Transamerica Life Canada (TLC)

Key highlights

Industry/Market:
Insurance

Products/Services
- Sun™ Mainframe Transaction Processing (MTP) software
- Sun™ Mainframe Batch Manager (MBM) software
- Sun Fire™ 6800 server
- Sun StorEdge™ A5000, A5200, and T3 disk arrays
- Solaris™ 8 Operating System
- Sun Services Mainframe Application Rehosting Project Service

Key Business Challenges
- Reduce high cost of outsourced mainframe and IT total cost of ownership
- Keep mainframe applications unchanged to manage current business and for archival information
- Accomplish rehosting in 10 weeks, before end of mainframe outsourcing contract
- Insure high levels of customer service and support during transition

Key Business Results
- Reduced costly outsourced mainframe expenses by millions each year
- Gained immediate savings of more than 50 percent annually
- ROI achieved in six months
- Increased system performance by 25 percent
- Rehosting transparent to business users
- Centralized customer data in single environment, improving maintenance and support operations

"Keeping customer records on the outsourced mainframe was extremely costly. By rehosting these applications on a Sun server using the Sun mainframe rehosting solution, we have reduced total costs by more than half." – Naj Hirani, CIO Transamerica Life Canada

When Transamerica Life Canada (TLC) acquired NN Life Insurance Company of Canada, it also inherited 100,000 customers whose records were maintained on a costly outsourced mainframe system. This Canadian insurer sought to reduce IT costs, yet maintain a significant investment in legacy mainframe applications. The solution was provided by Sun Microsystems Inc, which helped TLC migrate applications from the mainframe to a Sun™ server environment. This rehosting reduced costs by more than 50 percent, achieved a ROI of just six months, and increased system performance by 25 percent. Sun™ Mainframe Transaction Processing (MTP) software and Sun™ Mainframe Batch Manager (MBM) software, implemented jointly by TLC's IT staff and Sun Services consultants, helped TLC move its applications in just 10 weeks to a high performance, low-cost Sun environment.

TLC Offers Financial Solutions

Since 1927, TLC has provided Canadians with innovative financial solutions, and is a leading life insurance and investment products company in the Canadian marketplace. TLC has always been innovative, as one of the first Canadian insurance groups to offer such products as term insurance, universal life insurance, and nonsmoker rates. Today, with assets under management totaling more than $8 billion as of December 31, 2001, the company offers a wide range of wealth management solutions. It is also a member of AEGON, a leading international financial services group.

TLC Inherits Mainframe-based Customer Applications

When 100,000 new customers came to TLC through the acquisition of NN Life Insurance, the company knew that the IT systems serving these customers would need to change. At the time of the acquisition, these accounts and records were in batch and interactive applications on an outsourced mainframe with an U.S.-based service provider.

TLC found itself with both mainframe and open systems applications and environments. The mainframe environment included VSAM, CICS, COBOL, JCL, EASYTRIEVE, Focus, and a sort package. Custom interfaces integrated the customer applications with the company's general ledger and check-writing applications. None of these were linked in any way to TLC's existing open systems Sun environment.

"We had to migrate these applications quickly to our Sun environment because of the high cost of the outsourced mainframe. The assistance from Sun Services, along with the MTP and Mainframe Batch Manager (MBM) software, made our aggressive rehosting schedule possible." – Naj Hirani, CIO Transamerica Life Canada

However, the major concern over the inherited IT system was the high cost of the service provider. It created significant, unpredictable expenses that fluctuated with currency exchange rates. Because Canada enjoys a relatively lower-cost IT economy, moving the applications 'home' made sense. TLC's challenge was to integrate and consolidate all IT systems into a single environment, thereby reducing expenses and simplifying operations.

TLC's Best Option: Integrate Applications into Sun Open Systems Environment

As TLC considered options to abandon the outsourced mainframe, one early alternative was purchasing a mainframe and running it at the company's headquarters in Toronto. However, the IT staff quickly realized that an in-house mainframe would add new infrastructure and perpetuate the use of expensive mainframe software. It would present similar data incompatibility issues and would not achieve significant cost savings. In fact, maintaining two different environments and supporting a broader range of tools and applications would have required new training and skills for the TLC staff, and possibly additional employees at considerable expense.

Once the idea of an in-house mainframe was rejected, TLC looked at rehosting applications from the mainframe to its Sun server environment. Adding a new Sun server for these additional applications could be accomplished at a small incremental price, just a fraction of the cost of a mainframe.

TLC could use the Sun MTP software to rehost the applications with little or no change. This would allow TLC to keep its significant legacy application investment and historical archives, without the high risk or cost of rewriting these important applications. Customers have used MTP to rehost mission-critical enterprise applications on high-performance affordable UNIX® systems at more than 600 customer sites worldwide. TLC's analysis of the MTP option demonstrated that significant savings could be realized by shutting down the outsourced mainframe.

The TLC IT staff had considerable expertise in managing applications in the Sun environment. Sun has been a key supplier of servers to TLC for many years, and Sun servers constitute about 20 percent of the processing capacity at TLC. Centralizing on Sun would provide TLC with better overall IT management and control.

With all of these considerations – cost reduction, keeping mainframe applications intact, ease of support, and staff skills – pointing to the Sun solution, TLC decided to rehost the mainframe applications and install them on one Sun Fire™ 6800 server.

Sun Eases TLC Migration Process

TLC planned a phased migration, with complete rehosting and testing of the applications in just 10 weeks. This aggressive schedule was necessary because the contract for the outsourced mainframe was due for renewal; TLC did not want to pay the high cost of renewal and then transfer operations a short time later.

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TLC structured the process quite carefully. TLC focused first on daily operations, and insured that when the system went live, there was a smooth, continuous flow to everyday business.

At the outset of the project, TLC and Sun Services consultants clearly delineated the roles and responsibilities of the teams from both companies. TLC handled the technical hardware installation and set-up, data file conversion, application testing, source code "retrofitting", and testing. Rehosting experts from Sun Services performed the migration/rehosting of applications and data, including the CICS tables, COBOL programs, and JCL conversion, as well as replacing utilities and configuring and setting up the Sun MTP and MBM software.

Once the rehosting tasks were complete, the project team and the user community worked steadily on system testing to be ready for the go live date. Individuals were dedicated to user acceptance testing and in areas where there were key interfaces, such as the Web browser that obtained information from different sources on the mainframe.

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Rehosting Completed On Time and On Budget

Because the system had many interfaces with other systems, it was a complex rehosting project, and required TLC to route these interfaces to the new environment. The staff tried to anticipate where issues might arise. They did not encounter significant problems; most were minor technical glitches, and the IT staff took extra effort to protect the user community.

TLC met the aggressive schedule for rehosting. The cutover weekend occurred on schedule. By the time TLC employees returned to work Tuesday morning after a holiday weekend, all of the applications were running on the Sun server, and users logged into the new platform. On the first day of the new operation, the IT help desk was prepared to provide extensive support, but they received few calls. The mainframe was shut down shortly thereafter.

Rehosting Project Involves Entire Company

"Communication with the entire company was the key to success," Hirani noted. "We met with users regularly and built their confidence in the project by keeping them informed. Users knew the date to shut down the mainframe, and knew when to raise concerns with the project team. Because not all of the mainframe applications would be rehosted, employees also knew in advance what would be available and could plan in advance for personal or departmental applications or files."

Throughout the project, the IT staff reviewed results and milestones with senior TLC executives, who were pleased that the Sun MTP and MBM software meant there was no retraining required for employees to use the new system; the screens looked the same, with no change.

TLC Achieves Cost Savings and Improves Performance

TLC reduced its annual IT operating expenses by abandoning the expensive outsourced mainframe that came with the acquisition of NN Life Insurance. The company immediately began to save more than 50 percent of its IT costs and achieved ROI on the project in just six months.

In addition to the significant cost savings, TLC has seen other major benefits. The new Sun system has increased system performance by 25 percent. The rehosting was completely transparent to users and there was no disruption in any business operations. Future IT operations have been simplified, because customer data is centralized in the single Sun environment, making maintenance and support more efficient. And, TLC has gained control over its complete IT systems, easing management and planning for the future.

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