

Value of z Exercise – SCENARIO #1 (MLC)

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 is in the 9th month of a 12 month ELA and finds itself tracking to end up \$895,000 under plan for their MLC Cap. Executive Management is of the opinion that this is money left on the table and proof of how unpredictable the costs of the platform are. They want to know how this happened and what your internal champion is going to do about it. More over, they want to know what IBM is going to give them for this difference. How can you coach this Customer to a mutually agreeable end and help your champion keep their job?

Who are the key Customer & IBM players?

- Customer Contacts – AVP Tech Services (budget owner), Lead Mainframe Architect, CIO, CTO and CFO
- IBM Players – Duane Graham, zSSR - Frank Mongelluzzo, Manager - Michael Hastings, MLC Specialist - Mike Ryan, STG System z Hardware Rep

What is IBM's unique value?

- Technology dividends for new hardware allowed them to grow the capacity without incurring costs, even reducing costs.
- Sub-Capacity WLC Pricing for MLC provided more cost savings than anticipated
- \$200K of the overall cap was included in the original contract without increasing the overall cost.
- Had they stayed the course of the original MLC plan, they would have actually exceeded the MLC Cap in the contract by more than \$1M.

What is the unique value of the platform?

- The capacity of the data center grew substantially without adding any headcount
- ZIIP Technology – Added capacity without incurring costs (actually also saved on ISV costs)
- IFL Technology – Actually added another 12 IFL Engines to the environment during the same period, negating the need to by a volume of distributed computing components, again without adding any staff.

What are some other Value Propositions?

- The Enterprise License Agreement itself is a valuable financial mechanism with which to consume software from IBM