customers, and to identify which are most profitable, most likely to respond to an offer, or in danger of switching to another bank. The system won the Data Warehouse Institute's best-practice award for use of a data warehouse for customer-relationship management.

BMO's data warehouse, assembled five years ago, uses IBM's DB2 Universal Database software running on an IBM RS/6000 SP server. The system now has 5-to-6 terabytes of customer data (8 terabytes by next year) pulled from 42 operational systems, including retail, investment, commercial, and wealth-management applications. Software from Ab Initio Software Corp. handles the data-transformation chores.

From the data warehouse, the data is moved into data marts for specific analytical tasks. One is used to calculate the profitability of individual customers. "That was one of the most important data marts we ever built," says Ted Mendes, database management services director. "You need that as a base for CRM."

BMO uses software from SAS Institute Inc. to build models that groups customers into 12 categories, such as "empty-nesters" and "young families with children," and analyzes data for customer retention, profitability, and propensity to buy additional services. IBM software is used to attach scores to individual names, such as a customer's likelihood to accept a home-loan offer or leave for another bank. These scores are re-run each month, Mendes says.

The scores are then fed into an application from Unica Corp. that develops recommendations for each customer, such as offering them a new credit card or home loan. Those, in turn, are loaded into applications from Siebel Systems Inc. used by the bank's tellers, call-center works, and other customer-facing employees and systems. The data warehouse is updated to reflect customer

responses to the offers. Business-intelligence software from MicroStrategy Inc. is used to analyze customer scores and offers to see what's effective and what isn't.

Mendes' team is developing triggers for the data-warehouse system that can automatically respond to customer actions. A customer making a large deposit that boosts his account 20% or 30% above his regular balance might be offered a certificate of deposit or an investment opportunity, for example.

<http://www.informationweek.com/story/showArticle.jhtml?articleID=12802974>



The Data Warehousing Institute Announces the Winners of the 2003 Best Practices Awards - Seattle, WA

Real-World Implementations Recognized for Innovation and Business Impact

Seattle, WA MAY 5, 2003- The Data Warehousing Institute (TDWI), the premier provider of in-depth, high quality education and training in the business intelligence industry and data warehousing industry, announces the winners of its 2003 Best Practices in Data Warehousing Awards competition. This competition provides thousands of practitioners with best practices they can follow as data warehousing and business intelligence continues to grow and expand.

Nominations were judged by a panel of experts, including: practitioners, consultants, industry analysts, Institute Fellows, Academics, and TDWI management. The winners clearly demonstrated that their business intelligence and data warehousing projects were truly innovative solutions to problems commonly faced by data warehousing practitioners and were practices that could be followed by others.

"The applications that we received this year were outstanding and truly represented the best of the best in the industry today," says Brenda Woodbridge, General Manager of TDWI. "While there were many impressive stories in this year's competition, a few really stood out as true best practices that others can adapt for use in their own organizations."

2003 Best Practices Winners:

Advanced Analytics: Land's End; Sponsored by Business Objects

Enterprise Data Warehouse: Continental Airlines; Sponsored by Teradata, a division of NCR

Government & Non-profit: State of Iowa Department of Revenue & Finance; Sponsored by Teradata, a division of NCR

Business Performance Management: International Truck & Engine Corp.

Customer Relationship Management: Bank of Montreal Group of Companies; Sponsored by IBM

Integrating Data Marts & Data Warehouses: Bank of America; Sponsored by Teradata, a division of NCR

Data Stewardship & Data Quality: AT&T Wireless Services

Meta Data Management: Toyota Motor Sales USA Inc.; Sponsored by Informatica

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