

• CASE STUDY

Allianz  Dresdner
AGIS

ENTERPRISE-WIDE SERVICE CHARGEBACK IN DETAIL

AGIS Allianz Dresdner brings transparency to its IT services

> **Situation and objectives**

AGIS Allianz Dresdner Informationsysteme GmbH is the full service provider responsible for making available and operating IT services at the Allianz Group. Around 2,500 employees at the business, which also services the Dresdner Bank within the Allianz Group, implement and support an often complex set of IT service requirements. To enable efficient billing for its extensive portfolio of IT services, the newly-formed AGIS operation uses the ValueControl product supplied by its expert partner, USU AG.

The 2003 merger of the IT arms of the Allianz insurance group and the Dresdner Bank led to the creation of AGIS – one of Europe’s largest IT consulting and systems houses in the financial services sector. A wide range of host and client-server systems are maintained and supported by AGIS for its customers. To quote just a few figures, AGIS is responsible for some 118,000 desktop systems, 6,000 servers, 44,000 MIPS, 181 terabytes of disk memory, and 773 million pages of printing. In the 1990s, both the Dresdner Bank and Allianz Group IT operations were unusual in pioneering the introduction of accurate and precise activity-based billing for their IT services.

> **The 1990s – the early days of IT service chargeback**

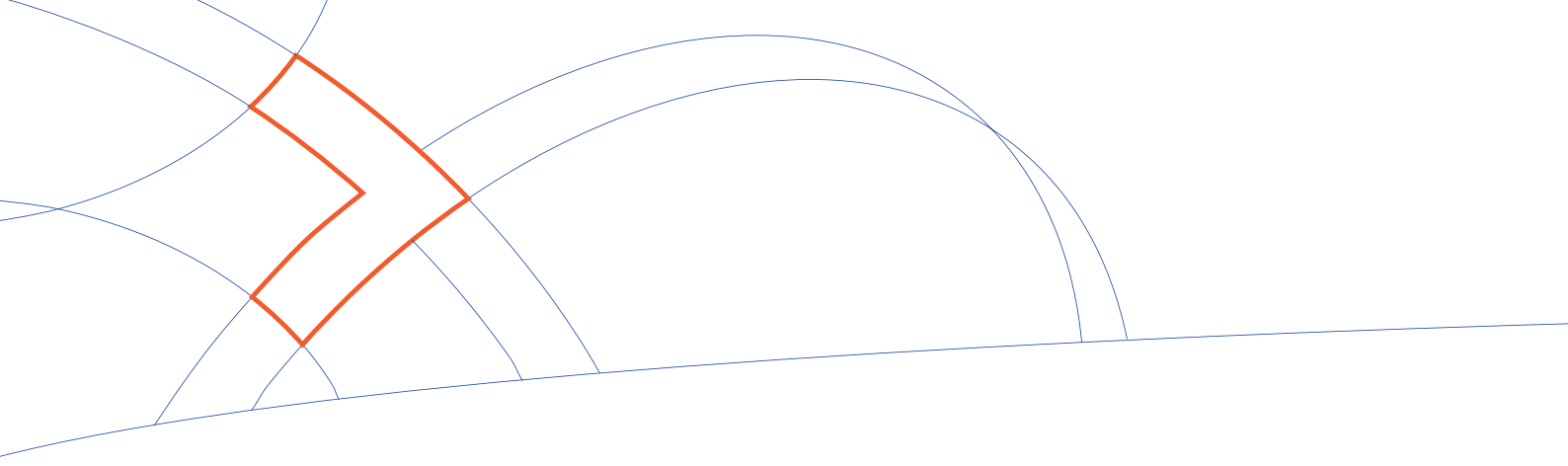
DREGIS

By the mid-1990s, the Dresdner Bank had already introduced a system for general allocation of its IT costs on the basis of average values, calculated from the number of employees or from the annual budget. Only a limited number of service types had been defined, however, and no special billing application was in use at the company. Between 1997 and 1998, as part of the „IPLUS“ project (a German acronym for „integrated planning and control“), structures were developed for improved – and, importantly, activity-based – billing of the infrastructure services provided at the Dresdner Bank. After evaluating a number of potentially suitable applications, the bank decided on the ValueControl product offered by USU, a software house specializing in the field of IT cost and asset management. The decision was based on the flexibility and broad range of functions provided by the

software, and also by USU’s special expertise gained over the course of many successful projects of this type. The bank implemented the system in a mainframe environment. A wide range of information from 18 different data repositories needed to be accessed, mainly from traditional mainframe applications and asset management systems. In particular, billing had to be provided for centrally-provided printing services, batch processes, storage management, user helpdesk services, and project hours.

When the IT operation was hived off, first of all into a separate division known as „DREGIS“ (in 1999) and subsequently in mid-2000 as a stand-alone „GmbH“ (limited company), managers expected it to be run as an independent profit centre. As a result, the range of services offered had to be defined and structured in a

DREGIS	
Number of data repositories:	15 (CICS, BATCH, POSY (print mgmt system), DCOLLECT (space mgmt), call centre database, MS Exchange Statistics Collector, asset mgmt system, etc).
Master data for allocation:	approx. 74,000 master data sets in use
Number of transaction data sets per month:	between 1.56 and 1.72 million data sets
Number of accounting data sets per month:	approx. 38,100 accounting data sets
Number of IT products:	231



new way, and DREGIS needed to be able to introduce full-scale activity-based billing systems. In addition to the existing service type definitions in use, the services being provided from around 1,700 servers had to be charged to users on the basis of consumption profiles, using a special „multi-interface“. Other services in the network and client-server areas as well as job-based services, particularly those running on UNIX systems, also had to be integrated into the DREGIS portfolio. This led to the creation of more than 100 service types, all with specified prices. Continuity of the service charge-back procedures operated by the bank was guaranteed by the provision of a second USU system exclusively for the purposes of running the billing processes required. This system, however, was still administered by the bank itself in 2000, and in 2001 all responsibilities and tasks associated with it, even on the operational level, were transferred fully to DREGIS's control.

AGIS (previous set-up)

At the Allianz group, AGIS also conducted a preliminary study in the summer of 1998 into its requirements for IT service chargeback, and from this set down its objectives. These included bundling similar sets of services into products, setting up standardized procedures for calculating prices for AGIS's services, and creating interfaces to the existing mechanisms used for billing customers. The project also had to consider a number of other important factors, such as cost-effectiveness, ease of management, transparency, compliance with auditing requirements, flexibility, the need for accurate activity-based billing structures, and the degree to which managers could plan out and influence the activities involved. In the case of AGIS, too, USU's ValueControl application

was selected for the implementation of IT service chargeback. It replaced the previous mainframe-based system, which had been running since 1992. In November 1998, a project was launched to develop and implement a standard, enterprise-wide system for IT service billing. „Even though we had gained experience in more than 60 projects, the complex process of charging back services provided by AGIS still represented a real challenge for us,“ remembers Wolfgang Müller, project manager at USU. It was important that the new procedure should integrate with existing processes and should enable billing operations to be organized transparently and flexibly in view of the demands likely to be faced by AGIS in the future. To satisfy these requirements, a design was worked out on the basis of USU's tried and tested

AGIS	
Number of data repositories:	17 (IMS, CICS, BATCH, ABIS (asset mgmt system), DMS & POSY (print mgmt system), DCOLLECT (space mgmt), telecommunications systems, SAP, training database, PMS (Manpower DB for project management), etc.)
Master data for allocation:	approx. 227,000 master data sets in use
Number of transaction data sets per month:	between 17.3 and 18.8 million data sets
Number of accounting data sets per month:	approx. 34,600 accounting data sets
Number of IT products:	82

IT billing model. This was then implemented using USU's IT service chargeback application. A wide range of service type categories were developed for the areas of general IT (servers, PC costs, and service packages), for telephony services (lines, models and functions, and call charges), mainframe operations (CPU usage, disk and tape space, pages printed in a variety of formats, postage, etc.), and professional services (project support, training, etc.). These formed the basis of the structures used for billing customers and provided the units of measurement for pricing products and assigning costs to them.

➤ **2001: consolidation at the new AGIS operation**

After Dresdner Bank was acquired by the Allianz group in spring 2001, managers faced the significant challenge of consolidating the billing structures used by the two IT subsidiaries, AGIS and DREGIS. To do this, a two-stage project was initiated in 2002. The goal was to harmonize the different implementation environments so that these could then be integrated within a single application based around a DB2 database. First of all, however, it was important to define the overriding criteria for the project – such as the overall user-role and authorization rights model to be used. These had to take account of the existing sets of service types in use at both companies and form the basis of a uniform service chargeback process. Batch components and an additional DB2 database were set up for this purpose. After a period of tweaking and testing, the first hurdle in the process of setting up shared IT billing structures was crossed, when in early-2003 a fully functional system became available. Since then, the application has been running in parallel at both organizations under

the name „USU Bank“ (in the former DREGIS environment) and as „USU Insurance“ (at the former AGIS sites).

In stage 2 of the project, the aim was to introduce from the 2004 accounting year detailed and uniform service chargeback structures across the group. These were to be based on standardized tables and cost centre codes. For this purpose, the service type categories are converted to item numbers generated by the SAP/SD system.

Within the various source systems, AGIS also includes customer related information (for example, the particular cost centre involved), which is then imported into the „AGIS USU“ application. As a result, customers can be provided with interfaces for their accounting and cost allocation systems. This avoids incompatibilities between the data used in the customers' systems and the central AGIS systems, and involves less time than would a fully automated process.

At the same time, ValueControl can be used by the customers of AGIS as a source of information for running detailed analyses on the services for which they are being billed.

➤ **Outcome**

„Over the years, the practical experience we have gained, in terms of the size and complexity of the project, combined with the staged bringing together of different organizational structures, has spurred us on to continue developing our product,“ states USU project manager, Wolfgang Müller, looking back over the AGIS project. AGIS Allianz Dresdner Informationssysteme now bills

its customers for the full range of IT services provided, thereby clearly demonstrating the value it adds within the group.

Whereas managers did not have a clear overview of the IT costs and services involved before the mid-1990s, they now attach considerable value to the activity-based and audit-compliant billing structures in place. The successful introduction of cost allocation and service chargeback systems has been achieved with the support of the USU applications. And both from a customer and product point of view, the levels of time and effort involved have been reasonable allowing the company

to continue with day-to-day operations. „We have a long history of co-operating with USU, and our partnership has always been based on a relationship of mutual trust,“ says Karl-Ludwig Laschet, the departmental manager with responsibility for service chargeback systems at AGIS. A clear roadmap outlines the next developments planned for the coming years. Following a preliminary study in 2005, the company is planning to implement USU’s new Java-based product platform, Valuation, in 2007. By doing this, AGIS will be able to access the full range of functionalities online, with the help of the Costing/Charging Manager software – the follow-up product to ValueControl.

