

Open systems lead to big savings in the financial world

Migrating mainframe applications provides fast time-to-market

In the financial world, extensive use is still made of mainframe applications. After all, the mainframe offers unparalleled stability. But it also has its disadvantages. For instance, the costs of management and maintenance are high and it is difficult to improve competitive position. Moreover, it's increasingly difficult to find qualified personnel because many mainframe specialists have either retired or have reached pensionable age. So what are the opportunities for financial institutions to benefit from the advantages of the mainframe, without the associated disadvantages?

Erik van Rikxoort, CEO of the Dutch company Asysco gives four possible options. The first of these is the possibility of purchasing standard software such as an ERP system, in which the functionality of the old applications can be incorporated. 'ERP packages are expensive and business processes cannot always be entered in the package. Because of this, organizations are obliged to follow the rules of the package they have purchased. The result of this is that they lose part of their identity. We've also noticed that there is often no good documentation for the old package available, which makes this solution pretty risky.' The second option is to rewrite the applications mentioned. 'Because financial institutions often use large, complex applications, rewriting is seldom an option in this sector. On the other hand, the third option is certainly a more serious solution: including the business-critical application in a service-oriented architecture (SOA). This lowers the cost of updating the functionality of the old applications. But because the mainframe is retained, you do not solve the problem of its associated costs.' The last alternative, migrating the closed mainframe applications to open systems seems to be increasingly gaining in popularity in the financial world.

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Automated migrations

There are several technologies available on the market that largely automate migrations. For example, Asysco's conversion software enables the switch from a Unisys environment to a full 4GL world. Shortly the company will also be introducing a solution for migrating an IBM mainframe to an open environment. In principle, the migration is fully automatic. 'Of course all of it must be very well checked but then I'm talking about minor errors and not about structural problems,' says Van Rikxoort.

'The financial market was usually only interested in migrations at the point when contracts with mainframe suppliers had expired. But this has changed in recent years. Banks and insurance companies, in particular, want to migrate to open systems as quickly as possible. The reason for this is that they want to improve their competitive position so that they can differentiate themselves. There's incredible pressure in the market to launch new products quickly to meet customer demands and requirements.' Van Rikxoort quotes online business as an example. 'When your competitor starts to do business on the web, your organization can't lag behind just because your contract has not yet expired. So you have to offer a similar service. And you want to do that as quickly as possible but it's not possible with the old applications. However, in an open environment you can market products as fast as possible by simply rolling out and supporting its functionality.'

What about the financial crisis? What are its consequences? 'At the moment, the market is pretty turbulent, which means that there are an increasing number of mergers, takeovers and joint ventures. And all of that has major consequences for IT systems because these will all have to be geared to each other within a short period of time. Traditional mainframe systems don't offer enough flexibility for this. In an open environment this can be done relatively quickly.'

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Practical benefits

By migrating to open systems, companies can quickly achieve a saving of seventy percent on maintenance. The migration process also pays back very quickly. 'To give you an example, we recently went live with the Halifax Bank of Scotland. Within a period of five months, we generated one of the biggest Microsoft applications in the world that involved 19 million lines of code. It used to cost the Halifax Bank of Scotland about 57 billion euros a year to manage these applications. In general, the ROI is between eight and twelve months. However, for the financial sector, this is merely an additional attraction. What they need most is to be able to develop new products in .NET easily and quickly.'