

HP Information Management Maven Rod Walker Describes How BI Helps Business Leaders Innovate

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Dana Gardner: Hi, this is Dana Gardner, principal analyst at Interarbor Solutions, and you're listening to a special BriefingsDirect podcast recorded live at the Hewlett-Packard Software Universe Conference in Las Vegas. We are here in the week of June 16, 2008. This sponsored HP Software Universe live podcast is distributed by BriefingsDirect Network.

We now welcome to the show Rod Walker, the vice president for Information Management in Hewlett Packard's Consulting and Integration (C&I) group. Welcome to the show, Rod.

Rod Walker: Thank you very much, Dana. It's a pleasure to be here.

Gardner: We are going to talk about some of the high-level business values that are being derived in the field from business intelligence (BI), data warehousing, data integration and generating quality data from the vast storm of information content data that's available to companies. This is, I suppose, a real competitive issue. This is what companies use to develop strategy, and to help them figure out where to take their businesses.

First off, let's tell our listeners a little about the information management practice, and a little bit about your background.

Walker: Thank you. I have been in the IT business, consulting business, for 37 years at this point. I came to Hewlett-Packard a year-and-a-half ago with the acquisition of Knightsbridge Solutions. They are one of the pre-eminent consulting firms in the BI and data warehousing space, and I was the CEO at Knightsbridge.

Gardner: All right. First, help us understand the problem out there. What's the issue? Is it that there is just too much data, that it's not good data, there is redundant data, all the above?

Walker: It's all the above and more. What we have is Global 2000, Fortune 500 companies that are struggling with all kinds of different issues, whether it's increasing market share, increasing the wallet share with their customers, dealing with compliance issues, competitive issues, or growing their business on a global basis, instead of regional basis.

They've all got different kinds of things that they are doing, and where we come in is we help them optimize different parts of their business. More and more, companies are becoming more fact based, data driven, and analytically focused, in terms of how they are running their businesses? So, they are using that to competitive advantage, to solve all these different types of business problems.

Gardner: So, no more just calling it from the gut?

Walker: Yeah, this is not shoot from the hip. This is, "How do we use the numbers to get ahead?"

Gardner: And, just having numbers isn't enough. It really is about distilling the numbers and finding the gems of information in there.

Walker: Yeah, and actually what we're seeing is that this type of work has evolved from where it's been a small group of analysts sitting in the back room, running models and making recommendations to management, to the point where you now have tiers of people throughout the organization -- from the CEO down to the individuals who interact with the customers -- and what they all need is better information.

Some of them need it in real time, and all this information needs to be provided from a consistent multi-tiered data infrastructure for the enterprise, so that they all are, in effect, operating off at the same facts, at different levels of details, and different levels of aggregation. But it all needs to be consistent, and the data that is used internally needs to be consistent with the data that's provided externally at the same time.

Gardner: Okay, let's unpack that a little bit in looking at some use-case scenarios. Why don't you tell us a little bit about how certain companies are out there are deriving a high business value from these activities? Can you perhaps give us an example from the health-care sector.

Walker: From the health care sector, one of the hot topics in health care these days -- and it's good for all of us -- is how do you improve patient outcomes? How do you improve the quality of patient care and ultimately the degrees of success in treatment? What we are seeing is that more and more of the providers of health-care services are trying to use their clinical data that they are gathering on a systematic basis -- what was this patient's problem, how did we treat him, and what was the end result?

We have both individual, if you will, hospital chains, trying to gather this information and doing it on their own, as well as various consortiums, who have the advantage of bringing in the clinical data literally from hundreds, if not thousands of hospitals, putting it into a consistent database. Then, what you can do is hunt through that data for best practices.

I can go into one hospital and say, "For this disease, for this treatment regime, what are my patient outcomes? And how do they compare, to the patient outcomes of hundreds of other hospitals?" If I am near the bottom, I've got a problem, and I better go fix it, for the sake of the quality of the care that I am providing and to avoid lawsuits and so forth. On the other hand, if I am in the top three percent, that is a marketing opportunity.

I can turn that back around and go out in the marketplace and say that for cardiac care or diabetes care, whatever the case may be, I am one of the top 10 best in the country. You hear that as consumers. You hear the stuff out there now where people are actually advertising, that they are really good in some aspect of health care.

Gardner: It's more of a marketplace?

Walker: It's absolutely a marketplace and the good news is that it's becoming competitive on the dimensions that we care about. First and foremost, what's the success in treating your illness. This is a hallelujah for all of us, and it's all because the data is becoming collectible, presentable and analyzable -- and people are doing it.

Gardner: And you can analyze that data with a certain a level of anonymity for the patients?

Walker: It has to be.

Gardner: Right.

Walker: It has to be. It's required. So the data is anonymized, and that's fine. For the kind of analysis they need to do, you don't need to know who the patient was, and you don't need any identifying information that would allow you to figure out who the patient is. It's readily anonymized.

Gardner: Right, and the fact that we are here in Las Vegas in a casino, raises a question about analytics. Do you do any analytics for the gaming industry?

Walker: Not yet, although, if you want an example of that, go see the movie "21" or read the book, "Bringing Down the House." There are your analytics for the gaming industry. Of course, it's not the one they want to talk about.

Gardner: All right. Well, speaking of markets, companies are looking for ways of exploiting their IT resources, getting return on their investment from their IT spend, and being able to up-sell and cross-sell the customers that they do have data on is becoming a great way to do that.

Walker: A lot of the work we do with our customers tends to be how they deal with their customers. And there's a lot of different aspects to this. It starts with, and it's kind of basic, just understanding your customer. Many of the big, complex organizations we deal with are still operating as collections of silos. They are typically, product based and geographically based, and both of those things make it difficult for them to really understand all the interactions they have with an individual customer.

They do not know when a customer walks in the door, calls, or goes on their Website, or whatever the case may be, if this is one of my best customers. Just because this person doesn't have a lot of money in a bank account doesn't mean, they don't have big mortgages, run a big company, and have huge CDs or something else. If you just look at what they are doing on this one transaction in that one account, you completely misread who this customer is. So, trying to really understand your customer and who they are is a piece of the puzzle.

Then, the next piece of the puzzle is how do you increase your wallet share with that customer from the standpoint of how do you make sure they are loyal, particularly the ones that you highly value and are very profitable for you? Then, how do you interact with them and say, "Hey, you've got these services. How about this one?"

And, if they are big enough customer, you may make them a special offer or give them a better deal, and maybe you add a little bit to that CD rate that you are going to offer them. Then, the next trick that they run into is, when and how and under what circumstances do you make that offer?

It's one thing to send out a mailing based on some batch review of your customer files overnight, once a month, or once a week, but we are really finding that our customers want to do more and more is, when they are there visiting that Website, when they are in the branch, when they are doing that transaction, you want to really hit them at the point of sale with the offer right then. So, if somebody's made that big deposit, maybe that's the time you want to talk to him about a CD, or market basket question. They are buying a lot of something, well, how about this accessory or this other thing that tends to go with it? Hit him with it right now.

Gardner: And today, I suppose, more and more companies are interfacing with their customers and prospects, through the Web and through applications. We see self-help portals. We see people actually wanting to do business through the Web, but to have the analytics to then offer them the right path throughout that sales process becomes critical.

Walker: And, not only are the paths multiplying, but what we need to do in terms of how we architect these kinds of solutions and systems, is make sure that you can make that specific offer to that customer, no matter which channel he is contacting you through. It could be the call center. It could be the Web. It could be that Kiosk. It could be physically walking into a store or a branch.

Gardner: It could be increasingly your cell phone.

Walker: It could be a cell phone, absolutely. So the answer is that it doesn't matter how they have contacted you. You want to have the same analytics, the same class of offer to be presentable through any channel, anytime, anywhere.

Gardner: So, it's so much more than a single view of the customer. It's really an amalgamated view of what that customer probably would want next?

Walker: Absolutely, and this is all based upon analytics. I don't doubt that there are some businesses who will use this not just to up-sell and cross-sell some customers, but maybe in some cases they drive a few of them away at the same time.

Gardner: If not done properly.

Walker: Well, maybe on purpose. Maybe, I don't want to you as a customer.

Gardner: I see. Weed them out.

Walker: Weed them out at the same time.

Gardner: Interesting. Let's move on to another use case. Energy is a big topic these days. People are wondering when the price of oil will start coming down, instead of going up. What can analytics and business intelligence bring to those, who are now out there looking for the increase in the oil supply?

Walker: Well, there are a lot of different kinds of things, as you might imagine, that the energy companies are applying analytics to. We have been involved with them in both the retail sales side in terms of the analytics there -- the energy trading business, in terms of how do you swap and trade crude as well as finished products on a worldwide basis? And we have got involved in some other things, like centralizing well information.

If you look at how an exploration or production company deals with well information, they may go out and sign up for leases, and so they gather a whole bunch of lease information. They've got an exploration unit, that goes out and actually drills the well and collects a lot of information about that well. They've got a production company that collects information around the well as it produces. These are all different functional silos. You've got a legal department that does the negotiations and does the deals. They've got their file cabinets full of paper and information around those wells.

Then, of course, you've got the finance organization that has to take the money that's obtained from selling the products that come out of that well, and then redistribute it back to the owners of the well, and the royalty owners, and to some degree, each of these different business units keeps their own information around the wells, as opposed to there being one master of repository, the data of record, certified data for that well. So, there is an opportunity for them to be much more efficient, and make that data available on a consistent accurate basis to everybody who needs it.

Gardner: A single view of the petroleum.

Walker: A single view of the well, at least.

Gardner: How about one more used case scenario, risk management? How does an organization reduce exposure to risk, perhaps shore up its security, and maybe even be mindful of compliance and regulatory issues, vis-à-vis BI.

Walker: If you take the banking industry, for example, banking is slowly going global. You've got these huge banks operating around the world. They've got all kinds of regulatory compliance issues to deal with, both on an international basis with Basel II, as well as on a country-by-country basis. So, of course, you have to feed accurate information, consistent information to all of the different regulatory bodies.

At the same time, part of that is also managing your operational risk on an worldwide basis, and that could be anything from your currency risk to your interest rate exposure or your customer credit risk. It's one thing to look at your customer credit risk in terms of this subsidiary of that company, but what about the rest of the company, or what about their risk in this country, versus the risk on a global basis?

Do you have that information collected in a way that you can assess all those risks and apply your judgments and make your operational decisions appropriately. That's just one aspect of risk management that we have been involved with, in that case numerous banks, but it can also be things like a credit card fraud, ultimately, in real time, analyzing the transactions as they come in. There are just lots of other risk factors out there on an industry-by-industry basis.

Gardner: You raised the issue about real time. Many times we think about analytics as having data that's been sitting around for a while. It will stay, and we can take some time to go in and look it over, but, I think, increasingly, we are finding enterprises seeking to analyze things a bit more on the fly. How does that relate to what you are doing?

Walker: Well, there are some relatively easy examples of that kind of thing. A couple we just alluded here. One I just mentioned was the credit card fraud aspects of this. There are other people who look at trading opportunities and trading analytics. Whether it's equity markets, energy markets, or whatever kind of markets they trade in, if you can do your analytics just a little bit faster than the next guy, and get your trades in a little bit quicker, that can mean serious money, and we have run into some of those kinds of issues as well.

Then, one of the big emerging areas for real time gets back to this business of customer interaction on a real time basis, if the customer calls the call centers, shows up in the branch, and then goes on the website. You don't want to be looking at yesterday's data, if he's doing all of those things today.

So, you want to see his transactions he has done all at the same time. You want that complete view of the customer. There's another less real-time aspect to this. When you're talking about a complete view of the customer, the other thing we are seeing is, it's not just the transaction information. It's not just the structured information that we gather from all these systems.

There are studies out there that say, 60 percent of the data you have in your organization is actually not structured data at all. It's in documents, e-mails, and other forms of images, audio, and video, whatever the case may be. One of our challenges first is to get people to have a 360-degree view of the customer.

The next thing is to have them have a complete view of the customer. What is everything we have in our organization that we have about that customer? Can I get at it, when I need to get at it, either when I am dealing with the customer real time, or even if it's not real time? The point is that I've got to be able to get all the relevant data, not just the stuff that's easy, because it's in the systems.

Gardner: Very interesting, I think this certainly shows how IT investment has many new and additional forms of payback. We're really just getting into the icing on the cake, right?

Walker: Absolutely, and as the technology continues to evolve, and we get better and better at this, and as our customers go through the maturity process and mature with the technologies and the business issues, they are getting smarter and smarter about what they can accomplish with this. You actually see them progress from using data, to using

information, to streamlining the business, and then getting to the point where they really try to innovate, compete, and alter their strategies based on the information they are now able to bring to the table.

Gardner: It really shows how IT can be an competitive advantage in a very significant way.

Walker: Absolutely, and all the trends and demographics in business come back to kind of where we started, which is that it's all about business becoming more analytic data driven, and really trying to optimize, not just their operations, but their market share, and how they compete against their competition. At the same time, how can I just do a better job serving my customers?

Gardner: Great, we have been talking with Rod Walker, he's the vice president for Information Management in Hewlett-Packard's Consulting and Integration Group. I really appreciate your time.

Walker: Delighted to be here, and happy to talk anytime.

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I'm Dana Gardner, principal analyst at Interarbor Solutions. Thanks for listening, and come back next time for more in-depth podcasts on enterprise software infrastructure and strategies. Bye for now.

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