

IBM Balanced Warehouse

Analyst Discussion

Part 1 — Introduction

Claudia Imhoff: Hello, I am Claudia Imhoff, the President of Intelligent Solutions. And I am here today to talk about IBM's Balanced Warehouse. Now let's talk a little bit about Business Intelligence. It's really changed over the last few years. When we started out with Business Intelligence, we focused a lot on tactical Business intelligence, the ability to compare today to yesterday, this week to last week, this month to last month, this quarter to last quarter. But as the data accumulated in our databases, we began to see that we could now begin to do strategic Business Intelligence, looking longer term, examining years of information to determine trends and patterns in our Business Intelligence. Today something new has happened with Business Intelligence though. Now we want to do operational Business Intelligence or intraday Business Intelligence making decisions throughout the day, using our Business Intelligence analytics and capabilities. Now that's something new and different. We need systems that are cost-effective, that are easy to install and easy to use. And that's where IBM's Balanced Warehouse comes in. Now with me today is Mario Passalacqua. Mario is the Director of Worldwide Data Warehousing Sales. Welcome Mario.

Mario Passalacqua: Thank you Claudia. I am glad to be here.

Claudia Imhoff: It's nice to have you.

Part 2 — IBM Balanced Warehouse and Business Intelligence

Claudia Imhoff: Now let me start off with a question about Business Intelligence and with the warehousing space. There is lot of interests about appliances these days. And IBM has recently announced this IBM Balanced Warehouse. I have already mentioned it but perhaps you can tell us a little bit more about the Balanced Warehouse.

Mario Passalacqua: Sure. The Balanced Warehouse is really a pre-tested, pre-integrated and pre-optimized solution of componentary from IBM in the Data Warehousing Space. It's really our answer to Data Warehousing needs of customers across a wide range of Data Warehousing requirements from small customers to large customers. And you know let me take you through where we think it's uniquely positioned in the market and why we think it's so appealing to such a broad variety of customers. And when we first thought about the whole need to come up with a specific solution in the space and orient ourselves in this way as we are today with the Balanced Warehouse, if you look at the market, we saw falling into

three different areas. There is the appliance area which is really a closed delivery of open componentary. It's optimized for a very narrow scope of functionality. It performs very well within that narrow scope of functionality. You go with, you know you go beyond to that bound of the scope and it starts to not perform properly and not deliver upon the promise that I think a lot of customers may purchase into that segment for. You have the Black Box Approach. This is really a closed delivery of closed architectures. It is highly optimized. And the scope of functionality is actually broader than appliance. It performs very well for a good variety of Data Warehousing needs. But we find that in that particular case there is a premium price that is applied to that premium performance through that closed implementation, and we found that to be somewhat objectionable among our customer base. Then we have something that's just really, we call it an open delivery of open componentary. And this would include you know solutions from Oracle and from IBM previously, from Sun, from Sybase and a whole combination of open software, open hardware elements, etc., it's really incumbent upon the customer to perform the integration to create the warehouse from those components. And this provided a very flexible approach to warehousing. The cost which we thought was reasonable, but the time-to-value was elongated because so much of the integration time was spent by the customers to put that componentary together in the best way. So what we did was we looked at that market and we said well let's look at all the benefits, all the highlights from each of those different approaches, right, take each of them and see how we can apply them to our offering. And that's really what the Balanced Warehouse is, you know so it is still open in terms of its constituent parts, but it is pre-tested, it is pre-optimized so we got passed that sort of disadvantage of using those open solutions. And you know it's added, you know we augmented with our experiences from the best practices team so that not only do we have a very well-performing highly tuned system, but you maintain a great amount of flexibility to address those changing business needs that you described here earlier and that customers you know are aware in the back of their mind they are probably going through impact to their Data Warehousing needs but it will help them so much more in the future as those really play out.

Part 3 — Balanced Configuration Unit vs. Balanced Warehouse

Claudia Imhoff: Interesting, now you also have something called a Balanced Configuration Unit. How does that compare to the Balanced Warehouse?

Mario Passalacqua: Right, well, the Balanced Warehouse is really the next evolution of the Balanced Configuration Unit, that the BCU is probably about, I want to say, almost three years old, we first entered the market with that, now it was first pre-tested, pre-optimized implementation of this. It was primarily in the AIX area. And that's been in market now for a

year and a half or so, then we augmented that with the Linux offering as well. The Balanced Warehouse is more of an umbrella term because typically you might buy a BCU to address a certain amount of warehousing needs. And because they are so scalable, you would add another one as your Data Warehousing needs grew, or your capacity needs, your concurrency needs increased, etc. So sometimes a Balanced Warehouse, in our opinion, could comprise multiple BCUs, okay. In addition to that, we have also augmented our offerings in the whole warehousing space as part of this Balanced Warehouse umbrella. So now we have three different offering classes. We have a C class, a D class and an E class and let me just take a minute and tell you what they are targeted towards. So the C Class is really, it's a Linux-based platform. It's targeted for our small and medium business customers and it's very affordable, again pre-tested, pre-optimized, delivered through our partner channel for the most part. We have our D class offerings which are really departmental in nature. So you know we are talking maybe around the 1 terabyte mark here or a little bit larger, very scalable. You can continue to scale out on this Linux-based as well, very attractive from a price performance standpoint. And then we have our E class offerings which is enterprise class, top performance, top high availability types of implementations, again highly scalable, linear types of scalability, all delivering the best in class, our foundational hardware best in class, foundational software, that's scalable from IBM. And that we are you know very, very proud to have it in market.

Claudia Imhoff: Well, it sounds like you've got a number of little building blocks then that you can put together and configure anyway that the client chooses to do is that, would that be more or less what you are saying?

Mario Passalacqua: Yes, we can, you know we could put those building blocks together whichever way they want. But we have reconfigured them in these certain offerings, right, because we want the customers to experience that rapid time-to-value that these preconfigured options will deliver for them.

Part 4 — Secret behind IBM Balanced Warehouse

Claudia Imhoff: Excellent, alright, then I have to ask what's the secret behind this and it sounds almost too good to be true?

Mario Passalacqua: Well, the secret is in leveraging all the experience that we've gained over our 20 years in the warehousing market, in this different offering. So through best practices, etc., we have combined that with our technology advances to help our customers achieve the best performance from the technology componentary that's available today and that we offer.

And we think that it's very key. It's sort of like the whole is greater than the sum of the parts. And that's where we think we really are providing a tremendous amount of value. So let's just, you know take a moment here to look at, let's say you know some of the things that we have done in this particular area, from the advances in the operating system with that most recent release of DB2 with Viper and the compression that's built in, this is something that's been cascaded through our offerings as well so customers are taking advantage of that, and it's even better. So that's the beauty of these offerings. Be careful you're on this whole open type of foundation and you are still taking advantage of these elemental piece-part technology improvements. But IBM has done the step of integrating that for you so you don't have to worry about, oh, should I install this next software release, what about the fixed packs that are part of it, etc. It's done, you know the BCU or rather the Balanced Warehouse in a broader term is taking care of that for you.

Part 5 — IBM Balanced Warehouse Promises

Claudia Imhoff: Well, now, Mario, IBM has made a number of promises about the Balanced Warehouse for example that it's flexible and it's simple. Maybe you could talk to me a little bit about these promises.

Mario Passalacqua: Sure, well, in terms of it being optimized, I think that you have to look at the fact that in this Balanced Warehouse, we are delivering a full warehousing stack, a full warehousing software stack under our DB2 warehouse software. So within that you receive compression which is so important in a warehousing environment, not just to reduce disks space needs but also to boost up performance because it reduces a number of IOs. We are also including our advanced analytic stack which is really a very significant. We have this, we call it Easy Mining, the ability to deliver mining types of functionality right to end users who can use it the most to do things like customer segmentation, store profiling, etc. not to some statistician who has to work on behalf of the business user, right. Because the business users are the ones who make the decisions and wouldn't it be great to put the power of these heavy analytics right into their hands so that not only do we deliver the first report but then they can actually service themselves for the second report which is the ultimate goal of the whole business intelligence delivery, right. So we deliver that. We deliver integrated administration, a nice dialogue that guides let's say the IT personnel through the maintenance of the initial establishment of the warehouse and as well as data modeling tools from data identification all the way through ETL processes with actual hooks into our data stage products and for the whole modeling flow into the tables etc with links into our in-line analytics tools, alpha blocks to build dashboards etc. So we really think that that stack is already ready to go. We have used the best practices methodology in terms of the best blend of that performance metrics of

the component part. And what's most important about this is that it is a single contact point for our customers where they can receive support on their warehouse whether that problem is within the software stack, within the processor, within the storage it doesn't matter, its one phone number and that Balanced Warehouse is treated as a single solution.

Part 6 — Clients using IBM Balanced Warehouse

Claudia Imhoff: Oh it's excellent. Well now you have mentioned customers so let's dive into that a little bit. I am sure you have got some customer stories about your clients that are using the Balanced Warehouse.

Mario Passalacqua: Sure. I mean the Balanced Warehouse appeals to so many customers at so many different range of needs let's say within both capacity, both within functionality, etc. So I am going to mention one customer that I was with yesterday in Washington DC, the name of that customer is Convergence CT and they are a firm that's basically being charged by the American Medical Group Association to build a series of clinical data warehouses at the constituent members of the American Medical Group Association so that providers such as Mayo Clinic, Cleveland Clinic can get a better understanding of the care that's going on within their own institutions, the effectiveness, regimens that are working, things that are not working etc. And what they are doing is they are building these warehouses and they need to drop them in onsite at the different member locations. So what they really need is something that is pre-tested, pre-configured, pre-optimized, ready to go. They add value with their own application that sits on top of that and it's extremely reliable, has the single support number in terms of the solution support that's necessary. And so the whole vision and the promise of the Balanced Warehouse is really playing out so well for a customer such as that. So that's one end of the spectrum. The other end of the spectrum comes to our larger customers, customers household names like J C Penney that's using our Balanced Warehouse in their merchandising systems today, right where they want to understand what is going on in the minds of the consumers, right and not just like you said what used to be 10 years ago last month's behavior was of interest and maybe 5 years ago, last week's. They want to know what's going on within the last 10 minutes, within the last 5 minutes, what's selling where, where is the inventory etc, where do we need to go replenish from, etc. So, for them, having near real time access in terms of the scalable nature of the performance is so important to them and that blend of advanced analytics complex query along with the transactional capabilities of the DB2 Warehouse is what makes it so appealing to them and that's what's they are putting that in their merchandising systems now. So it's in terms of warehouses. So it really, it's appealing to a broad range of customers. I think that's what we are finding to be proved positive that this strategy is really working.

Claudia Imhoff: Boy it does sound like it certainly does cover the entire gamut of the huge Fortune 100 to a smaller organization like your medical clinic group as well.

Mario Passalacqua: Yeah sure.

Part 7 — IBM Balanced Warehouse in the market

Mario Passalacqua: So you know based on your experiences Claudia I mean you have obviously dealt with so many customers in so many different parts of the country or maybe even the world how do you see our vision of the Balanced Warehouse playing out in the market?

Claudia Imhoff: Well, it brings into play a question of do we go with the best of breed type of situation or do we go with the full-suite like what IBM is offering and there certainly are advantages and disadvantages to both of those situations. If we look at the best of breed situation that company is very focused on a particular problem and that is their lifeblood. They are very focused on that problem and therefore they expend all of their energy and creativity and innovation to solve that problem. Now it also causes some problems because that means that the person purchasing that point solution, if you will, then has to integrate all the other parts of the workflow together. So there maybe some integration issues there and that can always be a problem. And as you mentioned if something goes wrong you then start calling up the different vendors to figure out well whose problem is it along this chain of events. So there are some pluses and some minuses to the best of breed. Also with the full-suite there are some pluses and minuses. Obviously the plus is that you have everything. You have got everything from the one-stop shop there. You have got all of the information that you need, all of the technology that you have and as you mentioned you have that one number that you have to call and therefore that's all you have to do if something goes wrong. Now you always have to worry about gosh is everything fully integrated? There have been a lot of mergers and acquisitions and sometimes things don't quite integrate as well as we would like for them to. So you have to concentrate on is that the direction of the company, are they indeed going forward with the full integration of the full-suite? And then there is always the worry that perhaps something is not being focused upon as deeply as it would if it were a best of breed. Are they paying as much attention to this particular problem as they would if they were a best of breed type of situation? So there are always those pluses and minuses on the full-suite as well. So that's my take on it.

Part 8 — Conclusion

Claudia Imhoff: If you have some thoughts on it I would love to hear your thoughts Mario.

Mario Passalacqua: Sure well in a way you know you could view us as the full-suite vendor but it's a full-suite vendor, thanks to the best practices treatment of individual vendor contributions. So you have your individual database software vendor in the form of DB2 Warehouse. You have your individual hardware processor vendor in the form of our pSeries, our xSeries platform processors. And then you have our storage which is another independent piece. So we still have the focus and each of those different divisions is focusing on their core mission to create the best products, the best technology in those markets. We take those best products, those best of breed products and then we are essentially just mixing them, putting them together in the best ratio as possible to deliver to our customers the best, quickest of value solution that we think is available to them. So really you get the best of both worlds. That's our view. So now and so you get the best of both worlds in terms of you know full-suite versus constituent vendor and best of both worlds versus you know a true warehouse that handles complex queries versus one that handles transactions and whatnot. It's, you know I think we are really delivering broad value to the customers in many different ways through the, through our warehouse.

Claudia Imhoff: Well and certainly IBM is very focused on integrating all of those pieces together. At least that's the word that I hear. It's been a real pleasure for me to speak with you Mario. Thanks so much for your time.

Mario Passalacqua: Thank you, Claudia.

Claudia Imhoff: And I hope you have enjoyed this conversation with IBM regarding the balanced warehouse. I certainly have and it does look like there is a very bright future in business intelligence and data warehousing, thank you.