



April 16, 2001  
Online Circ. 16,667

## Users get ASP option for data warehousing

By *Tom Sullivan*

Hosting promises BI benefits minus the high costs of in-house development

THE ASP (APPLICATION service provider) model is rapidly emerging as an alternative for companies looking to warehouse and mine their data in a more cost-effective manner. Enterprises are also favoring the ASP option because it allows every user in their organizations to take advantage of BI (business intelligence) tools.

The two hot spots for hosted analytics are customer data, typically in the form of CRM (customer relationship management) data, and Web site traffic analysis. Organizations are putting a tremendous focus on making use of customer data, analysts say.

These developments jolt the conventional wisdom that using BI tools requires a doctorate in statistics before employees can glean any useful meaning from a data warehouse. Doing their part, BI vendors are moving to make their tools easier to use, industry observers say.

For the moment, fewer than 5 percent of respondents to an IDC survey said they currently use an ASP for hosting data warehouses or mining tools. "A lot of people are fed up with the high cost of data warehousing," says Peter Urban, an analyst at AMR Research in Boston.

Still, analysts predict that hosted data warehousing will gain momentum as ASPs add more functionality to their wares.

The ASP model, in fact, is proving itself ideal for data warehousing, analysts believe. Indeed, a number of established data warehousing companies are beginning to offer hosted services, such as IBM, Oracle, and SAS Institute.

The major players are not alone. A crop of new ASPs is sprouting up and offering hosted BI tools, looking to cash in on the emerging market.

As these relatively new vendors gain customers, they too are expanding their range of service offerings.



For instance, digiMine, a Kirkland, Wash.-based data warehousing ASP last week bought CoRelation, a Menlo Park, Calif.-based predictive mining and personalization ASP. The company plans to add a personalization module to its repertoire. This isn't the first expansion of digiMine's offerings. With a crowded BI ASP market that includes Accrue, WhiteCross, WebTrends, and MatchLogic, digiMine last month added a marketing campaign analysis service to its mix of offerings.

Analysts say that as the warehousing hosts begin to provide more features, the hosted option becomes more attractive to customers. Subscribing to ASPs' BI services also places the responsibilities for handling scalability and performance issues in the hands of the ASPs.

The big advantage to hosting warehouses and mining tools, even for large enterprises, is sidestepping the need to develop and deploy BI tools, which tend to be difficult to implement and use. To build up a BI infrastructure internally frequently requires not only standard reporting templates, but also OLAP (online analytical processing) tools.

Hosting also allows an enterprise to provide greater access to the advantages of BI. More employees can take advantage of the analytics, particularly if the ASP delivers them to the employees. For example, a user sends new data to the host, which stores that data in a warehouse, mines it, and runs analytics against it. Then the ASP sends the analysis, typically in the form of a report, back to the user.

Other ASP advantages include lower cost of entry, no responsibility for hosting technology, and easier upgrades.

With customer service in mind, Barnes & Noble.com, based in New York, subscribes to CoRelation's personalization service to offer registered Web site visitors with recommendations based on their previous purchases.

The service consists of a review of all the data CoRelation has on a particular customer, and can help Barnes & Noble.com determine what courses of action to take across its touch points, not just the Web site, says Omar Tawakol, CEO of CoRelation.

By shifting to an ASP, users can also take advantage of the host's broader BI capabilities, which may surpass those of an in-house solution, observers say.

Allrecipes.com, a Seattle-based Internet community centered on providing free recipes to site visitors, sends digiMine its Web logs every night and receives reports about which recipes were viewed, how many times, and which pages were most popular. But Allrecipes.com is not limited to those reports. The company can receive information on almost anything that can be gleaned from Internet logs.

"All we need to do to get new reports is tell digiMine what we want analyzed," said Scott Carreico, IT manager at Allrecipes.com.

In fact, Carreico said that he knows very little about the data warehouse residing at digiMine; he needs to get involved only when the marketing department or other employees request new reports.