

Legacy Modernization Case Study



Mitsui Sumitomo Marine Management

Client Profile

On October 1, 2001, property and casualty insurance carriers Mitsui Marine & Fire Insurance Company, Ltd. (Mitsui) and The Sumitomo Marine & Fire Insurance Company, Ltd. (Sumitomo), combined their operations to form Mitsui Sumitomo Insurance Company, Ltd. The merger resulted in one of the world's 10 largest P&C insurance companies.

On January 1, 2002, the two Japanese companies decided to create one domestic corporation in the United States known as Mitsui Sumitomo Marine Management (MSMM). Substantial integration was required to merge the operations of 23 U.S.-based offices together into a cohesive unit. To begin, each company had differing IT, thus calling for a considerable investment into IT infrastructure to consolidate the two systems.

MSMM turned to Fujitsu Consulting's Management Consulting expertise for advice on how to tackle consolidation efforts. In turn, Fujitsu Consulting promised to guide MSMM client organizations in pinpointing and understanding management issues and recommending effective business solutions that could deliver concrete and measurable value.

Business Issues

For a successful merger, MSMM had to combine employees, management, facilities, business-processes and IT. The challenge was to bring two different organizations and cultures together, given the two companies' unique histories and management styles.

Sumitomo is well established in the U.S., having conducted business there for more than a decade. Based in Warren, N.J., the company ran its own IT operations. In contrast, Mitsui had purchased the Great American Insurance Company's Japanese division and had only been operating in the U.S. for eight months at the time of the merger.

The company's American headquarters were in Cincinnati, Oh., and all IT functions were provided under a service contract to the Great American Insurance Company. The integration project's success hinged on how deftly MSMM could handle key differences between the two companies.

Business Solutions

Fujitsu Consulting's first step included dramatically altering and expanding the project scope. The steering committee initially focused on the merger as an IT project without taking into account the business changes needed to successfully integrate the two companies.

Fujitsu Consulting relied on the steering committee's work as a starting point, adding the scope needed to achieve a complete business transformation that not only encompassed IT but also the many processes that generate business success.

Program Management Office

Fujitsu Consulting set up a management-consulting program that called for a program management office (PMO) in which a team of Fujitsu Consulting management experts worked alongside MSMM staff to define the merger program, including a governance structure. Fujitsu Consulting then managed the governance process implementation for all merger-related activities.

The multi-step merger program concluded there was a need for more than 170 projects, a quarter of which were IT related while the others involved business activities. A master plan was developed, implemented and measured via weekly progress tracking and reporting. Fujitsu Consulting further recommended that MSMM assign additional permanent or temporary resources toward merger-related projects.

Recognizing the need for strong leadership to create employee buy-in and retention, Fujitsu Consulting worked with executives to identify, prioritize and mobilize the various merger-dependant change programs.

Meanwhile, Fujitsu Consulting focused the steering committee—made up of top Mitsui and Sumitomo executives in the U.S.—on the issues of the day, effectively creating a governance layer for the merger. By introducing a simple status report system for steering committee executives, Fujitsu Consulting helped MSMM plan and execute the merger while freeing up executives to maintain company's day-to-day operations.

To evaluate merger-related risks, Fujitsu Consulting established a standard process for risk identification and reporting across all projects, providing a single "health check dashboard" for the program. What's more, they implemented issue tracking, as well as a change management structure to maintain the scope of the program.

Fujitsu Consulting also worked with MSMM to hammer out a business contingency plan for moving away from the use of Great American insurance instruments, collectively referred to as "paper," and toward using MSMM writing companies for renewed or new business starting in January 2003. This project alone represented a potential savings of \$8 million to \$10 million per year for MSMM.

To define and construct test cases for user acceptance testing of all IT applications and new business processes, Fujitsu Consulting established a model office team of senior business people within the PMO. The team was responsible for proving that the applications and new business processes would be able to satisfy the needs of the company at the time of implementation. In essence, this team provided the next-to-last test before applications and processes were put into daily operation, at which point one unforeseen problem had the potential to negatively impact MSMM business.

Change Realization

As part of change governance, Fujitsu Consulting provided expertise to address human issues resulting from the merger. The application of award-winning Fujitsu Consulting methodologies and licensed business process tools facilitated understanding and cooperation among the merging organizations' staff. This undertaking involved communications planning for multiple audiences—media, corporate, internal and external public—while messaging included training and coaching on resistance management, change capacity management and human change activities in major projects.

Fujitsu Consulting also developed human-merger risk profiles to assist in mitigation planning. This was beneficial for MSMM because it dramatically reduced factors that often created friction between diverse work cultures. To wrap up the program and create a visible milestone to mark the merger's success in the U.S., Fujitsu Consulting also planned events to announce the business transformation's completion in January 2002.

IT Architecture

The initial engagement of Fujitsu Consulting with MSMM was to deliver a strategy for IT applications, and a high-level migration plan. This activity led to the development of the IT Architecture for the newly merged company. The architecture included the following views:

Application: Selecting the applications to be adapted for the merged company, identifying the applications to be retired and identifying which applications needed replacement.

Information: Mapping the information in the various applications to each other and to the future state, identifying new data warehouses/marts for consolidated reporting and new/replacement supporting applications.

Technology: Selecting the key technologies to support the Application and Information views. The three views identified technologies to be replaced (Token Ring), technologies to remain but not have an increased deployment (AS/400), and newer, more scalable technologies to be introduced (Microsoft Windows Server).

Fujitsu Consulting also employed a so-called Partial Business Process View to identify the newly merged company's business processes. Fujitsu Consulting carried out the following technology architecture changes:

Migrations

- 13 servers to a Microsoft Windows 2000 Server environment from a Novell one
- 500 desktop PCs onto a Microsoft Windows domain and accompanying Microsoft Windows 2000 file servers
- 250 Mitsui users from Great American's network to the new MSMM IP WAN and related mail system. Before migration, Fujitsu Consulting built a 15-site private IP Wide Area Network

Implementations

- Microsoft Windows 2000 Server, Microsoft SQL Server 2000, Microsoft Internet Information Server 2000 and Information Builder's WebFOCUS 4.3.6 for the consolidated reporting system (CRS); the CRS also required dedicated data feeds from 6 application systems running on external mainframes or the AS/400
- VPN solution for added intra-office security
- New security procedures, installing and locking down new firewalls

- Network and server monitoring tools with a single console monitoring all systems
- Software inventory systems (Track-IT)
- Leading anti-SPAM email tools

Additional Activities

- Vendor customization requirements
- Replaced Token Ring LAN in Warren, New Jersey head office with Switched Ethernet LAN
- Repaired security holes in the email system
- Fixed MSMM's unstable and under-performing Citrix environment

IT Implementation Services

To ensure a seamless migration, Fujitsu Consulting provided MSMM with an interim CIO as well as a team of project managers to oversee IT merger-related projects. Each team member was juggled multiple projects. In addition, the interim CIO and Fujitsu Consulting project management team members were responsible for contract negotiations with IT vendors, as well as testing vendor deliveries.

One Fujitsu Consulting team led projects to replace and support integration of core application, as well as building a state-of-the-art data warehouse and development of consolidated reporting systems. Another team was responsible for infrastructure deployment in all US-based MSMM locations. Finally, a Fujitsu Consulting expert deployed a new loss-control business application on notebook computers, including configuring of new notebooks, loading of applications, and telephone/on-site support for the new applications' users.

Results and Benefits

The PMO outlined more than 170 projects that were all completed on time and budget. The reporting processes allowed all participants to view progress and manage activities in the most efficient way possible. What's more, the merger sparked investment into an IT infrastructure that could carry the company into the near future. Replacing legacy systems with the power and flexibility of today's scalable offerings has laid the groundwork for future IT initiatives.

"Our merger resulted in a complex integration of numerous IT applications. Fujitsu helped us create a more scalable, flexible and efficient IT environment and infrastructure," said Phil Lambert, CIO, Mitsui Sumitomo Marine Management.

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