

MLP Risky manoeuvre

"IT Infrastructure redesign" project

- Savings year-on-year totalling around 12 million euros
- Central data storage supplies data on real time basis
- Result: significant time saving on business and operation processes
- Increased productivity in the MLP business fields banking, life assurance and other insurance
- Flexible and more cost-efficient IT Infrastructure
- VPN technology facilitates setting up of new locations and operation of "virtual offices" - employees in one organisational unit can work in different locations.

Carsten Stockmann and his team won the 2004 users of the year award in the category big companies

By Jan-Bernd Meyer, CW editor

Anyone who turns the IT infrastructure of a company round completely in one go, must have courage, a good helping of self confidence - and a clear concept, to say the least.

And that's just what Stockmann and his team did have. Helped along by a bit of pressure from outside, they decided to dive in at the deep end and reshape MLP's entire IT platform in seven sub-projects simultaneously. The Heidelberg-based financial services provider had grown considerably in the 90s. The number of offices throughout Europe had increased virtually sevenfold from 50 to 330 by 2003,

when they started the project. The offices were all operating more or less independently, like little IT islands. Software management was a foreign concept - and a difficult one at that. Data back-ups at the end of the day were the job of the late shift who just threw on a few magnetic tape drives. And then of course, anything can happen. Central data consolidation in the Heidelberg headquarters and replay onto the branch servers was anything but real-time.

Two years ago Stockmann's team was faced with a fundamental decision. Maintenance contracts for software were about to expire, as were leasing agreements for hundreds of servers in the headquarters and offices throughout Germany. "Of course, we could have extended the agreements," said Stockmann. But then nothing would have been done to

improve the entirely disparate situation through-out the German branch network where different software products and different releases were being used. A proprietary system from Brokat would have had to be maintained at high cost. The old application processing system used by MLP Versicherung AG, the insurance branch, would probably have been left more or less as it was. Also the old policy administration system - a proprietary development of MLP - would not have been replaced so quickly by a standard system from the Munich software and system house FJH. The next opportunity to opt out of existing contracts would have been in three to five years, depending on the terms of the contract, explained Stockmann.

So he chose the other option: a two-month analysis of the

status quo in the MLP IT landscape and a feasibility study for a concept, developed together with Hewlett-Packard, MLP's most important IT partner. The leap was made on August 1, 2002 and Stockmann and his team landed softly on October 31, 2003.

In these 15 months 120 IT staff and a core team of 150 external experts from Hewlett-Packard, Fiducia, dwp Bank, Syngenio, Novell, SHF, FJH AG, ID Software, Kühn & Weyh, Deutsche Telekom and WT Systems worked on and integrated seven individual projects in order to create a new IT infrastructure.

In their meetings with customers, MLP consultants had been using consultancy and customer management systems that were not only based on outdated technology (the programming environment was called "ZIM", a procedural 3GL environment), but that were also locally installed solutions expanded to incorporate other island solutions. There was no central data management.

Under the lead of sub-project manager, Klaus Strumberger, MLP developed a central, online customer management system (Brokerpilot) on the basis of J2EE and a Struts framework – basically a software platform for the develop-

ment of Java-based web applications. Users can navigate on the Brokerpilot surface like in the Web. This solution was developed together with Syngenio, Stockmann explained. In addition, the financial services provider now also works with EAI tools, e.g. SAP-XI. This serves to optimise interface programming and facilitate data mapping, i.e. data comparisons which are extremely time-consuming.

Foundation stone for re-design

The Brokerpilot sub-project was the foundation stone for a completely new design of the MLP IT infrastructure in all the branch offices and the first step towards saving costs. This went hand in hand with a new portal for all MLP consultants. And in addition Stockmann and his team created the prerequisites for international expansion.

Allowing MLP offices to work independently in the past meant that costs, especially for hardware, were astronomical. Around 320 servers were installed in 330 offices in 180 locations in Germany, Austria and Switzerland. MLP also had around 200 dedicated lines connecting the branch offices with headquarters via WAN. The operating system

used in the branches, Novell Netware 4.11 in conjunction with the Domino server 4.65 were virtually useless because they could no longer be serviced. Apart from the tedious task of transferring data to and from headquarters, there was also a problem with decentralised data stock (e-mails, user office data etc.)

This is where Stockmann and his crew made the deepest cut, along with sub-project manager Eleonore Berberich: 330 offices were brought together on an IT level in 180 locations in Germany, Austria and Switzerland. 140 of these locations now operate with only one server and 40 of them without a local server at all. And at the same time MLP installed Linux on all servers as well.

The number of dedicated lines was reduced to 165, ten field offices dock into the Heidelberg headquarters via DSL, 20 via Virtual Private Network (VPN). MLP also uses VPN for roaming and remote access procedures so that staff can access the corporate network via the Internet from wherever they are. Basically MLP staff can work from a number of different locations as one organisational unit, operating as a "virtual office."

Centralisation and the installation of uniform hardware and software in the

branches brought MLP the biggest cost savings of an average 15%.

Hand in hand with the renovation of the IT landscape in the branches, workplaces were also standardised. All clients now run under Windows XP, Office XP and Notes 6.

While they were redesigning the IT landscape Stockmann and his team also decided to clean up the IT systems at MLP Bank AG. This is one of the four joint stock corporations in the group and is a limited liability company. The sub-project manager here was Carsten Sossna.

The systems previously used in MLP Bank AG were operated by various outsourcing partners, which meant that IT officers at MLP had to work with a very heterogeneous services structure. And since the various service providers did not directly co-ordinate the system interfaces, very few synergies were possible and there was a lot of integration work to be done.

By changing the outsourcing partners and migrating all bank systems to the system operated by dwp Bank and Fiducial IT AG, using proven and standardised interfaces, MLP was able to streamline its IT landscape considerably, reduce interface costs as well as repair and maintenance expenditure. All the integration

work was transferred to one partner. The annual IT operating costs at MLP Bank AG were reduced by 20% to 30% as a result of changing the outsourcing partners and migrating bank systems

Complete renewal

The Internet portal "Financepilot" (Fipi) used by MLP was also completely reengineered. The portal is not only used for traditional banking business and securities transactions, but, more important-ly, it gives the user a complete overview of all banking and insurance products held by any one MLP customer.

MLP used to operate Fipi on the Brokat system but this proprietary system made high demands of the client with respect to browser specifications. The browser had to support HTML and Java Applets and Javascripts. MLP staff consequently often needed to consult support staff with questions about browser compatibility and this support as also provided by a number of different service providers. A further disadvantage was that the Financepilot E-banking system worked with so-called shadow stock: Revenues, balances and disposals were not entered on the day but were a day late as a result of the old system of batch operation.

All-round support

Fipi, like Brokerpilot, was transferred to a J2EE/Struts platform, also operated by the outsourcing partner Fiducia IT AG. Development is now independent of client and application servers. All standard browsers and operating systems are supported.

Under the aegis of Frank Deutsch a new application processing system was developed for MLP Versicherung AG, whereby a major portion of the development work was outsourced. A document generating tool (M-Text) was created to generate online documents and an archive system linked up to the application processing system to feed in online documents electronically and index them simultaneously.

As a result insurance applications can now be completed online using state-of-the-art HTML surfaces. All applications are forwarded electronically to the policy management system, and policies are automatically created. Authentication is universal for all applications (single-sign on), online documents are available as PDF files and can be researched in the archive system. Data transfer to exter-

nal systems is also done via an XMP interface.

The time savings from this new application processing system is, according to Stockmann, around 50% and on document generation as much as 80%.

Enormous cost savings

And last but not least, MLP also migrated its own in-

ventory system onto the VWS standard solution from FJH within the scope of the redesigning project. The number of inventory management systems was reduced from five to two which also meant that the various interfaces between the different systems could also be reduced to a single interface.

This was the biggest IT project in the history of the company, but the costs of nine million euros will be reaped back through costs savings in just one year, maintains Stockmann. In the first six months of 2004 alone the new IT landscape at MLP led to savings of 5.8 million in IT and communication expenses compared with the previous year.

Project statistics:

Start: August 2002

Completion: August 31, 2003

Total costs (incl. development and investment in hardware and software): nine million euros

120 IT specialists from MLP and **150 external staff** (core team) were involved in the project. HP played a key role in the conceptual work and rollout.