



Case Study

Delta Lloyd Bank

Migration And Upgrade

Delta Lloyd Bank has created a sustainable and flexible IT infrastructure for its banking products by upgrading to TEMENOS T24 R09 and migrating to an Oracle platform.

delta lloyd



Name

Delta Lloyd Bank

Location

Amsterdam, Netherlands

Sector

Retail Banking

Project

Upgrade to T24 R09 and migration to Oracle

Business Benefits

- Profit (Delta Lloyd Group, 2010) - Euro 621m
- Equity (Delta Lloyd Group, 2010) - Euro 4.6bn
- Efficiency - 25% costs reduction 2008-2012

Timeline

- Jan-Sep 2009 - Move local programming to the new application version, tune infrastructure.
- Oct-Nov 2009 - Tune performance of application and database in tandem, with help of Temenos consulting.
- Dec 2009-Jul 2010 - User testing.
- Jul 2010 - Go-live over long weekend.
- Aug-Oct 2010 - After care period.
- End Oct 2010 - Closed project and turned care over to the regular support organisation.

Introduction

Delta Lloyd Bank is a member of Delta Lloyd Group, the organisation behind Delta Lloyd, OHRA and ABN AMRO Insurance. It serves 300,000 customers with 450,000 accounts, offering retail mortgages, savings and investments, including those, like pensions, with a tax incentive attached. For financial year 2010, Delta Lloyd Group reported a net result of Euro 621m, an increase of shareholders' funds to Euro 4.6bn, up 19%, and a proposed dividend of Euro 1.00 per share.

During 2007 Delta Lloyd Bank embarked on an ambitious plan to modernise its IT systems. The initial target was a TEMENOS T24 (T24) core banking system using Oracle's database management system with a redundant infrastructure. Further assessment indicated that implementing a redundant infrastructure from the beginning involved too much risk and the project was revised to 'just' a simultaneous application upgrade and database migration.

Delta Lloyd Bank was a long-term user of Globus G13 (predecessor to T24) and the bank decided that upgrading was its best strategy to build a modern IT infrastructure on which the bank could reliably base existing and new products. It took into account the requirement to support Dutch regulations and systems, plus Temenos' clear focus on and investment in its banking solutions.

Commenting on upgrading six versions in one go, Johan van den Akker, independent IT consultant specialising in core banking systems, says: "The good news was that Temenos had invested in much more functionality, the bad news was that the application had changed quite a bit." The project management challenge was significant, including migration from the database management system architecture of Jbase to that of Oracle, in addition to a hardware upgrade.

Challenge

Delta Lloyd Bank's strategic business challenge is growth, based on customer focus, operational profitability through cost discipline, strong capital and risk management and achieving leading market positions to be well placed for consolidation.

The upgrade and migration project was judged necessary to provide the bank with a state of the art core IT system in pursuit of these strategic business goals. The strategy of the bank's IT division is to minimise costs by removing legacy systems and standardising its operations using industry recognised software.

The bank was also aware that the reputation of internet banking in The Netherlands had suffered in recent years. During the financial crisis, customers became increasingly concerned that they couldn't see the up to date status of their accounts.

The bank does not operate a branch network and therefore customers expect to be able to instantly see accurate account information via their selected delivery channel more quickly than allowed by overnight updates between the core banking system and the separate internet banking system. The upgrade project was therefore designed to take advantage of the true 24/7 capability supported by the T24/Oracle architecture, enabling internet-banking customers to access their accounts in real time.





Testing And Go Live

Over a nine-month period, a small technical team worked on adapting the local programming to the new version of T24, at the same time tuning the infrastructure. Delta Lloyd Bank's own configurators carried out the bulk of the work and were supported by some on-site help from Temenos for the first month.

The required performance level was not initially achieved and two months of intensive work followed, working with Temenos Consulting to tweak aspects of both application and database. As a result, Temenos Consulting reports that it has proved processing on the Oracle platform can be the same or better than with Jbase, especially with larger volumes.

"We made changes at all levels of the stack," says Van den Akker. "The end result was that we reached our performance criteria and the management of the bank was able to authorise the full-scale upgrade project."

The migration team began working on the six-version upgrade to T24 R09 and the migration to Oracle. The user testing also began, with a team of configurators standing by. "We found that issues with the local programming only reached the surface during user testing," says Van den Akker. And having the relevant skills to hand meant that issues could be quickly rectified

This period of testing relied on input from Temenos, from both the core banking division and the technical team based in the UK, whose experts are constantly working to enhance the ideal reference stack for Temenos on the Oracle platform. Receiving quick resolution from Temenos during the user-testing period was vital so that unresolved issues didn't block further testing and delay the go-live date.

The project benefited throughout from relationships built up between executives in Delta Lloyd Bank and Temenos. Van den Akker says he established contact at operational and strategic levels early on and therefore enjoyed buy-in from both parties during the project. The bank's CEO and COO, who is responsible for IT, met with Temenos' manager responsible for Benelux twice-yearly and Van den Akker met with Temenos' account manager monthly. "Problems will always arise in such a big project so you can't have a situation where people from the bank and the vendor don't know each other," explains Van den Akker.

"We had sponsorship at executive level for the project and everyone in the bank was made aware that this was most important for the bank and the group. Delta Lloyd Group is a big company and the group's IT division had to continue looking after the other areas," explains Van den Akker, who also reveals that the IT division undertook a data centre move during the final six months of the project.

"The upgrade didn't change functionality," continues Van den Akker. "So it was one big regression test to get it working the same as before." However, achieving the same functionality as before was more difficult than expected, so testing was extended and the go-live weekend was pushed back by three weeks.

A help desk consultant from Temenos was on site for the final period of business user testing, which proved advantageous. The consultant was able to take incidents, recreate the circumstances if necessary and provide a snapshot or log to help Temenos' support teams to get insight and resolve the problem early.

The go-live was planned for one big weekend. The migration run book listed each action in sequence and its duration. "If you know about it in advance, you can pull it off every few years," says Van den Akker. "Everyone else can be on shifts but, as project manager, you get four hours of sleep." The work was planned to complete for 17.00 Sunday but extended to 01.00 Monday. During the changeover, customers were directed to an alternative internet front-end.

"After go-live, the first two weeks saw intensive incident reporting but it soon calmed down and seamless operations returned," reports Van den Akker with some satisfaction. Van den Akker monitored incidents over two months after go-live and they halved each week.

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Johan van den Akker - IT consultant in core banking systems - Delta Lloyd Bank



Learning And Improving

Van den Akker likes the fact that Temenos and Oracle work together and gives a number of reasons for choosing to move to Oracle. There are more facilities for maintaining business continuity and performing backup recovery and the bank can call on a larger pool of IT staff with the required skills, both inside the group and externally. Van den Akker says that the availability of IT skills will be important when they move to a 24/7 operation.

A number of lessons were learned during the upgrade and migration project. The difference between the old and new versions was bigger than expected. Van den Akker puts this down in part to the amount of local programming but the six-version upgrade was also a bigger step up than anticipated. Much of the work was around localisation, such as linking into the Dutch payments system, setting up Dutch tax-facilitated products and interfacing with other systems in the group.

Delta Lloyd Bank sold its private banking division during the period of the project and so that functionality was dropped. A decision was also made, on the basis of timing and project risk, to cut down the workload by retaining the desktop user interface, but keeping the option to migrate to the browser-based version in the future.



Van den Akker is happy with the additional levels of functionality, robustness and security: "We are seeing more of the effects of having migrated over to this version, including improvement of the system which reduces local programming, making maintenance easier."

As part of the regular maintenance of the system, Delta Lloyd Bank will move functionality previously achieved by local programming into the main application when appropriate. The bank is also now in a position to upgrade more frequently. Future projects on the Temenos and Oracle platform combination include the user interface upgrade and 24/7 availability.

Van den Akker notes that recent failures in IT projects in top 10 banks in the Netherlands have proved that such an ambitious upgrade is not straightforward and so Delta Lloyd Bank is pleased to have successfully completed this major IT modernisation project. He is certain that successful completion of the project has further enhanced the bank's reputation.



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