THE APPROVAL OF
DATA WAREHOUSING PROJECTS:
FINDINGS FROM TEN CASE STUDIES

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Abstract

Telephone interviews were conducted with data warehousing managers in ten companies in order to better understand the process through which data warehousing projects are approved. The companies' processes are described along with generalizations based on the case studies. Data warehousing initiatives can be championed by either IS or a functional area. In the latter case, there is typically a particular application, often in marketing, that provides the primary motivation. Most data warehousing projects are approved based on presentations and prototypes rather than ROI calculations. Some benefits of data warehousing are common, such as reduced data preparation time, more and better information, great worker productivity, and improved decision making, while others, such as the redesign of business processes and providing support for the accomplishment of strategic business objectives, are rarer because of the high level of organizational support and commitment they require. The keys to data warehousing success include a strong champion, a specific business need, and earnest user involvement. The remaining obstacles include unproven technology, a lack of skills to work with these new technologies, data integration issues, gaining support from management and other departments (i.e. IS), and obtaining user acceptance.

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1 INTRODUCTION

Data warehouses are expensive and demanding undertakings. A 1996 TDWI survey found that the average first year cost of a data warehousing project is $1,260,371 [WaHa97]. They are also labor intensive, averaging 4.45 man years of effort to build. Considerable time and effort must be exerted on locating and cleaning data, acquiring and learning new technology, working with end users, and managing user expectations.

The fundamental reason for building a data warehouse is to provide users of decision support applications with access to data. Warehouse data may be used to support queries, decision support systems, executive information systems, and data mining. While this broad purpose can sometimes be used to justify building a warehouse, management often demands that more immediate, tangible benefits be shown. These benefits include lowering the cost of information access, improving responsiveness to customers through better information, identifying hidden business opportunities, and performing precision marketing or mass customization. However, the most successful justification is showing how the data warehouse will help the organization accomplish specific objectives that have been set by top management [BaEd97].

Almost all organizational endeavors, including the building of a data warehouse, require a sponsor or champion. This person can come from IS or a functional area. The person may be a top executive, or in the case of projects with a smaller scope, a business unit. Sponsors perform roles such as getting the ware-