Value of z Exercise – SCENARIO #2 (Linux on z)

The purpose of this exercise is to facilitate the sharing of ideas and help system z software sellers better convey the value proposition of the mainframe platform, both in regards to what IBM is doing proactively to help customers manage the cost of doing business on System z and in it's viability as a platform to consider for new workloads and SOA infrastructure.

What is the scenario?

The Customer attends a z briefing in Poughkeepsie and gets so excited about the Linux on z value proposition, executive management makes a commitment to Linux on z. Within a month, the Customer purchases several middleware products without doing any evaluations, POCs, or pilots. Setting up the Linux on z environment proves rocky due to the customer's resistance to invest in a plan and resources. The Customer puts the burden on IBM to do the work and progress is slow without their full involvement. Now the customer is saying that they were taken to the cleaners by IBM, that the briefing speakers made it sound like it would be easy to implement and the payoff both financial and functionally would be compelling. In return they decide to withhold a $2M payment to IBM. How can IBM resolve this issue?

Who are the key Customer & IBM players?

♦ Customer contacts: Senior VP, VP of Operations, Director of Client Technology Solutions, Manager Application Platform Engineering, Manager of Unix group
♦ IBM: zSSR, zITA, CSSR, Client team, Linux and VM lab support, ATS support from VM and WMB groups, Linux integration center, STG pre-sales for z/VM and linux.

What is IBM's unique value?

♦ Integration cross platform of mainframe & distributed with IBM products like Websphere.

What is the unique value of the platform?

♦ Lower/Lowest TCO when factoring in all or most IT costs, not just TCA : Savings of Power, Space, License costs, and Reduced Labor. Simplification of the environment, Most reliable hardware from IBM, Most secure platform recognized by federal government EAL-5 certification

Value Prop what happened: Reiterated value of the platform relative to the Customer's requirements and concerns plus 90-Day Execution Plan

Value:

♦ z costs decreasing: reminder zHW, SW and Labor costs decreased 17.3% per year.
♦ Completed TCO study and presented, showed: System z9 is competitive with p6 and System z10 is 28% lower in TCO.
♦ Reference: Web Trading App Costs Wall St hosting Solaris app on Linux on z using IFL vs. Lintel . Savings compelling.
♦ Reduced administration and Energy costs: System z handles business growth without matching growth in the administration and energy costs.
♦ Applications support growing: 4000+ ISV applications & 1300+ ISV Developers on System z, 1200+ Linux applications supported on System z, 490 of IBM's top 500 customers run CICS.
♦ Growth of software stack: more than ISV take-outs. Several software solutions in the z space.
♦ Modernizing legacy apps- transform into IT Services. SOA offerings help with transformation into an integrated enterprise. Cared about Websphere Message Broker for

web services.
- ♦ <u>IBM financial cost analysis workshop:</u> to understand assigned costs. No charge.
- ♦ <u>Follow-up Executive briefing</u>: meeting in San Francisco to level-set and address concerns.

<u>90 day plan to level-set executives, directors, managers</u>
- ♦ Summarized the significant investment IBM had made in the Safeway Linux for z project.
- ♦ Reiterated the lack of investment customer had made in resources and time.
- ♦ Provide status of operationalizing Linux for z.
- ♦ Timeframe & recommendation Websphere Message Broker and WAS app production to migrate Linux on z.