Financial Services Data Warehouse: Buying Considerations to Ensure Data Warehouse Project Success
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Introduction

When evaluating data warehouse vendors you can count on the fact that they all:

- Promise to lower costs, raise productivity and improve visibility into your business
- Provide client references that will powerful testimony about the success of their data warehouse solution, and
- Claim to understand how financial services institutions really work.

What's rarely mentioned is that data warehouse projects can be the most expensive, lengthy, political and difficult of all IT projects. So, how do you ensure that your financial data warehouse implementation involves the least risk and provides the shortest time to substantial results?

The purpose of this white paper is to take a time-to-business-value look at financial services data warehousing technologies with a focus on the selection process and how it should take deeper considerations of the real-world implementation hurdles. It outlines the data warehouse features buyers should look for in comparing different vendors and technologies with the focus on optimizing their success and returning substantial results quickly.
Conventional Wisdom #1: The Only Way to the End-State ‘Vision’ is a Long, Hard Road

In many firms, the CIO, CTO, DBA and Business Analyst has stories of the financial services data warehouse project that just wouldn’t complete or have the good manners to simply die. The consensus is that these projects take a lot of time, effort and a huge amount of political capital to implement across lines of businesses and functions. If you buy financial services data warehouse technologies that force you into investing more on the project than on the product, then it will be a long hard road to the end-state ‘vision’. Unfortunately, this is the case with most of the enterprise class data warehouse technologies and so-called solutions on the market. When evaluating a financial data warehouse you should be focusing on how to ensure that the product you choose will help you avoid the never ending project that will be a huge drain on resources. Is it possible to make the long hard road shorter and easier to traverse?

Ensure Strong fit to Your Business Needs

What makes a data warehouse project so lengthy and problematic is that most of the technologies offered are incomplete, abstract and industry agnostic. They simply do not provide out-of-the-box business capabilities or even align with how financial institutions consume data. If a vendor sells the same data warehouse technology to a grocer, airline, or manufacturer as they would to a financial institution, then what they have saved in time and money by having a horizontal technology, you will pay for in making it relevant to your business.

You Can’t Afford to Linger

In today’s modern financial environment, how many banks can afford the time, money and exposure to poor data environments while the enterprise data warehouse (EDW) is being ‘customized’? Do you really want the cold feeling of realizing that the old 80/20 rule means 80% of what was easy to do has been done and the remaining 20% of ‘customization’ is what you have to do to be able to use it? And that 20% ‘customization’ will be 100% of the reason why the project is going to take several years and provide the opportunity for a number of potentially career limiting choices.

So, how can this conventional wisdom be broken and challenged? Buyers should determine if they truly need to listen to vendors who say ‘you need all the data, all the time, just in case’. The idea of spending millions of dollars on gathering business requirements and data modeling might seem necessary, but is it really? Given some of the new choices of pre-built, business function and industry specific data warehouse products available now, it most certainly is not!

Time-to-Business-Value is the Best Metric

What buyers should keep in mind is they need the right data, at the right time, in a way that allows them to actually consume the data – whatever the need, the urgency, or application. No more, no less. Why go the route of the EDW when you’re not solving an ‘E’ anything? Why have data that isn’t
aligned to specific business requirements? If business is focused on transforming Risk & Finance, shouldn’t your data warehouse program have this same focus?

The key point is this; any technology touted as being a solution should come with as much demonstrable, business centric, user-empowering capability out-of-the-box as possible. How quickly can the solution add real, meaningful value to the business? Surely this is a critical metric?

Furthermore, the traditional ‘low-hanging fruit’ should be viewed with a skeptical eye. What real value does the easily attained add? What does it really allow you to do that you couldn’t do yourself? The solution you purchase needs to enable you to rapidly and efficiently meet your full business objective and deliver substantial value to the business quickly.

More Product, Faster Time to Results

When looking into data warehousing, banks should look to demand more product, more solution, less project time and fewer problems. Great products that deliver on this make it easier and faster to travel the ‘long hard road’. They ensure fewer pot holes on the way and faster time to end state vision. The best way to determine which vendor has more of one and less of the other is by looking at how aligned the offering is to your business.

It should come as a relief to buyers that the latest innovations in financial services data warehousing are those that realize data warehouses cannot exist in an isolated abstract that is removed from the hustle of business. They have to mirror the business but bring order and performance to the data. They need to support your ability to configure and tailor for your business needs without requiring extensive product customization. They need to allow you to rapidly adapt to changing business and regulatory needs. Only business function and industry aligned data warehouses, pre-built with logical and physical models, designed to provision data and power pre-integrated applications and reporting layers can do this. These capabilities leave the buyer with as little work to do as possible, before they and the business users they support, can actually use the data in the new warehouse environment.

These solution qualities are demonstrable: there should be a logical model, a physical model, an application and reporting integration layer, a framework that supports data quality, tailoring and performance – already developed, designed, built and integrated. A financial services data warehouse that’s pre-built, with as many baked in data quality checks as needed by the applications with which it’s integrated. This is application-ready data warehousing; a solution profile you can believe in.

Conventional Wisdom #2: The Logical Data Model as a Real Project Accelerator

If you were able to track over time the positioning of the data warehouse in a typical financial services logical architecture you’d see a shift from it being a back-end data store somewhere on the left surrounded by OLAP marts to much more aggressively moving to the right or just simply taking center stage, with no OLAPs in sight and driving applications not just natively with in-warehouse processing, but allowing direct to data business user access. No data movement, capture once – re-use many times.
But, again we have the question – where’s the business value? How can, or how soon can, the warehouse drive those business applications, put smiles on the faces of business users and be the golden source of business data if it’s not designed for your business, your applications or your users?

Against this harsh question the vendor has an answer. Vendors position their project accelerators very differently. Some have logical data models of wide renown and scope. Others have partnerships or legions of eager in-house consultants ready to bed down on your project site and become a perpetual part of your office landscape.

But, are they accelerators or just excuses for the so-called ‘solution’ that is really a horizontal jack-of-all-trades technology with a gaping lack of out-of-the-box business data and analytical capabilities?

An ‘accelerator’ that really means more time, effort and money for the buyer is a roadblock. Compare this to a solution offering that actually accelerates time-to-business value by getting the business what they need from the warehouse – actually – faster, with less cost, less time, less resources (internal or external) and with better quantifiable results?

The False Dawn of the Logical Data Model as an Accelerator

Many vendors that strive to deliver a warehouse designed to service more than a handful of users within a business department tout an extensive, comprehensive logical data model. The role and need of a logical model is important and uncontested, but its ability to act as a true project accelerator is greatly over-valued and over-sold.

There is not a single application in financial services that can run off a 3rd Normal Form Logical Model. All applications need a physicalized model. To physicalize a logical model – no matter how detailed, extensive and comprehensive – is no small or easy task. A typical iteration cycle of a data centric project is:

- Capture business requirements
- Map and gap them with the logical model
- Create a semantic model mapping to the logical model
- Confirm with business users the models are correct
- Adjust for changes to specifications from the business
- Adjust for changes to the application landscape (and hence the semantic model and logical model gapping) while gathering the requirements
- Re-confirm the specifications with the business users
- Adjust for changes in the business user personnel
- Re-confirm
- And so on
Multiply this by every line of business, major application and group of key stakeholders. Where does the budget go?

So we’re back to asking, how well does the technology truly reflect your business? What good is all the data in the world in the fastest processing environment if you have to pull it out, and put it in a data mart to run your reports?

Therefore, as accelerators go, the one to value most is a well conceived, business relevant, wide ranging physical model that’s designed to drive analytics and reporting in the manner in which business users typically operate. Requirements are locked down much faster, they have far greater probability of being successful the first time and being implemented before major changes can take place. Users will see value far sooner and more meaningfully than any other alternative.

When you’re talking to the financial data warehouse client references that the vendors will provide, focus on understanding time to results and fit for your business. Be sure to ask questions such as:

- How long did it take from the contract being signed for the business to be able to see substantial value? What were the biggest hurdles you faced and how did you overcome them?

- How did the implementation impact business as usual? Did you need to add extra staffing? Was this permanent or just during the project phase?

- How many workarounds did you need to put in place during the project implementation, just to survive until the project was finally done? What did that cost you?

- What process did you use for devising requirements specific to the financial services needs? How many times did they change during the implementation cycle? How much of the data in your data model is used to create true business value today?

- How quickly can you adapt to regulatory and business changes?

- Did the product just accelerate your project or did it truly deliver a functioning data warehouse fit for you specific financial services business?

**Conclusion**

Purchasing and implementing a financial service data warehouse is no small task. It requires more time, money, and energy than most IT projects and that is before the contract has been signed. When evaluating vendors, financial institutions need to keep two things in mind: how much time will it take to utilize this implementation and see the ROI, and how much have the vendors proven they know and have success in the financial services industry. Do not get caught up in a project that was designed horizontally or that doesn’t provide a logical, ready-to-deploy data model and framework. It will never get you to the end goal that your future success is relying upon.