

<e-mail subject title: Recent IBM Passport Advantage announcements>

Dear Passport Advantage Customer:

IBM would like to draw your attention to two recent announcements relating to your Passport Advantage relationship:

- The introduction of a new licensing model based on “processor value units”.
- Changes to how we provide IBM Resellers with access to your Software Maintenance renewal information.

### **New licensing model based on “Value Units”**

On July 25, 2006, IBM announced a new licensing model called processor value units. This new model completely replaces the previous per processor licensing model, but does it in a way that does not change any software costs for IBM software deployed on existing processor technologies. In the future, as new processor chips are introduced to the market, the structure will evolve to reflect the relative performance of these processors. The majority of existing Passport Advantage part numbers offered under the per processor licensing model will now be offered under the new processor value units licensing model.

This change in the way IBM measures authorized use clarifies IBM's software licensing strategy and will provide a foundation for IBM to better align middleware prices to new hardware technology, such as multi-core chips, and the increasing adoption of virtualization technologies. The difference in business value customers can achieve from a processor has been impacted by the increasing disparity in processor core performance between old and new processor technologies, and has been the key driver for the change. This further enhances IBM's approach of providing significant middleware price/performance improvements to our customers, and gives you the flexibility needed to adapt your software acquisition strategies to match new hardware technologies.

### **Changing entitlements from “per processor” to “Processor Value Units”**

For purposes of Software Maintenance renewals your existing “per processor” license and Software Maintenance entitlements will be treated as if they had been originally obtained under the equivalent level of “processor value units”. To convert your Software Maintenance from the “per processor” metric to the “processor value units” metric, IBM will employ a standard conversion factor of ‘100’ “processor value units” for every ‘1’ “per processor” entitlement you have acquired. The conversion to “processor value units” represents a change in the way IBM measures authorized use, *but is not a pricing change* for IBM software.

Software Maintenance renewal quotations issued after the effective date of July 25, 2006, will reflect this change to processor value units. You may verify this information on Passport Advantage Online – please visit [ibm.com/software/passportadvantage](http://ibm.com/software/passportadvantage), select the "Passport Advantage Online" tab and then "Customer sign in".

More information is available in the announcements (Announcement 206-) and (Announcement 206-xxx)

### **New process for providing IBM Resellers access to your Software Maintenance renewal information.**

On May 8, 2006, IBM announced the implementation of a new process for providing IBM Resellers access to Passport Advantage customers' renewal information. The new process makes processes for Passport Advantage and Passport Advantage Express customers the same, and is in response to many Passport Advantage customer requests to provide each Reseller through which they have fulfilled transactions with access to their respective renewal information.

This change will assist your Reseller(s) with providing you renewal pricing in a timely manner and give you more flexibility on how you handle your renewal.

Software Maintenance renewal quotations distributed after the effective date of May 8, 2006 will follow this new process and will include an improved Renewal Quote Detail Sheet which will show you which of your Reseller(s) have access to your renewal information

More information on this [new process](#) <note hotlink> is available on [ibm.com/software/passportadvantage](http://ibm.com/software/passportadvantage)

Sincerely,

cc: