

Cooling the Crisis

A Conversation About Why Implementing Standards
and Standard Models Can SAVE YOU MONEY!

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Immediate Past Chair APSG
May 3, 2012



The opinions and research contained herein are that of the author and not of or about any specific organization, and are the intellectual property owned by the author.

\$120 Million

- <http://www.nytimes.com/2012/05/03/arts/design/the-scream-sells-for-nearly-120-million-at-sothebys-auction.html>

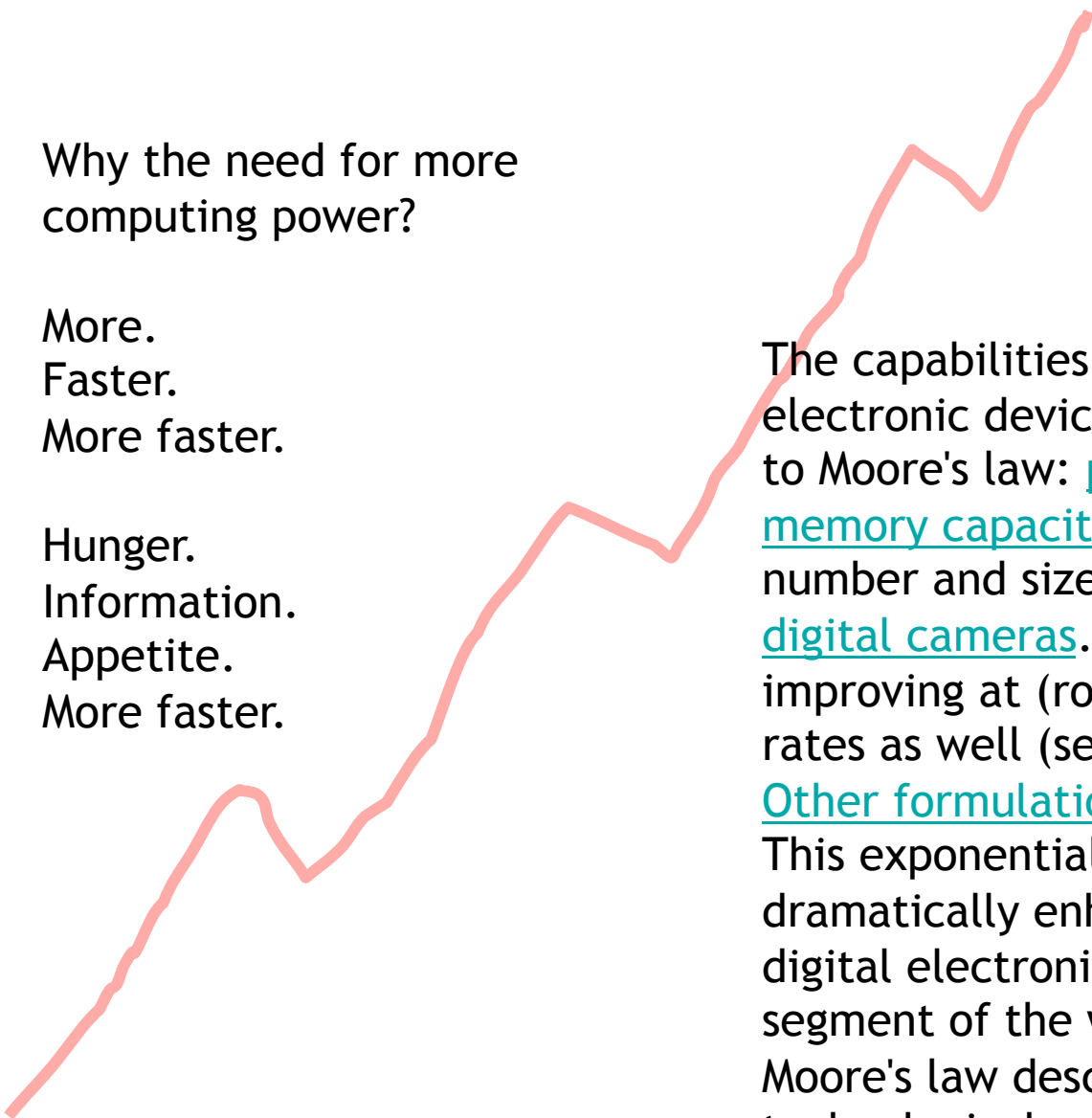


The Scream...

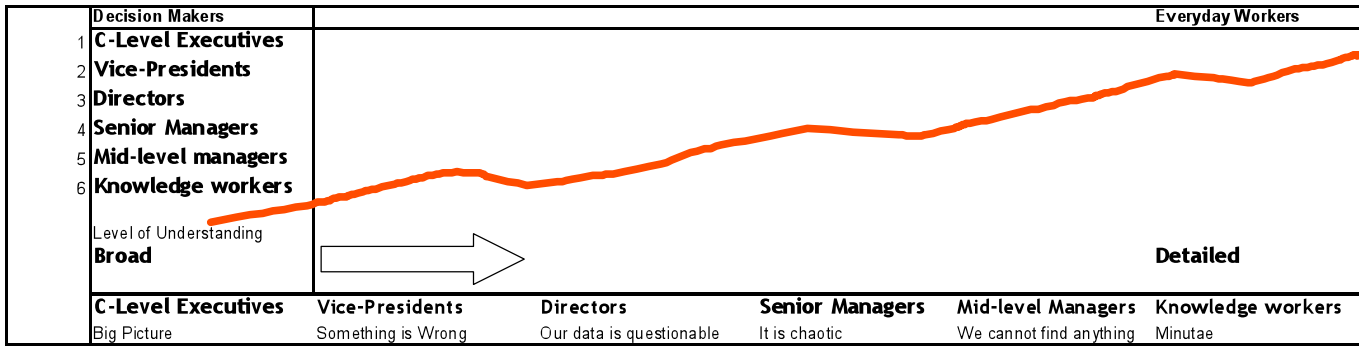
Why the need for more computing power?

More.
Faster.
More faster.

Hunger.
Information.
Appetite.
More faster.



The capabilities of many digital electronic devices are strongly linked to Moore's law: [processing speed](#), [memory capacity](#), sensors and even the number and size of [pixels](#) in [digital cameras](#).² All of these are improving at (roughly) [exponential](#) rates as well (see [Other formulations and similar laws](#)). This exponential improvement has dramatically enhanced the impact of digital electronics in nearly every segment of the world economy.³ Moore's law describes a driving force of technological and social change in the late 20th and early 21st centuries.⁴⁵



$$(A + DP) + (((tIT * ITr) + (tGE * GER))) * N + (H + S) = DMC \quad \$ \quad 23,550,000$$

Where:

- A = data acquisition costs (by any type)
- DP = Delivery Processing for Use
- t = time in hours
- (IT = IT Systems, GE = Geoscience & Engineering)
- r = average hourly rate of pay
- N = total number of staff who spend time with data
- H = Composite Hardware Costs, Annualized
- S = Storage Cost, Annualized

DMC = Data Management Costs

\$	1,000,000		
\$	50,000		
	2080		
IT	G&E		
\$	34	\$	67
	20		80
\$	1,000,000		
\$	500,000		

\$ 23,550,000

Cost Factor of
Monkeying With Data
Per Dollar Spent
(Rough)
24

Table 2: Breaking Down Technology Expenses

		Percent of Technology Expense	2011 Estimated Technology Expense (\$M)
Data Costs	Acquire	5%	
	Store	11%	
	Retrieve	6%	
	Distribute	15%	
	Deliver	12%	
	Process	34%	
		83%	
Non Data Costs	Occupancy	8%	\$68,226
	Management Overhead	5%	
	Training, Recruiting	1%	
	Legal, HR, Finance, Risk	3%	
		17%	

<http://www.wallstreetandtech.com/data-management/23150050>

Table 1: Data Intensity

	Installed TB per \$1M Revenue
Banking & Financial Services	0.82
Media & Entertainment	0.76
Healthcare Providers	0.65
Professional Services	0.49
Telecommunications	0.46
Pharmaceuticals, Life Sciences & Medical Products	0.30
Retail & Wholesale	0.23
Utilities	0.22
Industrial Electronics & Electrical Equipment	0.22
Software Publishing & Internet Services	0.20
Consumer Products	0.18
Insurance	0.15
Transportation	0.14
Energy	0.02

HOUSTON, TX, Mar 22, 2012 (MARKETWIRE via COMTEX) -- Senior executives of the leading standards bodies in the oil and gas industry met recently to form a Standards Leadership Council (SLC) aimed at enhancing collaboration on standards for the benefit of the industry. Clif Triplett, CIO of Baker Hughes who hosted the event in Houston, opened the meeting by welcoming the formation of the SLC as a major and positive step forward for standards development and adoption in the industry.

The SLC will collaborate to identify areas of intersection to avoid development duplication, address mutual challenges like determining business value metrics for standards adoption, enhancing membership benefits and maintaining financial sustainability. In addition, the SLC is considering joint industry events to deliver the standards adoption message. The SLC agreed to meet twice a year with the next meeting planned for November 14th and 15th in Oslo, Norway.

The participating standards organizations at the inaugural event were: Energistics (Jerry Hubbard), PPDM Association (Trudy Curtis), PIDX (Tony Aming), Open Geospatial Consortium (Mark Reichardt), OPC Foundation (Tom Burke), PODS (Janet Sinclair), POSC Caesar Association (Nils Sandsmark) and MIMOSA (Alan Johnston).

<http://www.marketwatch.com/story/standards-leadership-council-formed-for-the-oil-and-gas-industry-2012-03-22>

for that 1 million dollar investment that actually costs 24 times that, this number will NOT go down with the current status of how we manage our data.

since 2004, things have not changed significantly because of the volumes of information exponentially increasing.

volumes of information + time to sort + time to analyze + time to interpret and decide + acceleration in time for need to decide due to competitive environment = something needs to be done to get this under control

Why manage data in the first place? (The business reasons) -

It can save \$\$\$\$\$\$\$\$\$\$\$\$\$

Volumes of information

<http://www.networkworld.com/community/blog/volume-data-darn-near-indescribable-without-i>

- ***Handling the Information Overload***
- ***Improving Impact on collaboration and operations***
- ***Moving operators into the digital oil field***

“The key elements of progress for improved data management are centered on development and adoption of standards for data organization, formatting and exchange.”

http://www.npc.org/Prudent_Development-Topic_Papers/2-14_Data%20Management%20Paper.pdf

Your ROI can improve anywhere from 25-130% according to a 2010 study reported at a PPDM meeting by one of its members.

This is just one example.

common sense.

good housekeeping.

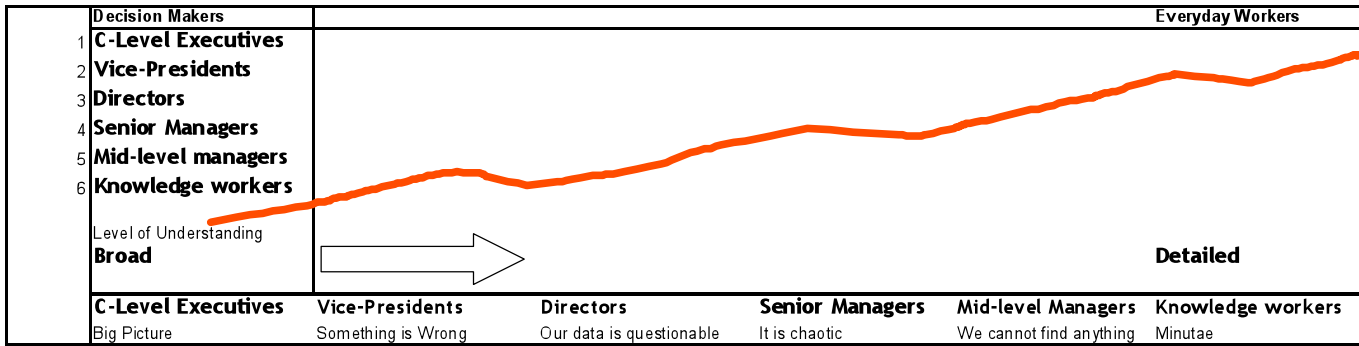
you have a mess, you tidy, then you can find
things and use things as you need them.

why is this so hard?

people. grown children.

it is our mess.

standards, standard models, these can get us
down the road to solve it.



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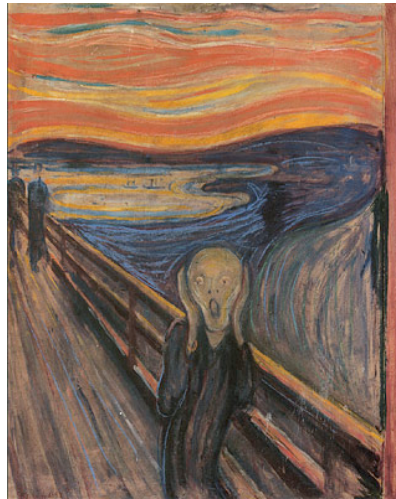
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think about that million dollar investment.

for 120 of those, you could have had a
Scream - and all that is required is
keeping it secure, dusted and from
catching on fire.



<http://www.edvard-munch.com/gallery/anxiety/scream.htm>