

MetLife gains speed and efficiency by changing the way it creates and supports services.

Overview

■ **Business Challenge**

With the insurance industry growing more competitive, globalized and dynamic, MetLife knows it needs the flexibility to pursue opportunities rapidly and cost effectively. The company needed an infrastructure strategy that would fully support its business initiatives and maximize resource efficiency.

■ **Solution**

Teaming with IBM, MetLife is optimizing its services infrastructure by running more applications on its existing infrastructure and by introducing an efficient “utility” framework for creating new services. The effort leverages IBM’s expertise in infrastructure optimization.

■ **Key Benefits**

- *Significant reduction in time required to deploy new services*
- *Significant reduction in cost of developing new services*
- *Improved ability to cross-sell services through increased integration*



MetLife, Inc. provides insurance and financial services throughout the United States, Latin America, Europe and the Asia Pacific region. Through its domestic and international subsidiaries and affiliates, MetLife reaches more than 70 million customers around the world. MetLife is the largest life insurer in the United States, based on life insurance in force.

Over the last decade, the insurance industry has undergone substantial change. While the industry as a whole has become more globalized and consolidated, it has also witnessed the entry of smaller, specialized insurance providers whose nimbleness has pushed the industry’s larger players to become more agile and flexible. The combination of these factors has sharply increased the competitive intensity and dynamism of the insurance business. As the industry has changed, so too has the customer-provider relationship.

“We view technology not just as an enabler – but as a primary means of delivering competitive differentiation in the insurance marketplace. Our work with IBM has helped to set us apart from our competitors and made MetLife a more efficient and effective business.”

– Carl Morales, SVP and CTO, MetLife

Business Benefits

- Significant reduction in time required to deploy new services
- Significant reduction in cost of developing new services
- Improved ability to cross-sell services through increased integration
- Ability to cost justify more new service offerings as a result of virtualization and a utility-based services strategy
- Faster and more effective integration of acquired companies by virtue of a service-oriented architecture approach

Insurance providers realize that the key to their long-term growth is in building strong—that is, broad and deep—relationships, and that meeting the ever rising expectations for customer service is essential to achieving that aim. MetLife (www.metlife.com) is also a different company than it was a decade ago. Its recent acquisition of Travelers, which made it the largest life insurance company in the United States, is just one dimension of its evolution as a company. Less visible—but equally critical—is the evolution and maturity of its technology strategy.

For the insurance industry 10 years ago, just the simple introduction of Web technology was seen as innovation, and MetLife stood out for its aggressive activities in this area. In retrospect, however, MetLife's initial technology investments are more accurately seen as the early stages of a learning curve that was being followed across the industry. With the issues of standards and governance still up in the air, MetLife invested in numerous standalone IT initiatives throughout the company, resulting in a proliferation of systems and applications. Many of these involved new technologies, such as Web application servers and portals, whose lack of maturity sometimes presented a challenge. In such instances, IBM—as one of MetLife's strategic IT providers—worked side-by-side with MetLife personnel to make it right, with the lessons of their efforts often resulting in changes to IBM's products. The steady maturation of IBM's products subsequently laid the groundwork for the maturation of MetLife's technology strategy, an evolution that marked the company's "stabilization phase," notes Dave Russo Assistant Vice President, Web Infrastructure and Design of MetLife. "We were moving in the same direction as IBM, but our relationship had evolved from handholding to moving in lock-step toward a common vision, where IBM's technology roadmap overlapped with our goals of efficiency and cost-effectiveness."

“Our growing reliance on independent agents for distribution has made system availability increasingly important—because if we’re not there to write the business, they will go to another carrier. Put simply, if the technology is down, our business is down.”

—Vinod Kachroo, Vice President, Web Infrastructure and Design, MetLife

Turning the corner

Now the company has entered its “optimization” phase, whose defining goal is to maximize the efficiency of MetLife's IT resources, while at the same time positioning the company to meet the market's demanding competitive requirements. Among the more prominent are the ability to bring products to market rapidly, the ability to effectively cross sell products and—with growth by acquisition a critical strategy—the ability to rapidly integrate the operations, processes and applications of acquired companies. What these have in common is the need for a flexible IT infrastructure that fully supports—and in no way impedes—the effective execution of creative business strategies. MetLife's optimization strategy has two key parts. The first is infrastructure consolidation through virtualization, or the running of multiple applications on a single server.

The second is the adoption of an on demand or “utility-based” application model. Both have flexibility as their primary attribute. While MetLife was one of the industry’s first practitioners of virtualization—before it was even called that—technology limitations had constrained its capabilities. Today, however, is a different story. When IBM introduced the revolutionary ability to split servers into logical partitions (LPARs), it gave companies like MetLife the basic building block for virtualization. The IBM System p™ takes it one step further by making it possible to break LPARs into even smaller units, thus enabling companies to spread their processing requirements over an even smaller number of servers.

A good example of this effect is seen in the infrastructure MetLife uses to deliver services to institutional customers. By leveraging the advanced partitioning capabilities of its IBM System p servers, MetLife can now run all 130 of its institutional applications with enough capacity left over for 150 more. And by moving its disaster recovery applications to a virtualized platform, MetLife has been able to triple its utilization efficiency by cutting the number of CPUs required to run these applications by two thirds. The same holds true for its core service platform, where the capacity benefits of virtualization have enabled it to continually expand the number of applications it supports without having to invest in processing capacity.

Changing the equation for new services

Russo sees these optimization efforts as having a direct impact on the economics of its IT infrastructure. “By leveraging the advanced virtualization capabilities of our IBM infrastructure, we’re able to squeeze every last dime out of the environment that’s on the floor, with no impact on its stability,” says Russo. “It gives us a powerful tool to maximize the efficiency of our IT spending.” Virtualization’s cost benefits also have a direct impact on a portfolio of services MetLife is able to deliver to its customers. By sharply driving down the cost of delivering services, MetLife will be able to make a strong business case for numerous services that would not have been economically viable under a non-virtualized infrastructure. “Consolidation through virtualization will allow us to make better decisions about which applications see the light of day,” explains Russo. “This means we’ll be able to get more out to our customer base.”

The other key facet of MetLife’s optimization strategy is its growing use of a “utility” model for delivering applications across the enterprise and to external customers as Web services. Made possible by the company’s decision to standardize on the IBM WebSphere® Application Server platform, MetLife’s utility strategy is to take applications that had previously been deployed on a stand-alone basis for specific business units and deploy them centrally within a common service layer, thereby making them available to all of MetLife’s business units.

Key Components

Software

- IBM WebSphere Application Server
- IBM WebSphere Portal
- IBM DB2®
- IBM Tivoli® Identity Manager

Servers

- IBM System p

Services

- IBM Global Technology Services

Timeframe

- Virtualization initiatives: Ongoing
- Utility computing initiatives: Ongoing

Why it matters

By optimizing its infrastructure, MetLife is gaining a whole new level of business flexibility and positioning the company for cost-effective growth. It is transforming its service creation practices by making common services available across all business lines—drastically shortening the development cycle and getting new services to market faster.

Though still early in the process, the initiative has advanced rapidly, with applications from virtually every line of business deployed as Web services on the WebSphere platform. While security and document management are among the earliest applications deployed, the real embodiment of just how far MetLife has advanced its utility service strategy is the company's Cognos business intelligence application, which stands as the largest service-oriented deployment of the Cognos solution in North America—not only among insurance companies, but among companies overall. MetLife is also deploying an identity management solution using IBM Tivoli Identity Manager, while IBM WebSphere Portal is being used to provide information access to both customers and employees. IBM DB2 provides the database foundation for many of MetLife's core applications.

Speed through flexibility

This new way of delivering applications strengthens MetLife in three ways. First and foremost, it drastically reduces the time required to get new services to market, since applications are now being deployed into an established utility. In the area of reporting, for example, the average time required to deploy a new service has fallen an average of 75 percent, from months to weeks. This gets new products into the hands of MetLife's agents faster—before the window of opportunity closes—while a common service platform makes it easier for them to cross sell. The second major benefit is cost. By following a utility or service-based approach to application deployment, MetLife reduces its costs by an average of 92 percent compared to the traditional standalone approach.

Like virtualization, the move toward utility-based applications fundamentally changes the equation, notes Sean Myles, MetLife's Assistant Vice President, Distributed Servers and Storage Engineering. "Utility-based service delivery is becoming increasingly critical to the way we're operating," says Myles. "It's changing the way we consider applications, it lowers the threshold for us to pursue business opportunities and gives us the speed and agility we need to capitalize on them." The final benefit of the service-oriented approach is that it will simplify the integration of companies that MetLife may acquire by employing standardized interfaces. This will enable the company to more quickly realize the underlying business synergies that drove the acquisition in the first place. As MetLife moves deeper into its optimization phase, IBM's technology, expertise and leadership are critical to its plans. On the technology front, MetLife expects to capitalize on the enhanced virtualization capabilities of IBM's emerging products, such as the next generation of IBM System p servers. More broadly, Dave Russo sees IBM as a teammate MetLife can rely on: "We're committed to taking a fresh look at everything we do to support the business, and we know IBM is an important part of our success."

For more information

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