



Why *i*? It's simple.

Audioconference

Forrester Perspectives On iSeries

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Forrester Research

Enterprise Computing Requirement

“Pain Points” Conversation From Forrester CIO Hotline

- “Too many systems, not running at full capacity”
- “Too many operations people, who cannot respond to the real-time needs of my business architecture”
- “My budget for I/T and service levels delivered are sporadic and unclear”
- “The application workloads I depend on, and the new applications I need, take to long to get up and running”
- “Why can’t I pay only for those resources that I know are making my LOB of business more competitive”
- “And when I use those resources, and I need to make last minute changes that matter to my applications, and my customers, why can’t I engage a technology infrastructure”

Bottom line For CIO:

I want to solve those business problems that are the most profitable to drive competitive advantage, but still maintain the lowest possible cost of life cycle ownership.

- I want growth with IT service agility that is innovative to accommodate the changes I need without any disruption.



I/T Infrastructure Plans For 2005

Small & Midsize Companies (SMB*)

- Forrester surveyed technology decision-makers at 150 SMB firms to understand differences with computing infrastructure plans vs. larger enterprise firms
- Survey results demonstrated that SMB's:
 - » Surpassed larger firms' appetite for Linux ecosystem and wireless LAN and client technology
 - » SMBs show more resilience in increasing PC and server spending.
 - » Strong reliance on Value Added Resellers (VAR) and local consulting and integration firms
 - Over 51% of SMBs Buy hardware from a VAR, and 42% purchase related integration and implementation services from a VAR
 - Of those SMB firms buying hardware from a VAR, 27% of those same firms will obtain integration services from a local or regional consulting & integration firm instead
 - Nearly 30% of SMBs that buy services from a VAR also rely on services from a local or regional consulting & integration firm
 - » Want choice in multiple channels for support and other services
 - » Give more consideration to outsourcing and IT strategy consulting services

Note: SMB is a definition for small (less than \$100m in revenues), and midsize (less than \$500m in revenues) firms surveyed. In this context, SMB collectively includes both of these definitions.

Utility Computing – One Answer To The Solution

- Utility computing is positioned by vendors as the answer to all IT efficiency concerns
 - » IT becomes a “utility” accessed on demand
 - » Pay only for what you use, when you use it
 - » Turns IT into a variable cost tightly synched with business activity
- The reality is somewhat different – it’s expensive and difficult, but worth the effort is worth it
 - » Requires major changes to process and technology
 - » Doesn’t really work for some workloads
 - » All successful projects require large service investments
- The promise is very real, and customers can benefit from traveling the road to get there

Utility Computing – The Good News

- IT as a variable cost, highly correlated with business activity
- Implemented via “services” and “utility computing infrastructures”
- Virtual resources decoupled from physical infrastructure by advanced “orchestration” software
- How real is it, and how can you make money?

ROI Addressed Through Utility Computing Models

Great Strides Toward COD

- Using virtualization, new capacity can be integrated into existing virtual servers
 - Enables faster, non-intrusive upgrades
- Enables customers to order additional capacity for small price
- Capacity can be turned on by customers as needed
- Capacity can be purchased by customers in a granular fashion

Why iSeries?

“It’s About the Integrated Solution Stack”

- Forrester I/T intelligence repeatedly proves out
 - » Next generation computing infrastructure -- all about serviceable solution stacks
- Strategic areas of focus for systems architecture investments
 - » Integrated solutions stacks that create easier system ownership (but at install time, as well as throughout day-to-day operation
 - » Single intuitive management structure to manipulate the whole silicon-through-services stack
 - » Critical is lowering overall cost-of-life-cycle-ownership, as defined by:
 - cost of acquisition, cost of on-going operation, but most importantly, cost on incremental change
 - As premised in Forrester’s “C3” cost-of-life-cycle ownership model)



Why iSeries ?

Value Proposition and Definitions

- **Virtualization**: dynamic, exact resource allocation on as needed basis
- **Capacity on demand**: turn capacity on and off as needed
- **Accounting and chargeback**: measure and record resource utilization of multiple workloads in a shared infrastructure
- **Workload management**: service level enforcement and resource optimization
- **Server provisioning**: automation of server and storage install, allocation, and on-going operation.

Why iSeries ?

The Customer Selection Criteria

- **Higher linear scalability of applications workloads on lower and lower processor count**
 - » Types and results of applications specific benchmarks yields higher importance (combination of historical data and future promise)
 - » Customers want more simplistic decision criteria to measure technology advantage vs. the cost-of-life-cycle ownership requirements to acquire, deploy, and manage it
- **All three systems architectures (scale up, scale out, and scale within) to gain equal investment backing by Tier 1 systems vendors**
 - » **Scales within** becomes the design center for a new VOSA (Virtualized Operating Systems Architecture)
 - » **Scale out** becomes the design center for grid and next generation HPTC computing infrastructures
 - » **Scale up** becomes the design center for multi-core SMP focus on multi-threading (still the backbone for mission-critical heavy lifting applications)

Why iSeries?

Customer Selection Criteria

- ***Continuous thirst for creative financing options (e.g., COD, PPU, and/or metering approaches)***
 - » to enable more chargeback options, driven by the fickle nuances and requirements of different LOBs
- ***COD offerings now available for systems has to be extended to systems and applications software stack***
 - » e.g., new DLPAR sub-processor pricing for Websphere on iSeries
 - » Wider variety of options for PPU and metering as enabled by hardware and software technologies becomes an expectation
 - » Key is comprehensiveness of feature/functions and full inclusivity of entire computing stack (system, software and services)
 - » Automated & granular chargeback through minimal click-streams as base offering
 - E.g., IBM will use On Demand Hosting Centers as science experiment for testing their business cases for VE adoption
- ***CIO's (as strongly influenced by CFO's) want to extend COD alternatives to system and applications software***

Why iSeries ?

- Operating systems or servers individually will become less of a differentiator in the future
 - » It's all about how the **systems architecture** gain from “silicon through services” (not servers) responds to the changing LOB requirements.
- The real battle for strategic systems architecture will be RAS extensions, virtualization of resources, and integration with the desktop
- Winners will be vendors with deep management stacks and other IP to bring to bear on Linux

Thank You

- bday@forrester.com
- See related Forrester Research perspectives on IBM's iSeries

GREIF

Greif's Transformation

“Agility by Conquering Complexity”

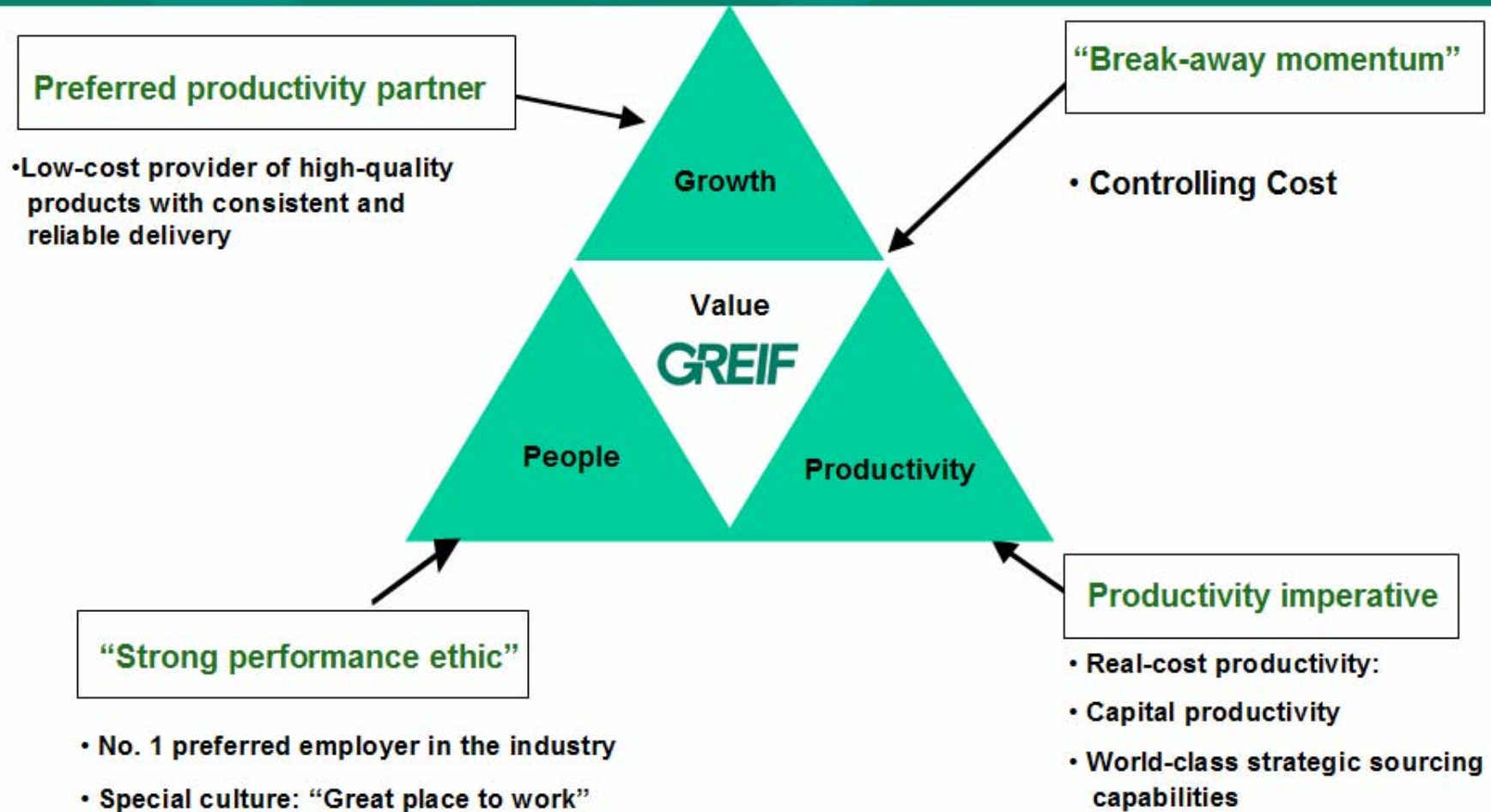
Ken Andre
Vice President & CIO

Greif Company Profile

- **Founded in 1877 as a packaging company**
- **Public company since 1926**
- **Diversified business portfolio**
 - **Industrial Packaging & Services**
 - **Paper, Packaging & Services**
 - **Timber**
- **Approximately 175 operations in more than 40 countries on six continents**



Transformation Process - Our Aspirations



Greif's Business System

Commercial Excellence

- Regional tactical marketing
- Value selling
- Fact-based account management

Operational Excellence

- Diagnostics and target setting
- Network alignment
- Lean operations continuous improvement

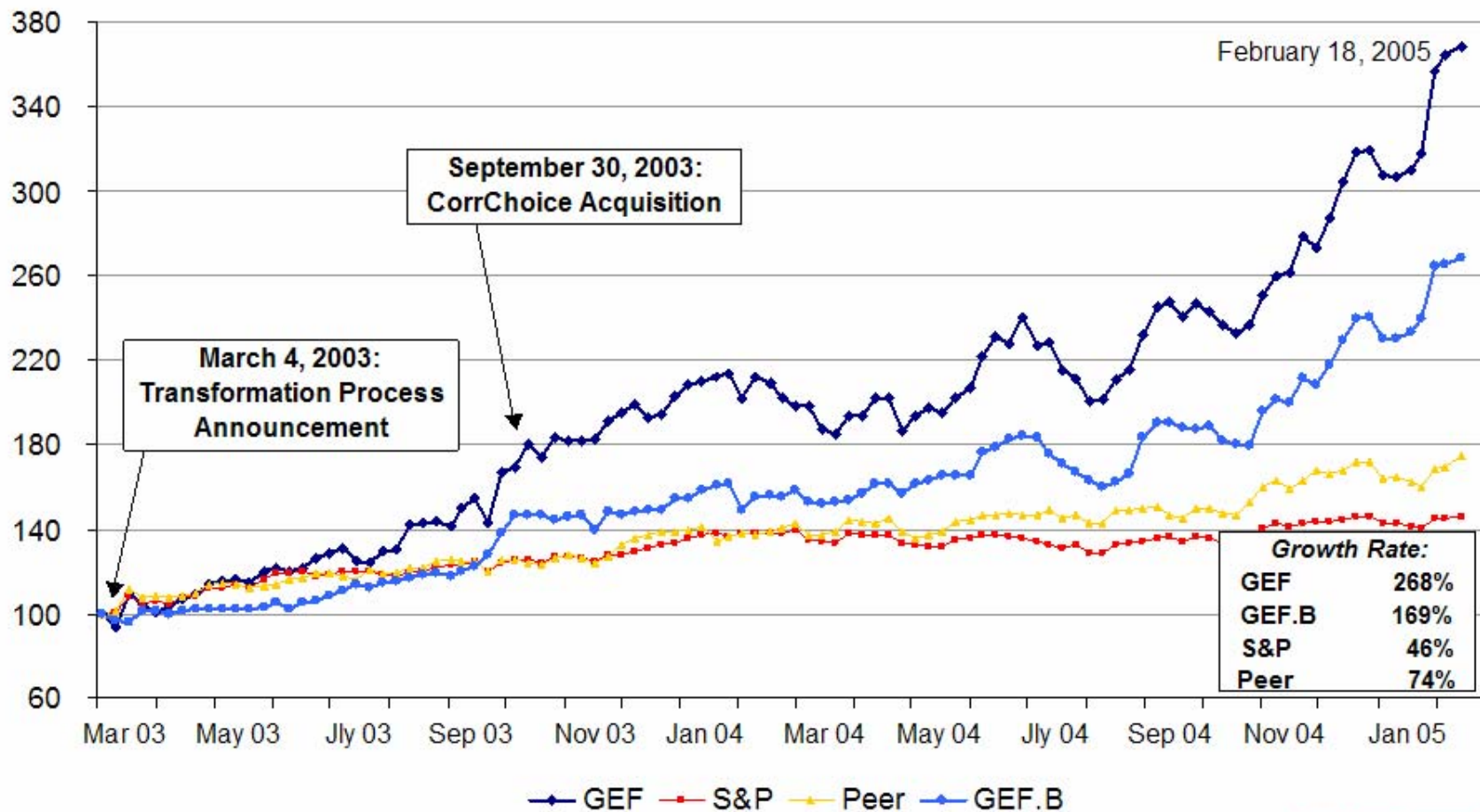
Strategic Sourcing

- Global fact-based management
- Supplier relationships and integration
- TCO (productivity) analysis

Fact-Based General Management

- Integrated problem solving
- People management/development – Greif's Center of Excellence
- Performance management

Greif Share Price Performance (3/1/03 to Present)



Business Information Services – Transformation Goals

- **Align BIS to support Greif's corporate vision**
- **Streamline BIS organization**
- **Globalize & Standardize IT via three regional data centers and application and process standards**
- **Target IT cost as a percentage of sales at 1.0% while improving service levels and security**
- **Support introduction of B2B solutions to “Make Greif Easier to Do Business With”**

Greif IT Environment

- **Three Regional Data Centers with 3,000 Users:**
 - AMER – Chicago, IL. USA
 - EMEA – Amsterdam NL
 - APAC – Sydney AUS
- **Servers include: iSeries , xSeries**
- **Global MCI Frame Relay Network**
- **BPCS & Baan ERP**
- **Lotus Notes Messaging & Workflow**

Transformation Timeline



- **May – June 2004:**

Studied Alternatives for HP, iSeries & xSeries Servers

- **July 2004:**

Configured & Ordered iSeries

- **August 2004:**

Installed & Setup



- **September – October 2004:**

Migrated Baan from HP UX to AIX & Tested Environment

October 23 – Went Live in North America

Summary of the Benefits of iSeries Transformation



- **Server Consolidation and Standardization – 20 fewer servers and more to go**
- **Support for Move to Single Instance Global ERP**
- **Best Price / Performance – 40% infrastructure savings with Increased Reliability**
- **Transformation is a catalyst for unlocking value at Greif**
- **IT is a critical Transformation enabler**
- **A Solid Formula for success**

Reduced Cost for Sustainable Advantage



Why i? It's simple

Tim Schuetz

The Evolving Agenda: Growth, Agility, Innovation

- **Growth is back on the CEO agenda**
 - Eight in ten view growth as a key focus area
- **They are concerned that their companies are not agile enough**
 - Eight in 10 rate “rapid response” as a high or very high priority
- **They view product and service innovation as a top priority**
 - Nearly two-thirds view products/service improvement as one of the greatest opportunities for revenue growth
- **They seek company-wide transformation within a short time horizon**
 - More than 9 in 10 believe they need to achieve their transformation goals in less than 5 years; nearly half think they need to do so in less than two years

Source: IBM CEO Study, December 2004

Responsiveness is the top requirement for success in today's dynamic environment

Comments from CEOs

“We need to improve our knowledge of our customers. We must improve our listening to our customers – by really hearing what they are telling us – and then having the **ability to respond rapidly.**”

“Given the rate at which the market is evolving, it is almost impossible to carry out long term planning. **It is critical to be able to plan on a rolling basis, rapidly and continuously.**”

“We must add a **sense of urgency** to our core values.”

Rating by CEOs of Their Priorities for the Next Three Years



Source: IBM Business Consulting Services, The Global CEO Study 2004

CEOs do not see a very strong capability in their organizations to respond to continuously changing business conditions

Comments from CEOs

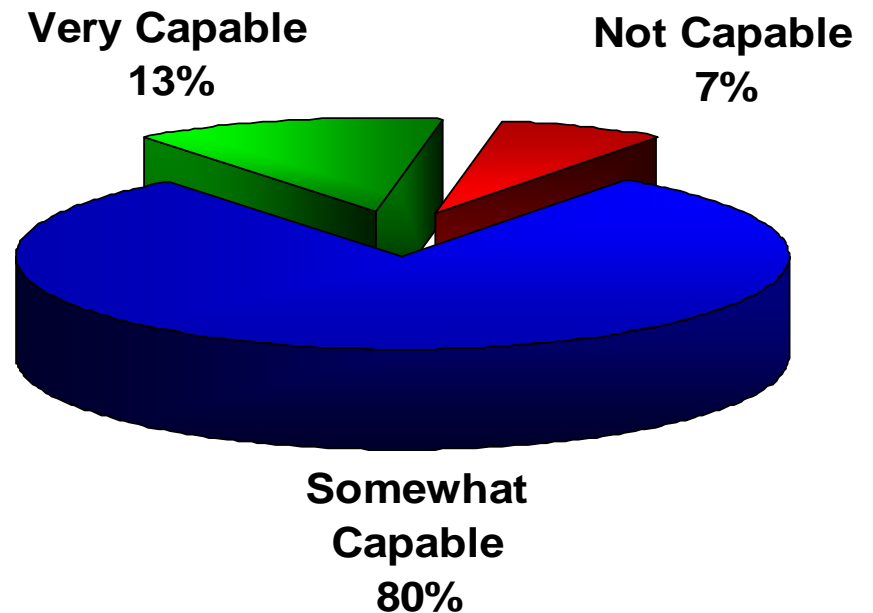
“We try pretty hard to identify external forces, and we do a fairly good job there. But then, we are fairly slow about coming to decisions about what to do and **we need to improve our implementation.**”

“We have a **history of not being flexible.** We have 4000 employees worldwide and we need to be reorganized to be more responsive.”

“There is a hell of a paradox. We try to model risk scenarios but end up **increasing the complexity** of the business to the point where it is **almost unmanageable.**”

Source: IBM Business Consulting Services, The Global CEO Study 2004

Rating by CEOs of Their Organizations' Ability to Respond to Changing Business Conditions



IT and Business – Back together at Last!



IBM eServer iSeries

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Why *i*? It's simple.

Why i? It's Simple

A server designed for the needs of *business* applications, using built-in, *not* added-on capabilities.

State of the art hardware and open software approaches which delivers cost effective infrastructures.



Why i? It's Simple

A server designed for the needs of business applications, using built-in, not added-on capabilities.

- Unsurpassed Portfolio of Business Applications
- Operating System designed with built in Security, Database, and operation efficiency, resulting in low cost of operation
- Protecting your investment in hardware and software

So to wrap up we have a solid piece of hardware, running an extremely flexible operating system, supported by a company that has taken on all comers as far as application and facilities....you tell me what is wrong with this picture.

Rick Dilley, Technical Manager, Dilley Technology

Why i? It's Simple

State of the art hardware and open software approaches which delivers cost effective infrastructures.

- Reduce costs by increasing asset utilization
- Simplify server management and operations
- Redeploy talent to manage your business, not your infrastructure

"People are impressed that we have just one box. The trend in IT recently has been that it doesn't matter how many servers are in your computer room – just buy the box and live with it. We don't believe in that. Our approach is to stay with one box if we can," says Leone. If this sounds like a return to the days of mainframe computing, it couldn't come soon enough for Leone. **"Life is so much simpler when everything resides on one machine."**

Paul Leone from adidas-Salomon Canda

Why i? It's Simple

While these CEO objectives are not
simple to accomplish...

Growth....
Agile...
Innovation...
Transformation...

Your Information Technology
Solution can be.

IBM eServer iSeries



Why i? It's Simple (Appendix)

I can't tell you how excited I am! If I were any more thrilled, I'd probably be under investigation....Recent events make it clear that the midrange server is the **rising star of the IT industry, and the iSeries is the most exciting server in the business.**

(MC Press, Joe Pluta, Reporter)