Government A Public Sector Revolution?

An interview with Ramon C. Barquin, president and founder of The Data Warehousing Institute and president of Barquin & Associates in Washington

In 1995, for the first time in more than a decade, the Massachusetts state budget was signed before the beginning of the fiscal year. Massachusetts' CIO Louis Gutierrez asserts that the warehouse system and the organizational processes it helped initiate were critical factors in improving the budget process. Is that typical of the benefits we see in government deployment of data warehouses?

Yes, as downsizing hits the public sector, government agencies are being asked to do the same amount of work—or more—with fewer people.
Many "rightsized" agencies are turning to data warehousing to help cope. Public sector data warehousing began to catch on at the state level in the early 1990s, in many cases driven by state comptrollers seeking a single view of the state budget. Because state legislatures held the purse strings, comptrollers wanted ready access to the data so that they can respond more quickly to legislators' questions.

The Massachusetts system won The Data Warehousing Institute's best data warehouse contest in 1995, tying for first place with a private company. What was your reaction?

Quite frankly, I was surprised to see a government agency win. But according to the IDC study, the Massachusetts system had a 44 percent return on investment over three years, which is rather significant in the public sector.

How is cost justification of data warehousing different for government than for private companies?

In the private sector, companies delve into warehousing to enable things they couldn't do before; the big returns come from raising revenues. In the public sector, cost justification efforts focus on savings realized by the warehouse. For example, the Naval Surface Warfare Center in Dahlgren, Va., justified its data warehouse by analyzing how much computer storage and paper costs the system would save. For the Wal-Marts and Sears of the world, this seems like a pretty trivial exercise. But for public agencies, which depend on cost-conscious stare legislatures for budget approval, it's necessary. The fact that the Dahlgren data warehouse improves the center's ability to supply Navy officials with information on consolidations and downsizing was an added benefit, not a part of the original cost justification process. Other benefits—including increase service to the public, better accountability of agency activities and fraud detection don't get measured in the cost savings calculations, but their value is obvious.

Where will we see the biggest bang for the buck in the public sector?

Although most of the investments now have been in the comptrollers' offices, we'll see big benefits from the use of data warehousing technology in law enforcement, health care and management of social programs. In the Medicare and Medicaid programs, for example, data warehousing techniques could yield tremendous benefits in our understanding of health-care economics and efficacy of medical treatments. The Health Care Finance Administration is already exploring this.

You've said that data warehousing can revolutionize government. Why?

Consider the mess in which state governments find themselves. Lots of different laws and mandates come down from the federal level with agencies like the Department of Agriculture overseeing food stamps, Housing and Urban Development setting low-income housing programs, and Health and Human Services establishing health-care programs. But to measure their combined impact on welfare policy, the government needs an integrated view of all social programs. With data warehousing, the government will be able to fix the welfare system.

Governments are probably stewards of the largest amounts of data and information around. With data warehousing, the potential for government to revolutionize the services it provides is huge The result if we do it right could make private sector ROI figures pale by comparison.

DATABASICS:

At the Naval Surface Warfare Center, past efforts to obtain project data could require a team of analysts to access several databases and struggle with diverse formats, multiple definitions and varying degrees of timeliness for the same basic information. In September 1991, the center launched a data warehousing project. Today, loaded with data from 30 different sources and already up to 12GB—fl billion characters of Information—the warehouse serves 700 users In Virginia. Maryland and Florida.

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