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SEMINARS & TRAINING

- What is a data warehouse?**
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What is a Data Warehouse?

A data warehouse is a computer system designed to give business decision makers instant access to information. The warehouse copies its data from existing systems like order entry, general ledger, human resources and stores it for use by executives rather than programmers. Data warehouse users employ special software that allows them to create and access information when they need it, as opposed to a reporting schedule defined by the information systems (IS) department.

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What are the business benefits of data warehousing?

Immediate information delivery

Data warehouses shrink the length of time it takes between a business event's occurrence and executive alert. For example, in many corporations, sales reports are printed once a month - about a week after the end of each month. Thus, the June sales reports are delivered during the first week in July. Using a warehouse, those same reports are available on a daily basis. Given this data delivery time compression, business decision makers can exploit opportunities that they would otherwise miss.

Data integration from across, and even outside, the organization

To provide a complete picture, warehouses typically combine data from multiple sources such as a company's order entry and warranty systems. Thus, with a warehouse, it may be possible to track all interactions a company has with each customer - from that customer's first inquiry, through the terms of their purchase all the way through any warranty or service interactions. This makes it possible for managers to have answers to questions like, "Is there a correlation between where a customer buys our product and the amount typically spent in supporting that customer?"

Future vision from historical trends

Effective business analysis frequently includes trend and seasonality analysis. To support this, warehouses typically contain multiple years of data.

Tools for looking at data in new ways

Instead of paper reports, warehouses give users tools for looking at data differently. They also allow those users to manipulate their data. There are times when a color coded map speaks volumes over a simple paper report. An interactive table that allows the user to drill down into detail data with the click of a mouse can answer questions that might take months to answer in a traditional system.

Freedom from IS department resource limitations

One of the problems with computer systems is that they usually require computer experts to use them. When a report is needed, the requesting manager calls the IS department. IS then assigns a programmer to write a program to produce the report. The report can be created in a few days or, in extreme cases, in over a year. With a warehouse, users create most of their reports themselves. Thus, if a manager needs a report for a meeting in half an hour, they, or their assistant, can create that report in a matter of minutes.

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What can we do with a warehouse that we can't do today?

Organizations turn to warehouses to answer a limitless variety of questions and in almost all fields. Data warehouse applications include:

Sales Analysis

- Determine "moment in time" product sales to make vital pricing and distribution decisions
- Analyze past product sales to determine success or failure attributes
- Evaluate successful products and determine key success factors

- Use corporate data to understand the margin as well as the revenue implications of a decision
- Rapidly identify a preferred customer profile based on revenue and margin
- Quickly isolate past preferred customers who no longer buy
- Identify daily where product is in the manufacturing and distribution pipeline
- Instantly determine which salespeople are performing, on both a revenue and margin basis, and which are behind

Financial Analysis

- Compare actual expenses to budgets on an annual, monthly and month-to-date basis
- Review past cash flow trends and forecast future needs
- Identify and analyze key expense generators Instantly generate a current set of key financial ratios and indicators
- Receive near-real-time, interactive financial statements

Human Resource Analysis

- Evaluate trends in benefit program use
- Identify the wage and benefits costs to determine company-wide variation
- Review compliance levels for EEOC and other regulated activities

Other Areas

- Warehouses have also been applied to areas such as: logistics, inventory, purchasing, detailed transaction analysis and load balancing.

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How can you estimate the ROI of a warehouse?

Many companies make the mistake of trying to put a value on their data warehouse. The truth is the value of the warehouse stems from the new and changed business processes that it enables. Thus, in developing a warehouse it is extremely important to envision who is going to use the warehouse, how they will use it and why using it will improve upon the current process. It is not unusual for well considered and designed warehouses to generate first year ROIs of 100 to 400 percent. The value of the the new business processes can be determined by comparing the costs with the expected benefits.

Costs

Costs include items like:

- Hardware, software, development personnel and consultant costs
- Operational costs like ongoing systems maintenance

Benefits

Benefits typically fall into two categories, new revenue and reduced costs.

Added Revenue

- Will the new (business objective) process generate new customers (what is the estimated value?)
- Will the new (business objective) process increase the buying propensity of existing customers (by how much?)
- Is the new process necessary to ensure that the competition doesn't offer a demanded service that you can't match?

Reduced costs

- What costs of current systems will be eliminated?
- Is the new process intended to make some operation more efficient? If so, how and what is the dollar value?

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What can't a warehouse do?

What can't a warehouse do? Warehouses gather and report data that already exists. Therefore, a warehouse cannot create more data. If a company wishes to analyze its customers by zip code but addresses are not captured by the company's systems, a warehouse will not solve the problem unless some method is found to gather this address data. In addition, if a company's data is 'dirty' in that current systems are not recording the correct information or optional fields, the warehouse will not correct that data. The warehouse is useful in identifying where data problems exist but corrections to those problems must be made in the systems that capture the data.

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