



OPTIMISING END-USER IT AT ALLIANZ

By outsourcing end-user IT, insurance giant Allianz has cut costs, improved service quality and freed up resources. For Dr Martin Elsperrmann, COO of Allianz's services wing, the focus on adding value was key

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CASE STUDY

In mid-2006, when insurance giant Allianz AG embarked on a major restructuring designed to cut its operational costs by €500-600 million, its captive IT infrastructure provider in Europe, Allianz Shared Infrastructure Services (ASIC), had to take a long, hard look at its operations.

With Allianz aiming to consolidate its German administrative centres from 21 to 10, ASIC knew that it would have to do some remodelling of its own. "It was pretty clear there would be fewer sites to service and fewer IT users in Germany," says Dr Martin Elsperrmann, chief operating officer of ASIC.

Until then, ASIC had been a full-service provider to Allianz Germany, running an infrastructure that included seven mainframes, 2.8TB of storage and a user base of around 90,000 workstations. Managing back-office infrastructure represented about one-third of ASIC's work; other activities included workplace, voice and data (27%), print and output services (19%), application and data services (19%) and projects and consulting (3%).

But Allianz's move to a new operating model caused ASIC to question the extent of its vertical integration. "We asked ourselves what we did that really added value," says Elsperrmann. "What were we doing in telecoms services? Why should an insurance IT service provider really need to work on patch panels or other specialist areas of telecoms?"

The upshot was that ASIC made "radical" changes to its business model in 2007, concluding it should create "industrialised provisioning of standardised services" for its mainframes, server storage and bulk printing, but seek a strategic service-delivery partner for workplace, network and telecoms services.

And after an extensive review, ASIC selected Fujitsu for the job, signing a five-year deal, with a total contract volume of €500 million. Around 500 staff were transferred to Fujitsu.

Estimated savings are pegged at €80m over the course of

five years. But there were other objectives: improving the perception of IT services among employees, speeding up IT investment decisions and enhancing service level agreement fulfilment. Central to achieving those objectives was the standardisation of the user desktop. Elsperrmann estimates that around half of all savings have been achieved by moving to a standard desktop platform and software environment.

Service improvements have flowed from the strength of a centralised organisation for managed services, and useful mechanisms in the contract have established a sense of give and take.

"It isn't 'One person gets the service and the other gets the bill,'" says Elsperrmann. Any shortfall in service levels is made up with service credits, for example. Elsperrmann argues that some vendors have a much greater pedigree in managing this kind of arrangement than others. "Fujitsu has broad experience and behaves in a solution-oriented way," he says.

But there were advantages beyond actual service delivery. "The very fact that we have reduced our investment portfolio by buying in services means we've seen a significant improvement in liquidity," he says.

As with any transfer of skills, there is always the potential of an "innovations gap". ASIC takes seriously its remit to "drive business process innovation by providing IT shared services". So it is important that Fujitsu is close to the business, understanding its current priorities and supporting future opportunities with innovation, says Elsperrmann. But it's a balancing act.

"On the one hand, Fujitsu has to have the chance to get close to the operations in order to transfer technical know-how and introduce innovation," he says. But as Fujitsu has engaged more directly with the business users, ASIC has found it necessary to extend its governance controls to ensure user demand is channelled appropriately and requests are suitably qualified, he explains. ●