Winn-Dixie IT shifts from a liability to an asset

August 18, 2008 (Computerworld):   Charles Weston took the job as group vice president of IT at Winn- Dixie Stores Inc. only a few months before the supermarket chain filed for Chapter 11 bankruptcy protection in February 2005. For some people, that might have been bad timing, but for Weston, it was a chance to reshape IT.

He said troubled IT operations had contributed to the financial woes, and quick work was needed to fix things. "I think [IT] fundamentally contributed to the bankruptcy," Weston said. The company's green-screen applications were a quarter of a century old, and a single job could involve logging onto five screens, he said.

A key early decision, Weston said, was to continue using mainframe technology rather than shift to a distributed server environment.

Weston said Winn-Dixie upgraded to an IBM System z9 in late 2006, around the time it exited bankruptcy protection. The company concluded that a single mainframe was more cost-effective than clusters of new servers, he said.

Weston wouldn't disclose return-on-investment estimates, but he noted that margins in grocery stores are tight, and the cost of managing distributed servers is not low. Winn-Dixie has been profitable since 2006.

The new IBM computer was used to consolidate applications from two older mainframes, including ERP and financial tools and an IBM DB2 database.

IBM cites Winn-Dixie as evidence that the mainframe is thriving. Indeed, IDC estimated IBM mainframe hardware and z/OS software revenue at $4.6 billion last year, and it expects a slight increase this year -- but it projects a slow decline for mainframe sales in the long term. "It has surprised me that we have seen as much [mainframe sales] as we have [lately]," said IDC analyst Stephen Josselyn.

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