DB2. Information Management Software

Dresdner Bank addresses regulations, internal demands and future growth with IBM solution

Overview

■ **The Challenge**

Dresdner Bank needed to develop an application to support internal auditing work because of modified regulatory requirements. Therefore, Dresdner decided to build the Audit Application PPU as the first application based on a data warehouse that can provide further business intelligence applications.

■ **The Application**

Data Warehouse

■ **The Solution**

A comprehensive solution based on IBM DB2® Universal Database™ and IBM Regatta Systems helped Dresdner Bank meet its goals.

■ **IBM Checklist**

IBM Regatta System P690,
   16 processors (German:
   Prozessoren), 1 node (German:
   Knoten)
IBM AIX® 4.3/5L
IBM DB2 Universal Database
   EEE V7.2
IBM DB2 OLAP Server
IBM WebSphere® 4.0
IBM Storage System Adaptor (SSA)
   Disk RAID 5
IBM Business Partner products
Business Objects
   Business Objects V5.1
   WebIntelligence V2.7
   Broadcast Agent (Intranet)
Informatica: Powercenter 5.1

Since 23 July 2001, Dresdner Bank has been part of the Allianz Group as the centre of competence for banking. The combination of Allianz and Dresdner Bank will create considerable value added through a wider range of financial products, broader sales channels and greater advisory capacity and expertise. Combining Allianz insurance products and Dresdner Bank's investment products also gives customers more convenient access to popular company and private pension products.

Heinz Schoettler, Dresdner Bank

Faced with new banking industry regulations, increasing demands for information and continual growth, Dresdner Bank AG's Information Technology unit for Credit and Risk Systems set out to tackle two challenges by implementing a new data warehouse. The first mission was to build a single source of information to provide business intelligence applications, and the second was to develop an application to support the institution's internal auditing work. The Dresdner Bank solution was jointly developed with Accenture. Selected key hardware and software

components were provided by IBM, Business Objects and Informatica. Dresdner Bank now is better equipped to meet both goals with a long-term strategy to consolidate systems and datapools and preserve investments.

About Dresdner Bank

With approximately 1,100 branch offices and more than 47,000 employees, the Dresdner Bank Group is active in over 60 different countries. In terms of assets, market value and the number of customers, Dresdner Bank is one of the leading banking groups in Europe.

Benefits

Requirements imposed by the German Banking Authority as well as worldwide banking regulations associated with "the Basel Capital Accords" or "Basel II" spurred the Dresdner IT team to seek a new solution. Basel II requires financial institutions to provide consolidated risk information on a timely basis. The internal auditors, the first users of such a consolidated information pool to request current risk information, were ideal beneficiaries of the approach. With this in mind, Dresdner Bank's team needed to devise IT-based ways to carefully manage and accurately report relevant risk figures instantly.

"We required a system that could provide us with a host of high-quality actionable information about our exposure," explains Heinz Schoettler, department director, Information Technology, Credit and Risk Systems, Reporting. "With this solution, we can provide the appropriate level of information at any time on any given day."

Another internal benefit delivered by the system is a new approach for risk indication. The calculations in this application help the bank's auditors understand which of the institution's loans involve the highest risk. "In the past, our auditors had to do a lot of manual work in addition to the output provided by the former IT-system," explains Mr. Schoettler. "Not all of the

information needed was automatically as consolidated as it should be. This new solution makes the process significantly more efficient – the auditor only needs to consult one source."

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> *– Heinz Schoettler, department director, Information Technology*

"Not only do the auditors get all the information about credit risk that they need from one repository, but also they are able to zero-in on critical decision-making information by analyzing risk online." Mr. Schoettler continues. "This has decreased the time these exercises require from days to minutes." The Dresdner system also allows ad hoc reporting and provides easy identification of loans that require closer analysis by calculating a risk indicator value.

Because there are not many external suppliers in Germany that provide this type of information, Dresdner Bank had to have an expedient way to calculate the probability of default for each client, thus deriving its own ratings. The new system helps the institution manage this process and

minimize the exposure to risk. What's more, the information provided by the new solution is thorough and accurate enough for even the most stringent audit process. "With the new system, we are able to meet the requirements on a daily basis, not only for Dresdner Bank, but also for the associated Dresdner Group and its subsidiaries. We can rapidly deliver high-quality output to our internal constituents, to the bank's board and to external auditors whenever they need it," notes Mr. Schoettler.

Another extremely useful internal capability has been delivered by the system – users can access information from the bank's intranet via laptops. This is very different than the former solutions that used various printouts from other disparate applications.

Since January 2002, 80 auditors have gained experience working with the data warehouse. As more and more users become experts, many are finding that the solution is causing a culture change – some users are modifying their working styles in order to interact most efficiently with the new technology. "Ultimately, this solution provides our information technology team and all users with a "single point of truth" for all reporting requirements," Mr. Schoettler summarizes. "This is invaluable to us."

About the solution

Today, the Dresdner Bank data warehouse contains domestic loan information and credit risk data. Each month, the team adds approximately 100 million data rows or nearly 50 gigabytes of data to the warehouse. Ultimately, the data warehouse is expected to contain four terabytes of disk space, including mirroring, production and test space. It is estimated that one terabyte will be used for information in the data warehouse itself.

This solution already has developed the reputation of being "leading-edge" within the bank. "We now have an architecture that can efficiently be used to deliver indisputable business value," says Mr. Schoettler.

Vendor selection

When it came to selecting a supplier for a new solution, the Dresdner Bank and Accenture team followed a logical series of steps. First, the group defined exactly what the capabilities required from the application were and what types of information needed to be contained in the data warehouse. After that phase, the team evaluated hardware and software and completed a proof-of-concept in January 2001. The field of competitors was narrowed to IBM and one other company.

Ultimately, the team made the decision to buy the IBM Regatta system. "The Regatta System combines some of the system features we already know very well from the OS/390® environment with the cost-efficient UNIX® architecture," Mr. Schoettler explains. "This made us very comfortable in basing our application on this hardware platform."

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In addition, the Dresdner Bank team had several meetings with representatives from IBM Software Group. "After careful study, we decided on IBM DB2 Universal Database Enterprise Extended Edition as our database." Mr. Schoettler adds. "Our tests of DB2 enabled us to determine that the database is very scalable and can manage parallel processing very well."

Once the hardware and software decisions were made, the project was separated into two phases: development of the data warehouse with standard and ad hoc reporting functions and implementation of OLAP

analyses. There was a production pilot from September through December of 2001.

Rounding out the capabilities are IBM Business Partner products such as Business Objects V5.1, WebIntelligence V2.7 and Broadcast Agent from Business Objects and Powercenter 5.1 from Informatica. Meanwhile, a Java®-based application including IBM WebSphere 4.0 has been included in another project phase that involves development of browser-based front end support for audit flow and day-by-day work.

Summary

With all of the continually evolving requirements that banks face today, it is essential for Dresdner Bank to have an easy-to-manage repository for huge quantities of data. The system needs to continue to accommodate an ever-increasing field of users and more and more data. This anticipated growth made the combination of the Regatta System and DB2 even more appealing to the bank's team.

"We wanted to have the flexibility to change the balance of system power exactly when we needed to. With this configuration, even when the system is completely defined, we still can make essential changes to accommodate growth," Mr. Schoettler explains.

"We have chosen a comprehensive system that lets us balance our workload both day and night in order to fully leverage our investment in hardware. In addition, we've given our analysts state-of-the-art tools to meet continually evolving demands for information," Mr. Schoettler concludes.

Want to know more?

For more information regarding IBM DB2 Information Management Software solutions, contact your IBM client representative or visit our Web site at http://www.i**bm.com**/software/data.

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For more information about IBM solutions for specific industries visit http://www.**ibm.com**/industries/financialservices.

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