

XFRAME and COBOL-IT Power Ahold Mainframe Modernization

“Through the re-hosting of our mainframe application from the z/OS operating system to Sun Solaris, we managed to save 80% of our annual IT budget, and created a more agile environment.”

— Rob Groenestein, Ahold Project Manager for Solution Delivery



Customer Profile

Ahold is a major international supermarket operator based in Amsterdam. With 120,000 employees world-wide, Ahold has yearly revenue of approximately € 28 billion.

The Challenge

- Excessive license and maintenance costs
- 24/7 availability of Logistics application
- Limited expansion possibilities

The Solution

- Implement XFRAME® to Re-host Mainframe services onto Linux system
- COBOL-IT® Compiler Suite Enterprise Edition
- Project duration: 6 months

Customer Benefits

- Up-to €1M annual savings
- More cost effective COBOL compiler
- Greater system flexibility
- Added value to legacy applications
- Addressed pending mainframe skills shortages

The Challenge

Ahold is a major international supermarket operator based in Amsterdam. Listed on the Euronext Amsterdam Stock Exchange, Ahold has revenue of € 28 billion per year, with approximately 120,000 employees world-wide.

Logistics is the heart of their business, operating a rigid just-in-time replenishment model, enabling Ahold to operate their supermarkets and hypermarkets successfully.

The logistics applications were hosted in a logical partition on a shared mainframe. Ahold needed to convert these applications into a less-costly, more modern architecture, free of development and integration barriers.

The Solution

Growing requirements and excessive costs increased the need to conduct a migration, so Ahold's IT outsourcing Partner HP engaged HTWC, its mainframe re-hosting partner, with the following objectives:

- Re-host the Ahold logistics application to a Sun Solaris platform in a short time frame, with zero interruption to operations
- Keep costs down to maximize ROI and achieve a speedy payback.

The applications in question operate mainly in a batch mode, but also support approximately 120 concurrent users working online. The solution entailed the migration of DB2 data tables into an Oracle database and the implementation of the HTWC XFRAME suite and COBOL-IT Compiler Suite Enterprise Edition.

Applications running on z/OS with:	Rehosted to Sun Solaris running:	The Migration involved
CICS — CSP/VGA	HTWC XFRAME Enterprise Edition	<ul style="list-style-type: none"> • Approximately 3000 COBOL programs • More than 282/2965 DB2 tables • Approximately 1645 copybooks including macros
COBOL — CSP/VGA	COBOL-IT Compiler Suite Enterprise Edition	
IBM DB2	Oracle 10g	

Ahold Re-hosts Mainframe Applications

COBOL-IT's Open Source COBOL Compiler

Replacement of the legacy COBOL compiler with the open source COBOL-IT compiler helped achieve the required financial savings. In the Ahold solution, which involved 3000 COBOL programs and almost 300 DB2 tables, the COBOL-IT product provided all of the necessary functionality and surpassed all required performance benchmarks at just a fraction of the cost.

"The quality, versatility and ease of implementation of the COBOL-IT Compiler Suite surprised us, and we were already familiar with the product", said

Stefano Galletti, senior systems engineer with HTWC. The COBOL-IT solution is engineered to match market requirements, and provides an outstanding combination of quality and price. The COBOL-IT business model entails no up-front steep licensing costs, while maintenance and support costs are actually less than their nearest competitors. It is a modern business model that is perfectly adapted to HTWC's market.

Solution achieved annual savings of €1M

Some key ratios based upon the net present value of the savings achieved illustrate impressive returns in a very short period of time. This was all achieved with minimal disruption to the daily operations. Additionally the system performance has improved, which will reflect on productivity and reduced hardware needs going forward. The ROI metrics illustrated above right are based on an amortization period of five years, taking into consideration all investment costs, capital costs, operating costs and annual savings.

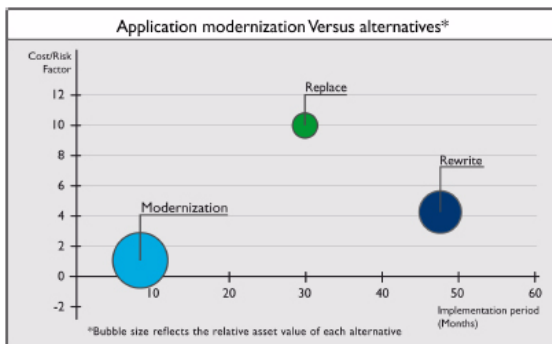
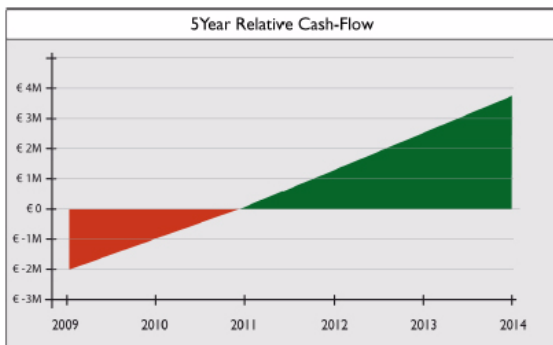
The 5-year cash flow diagram shows the relative relationship between investment and operating costs and also shows the savings. The reduced staffing, development and integration costs are not reflected in these numbers, and further enhance the extent of the achievement. Analyses show that opting to re-write or replace applications brings additional cost, risk and a much longer turn-around time. These strategies also involve a cultural change and often a loss of key intellectual property.

ROI Metrics

- ROI (based upon Net Savings after Capital): 83%
- Payback period in months: 18
- Internal rate of return (IRR): 112%

Modernization Benefits

- Reduces cost of running legacy applications on expensive hardware
- Return On Investment is rapid — the break-even point is often reached within two years
- Reduces or eliminates concerns about the cost and availability of support for legacy software systems.



About Speedware

Speedware has been dedicated to helping companies modernize their business applications for over 15 years and enjoys a 100% project success rate. The company specializes in development of end-to-end modernization solutions that allow industry and government leaders to increase their business agility and reduce their operational costs. Speedware has been a leading provider of enterprise software solutions since 1976, offering a complete suite of solutions for legacy modernization and management, migration and application portfolio management, business intelligence tools and application development solutions.

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