



Münchener Hypothekenbank builds on success with RS/6000.

The Munich-based Münchener Hypothekenbank eG is one of the largest credit cooperatives in Germany. Founded in 1896 as the Bayerische Landwirtschaftsbank eGmbH, the credit institution enjoys success from which well over 96,000 members, primarily partner banks and loan customers, profit today. It specializes in long-term financing solutions for private and commercial real estate as well as for investments within Germany and abroad. The focus in the mortgage segment is on granting loans for private residential construction with fixed rates over a 10- to 15-year period. Münchener Hypothekenbank sees itself as a bank and service provider for banks and exclusively services its partners within the financial system. These products enable banking cooperatives and rural credit cooperatives to offer "single-source" financing in the form of long-term fixed-interest real-estate loans. Its business covers all of Germany, but the bulk of loans granted has historically

been in the southern region of Germany. Last year saw the first commercial loans granted in Great Britain and the Netherlands. Mortgage bonds provide refinancing – a safe and effective form of investment that is becoming increasingly attractive to investors in international capital markets. The favorable risk structure of Münchener Hypothekenbank is reflected in its excellent credit rating: For years, Moody's Investors Service has awarded both the public bonds and mortgage bonds its top rating of AAA.

Industry	Banking/Finance
Application	SAP R/3 FI, CO, TR, TM, SEM, BCA
Software	AIX HCMP Tivoli
Hardware	RS/6000 ESS

“Open scalability and high availability make the IBM RS/6000 servers the best basis for our extremely heavy batch operations. They guarantee us fast and secure handling of high processing volumes.”

Andreas Werner-Scheer,
CIO Münchener Hypothekenbank



Readying IT for future demand

In the past, Münchener Hypothekbank drew on its own IT solutions for its software. But now, the plan is to consolidate them into a heterogeneous IT landscape and expand its data center sustainably using standard solutions. To do this, the credit institution conducted a number of studies – among them those that demonstrated that for Münchener Hypothekbank the internal operation of an SAP system would not only be more economical than an outsourcing solution, but also offers more leeway in the project's time frame and in other areas. For this reason, a decision was made in April 2000 in favor of the internal operation of SAP R/3. Today SAP R/3, together with the Mortgage Banking System (MBS), has replaced systems and applications that have contributed visibly to the success of the bank for 25 years. SAP R/3 forms the ideal basis for an integrated banking solution and is gradually being expanded to include the FI, CO, TR, TM, SEM and BCA modules. Used as an additional application based on SAP standard modules, MBS is a collective development of Depfa Bank and CSC Ploenzke and covers the complex lending and basic business of mortgage banks.

IBM and Lufthansa Systems Network as partners

After the decision was made for the application, a difficult search for the right IT partners began. In only three months, the employees had to be trained, the new data center built and the first data migrated. This narrow timeframe was dismissed by most as "impossible to implement". But in cooperation with CSC Ploenzke, Lufthansa Systems Network and IBM, Münchener Hypothekbank showed that it could be done. In an interim data center, FI and CO modules were installed and 60 employees were trained. CSC Ploenzke is the main partner for the introduction of all commercial applications, for the development of new components, and for the migration of the data. Lufthansa Systems Network planned the new data center and will help the credit institution with the operation of the data center throughout the entire implementation phase until 2002. The technical expertise and necessary hardware and software come from IBM. Together, on August 1, 2000, they successfully migrated the interim data center into the bank's own center,

and then implemented further SAP modules. A separate SAP R/3 interface supplies the prerequisites for internal and external connections, so that new business can be completely covered using both SAP R/3 and MBS. In November 2000 the property development and overdraft sectors were incorporated, to be joined in 2001 by the mortgage loans, which will be completely integrated into the system by mid-2002. This is occurring at the same time as the setup of the securities business, which will go productive in 2002.

Top loads on the systems

Batch transactions mean extremely heavy loads on the IT systems. These postings occur at the end of the month and the quarter and generate enormous amounts of data. "The contractual deadlines make it absolutely necessary to process large amounts of data within a short time," says Bernhard Kügler, director of Münchener Hypothekbank's data center. "So all data must be processed in a high-performance and secure way. In view of the loads for the batch runs that are generated in the process, the choice was easy – it had to be an AIX solution." During the entire implementation phase, lasting until 2002, the inventory data will be migrated from roughly 150,000 active loans into the new system. However, payment histories and agreements subject to accountability requirements remain in the previous application. Accountability requirements call for the retaining of documents for ten years after the business transaction is ended. With 15-year loans, the agreement actually remains in the system for 25 years. In order to provide continued access to the data, there must be interfaces between the old and the new systems.

HACMP, ESS and Tivoli for a secure solution

The old applications had been running in VM/VSE on an IBM S/390 server since 1974 and were backed up to a Magstar tape library. For the SAP system, they decided on IBM RS/6000: two M80 and one H80 as database and application servers. High Availability Cluster Multi-Processing (HACMP) was installed as a cluster solution, in order to ensure high availability for the servers. For a bank, protecting one's investment is a priority, and the RS/6000 provided convincing proof of this. Backup of the

enormous volume of data is controlled using Tivoli Storage Manager. For disk backup, Münchener Hypothekbank relies on the IBM Enterprise Storage Server (ESS).

Into the future with IBM and SAP

The introduction of SAP R/3 will be complete by the end of 2002; all of Münchener Hypothekbank's lines of business will then have been entered. This also includes the implementation of the SAP Strategic Enterprise Management (SEM) solution with the Risk Analyzer and the Profit Analyzer. The system is available to about 350 users. The data center will also gradually be expanded and consolidated. "Lean business processes require a long-term and cost-efficient IT system that provides for the future," says Andreas Werner-Scheer, CIO of Münchener Hypothekbank. "We have found the ideal combination in the implementation of SAP R/3 and MBS on IBM RS/6000. It provides improved performance for our customers and our partners over the long term."



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