IOOF Investment Management Limited

Key highlights

Industry/Market:
Financial Services

Products/Services
• Sun Fire™ 4800 servers (2)
  (High availability Production Environment)

• Sun Fire V880 server
  (Development Environment)

• Sun™ Mainframe Batch Manager software

• Solaris™ Operating System

• Netra™ st A1000 storage array

• Sun StorEdge™ L40 tape library

• Sun Services Technology and
  Knowledge Transfer services

• SunSpectrum℠ support offering

Key Business Challenges
• Reduce current IT operational costs

• Rehost existing application and protect
  application investments

Key Business Results
• Significantly reduce annual IT costs

• Lower IT spending frees up cash for
  important business investments

• Project ROI is eight months

"The reduction in IT operational costs has enabled IOOF to focus it's investments on business growth and client-focused initiatives." – Marshall Stephen, Head of Information Technology, IOOF

Investment management firms rely on streamlined IT systems to move information reliably and efficiently between customers, advisers, and the company. Today, with new product and service offerings as the only means to stay ahead of the market, and information availability key to development and distribution of those offerings, the IT system becomes the lifeblood of an institution. IOOF found this to be true as they searched for new ways to grow, and sought a solution to make the IT system more cost effective and efficient. The company chose Sun Microsystems and, using Sun hardware and software, moved from an IBM mainframe solution which did not fit the existing business model to Sun open systems. This reduced the annual IT budget, giving IOOF additional resources to deploy in other areas of the business.

IOOF Addresses Market Changes
With the competitive environment for funds management companies in Australia expected to intensify during the next five years, those companies that expect to remain in the market must be positioned to be efficient, effective, and able to take advantage of opportunities quickly.

With 157 years of business experience, IOOF is one of Australia's oldest and most respected financial institutions. In recent years, IOOF has recorded steady growth in its business due to its expanding distribution base, investment returns of its asset management partner Perennial Investment Partners, and top quality service to members, investors, and financial advisers.

Melbourne-based IOOF, which offers superannuation and investment products and services to more than 100,000 investors, and companies ranging from small to large, is counting on its plan to centralize the company's IT infrastructure to further enhance service to financial adviser, retail customers and business clients in an ever-changing market.

IOOF Seeks Lower IT Costs
Cost reduction was a major factor in IOOF's move to Sun systems. With its business operations costs lower, IOOF can pass along these savings to maximize business growth objectives.

"IT costs at IOOF were running high and were not aligned with our business aspirations," explained Marshall Stephen, head of Information Technology at IOOF. "We developed a plan to rehost the unit trust business application from the mainframe to the Sun Fire 4800 server and split the main application into two separate applications, both running on the Sun Fire 4800 server. The goal was to improve our technology and reduce expenses at the same time."

The IOOF plan eliminated the IBM 390 mainframe that was, as Stephen explained, "struggling for capacity and getting to the end of its life." The mainframe required several staff to fine-tune it to make it run faster and batch processing took longer than desired.

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IOOF Chooses Sun for Solution

When the planning began for this project, Stephen sought solutions from the market. "Through Sun's IOOF Account Management Team, we heard about the Mainframe Transaction Processing Software (Sun MTP) and Mainframe Batch Manager (Sun MBM) and thought this could be the missing piece of the puzzle."

Sun MTP software enables the migration of mainframe applications to open systems platforms. The Sun software has been used to rehost mission-critical enterprise applications from mainframes to open systems at more than 1000 customer sites worldwide.

Sun architects worked closely with the IOOF team to devise the most cost effective and scalable solution for the expected growth in the master fund business. IOOF utilizes Sun's domain technology to run both existing legacy applications in one domain and a new funds investment application in another domain, with full disaster recovery and backup capability.

"While our staff handled the bulk of the rehosting project, Sun Services were very helpful," said Stephen. "Sun assisted with checks and balances, and every few weeks, we met with Sun staff on the project plan and reviewed it. Near the end of the project, Sun staff were involved in the testing and rollout phase."

IOOF estimates that it moved 113 mainframe MIPS to the new Sun servers. More than 250 users at several IOOF locations are served by the new system, which performs faster than the mainframe. In addition, IOOF has achieved better or equivalent availability on the Solaris Operating System.

The project took about eight months to implement, including 24 weeks of testing to verify the reliability of the new system over two full end-of-month periods.

IOOF Saves Time and Dollars with Sun

Since IOOF moved its IT operations to the new Sun system, the environment has provided several performance improvements. The new application is significantly faster than the mainframe system, batch programs are running around five times faster, and the end-of-month processing time has been reduced considerably. Those time reductions were aided by a number of coding and processing changes that also took place.

The financial results are impressive, with tremendous savings in operational costs; Stephen estimated the return on investment for this project at eight months.

"Moving from the mainframe to Sun open systems resulted in large cost savings for us," Stephen noted.

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