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September 14, 1998

## CIO Forum: Knowledge Payback

**Randy Mott Senior VP and CIO, Wal-Mart Stores Inc.**

**M**uch has been written about the business benefits of data warehousing. It seems as if everyone is in a hurry to provide "quick-fix," PC-based solutions or data marts to capture key information about their business and marketplace-either through in-house efforts or outsourcing. The danger in this approach is that it takes away from the real value hidden in the data warehouse: knowledge.

When Wal-Mart began to use this technology in 1989, we realized that to get maximum returns, we needed to capture the lowest level of detail about our business and customers. At first, we didn't understand the technology and its capabilities, but we knew that by focusing on the details and acknowledging what our customers were telling us, we would some day enjoy the benefits of this new "knowledge" technology.

Today, there's hardly an internal process at our company that isn't driven by the evolution from data mining to knowledge management. Each process that has changed as we've learned more about knowledge and what it has led us to new opportunities and new ways of looking at our business. Knowledge isn't just information; it's interpreting the meaning of information and placing it into a useful context.

We've coined a new phrase to describe where we are going: the Knowledge **Colony**. Our teradata knowledge base goes beyond data warehousing. It's no longer just a central repository of data, but an asset that lets us rethink how we go about our business. The transformation from data to information to knowledge is driven by two factors: the degree of completeness of the key business-driving information we gather, and the delivery of that information to customers. Together, they add to the value of the information.

As a company uncovers greater detail about its customers, trends, and businesses, it becomes more aware of the possibilities of using this knowledge to improve business processes. As the accumulation of knowledge accelerates with every piece of information uncovered, a company can improve the potential return on the investment it has made in knowledge-management technology-whether it be data warehousing or data mining tools.

But it's important to remember that quick-and-easy software and data warehouse solutions that don't provide a high level of detail and delivery of information can hinder, rather than help, your company. You have to anticipate the information and availability explosion. Shortsighted solutions often provide answers only to the simplest and most obvious questions, which have little or no payback. New learning can be hidden from users-or worse, truth can be misrepresented.

If you're planning a knowledge- management strategy, be sure to avoid "off-the-shelf" solutions and small PC databases that don't allow for adequate growth or provide the level of sophistication your company needs. Any one of these can stop you from obtaining the payback you require.

Our first efforts centered on an 0.5-terabyte data warehouse and enough data elements to get us 200 million permutations of SQL statements. Today, we drive a 24-terabyte system that supports more than 90,000 complex queries a week and can generate more than 1 trillion combinations of questions.

Just as important as generating a wide range of knowledge is providing access to that knowledge for those people throughout the organization who are close to the customer. As information is transformed by different internal processes within your business, it's critical that you make this new information available to all who need it. The real payback comes from the knowledge and confidence gained over time by the people who drive the business.

Be sure to consider your company's long-term goals when designing and implementing a data warehouse or knowledge-management solution- but keep in mind that there's probably no end in sight when it comes to achieving ultimate success in knowledge management. Success is not a destination, but a journey.

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