IBM Systems and Technology Group University 2005
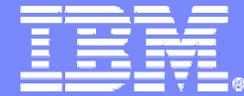
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Presentation Title

Course #: CB24
New Infrastructure Simplification and Consolidation Tools

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Program Manager
Kati Walcott
Executive Consultant

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Agenda and Introduction to Infrastructure Simplification

Why Infrastructure Simplification is Important to Your Customer and You

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Agenda

- **Why Simplification and Optimization**

- **On Demand Assessment Tools**
  - Profiler for On Demand business
  - Competitive Advisor
  - e-Business Collaboration

- **IS/SCON Sales Tools**
  - IS Interview Guide
  - TCONow!

- **IS/SCON Consultant Tools/Studies**
  - Scorpion Studies
  - Virtualization Assessments

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Learning Objectives

At the conclusion of this material, you should be able to:

- Identify and select the appropriate IBM tool or assessment to assist in qualifying and closing consolidation and or virtualization opportunities

- Match and apply the best IBM tools and studies to address IT complexity issues and problems within your customer accounts

- Explain the value of IBM consolidation and simplification tools and assessments to customers and prospects

-

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Why IT optimization is important?

Fuel growth by managing costs:
- 80% of CEO's view growth as a key focus area
- Operational costs far exceed the budgets for new hardware, they are growing at approximately 2 ½ times the compound annual growth rate*
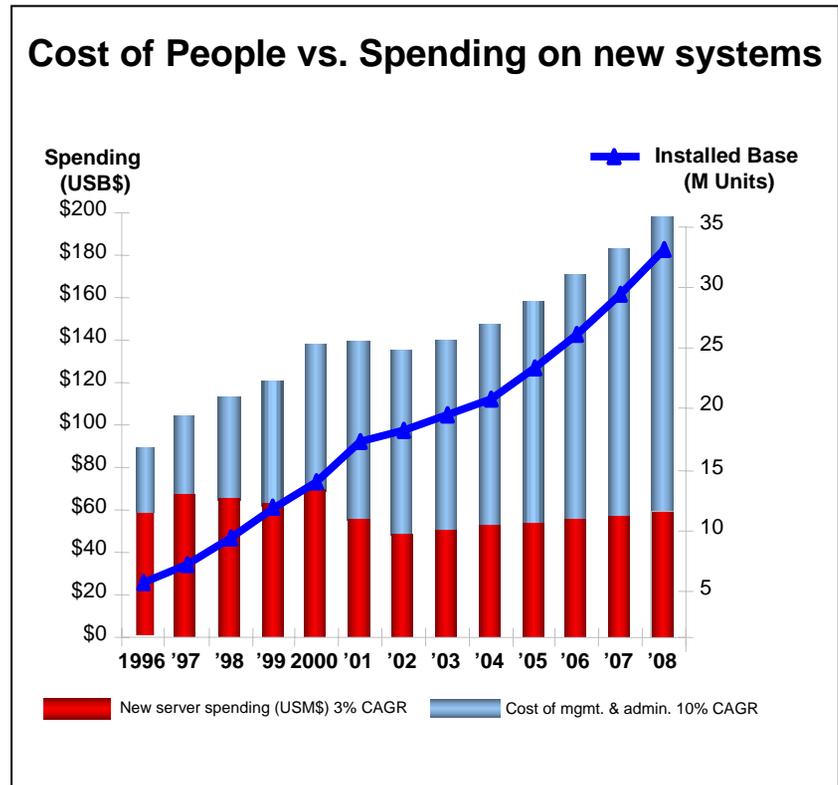
Complexity is growing:
- Existing computing capacity is highly underutilized
- Gartner predicts that enterprises that don't leverage virtualization technologies will spend as much as 25 percent more for their x86 servers

Business Flexibility:
- Agility has been made a high priority across the organization . . .[however] only 13 percent of the CEOs rate their organization's ability to respond to changing business conditions as very responsive **

Cost of People vs. Spending on new systems

Spending (USB$)

Installed Base (M Units)

New server spending (USM$) 3% CAGR

Cost of mgmt. & admin. 10% CAGR

Optimize IT assets now to fuel growth, improve ROI, increase staff productivity and improve quality of service.

*IDC, 2004 **CEO Study of 456 WW CEOs IBM Corporation, 2-04; Graphic: IDC Directions 4-7-04 Customer Adoption of On-Demand Enterprises.*

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Virtualization can be a critical first step to Infrastructure Management

"Our infrastructure grew organically over the years without a master plan – things got bolted on – and now we are stuck where we are"

CIO from a Fortune 1000 company for IBM Marketing Research*

- **Lower the cost of their existing infrastructure**

- **Reduce the complexity of adding to that infrastructure**

- **Build heterogeneous infrastructure across multiple Data Centers that are more responsive to their business needs**

* IBM Corporate Marketing Messaging Focus Groups in May 2004. No customers identified by name.

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On Demand Assessment Tools

How to use these Opportunity Identification Tools

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IBM's on demand Assessment Family of Tools

Profiler for On Demand business   *Competitive Advisor*   *e-business Collaboration*

- **What are the e-business on demand Assessment Tools**
  - **Consultative sales aids**
    - ✓ **Help identify competitive advantage**
    - ✓ **Diagnose on demand readiness**
    - ✓ **Analyze on demand functionality**
  - **Expert based systems to drive end-to-end solution engagements**

- **Why should I be interested in these tools?**
  - **Reduce time to deliver high-quality client deliverables**
  - **Proven templates to leverage resources or demand generation campaigns**
  - **Allows you to leverage:**
    - ✓ **Thought Leadership with Client**
    - ✓ **Comparison information to generate sales opportunities**

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IBM's On Demand Assessment Tools Value Proposition

For.......	**C-Level Executives and Line of Business Leaders**
Who need	**To understand where they are on their journey to becoming an on demand business**
The On Demand Business Assessment Tools Provides	**Assessments that can help you:** 1. **Identify the value and benefit of being an on demand business** 2. **identify which functional areas can increase your profitability.** 3. **validate directional thinking for technology investment**
unlike	**no other IT vendor**
IBM (differentiator)	**IBM stands alone in the marketplace by providing you an assessment via an expert tools, built from IBM's intellectual capital, containing questions that are relevant and industry specific to your clients business.**

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What Has Been Said About the Tools

The Competitive Advisor Tool

"Since we did not use any third party consultants to guide this project, we were delighted that your [Competitive Advisor] tool provided independent verification of our self-assessed needs. The time our CFO and myself spent with you on the telephone...helped us receive our results very quickly. IT *Design Manager, ERP solution*."

The Profiler for On Demand Business Tool

"My customer saw me as a technology salesman and the Profiler has given me credibility dealing with Line of Business managers dealing with their business issues. . – IBM Client Rep"

The e-business Collaboration Tool

"Using the ebC Tool with my customer, we were able to identify a strategic direction for our infrastructure to be a more on demand business. – IBM Client Rep"

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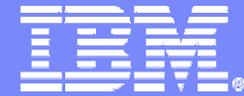
TCONow! and Infrastructure Simplification Guide

How to use these Sales Tools

Infrastructure Simplification Tool Suite for 'on demand'

Simplification

Consolidation

Complex

IGS Consolidation and on demand offerings

Fee Services by Consultants

Scorpion Suite of IT Assessment Offering

opportunities

IS Interview Guide

with Techline Support

Sales Tools For Channels

TCOnow!

Simple

Opportunity Readily Identified

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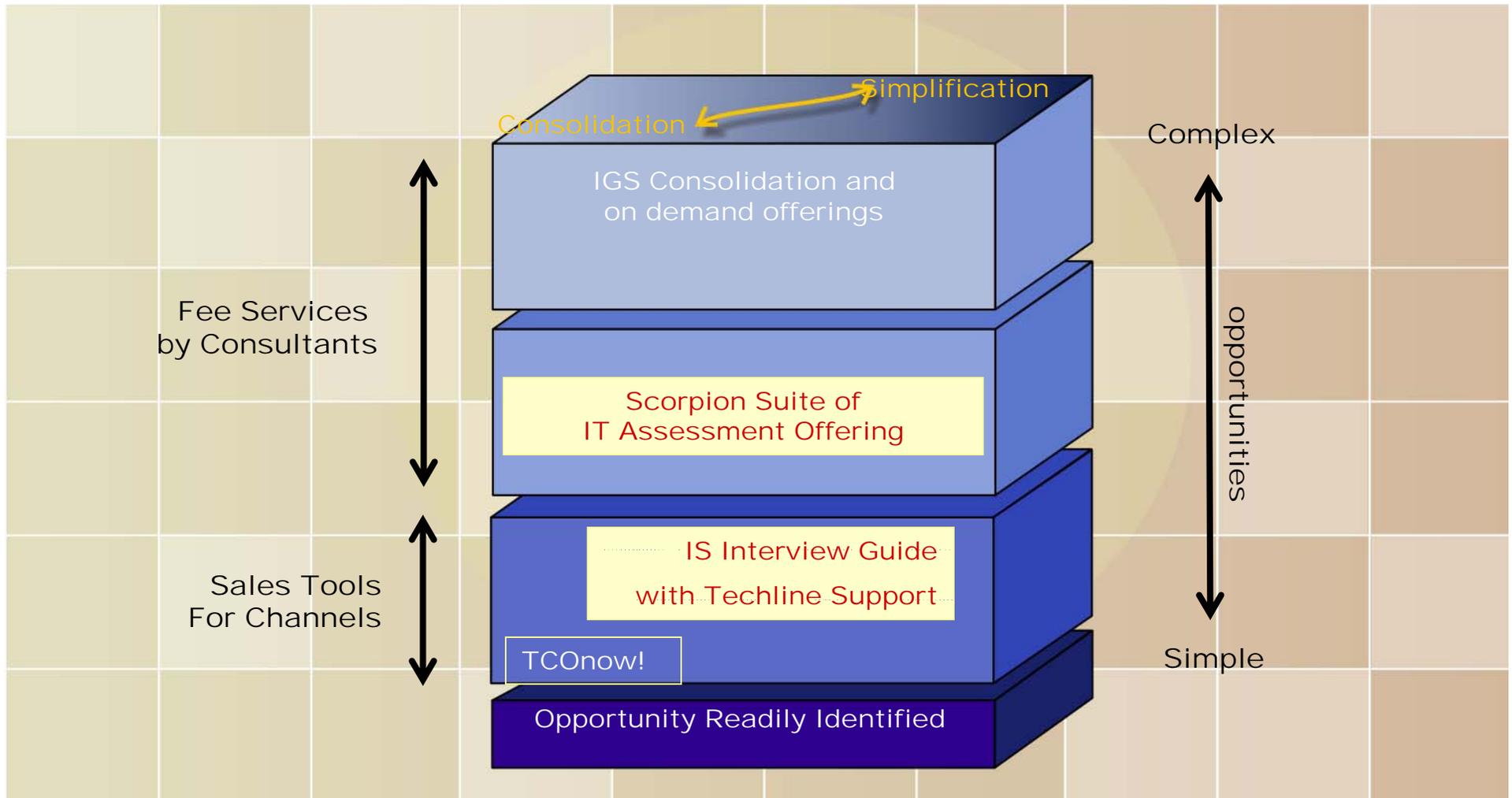
IBM Solutions with TCOnow! Tools

TCOnow!™
from CIOview Corporation

Platform	Solution	Application Software or Workload	Competition
xSeries	Telco	NEBS Blade / Linux	Sun / HP UNIX
xSeries	BladeCenter	Windows 2003	Sun / HP UNIX
pSeries	OpenPower	Mixed Workload / Linux	Sun / HP UNIX
pSeries	ERP on AIX	SAP / PeopleSoft / Oracle	Sun / HP UNIX
pSeries	Database	DB2 / Oracle	Sun / HP UNIX
iSeries	Linux	Mixed Workload / Linux	Dell / HPQ Windows
zSeries	Linux	High I/O New Workloads	Dell / HPQ Linux
zSeries	Linux	High I/O New Workloads	Sun / HPQ UNIX
zSeries	WAS z/OS	Web Application Serving	Sun BEA Web Logic
zSeries	CICS / IMS / MQ	Legacy Systems	Sun / HP UNIX
Storage	All	All	EMC
Storage	Virtualization	SVC / SFS	ROI tool
Cross Brand	p/z Series ERP	SAP / PeopleSoft / Siebel	Intel / UNIX Native OS
Cross Brand	iSeries w/ ixa/ixs	Windows High I/O Workloads	Dell / HPQ Windows

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What's Good about TCOnow!

From CIOview Corp.

➢ **Can be used by any IBM or Business Partner Salesperson**

➢ **Local currency and cost assumptions for 29 countries (more coming)**

➢ **No Consulting level expertise required**

➢ **No Charge to the customer**

➢ **Easy to use and understand**

➢ **Real time estimates**

➢ **Customer participation in discussion and consideration**

➢ **Immediate access to most current info about value of a solution**

➢ **Support and assistance free via TCOnow web site**

➢ **Updates and upgrades automatic**

➢ **No Charge Customer consultations with TCO expert**

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CIOView Disclaimer

- The TCONow! For Linux Migration TCO Self Assessment tools from CIOView Corporation **can** help evaluate critical IT cost factors such as people costs or downtime. It **is designed to** allows you and your customer to **help** quantify and show how these costs vary, by platform, over time. This methodology makes it easy to demonstrate the compelling TCO benefits of zSeries Linux solutions when compared to the competition.

- There is a TCO Web site that you can get to for all the latest up to date information about the tools and success stories as well as help in positioning the zSeries value proposition to win against your competition.

- Business Partners can access via Partnerinfo using the following navigation: on the left hand nav bar -> geography from the menu -> Systems Sales from the menu. From the System Sales homepage select/sign on to partnerinfo, then *Servers -> zSeries -> Selling Resources -> Sales tools. Also watch for the hot link on the zSeries home page will appear on the right side of the page.   (A link to the System Sales Page on Partnerinfo is: www-1.**ibm.com**/partnerworld/sales/systems/ibmsm.nsf/MainFrameset?OpenForm&geo=AM

- ***Caution:** Since many of the TCO benefits from migrating to Linux on zSeries are derived from the act of consolidating servers, the TCONow tools are most effective in showing significant zSeries costs advantages when there are 25 or more UNIX or Intel servers supporting the workloads in the current environment.

- **Note: When using the TCONow! Tool ("Tool") with a customer or other third party, or providing any documentation related to or generated by the Tool, you are required to provide the following disclaimer, in writing, to the customer or other third party:**

  – "The TCONow! Tool ("Tool") was developed by CIOview Corp. with IBM assistance and funding. IBM is not responsible for the contents of the Tool or any reports generated by the Tool. IBM is not responsible for the accuracy of the data contained in the Tool or any report, or how results are generated. Any reliance by you on the Tool and any results from the Tool is at your sole risk and will not create any liability or obligation for IBM. If you have any questions or are unsatisfied with the Tool or any

- "IBM eServer Solutions are designed to deliver cost advantages in IT environments. Now you can estimate what the TCO value may be of many IBM eServer Solutions when compared to competitive alternatives you might consider. It only takes minutes to get a preliminary determination on how consolidation with IBM eServer Solutions can stack up against the competition in terms of estimated IT cost savings over time."

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The Value of IT Assessments

- **Over 350 IT Assessments conducted WW by IBM in 2003**

- **Average potential 3 year savings identified by studies is 30% to 60% of current IT expenses**

Type	Current Servers	Target Solution Area	3-Year Savings
NT infrastructure	300 Windows	1zSeries VM (100 Linux)	~50%-60%
Large Web Portal	39 Solaris	39 xSeries Linux	~60%-70%
Oracle datamarts	110 Solaris	2 pSeries HACMP	~55%-60%
Internet servers	81 Windows	21 xSeries Windows	~40%-45%
Web Trading	24 Solaris domains	1zSeries VM	~60%-70%
Non-prod Windows	144 Windows	18 x Windows, VMWare	~35%-40%

Scorpion Capricorn Paper, Jan. 2003

Average post study IBM revenue is $750K to $850K!!!

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IS Interview Guide Overview

1)   Sales team uses Guide to structure calls and begins the OI process

2)   Engage client for opportunity identification and qualification. Collect minimum information on existing sever and storage infrastructure. Considers options for next steps in process

Option A) Sales Team submits information to Techline for "potential" business case

Option B) Sales Team contacts regional fee based study team due to complexity of opportunity

Trained IBM Techline Team uses the IBM toolset to produce a "potential" business case that justifies investment by predicting reduction in ongoing costs

Sales team uses "potential" business case with customer:

1) Qualify customer and present proposal

2) Identify additional opportunities & create proposals

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5-Year Cost Comparison (individual solutions)

win-app: 5-Years   **Windows App' Servers: 5-Years**

5 yr Cost Total	Base	Alt.Case
...........Server Cap-Ex		
Server Growth Cost	840,253	78,359
Server Refreshment Cost	1,867,230	0
..........Server Run-Costs		
Server Mgmt Cost	6,992,001	5,034,241
Server Maintenance Cost	456,633	16,023
Server Facilities Cost	1,468,533	122,679
Depreciation Charge	2,035,280	227,183
Server SW Cost	1,304,667	1,043,734
...........Storage Costs		
Storage Growth Cost	0	0
Storage Maint Cost	0	0
Storage Mgmt Cost	0	0
..........One Time Costs		
Server Purchase Cost	0	174,131
Server Disposal Cost	0	130,000
Server Migration Cost	0	0

Total Investment:	304,131
Average Saving pa over 5yrs	1,688,476
Payback Period	0yr 2m

Replacement	Current	Alt.Case
server type	Intel	x445x8
used #images	200	160
#servers	200	13
average util'n	7%	13%

Cost Comparison

Legend:
- ....Server Cap-Ex
- Server Growth Cost
- Server Refreshment Cost
- ....Server Run-Costs
- Server Mgmt Cost
- Server Maintenance Cost
- Server Facilities Cost
- Depreciation Charge
- Server SW Cost
- ....Storage Costs
- Storage Growth Cost
- Storage Maint Cost
- Storage Mgmt Cost
- ....One Time Costs
- Server Purchase Cost
- Server Disposal Cost
- Server Migration Cost

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Benefits of IS Interview Guide

- ## Customer Benefits

  - **Provides a high level snapshot of potential savings**

  - **No data collection required**

  - **Quick turn around time of analysis**

- ## BP Sales Team Benefits

  - **Consultative selling to the C-level or cross functional executives with business case justification**

  - **Identify/Qualify sales opportunities quickly**

  - **Identify strategic projects for consolidation and simplification**

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What's Has Been Said About the Tools

- "The IT Simplification Guide is a great tool to demonstrate the importance of systems consolidation. At issue is the clients available time - none. Getting effort dedicated to a project to look at potential savings usually takes the reprioritization of other already committed projects, or justifying the use of external services to augment a resource strapped staff. With just a few estimated data points, the IT Simplification Guide makes it simple to show the customers their potential savings and spark the discussion.   It's that easy" – IBM eSM

- "TCONow! Provides a view of potential consolidation benefits, which help customers understand the value of IBM" – IBM Sales Specialist

- **Over 350 SCON and IS Customer References and Case Studies in IBM Reference Database**

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Consolidation & Infrastructure Simplification ToolSuite for on demand

Simplification

Consolidation

Consultants

Sales Tools

IGS Consolidation &
on demand offerings

Scorpion Suite of
IT Assessment Offerings

IGS IT Systems Rationalization Study

Consultants &
Techline use
Zodiac Toolset

IS Interview Guide
with Techline
Support

TCOnow!

Opportunity readily identified

Study Time	Study Cost	Study Scope
3-12 Mos	$100K+	Open
2-6 Mos	$75K+	Flexible
3-4 Wks	$35K+	Narrow
5-7 Days	No Charge	Defined
1-14 Days	No Charge	Defined

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Where should you begin?

- Review IS Guide first and engage your customer in a discussion on IT Consolidation, Simplification or Optimization

- Decide if the IS Interview Guide with Techline assistance is right for your opportunity OR if you should pursue a fee based study

- Access IT Optimization Sales Kit for supporting documentation:

  - **IBM Sales:**
    http://w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=itopt.skit&docType=SalesKit&skCat=DocumentType

  - **Business Partners:**
    http://www-1.ibm.com/partnerworld/sales/systems/myportal/_s.155/250?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=itopt.skit&docType=SalesKit&skCat=DocumentType

- If the Interview Guide is appropriate submit the Interview Guide Data Gathering Sheet to Techline via email to techline@us.ibm.com with the following in the subject line: IS Interview Guide Data Gathering Sheet

- If a fee based study is appropriate contact your Regional IT Assessment Team (in backup slides) to discuss and qualify your opportunity

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Scorpion Assessments

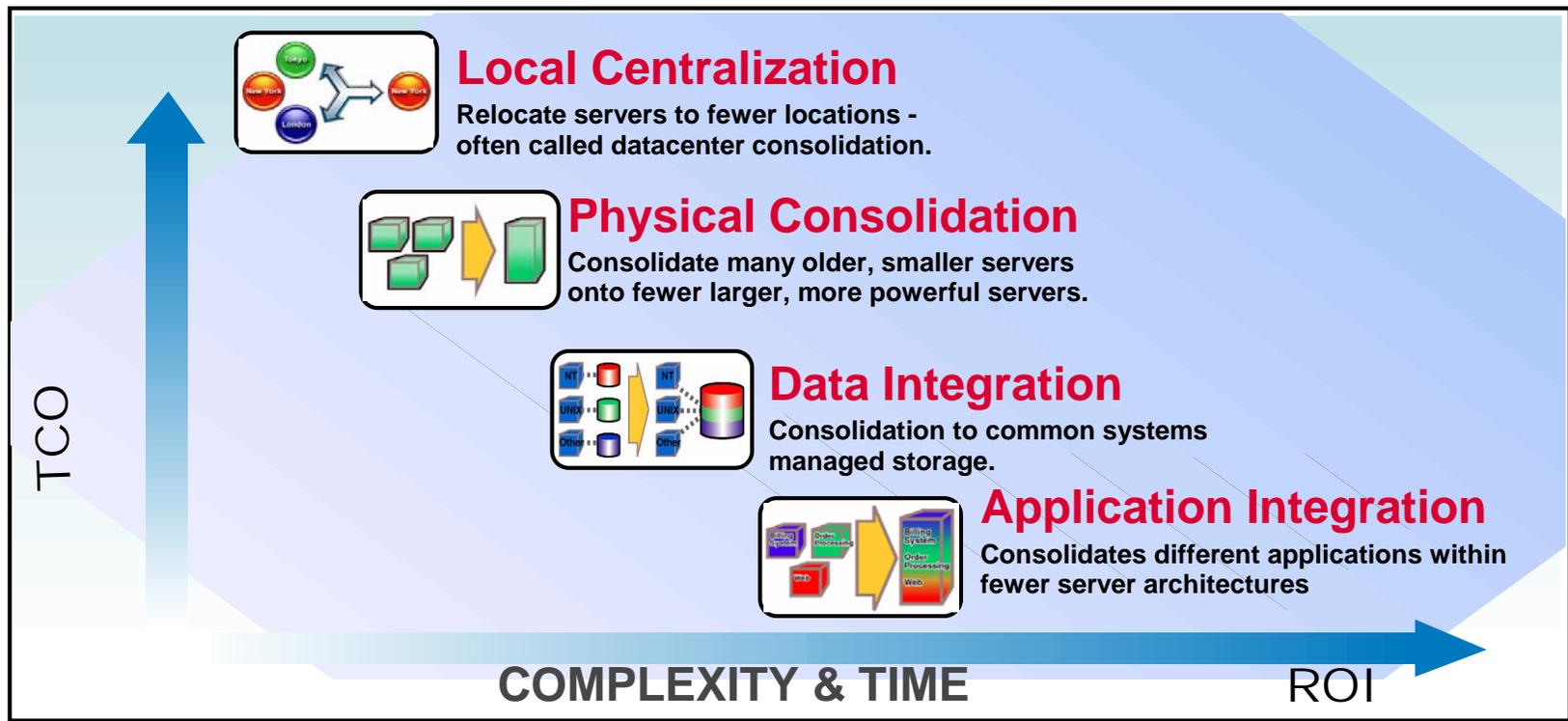## Scorpion Studies

Scorpion Team Goals and Scope

Goals:

1. **To identify key technical solutions which advance the overall IT architecture through application and/or process performance, while maintaining and or improving the IBM Customers' service level and quality of service requirements.**

2. **To make recommendations towards the reduction of associated hardware, software license, headcount, server image, and associated datacenter costs, by evaluating the IT financial picture, as a result of technical findings.**

> **To provide IBM's customers with <u>actionable</u> technical and architectural solutions with significant financial savings. (<u>*x% or $y overall*</u>)**

Scope/Engagement:

- **The Scorpion Team is engaged when clients and client teams identify a significant financial and/or technical gap within a customer's (IBM Customers') IT business where the re-architecture of the server and application environment is an option.**

- **<u>The study must be curtailed to</u>:**

  - a specific business process, (for example: HR, Finance, Procurement),

  - a single I/T method (for example: SAP, email, File/Print, Web Infrastructure),

  - or a functional area (for example: specific internal or external customer function/implementation, single datacenter, single server type cross-datacenter/geography).

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Server Consolidation to IT Optimization

Local Centralization
Relocate servers to fewer locations - often called datacenter consolidation.

Physical Consolidation
Consolidate many older, smaller servers onto fewer larger, more powerful servers.

Data Integration
Consolidation to common systems managed storage.

Application Integration
Consolidates different applications within fewer server architectures

TCO (vertical axis)

COMPLEXITY & TIME — **ROI**

Simplify and optimize the current end-to-end IT infrastructures, including servers, databases, applications, networks and systems management processes, with two main goals:

1. Reduce the cost and complexity thus providing a more rational, stable foundation for growth and new solution deployment.
2. Facilitate the evolution to an on demand operating environment by providing a framework for assessing and transforming IT infrastructure to enable the new IT business model.

Scorpion versus Zodiac:
There are subtle differences between the 2 main methods and the content of the deliverables.
Project objectives should dictate the method used.

Input/Output Characteristics	Scorpion	Zodiac
Architecture Scope	All	Intel/Unix/Linux
Server data gathering	Excel	Excel
Application data gathering	Limited	Limited
Key application Identification	Yes	Limited
Workload Identification (Islands)	Manual	Templates
Financial data gathering	Excel	Templates
Organizational data gathering	Excel	Templates
Client effort/burden	Medium	Low
Duration	6-8 wks	1-4 weeks
Technical Assessment	Yes	Limited
Architectural scorecards	Yes	Limited
Tactical recommendations	Yes	Limited
Strategic recommendations	Yes	Yes
Cross-platform recommendations	Yes	Yes
Incremental Business Cases	Yes	No
Deliverable	Visuals	Visuals
Modifiable SOW	Yes	No

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Comparison of IT Optimization Methods

123 / Approach

Excel

- Acquire and analyze the server inventory
- Identify shortcomings, suggest improved alternatives

6-9 Month
ALIGN "Classic"

- Evaluate merits and savings of alternatives; produce Cost Case for replacement
- Focus on immediate change at estate edge

2-4 Months
ALIGN+

- Compare the relative cost & value of platforms
- Focus on strategy, server platform comparisons, total investment cases

6-8 Weeks
Scorpion
$100K- $130K

- Evaluate high level cost and value of platforms
- Focus on building opportunity net new server and services based solutions

2-4 Weeks
Zodiac
$35K-$50K

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Scorpion IT Optimization Methodology

| Strategy | Business | Technology and Architecture | Financials |
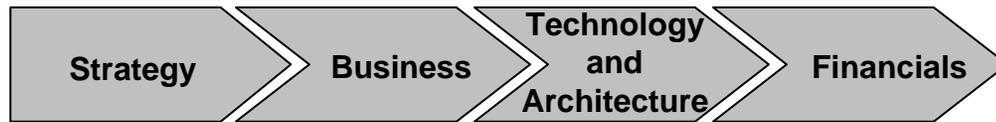
…by collecting financial, implementation and statistical utilization information from our customers.

High IT Cost
Low System Utilization
Excessive SW Licensing
Siloed Acquisition
High Project ROI

Linux/OSS
eServer
IGS
GRID
OIO/AMO
Strategy | Financial
Technology | Business
On-Demand
DB/2
Websphere
Autonomic
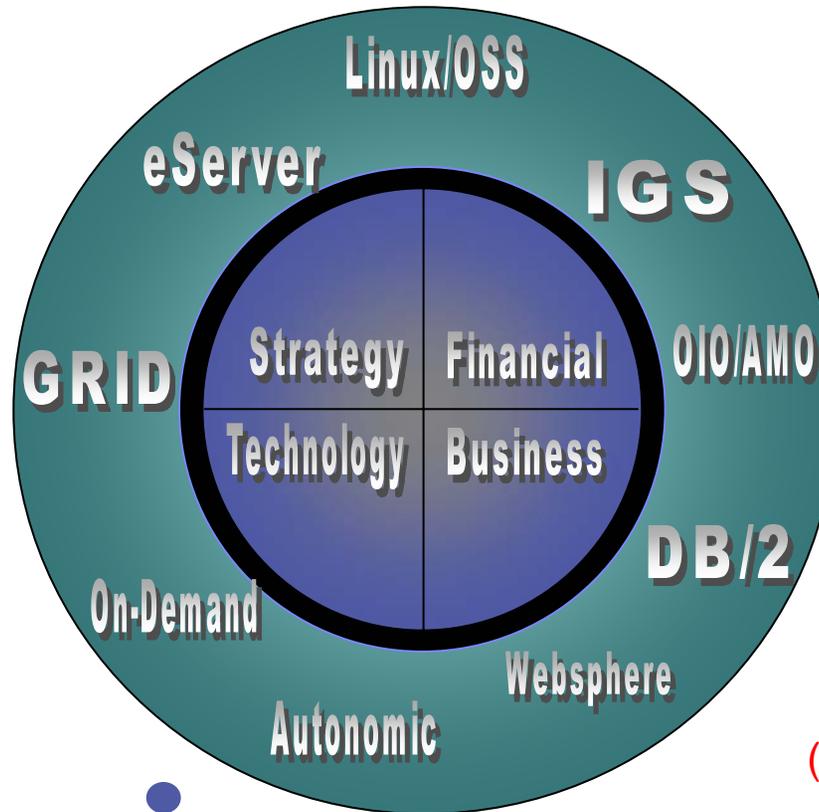
Transformed Organization Consistent $/TPM Ideal IT Utilization

…by establishing new SLA/QoS baselines with measurable financial (TCO/ROI) parameters for our customers.

| Long Term Financial Benefit | Long Term Technology Benefit | | Organizational Change Definition | Strategic Technology Anchors | Optimized Financials | Optimized Architecture |

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We are working on two parallel / ongoing work efforts which are converging in a set of observations and new methodologies which improve the adoption curve of new solutions and technologies by our customers.

Scorpion   Zodiac   Cobra

Convergence

- **Scorpion is an IBM Systems Group based consultative SWAT team, engaged when clients and client teams identify a significant financial and/or technical gap within a customer's IT business where re-architecture of the server and application environment is an option.**

Virtualization Engine and Infrastructure Simplification (services development)

- **A collaborative development between Walt Ling and Susan Puglia, working with the VE PDT's focusing on developing new consultative and implementation services to assist customers with the identification and resolution of current IT and Business complexities and issues as well as technical architecture requirements in adopting a virtualized framework to aid with financial justification and strategic alignment with IBM and on-demand roadmap on a long term basis.**

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Scorpion Study
Example: Recommendations

Establish SLA policies to ensure an increase in operating efficiency, customer satisfaction, business valuation, while allowing for continuous availability and performance based savings

Evaluate alternative server technologies with partitioning techniques for improved savings (Solution Islands)

Develop organizational realignment initiatives to encourage partnership between the IT organization and business strategy, transforming IT from a cost center into an "*internal service provider*".

Less

Cost

More

Less   Organizational Impact   More

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Scorpion Study Example
Savings via: Established SLA policies –
Estimated to be up to 66%
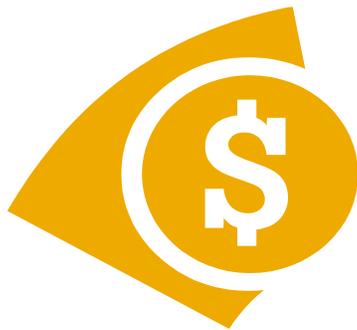
Until the SLA policies are established, it is not possible to identify the financial savings associated with them.

At the current time, the systems are maintained with the similar QoS for all applications and functions.

By creating hierarchical SLAs the prospective cost for high availability or redundancy and disaster recovery may be reduced.

Should these SLA policies help Customer A achieve their utilization targets, the savings (as illustrated by the Incremental Cost Analysis chart) can be **66%** or more of the In Scope spend.

Source: Scorpion Data Collection

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Scorpion Study Example
Savings via: Alternative Server Technologies
Estimated to be up to $19M/year

Savings
$19M

Cases
$25.8M

In Scope
$63.4M

Tech Ops
$214.9M

Overall IT Spend
$492.2M
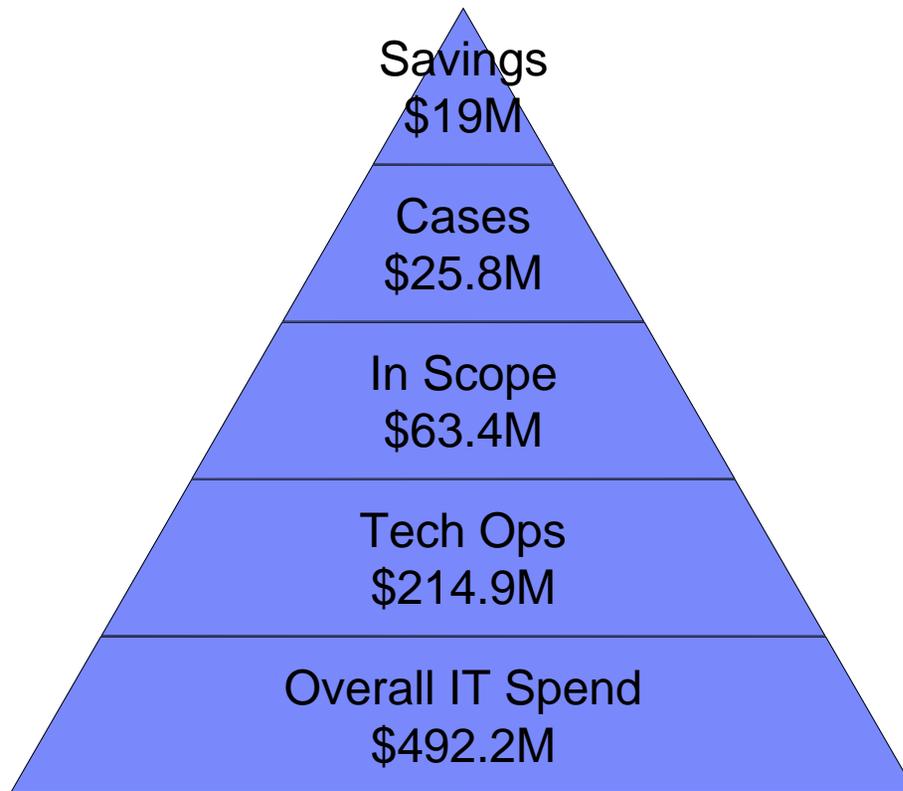
Annual savings deploying the solutions identified totals $19 M per year.

Technology investment of ~ $10 M plus migration costs.

Prospective cost reductions of 73% have been identified in the solutions.

Solution cases accounted for ~ 77% of the In Scope Unix & Intel spend.

Should similar savings be found in other non-solution areas, annual savings can exceed $24 M.

Source: Scorpion Data Collection

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Scorpion Study Example
Savings via: Organizational Realignment
Estimated to be upward of 80% total platform spend

Tech Ops appears to maintain a level of readiness for projects that are provided by the SI teams.

Moving from reactive to proactive services will enable a tighter integration with future solutions and allow for less standby capacity.

As Tech Ops transforms more toward an "*internal service provider*", the overall it costs will be dramatically reduced. Together with the savings associated with the implementation of SLA policies, further utilization will be achieved, providing savings (as illustrated by the Incremental Cost Analysis chart) of upwards to 80% of the total platform spend.

Source: Scorpion Data Collection

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VE Assessments

New Virtualization Assessments And Offerings

Virtualization Enables IT Supply to Meet Business Demand Dynamically

Demand	Supply
Business End-User and Service-Chain based Expectations	**Information Technology** Component based Effectiveness and Requirements

Financial Measurement

Return on Investment **ROI**	Total Cost of Ownership **TCO**

Service Level Measurement

Quality of Service **QoS**	Service Level Agreement **SLA**

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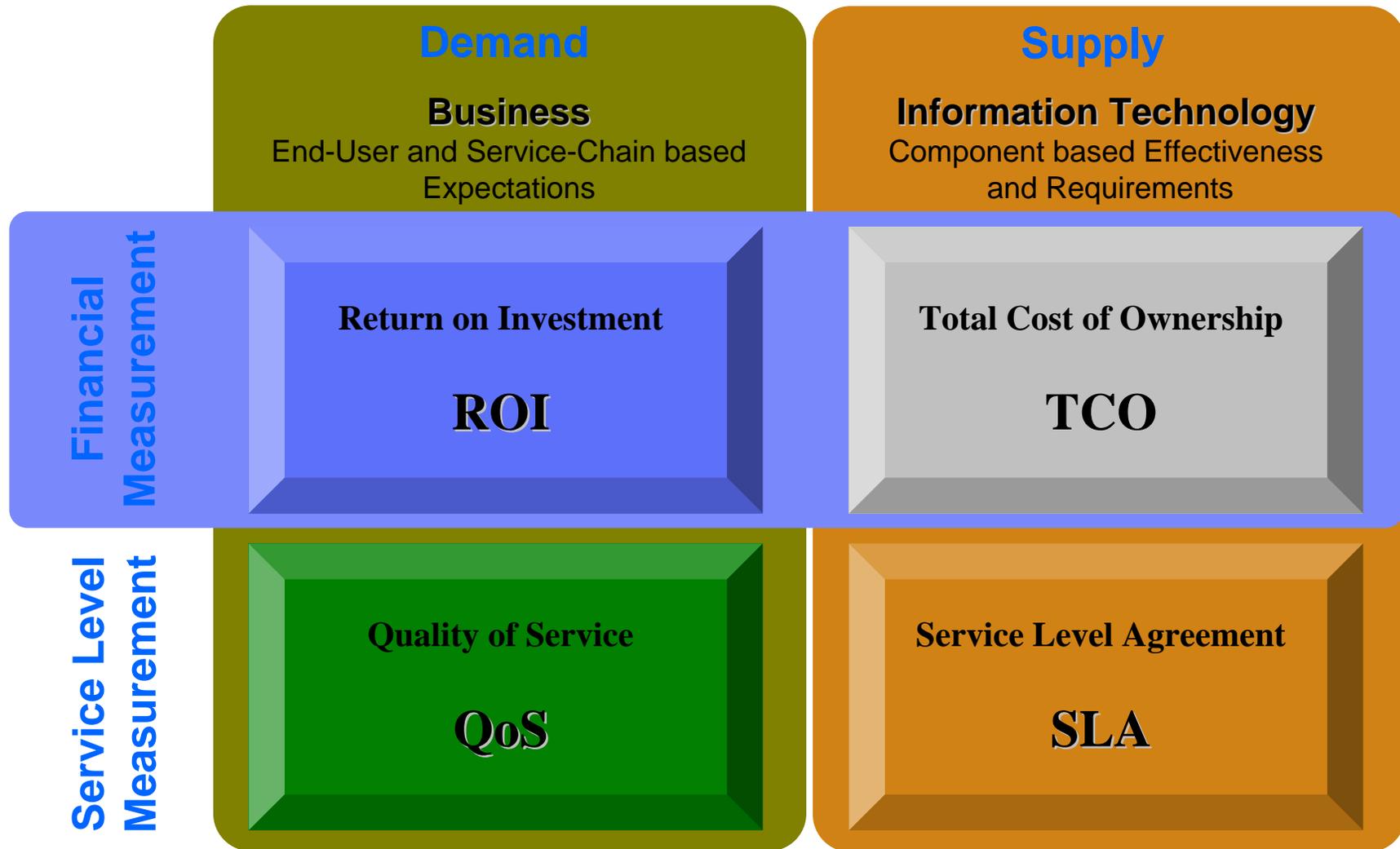
Our Customers' Current Challenges

Stacked Complexity ↑

Customer Pain Points:
- Low Server Utilization
- Server Proliferation
- Lack of Enterprise-wide Integrated strategy
- Land Locked Server Capacity
- Excess Server Pre-Provisioning
- Lack of Common business processes
- Governance
- Silo-ed System Acquisition

Virtualization

Organizational Restructuring

Infrastructure

How can Virtualization Help?
- *Infrastructure Simplification for solution integration based on technology leadership and features and associated business/financial based benefits.*
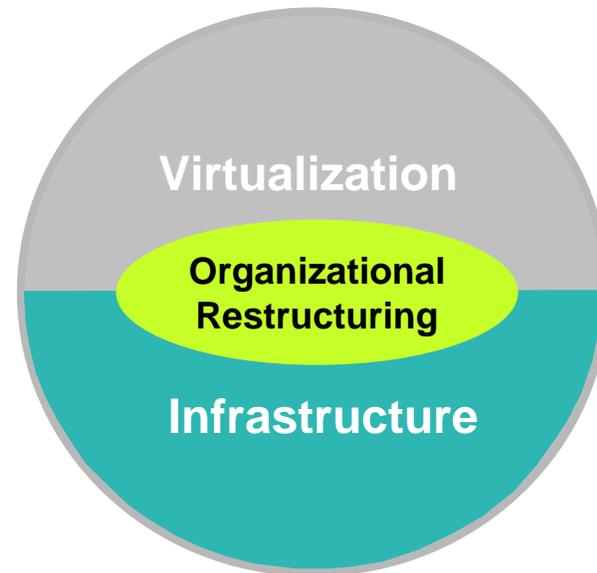- *The journey and the methodology towards a common goal and strategy jointly defined by IBM and our customer.*
- *Remove the customer's fear that VE technologies add new management complexities to an already complex environment.*

Reference: IBM Scorpion Team Data collection and

Inhibitors to Virtualization: IBM Systems and Technology Group IT Trends Study 2Q04, Technology Adoption And Overall Market Dynamics

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The customer on-demand evolution is a balance between dynamic business goals and measurable IT processes.

Mitigation of Complexity

12-step Method

Virtualization

Infrastructure

Infrastructure Simplification

Organizational restructuring

Improved Speed to Market/Automated Processing
Active measurement

Higher IT Costs/Manual Processing
Passive Measurement (Metrics)

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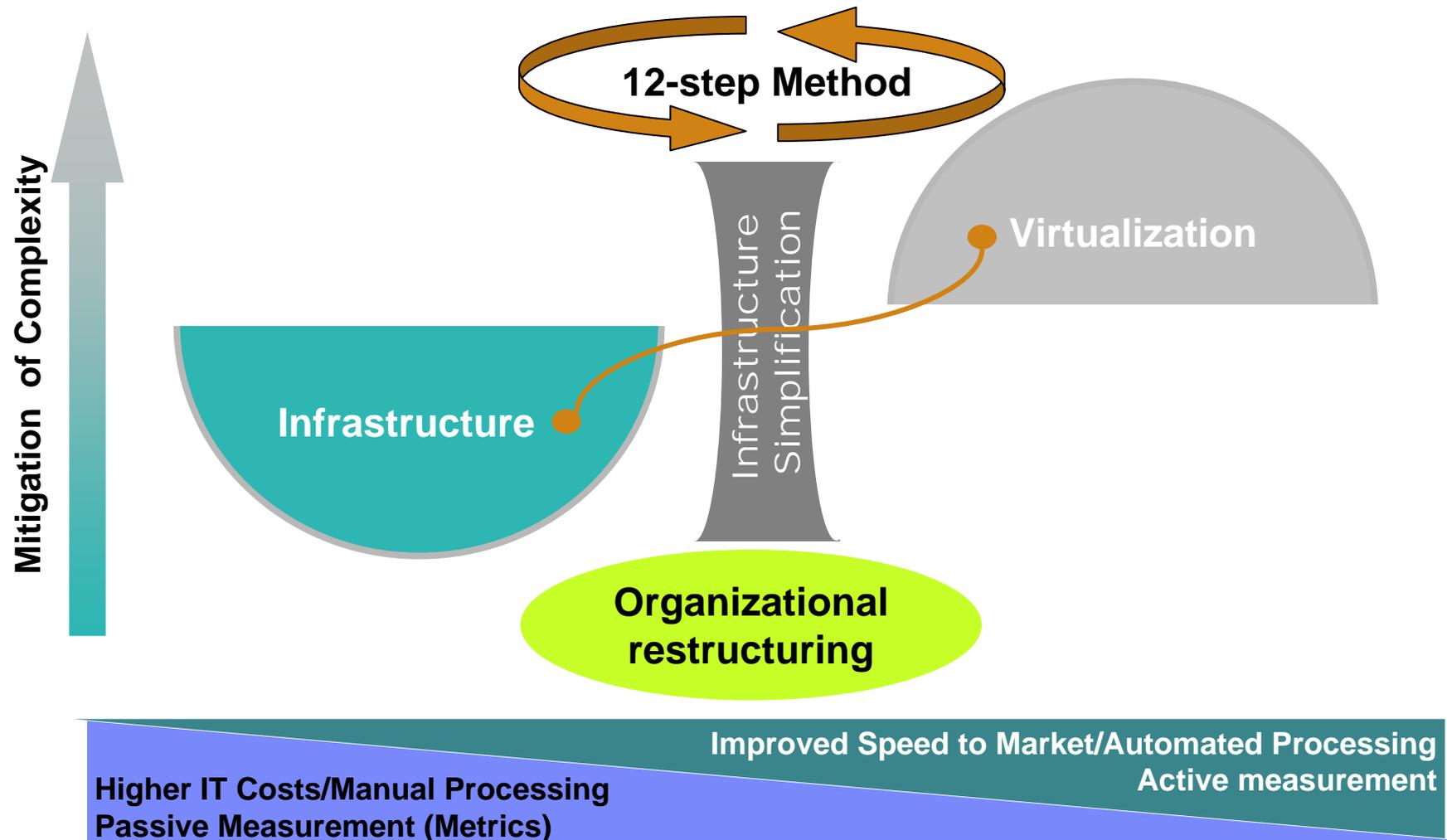
On Demand Evolutionary Path

Software

Hardware

...es

IBM Systems and Technology Group Consulting and Services Offerings

Consolidated

Decrease the number of assets and resources to be managed

Create Governance framework

Automate mature procedures

Adapt service based delive... model

Rationali... stan...

Reduced Complexity

Streamlined Services

Standards

Simplified

Establish standard shared services infrastructure to increase quality of service (Qos)

Simplify development and decrease cycle time...

ma...

...ess

...data

Establish information process and end-to-end inter-enterprise integration

Common Services

Improved Responsiveness

Reduced IT Unit Costs

Virtualized

Automate core IT management ...

...ted and ...raphic ...ing

Deploy cross-LOB chargeback and metering services

Virtualize IT to increase focus on core businesses

Dynamic allocation of resources

Faster response and management of change

Dynamic

Rapid response to business events

Improved speed to market

...ourcing

...ic application as...

Services oriented infrastructure designs

Anticipate business and market trends through the gathering and analysis of trends

Improved Speed to Market/Automated Processing
Active measurement

Higher IT Costs/Manual Processing
Passive Measurement (Metrics)

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Industry Trends: System Utilization and Images

Average System Utilization

Number of Servers and Images

Present

UNIX: 15 to 20%

Intel: 7 to 15%

Many

Lower ROI on Servers

Lower Utilized Server Cost Performance

Higher IT Infrastructure Costs

Higher Software and Application License Costs

Higher IT Headcount Costs

UNIX: 45 to 75%

Intel: 35 to 65%

Few

1997
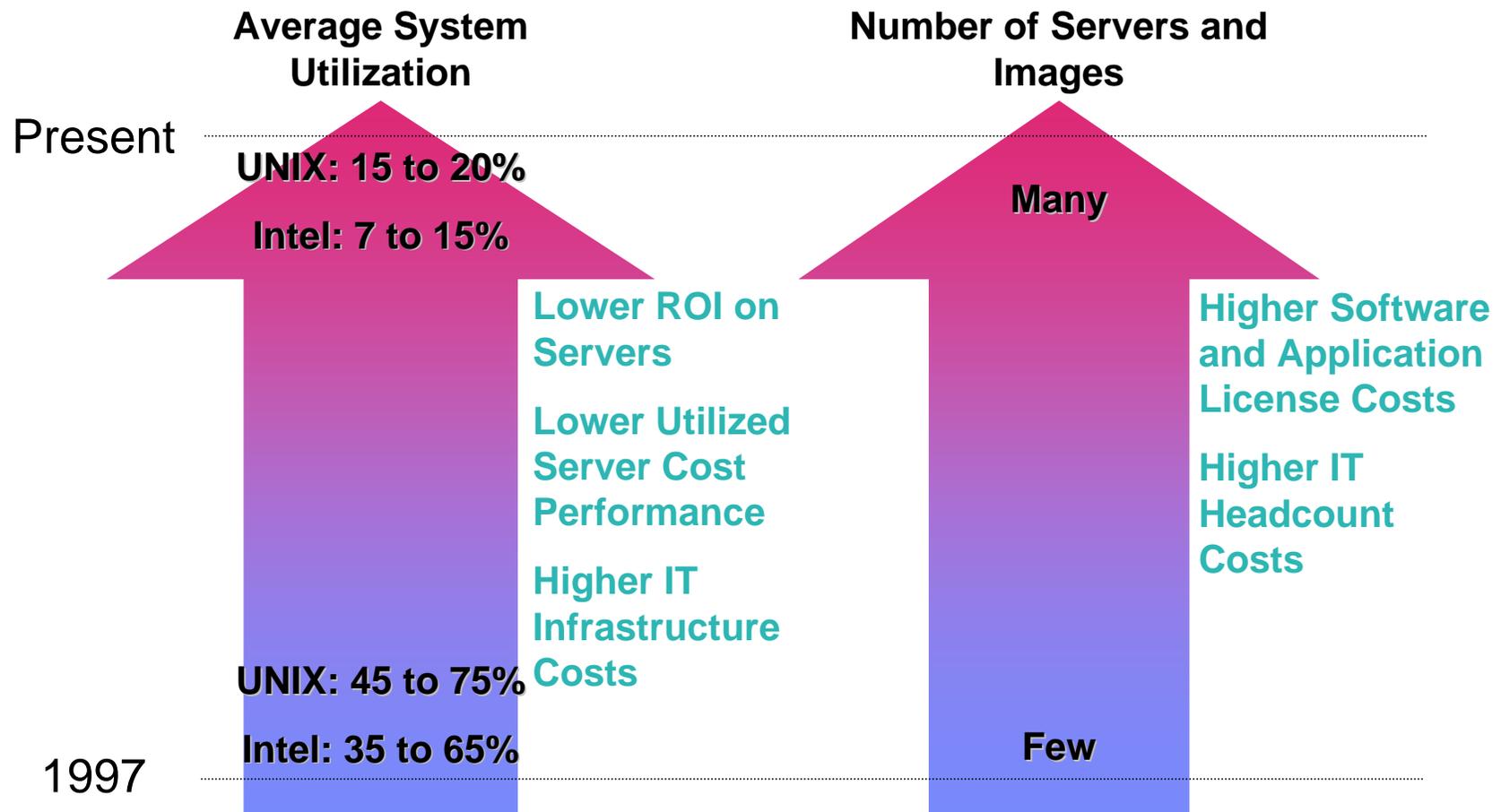
Source: Scorpion Data Collection, Forrester Research and IDC

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Industry Trends: IT Spending

IT Spending Trends
(Source: IBM Scorpion Studies)
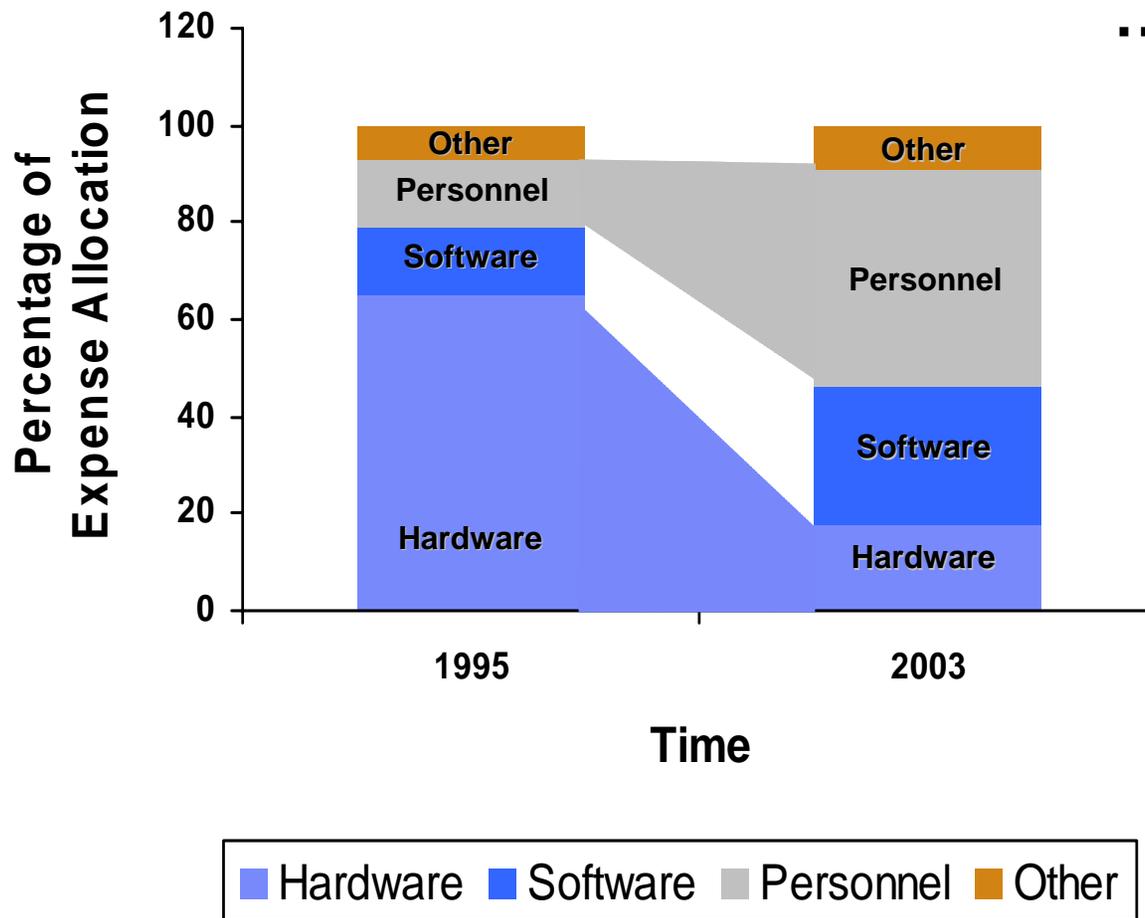
…from 1995 to 2003…

Personnel expense **tripled** (3x) as a %

Software expense **doubled** (2x)as a %

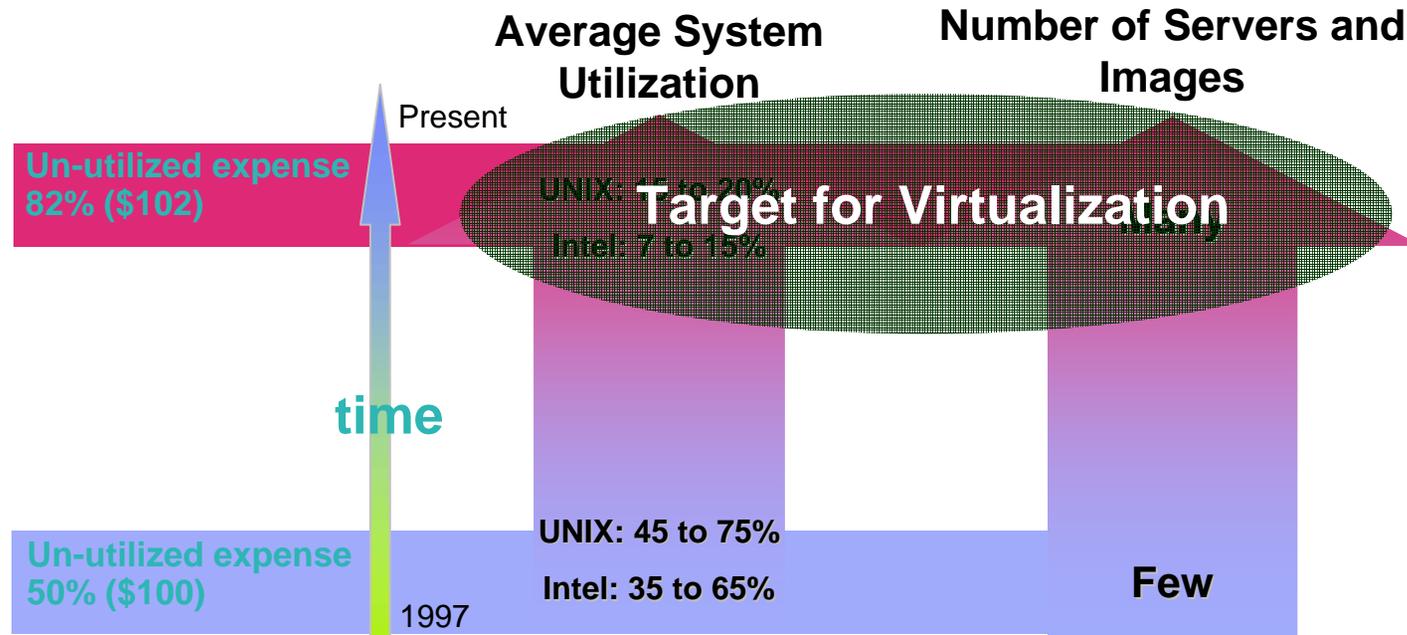**Hardware** is **less** than 1/3 of its original %

Source: Scorpion Data Collection

Industry Trends: Shift to Measurements

Our customers must…

1. **Deliver** the right solutions to the right market on a timely basis

2. **Focus** on business-oriented goals over technology based goals

3. **Transform** IT strategy

4. **Restructure** the organization

5. **Contribute** to overall business performance

6. **Build** a balanced relationship with internal business clients

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Server/System cost performance has not improved significantly over the last 7 years due to decreasing server utilization and increasing number of servers and images.

Average System Utilization

Number of Servers and Images

Present

Un-utilized expense 82% ($102)

UNIX: 10 to 20%
Intel: 7 to 15%

Target for Virtualization

Many

time

UNIX: 45 to 75%

Intel: 35 to 65%

Few

Un-utilized expense 50% ($100)

1997

Leadership

- **Penetrate competitive accounts with VE**
- **Increase share in high-end servers through virtualization**

Productivity

- **Improve server productivity (utilized cost/performance)**
- **Migrate single system servers to virtualized images on eServer**

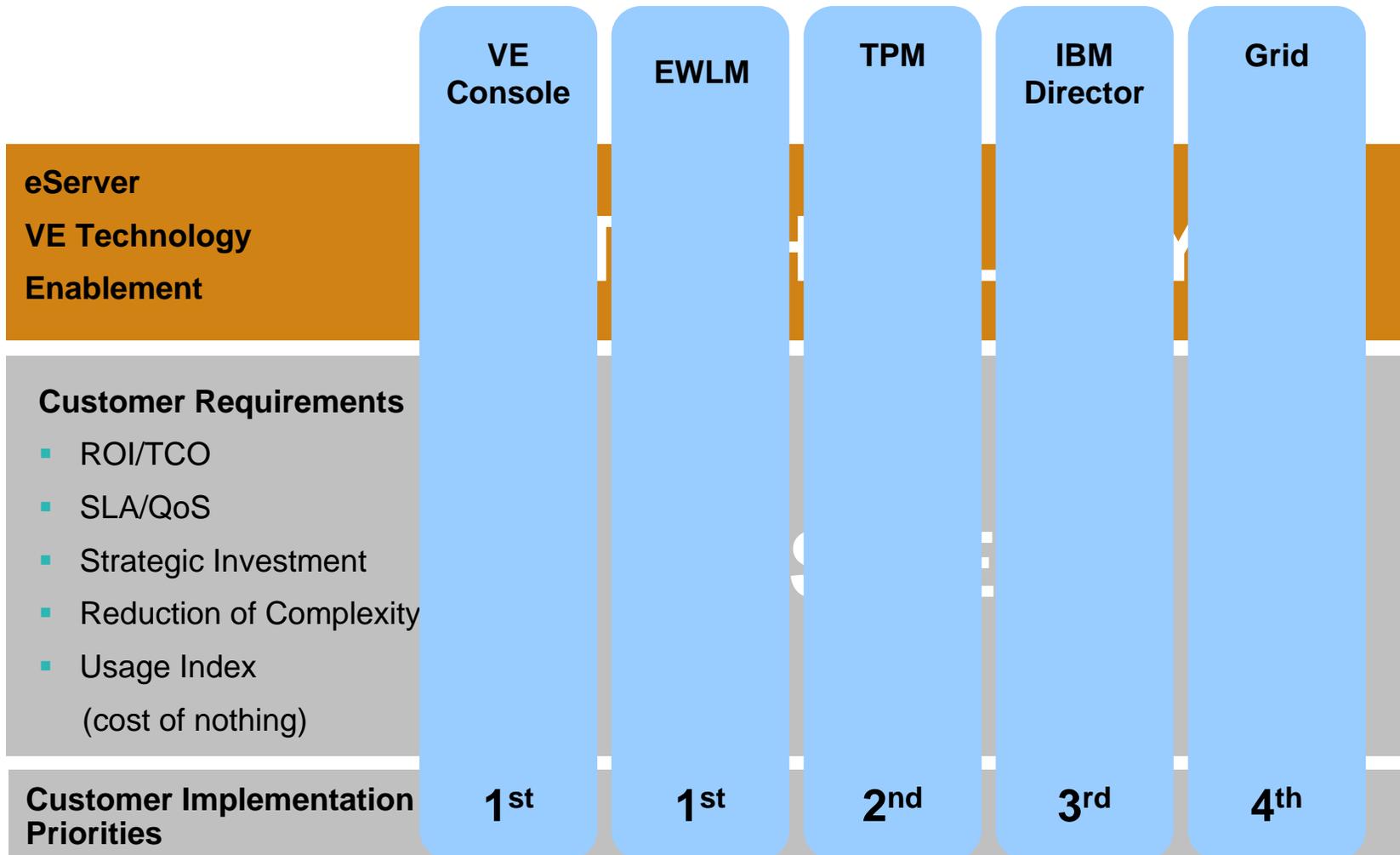## ROI

- **Improve server revenue**
- **Migrate competitive workloads to eServer for cost effective utilization**

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On-Demand Roadmap: 12-step Methodology

Level of Impact (y-axis: 0–7; labels: Minimal, Nominal, Some, Moderate, Significant)

Critical Junction Organizational Impact

Engage STG Services

Improve Strategic/Long-Term Relationship

Increase Revenue

Unique Competitive Opportunity for IBM

Start Now…

Sustained Financial Benefit With minimal end-user or business interruption Positive ROI

Utilization Improvement

Infrastructure Simplification

Organizational Restructuring

On-Demand & Virtualization Solutions

Method Step

Legend:
- IT Impact
- Business Impact
- Financial Benefit

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VE Technologies and Customer Requirements

	VE Console	EWLM	TPM	IBM Director	Grid
eServer **VE Technology** **Enablement**					
Customer Requirements ▪ ROI/TCO ▪ SLA/QoS ▪ Strategic Investment ▪ Reduction of Complexity ▪ Usage Index (cost of nothing)					
Customer Implementation Priorities	1st	1st	2nd	3rd	4th

Reference: VE ESP Program

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VE End-to-End Services Portfolio of Offerings

Education	**Consulting**	**Architecture**	**Implementation**	**Ongoing**

Education

1. Introduction to VE
2. Virtualization Engine Component Integration
3. eWLM Technology overview
4. Director MP Technology overview
5. Systems Provisioning Technology overview
6. Grid Toolbox Technology overview
7. Competitive Technologies Overview

Consulting

1
- 12-step/ODAM
- VE Innovation Workshop
- VE Architecture Assessment

2
- Readiness Assessment
- Architecture Assessment

3. BPE
4. OEM Integration
5. Grid Innovation Workshop
6. Grid Readiness Assessment
7. Grid Strategy
8. Autonomic Computing Readiness Assessment
9. On Demand Strategy and Computing with CISCO
10. Network Operation Assessment with CISCO

Architecture

3
Base Platform Technology Services

4
- On-Demand Architecture and Design
- VE Architecture and Design

  – eWLM AD
  – DirMP AD
  – TPM AD

2. ITITO
3. VE Accelerator
4. DB/2 Accelerator

Implementation

5
- ITS Implementation Services
- VE General Configuration

6 **INSTALLATION TOOLKIT**
- Installation and Configuration
- eWLM, Director MP, TPM

7 **ENHANCED SERVICES**
- Customization
- eWLM Customization (Implementation)
- *ARM Customization++ (Implementation)*
- DirMP Customization (Implementation)
- TPM Customization (Implementation)
- *TPM Scripting Customization++ (Implementation)*
- IT Management and Design

Ongoing

1. VE Component Integration Services
2. 12-step to Virtualization Revisited
3. VE Optimization Services

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Positioning VE Consulting offerings with SSM

Technology and Business Value Alignment (Broad → Specific)

12-Step to Strategic Virtualization

VE Architecture Assessment

VE Assessment

In depth assessment to identify strategic technical roadmap with ROI

VE Quick Start

VE reference architectures to identify strategic technical roadmap with ROI.

VE Suite of Architecture and Implementation Services

SSM   Identify   Validate   Qualify   Propose   WIN

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Additional Resources

Websites and Supporting Documents

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Where should you begin to engage?

- **Engage your customer in a discussion on IT Consolidation, Simplification or Optimization**
  - **Use On Demand Assessment Tools, IS Interview Guide or Scorpion White Papers as a starting point**
- **Contact your Regional IT Assessment Team to discuss and qualify your opportunity**

- **Additional Information**
  - **For IT Optimization Sales Kit, visit:**
    - **IBM:**
      http://w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=itopt.skit&docType=SalesKit&skCat=DocumentType
    - **Business Partners:**
      http://www-1.ibm.com/partnerworld/sales/systems/myportal/_s.155/250?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=itopt.skit&docType=SalesKit&skCat=DocumentType

  - **For Scorpion/Capricorn Study White Papers, visit:** http://www-1.ibm.com/servers/eserver/literature

  - **For TCOnow! information, visit:**
    - **IBM:** http://w3.ibm.com/sales/systems/eservertcotools
    - **Business Partners:** http://www.ibm.com/partnerworld/sales/systems/eservertcotools

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Why IBM for Consolidation, Simplification and Virtualization Solutions

- **Technology Leadership:**

  - **Wide Range of IBM eServer and TotalStorage Solutions**

    - **Multiple "consolidate to" platforms . . . not predisposed to one architecture**

    - **Innovative Technology and great Performance**

    - **New Innovations in Virtualization**

  - **Solution Packaging and Delivery on a Global Basis**

- **Thought Leadership and Best Practices:**

  - **Tools and Methodologies**

  - **How-to-skills and experience (people)**

  - **Global financing: to provide affordable solutions and accelerated ROI**

  - **Defining the vision of on demand computing**

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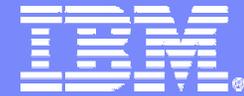
Additional Resources and Support

Additional Websites
Geo IT Assessment Contact List

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Additional Resources and Support

The IBM Profiler for e-business

- **Business Value**

  – **Designed to make a comprehensive assessment of on demand adoption**

  – **Drives on demand business revenue**

  – **Ease in completing consultative calls on Line of Business executives**

  – **Qualifies leads or use as part of account planning activities**

- **Use this tool to…**

  – **Identify Opportunities in early stages of the sales cycle**

  – **Evaluate the Business Environment**

  – **Develop Business Strategy and Initiatives and Recognize Needs**

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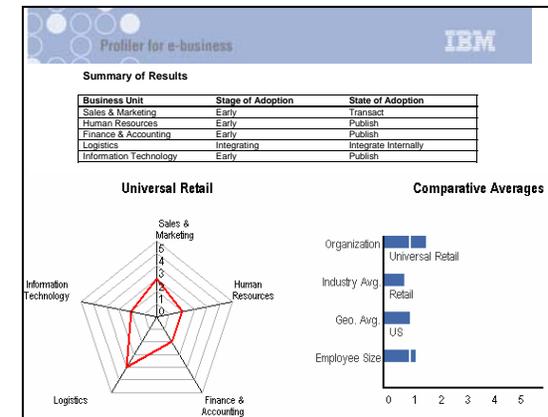
The Competitive Advisor

- **Business Value**

  - **A four step process using financial benchmarks to reveal competitive constraints**

  - **Demonstrates bottom line value by quantifying financial results from competitive constraint resolution**

  - **Uses key industry financial drivers- executives are measured on these metrics**

  - **Maximizes industry knowledge with minimal skills**

- **Use this tool to**

  - **Conduct an industry specific discussion with C-level or Senior level LOB managers**

  - **Show the bottom line value of becoming competitive**

  - **Show how IBM and IBM Business Partners can provide an end to end solution to achieve the bottom line benefit**

The e-business Collaboration Tool

- **Business Value**

  – **Diagnosis's a customers current state of business practices focusing levels of functionality available to their business practices**

  – **Work with key line-of-business executives to review and evaluate business processes by business unit**

  – **Ranks the levels of functionality and identify solution areas for broadening the enterprise and moving to greater levels of on demand business**

- **Use this tool to…**

  – **Shows thought leadership and industry expertise**

  – **Identify and propose end-to-end solutions based on current functionality in ERP, SCM, CRM, PLM, and Human Capital**

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from CIOview Corporation

Use and Support Information
SYSTEM SALES is the Source

● **How to use TCOnow with your customers**
  ➤ Load your free copy of TCOnow onto your system
  ➤ Gather the information requested in the tool
  ➤ Run the analysis with input and interaction from your customer
  ➤ Use the results and findings to estimate TCO value for your customer
  ➤ Plenty of TCOnow experts and support available via the **System Sales TCOnow Support web site**

● **How to get your copy of TCOnow! tools from CIOview Corporation:**
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       http://w3-1.ibm.com/sales/systems/eservertcotools
    ▪ Business Partners:
       http://www.ibm.com/partnerworld/sales/systems/eservertcotools
    ▪ Customer Web Preview :
       http://www.ibm.com/servers/solutions/serverconsolidation/tco/

● **TCOnow! Tools Education and Support**
  ➤ TCOnow! Education and Support website under **System Sales TCOnow web site**
  ➤ Self guided training available from web
  ➤ Weekly eMeeting for Guided Tours
  ➤ Request one-on-one assistance via **System Sales TCOnow web site**

● **General TCOnow assistance: Nelson Martel   (nmartel@us.ibm.com)**

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