Extending Your Mainframe For More Business Value

Affordable Business Growth
With System z

Quiz

How fast are IT costs growing?

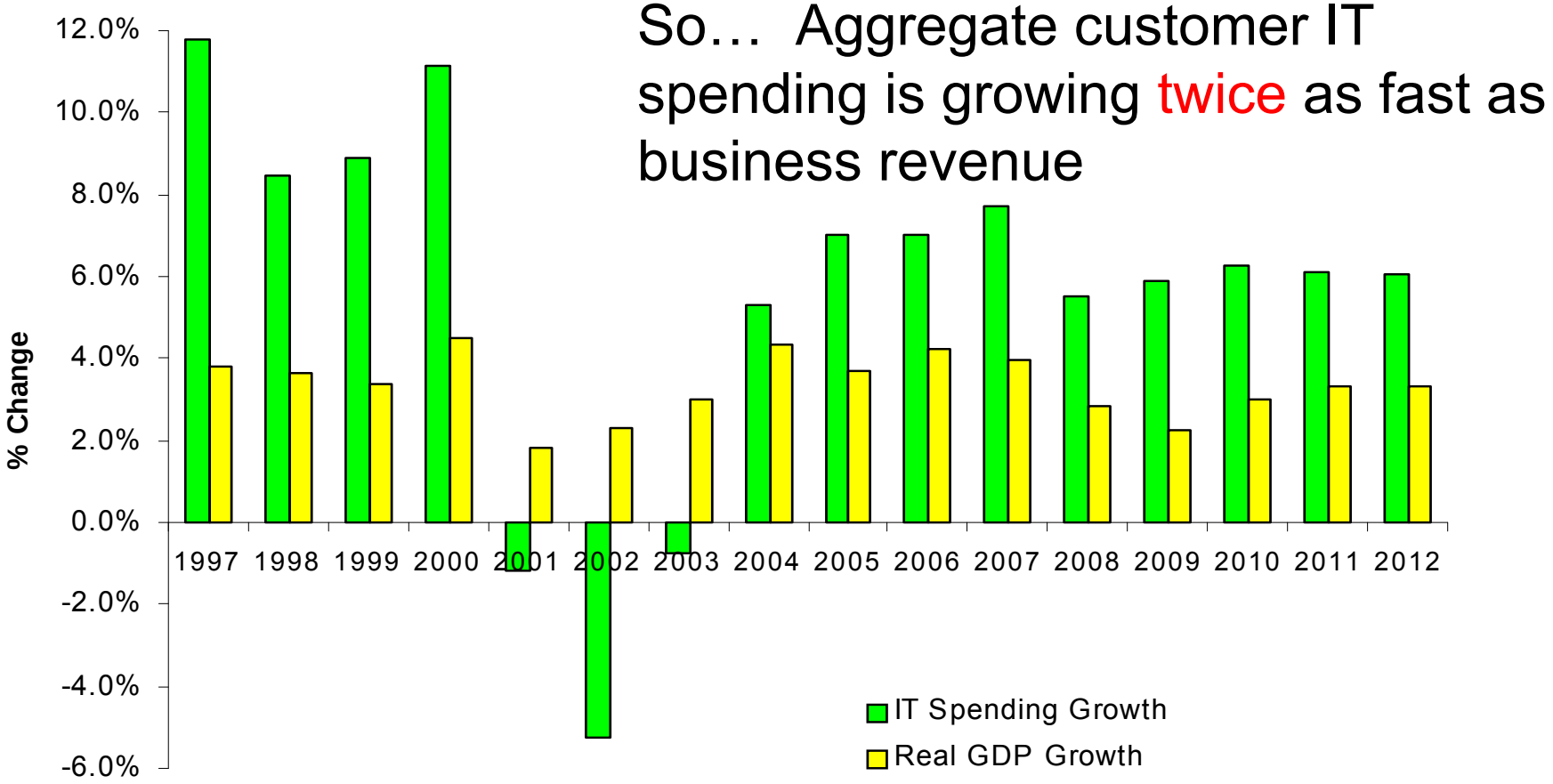
A: Slower than business revenue growth

B: About equal to business revenue growth

C: Faster than business revenue growth

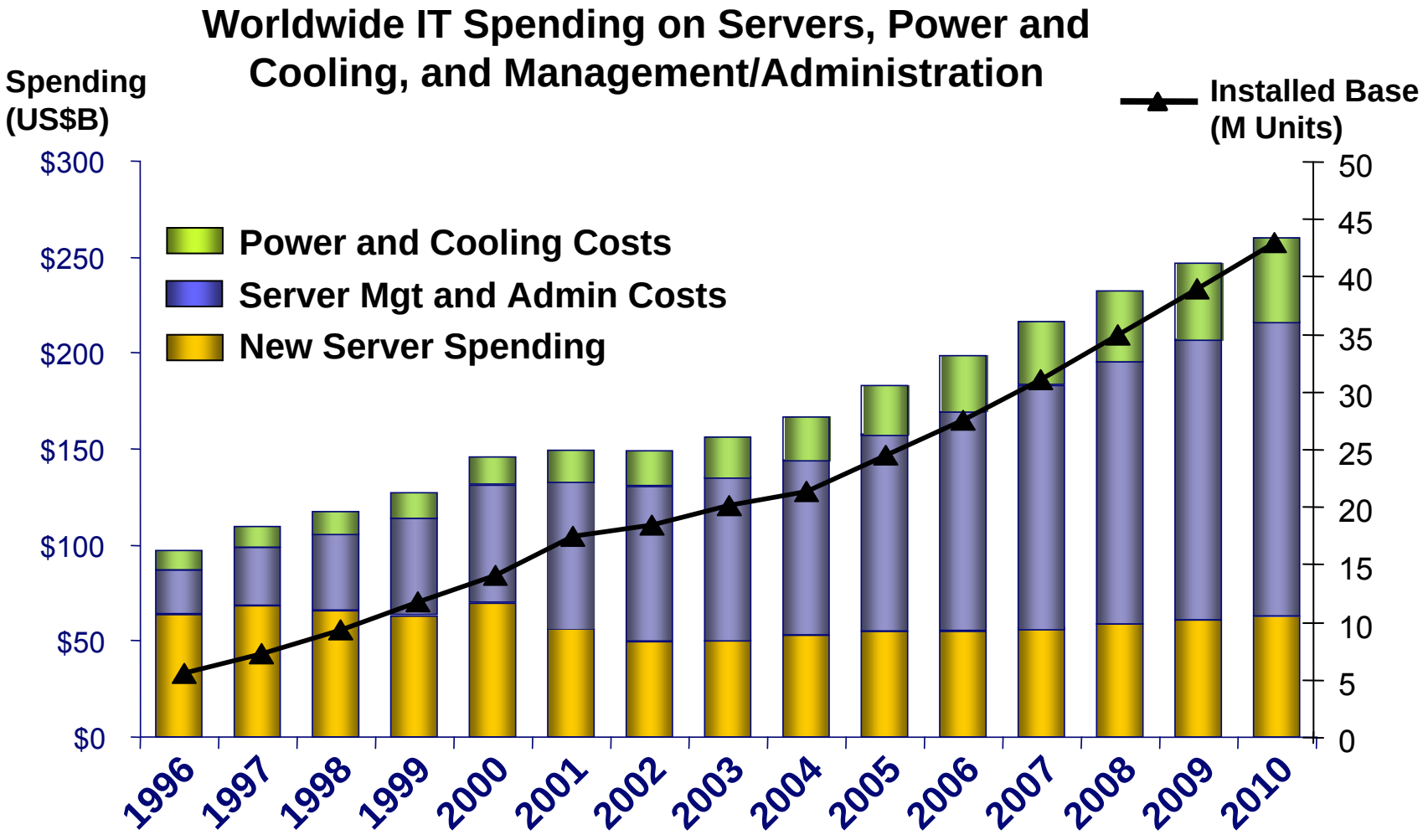
Top Down Analysis: IT Spending Growth

IT Spending is Growing twice as fast as GDP Growth Worldwide



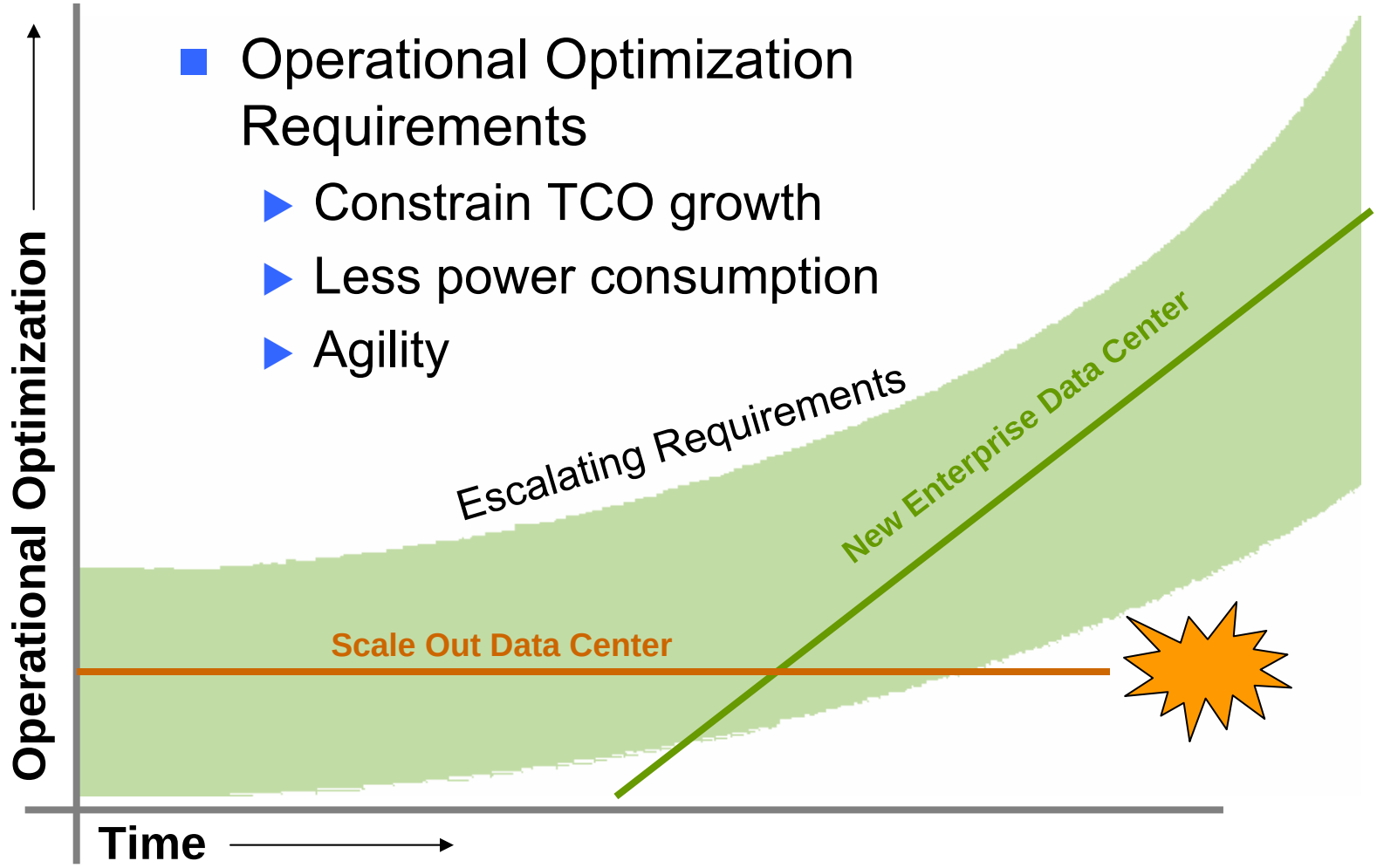
EIU Real GDP FORECASTS- % change on previous year and Total IT Spending – IDC estimates

Rising Operational Costs For Distributed Servers Are A Contributing Factor

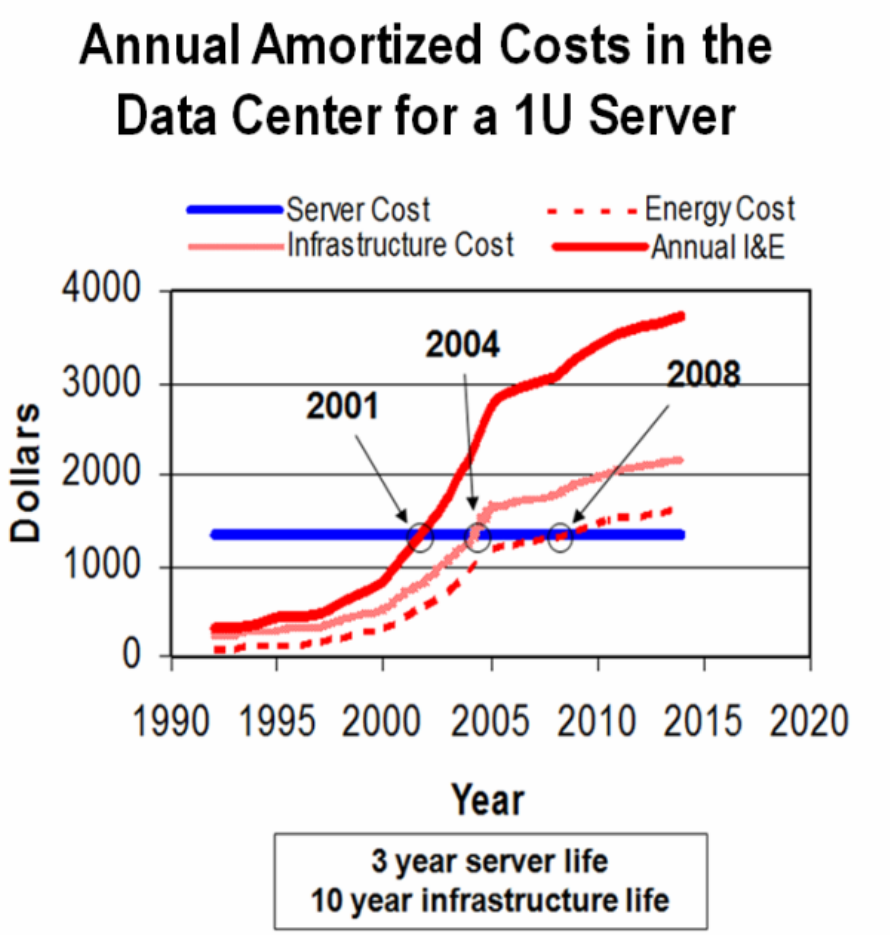


Source: IDC, 2007

New Enterprise Data Center –
Reinventing The Data Center To Meet Requirements



Microsoft Assessment Of The Problem



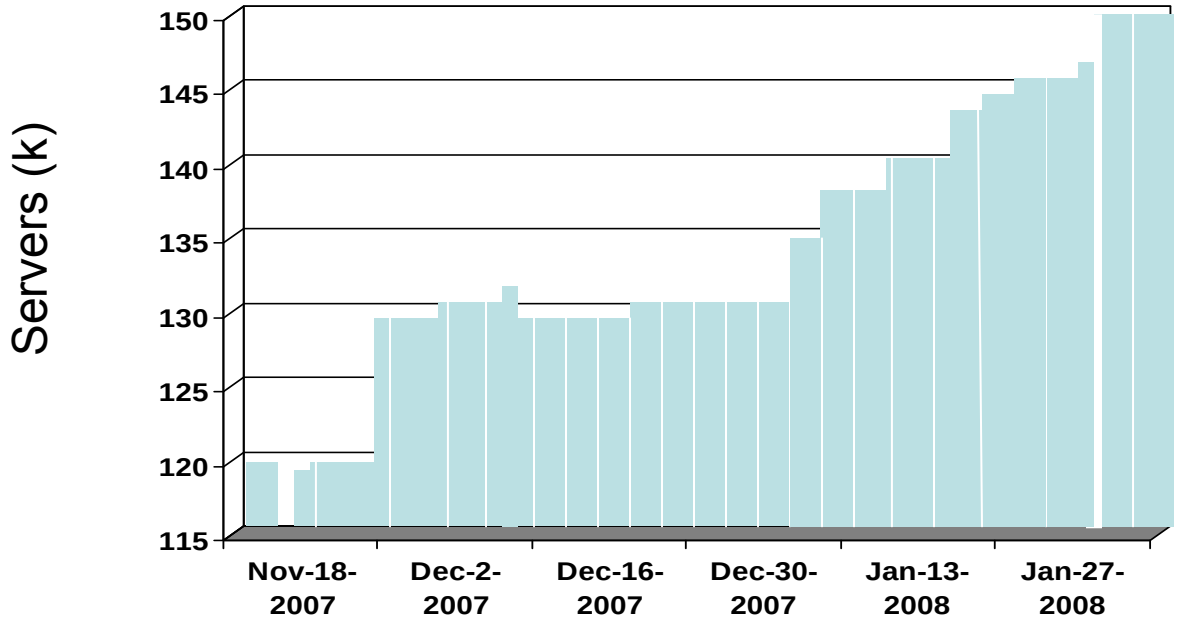
http://www.electronics-cooling.com/articles/2007/feb/a3/

Server power growth rate is from ASHRAE.

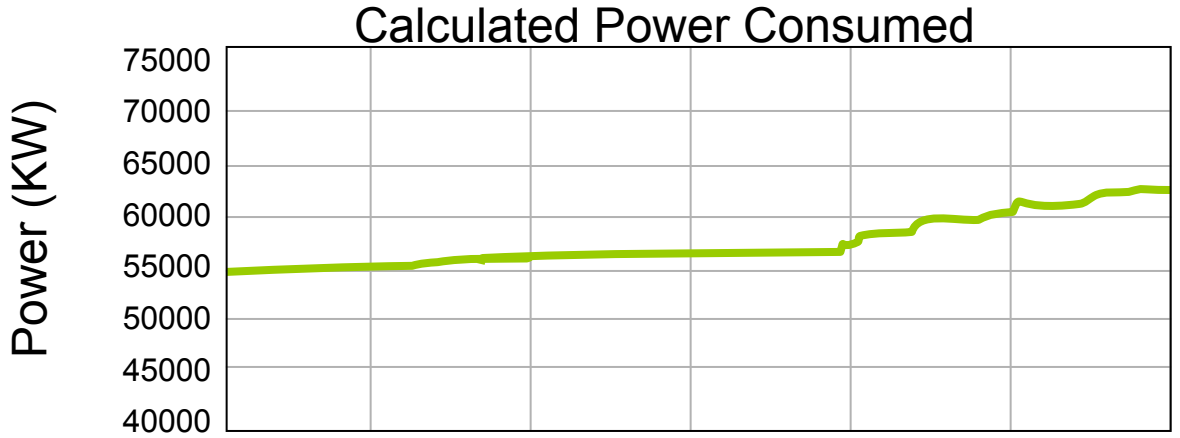
Chart from Microsoft conference on the data center

- Key Messages:
  - The combined cost of the Infrastructure and Energy (I&E) exceeded the cost of the servers in 2001
  - Infrastructure costs alone have already exceeded the cost of the server in 2004
  - Energy costs alone will exceed the cost of the servers in 2008

15 Microsoft Data Centers Today



148,000 servers



63 Megawatts

And it's still not enough …

Source: Promotional Video from Microsoft's Environmental Sustainability Group

Microsoft Abandons HP Commodity Servers

- **Plans to build 24 massive 500,000 square foot facilities (equals 285 acres)**
  - Intended to support Microsoft's web-based software delivery (SaaS) efforts
  - Boulder, Des Moines, Dublin, Northlake, Quincy, Russia, San Antonio…
- **Build** custom designed servers **designed specifically for energy efficiency**
  - Migrate from HP servers
- **Utilize blades and** shipping container **approach**
- **The Chicago center will**
  - House up to 300,000 servers
  - 150-200 shipping containers of data center gear
  - Consume 120 -198 megawatts

Source: Data Center World conference in Las Vegas April 2008

Understand All The Operational Costs

Annual Operations Cost Per Server
(Averaged over 3917 Distributed Servers)

Power	$731
Floor Space	$987
Annual Server Maintenance	$777
Annual connectivity Maintenance	$213
Annual Disk Maintenance	$203
Annual Software support	$10,153
Annual Enterprise Network	$1,024
Annual Sysadmin	$20,359
Total Annual Costs	$34,447

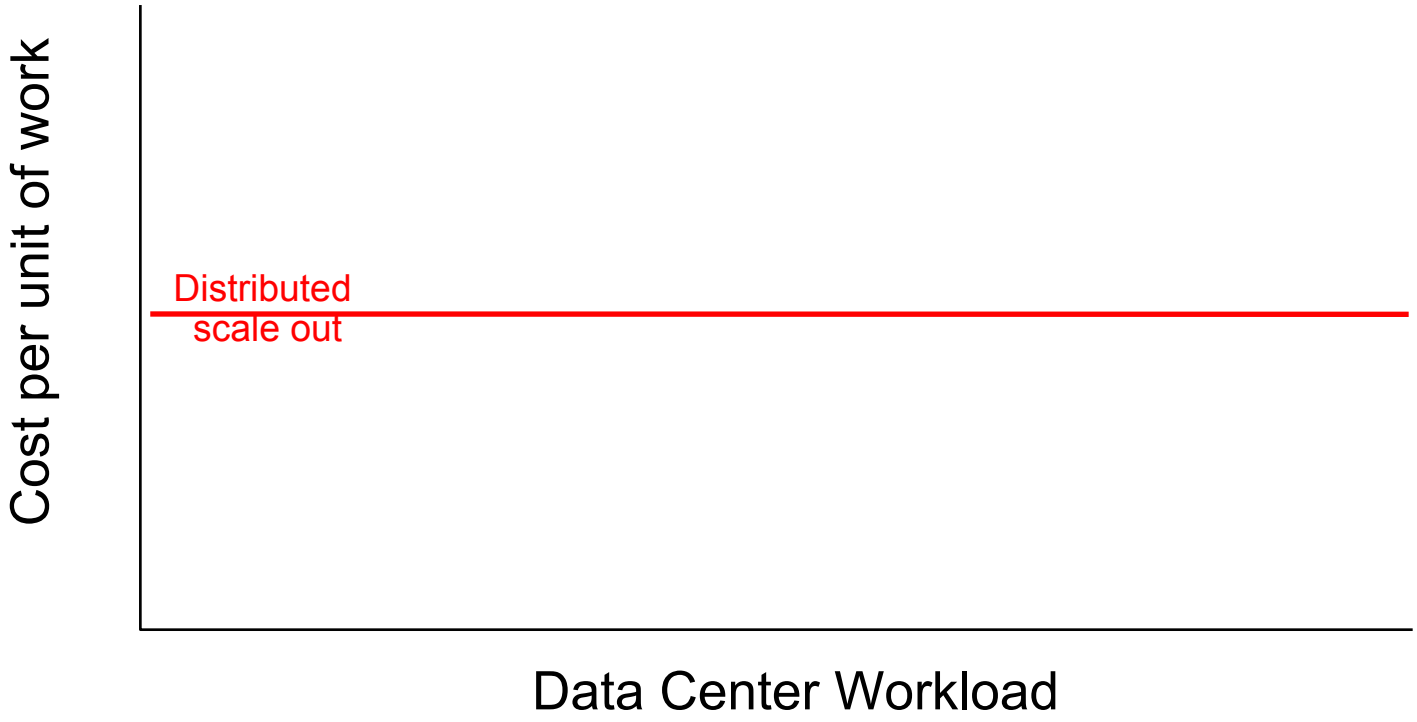
Microsoft working on these

Needed: Something that works on these

The largest cost component was labor for administration
7.8 servers per headcount @ $159,800/yr/headcount

Source: IBM internal study

Cost Per Unit Of Work Is Still Constant – With Custom Designed Servers And Containers



Challenge

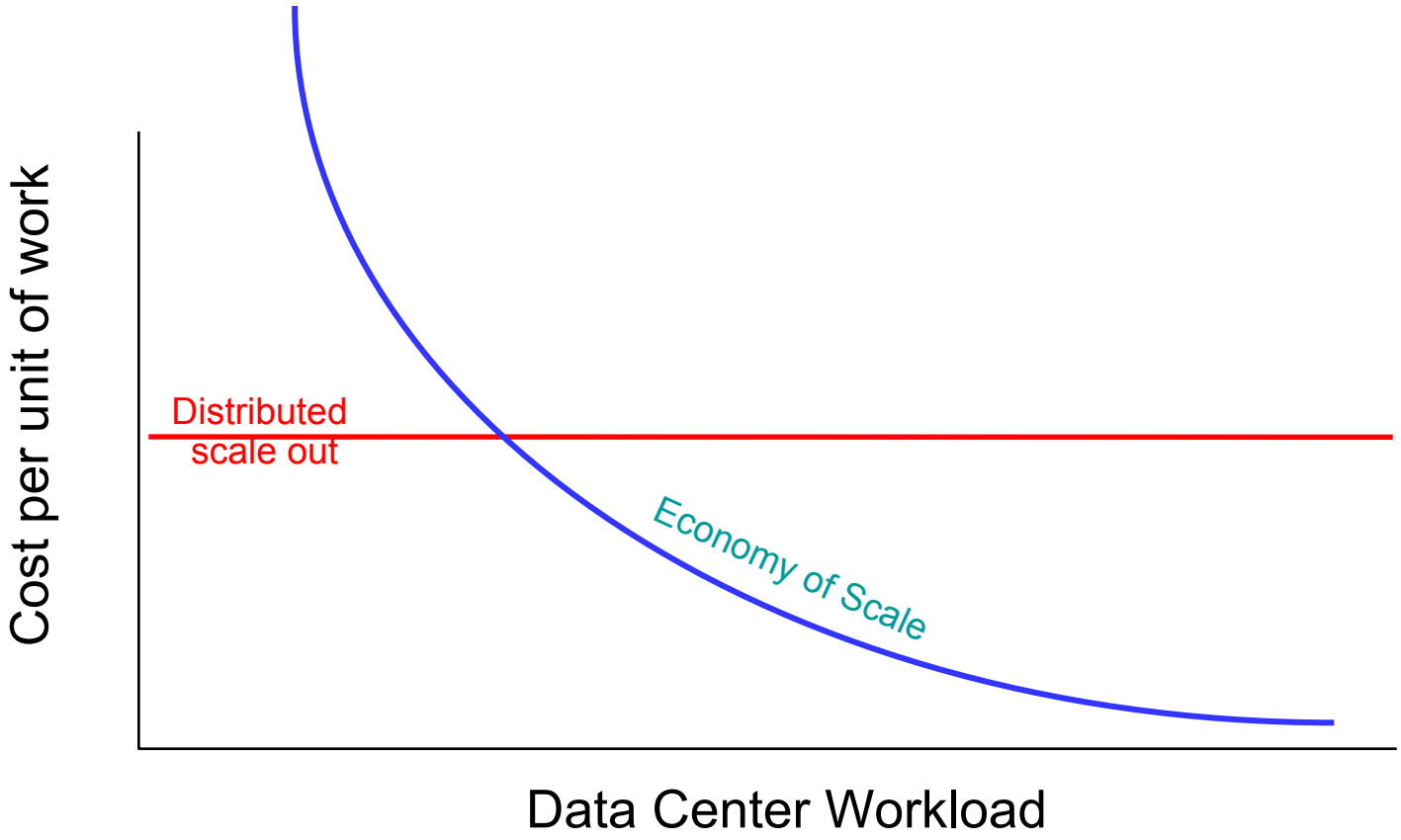
- How can enterprise IT deliver essential computing services, while keeping cost growth in line with business revenue growth?

Answer:

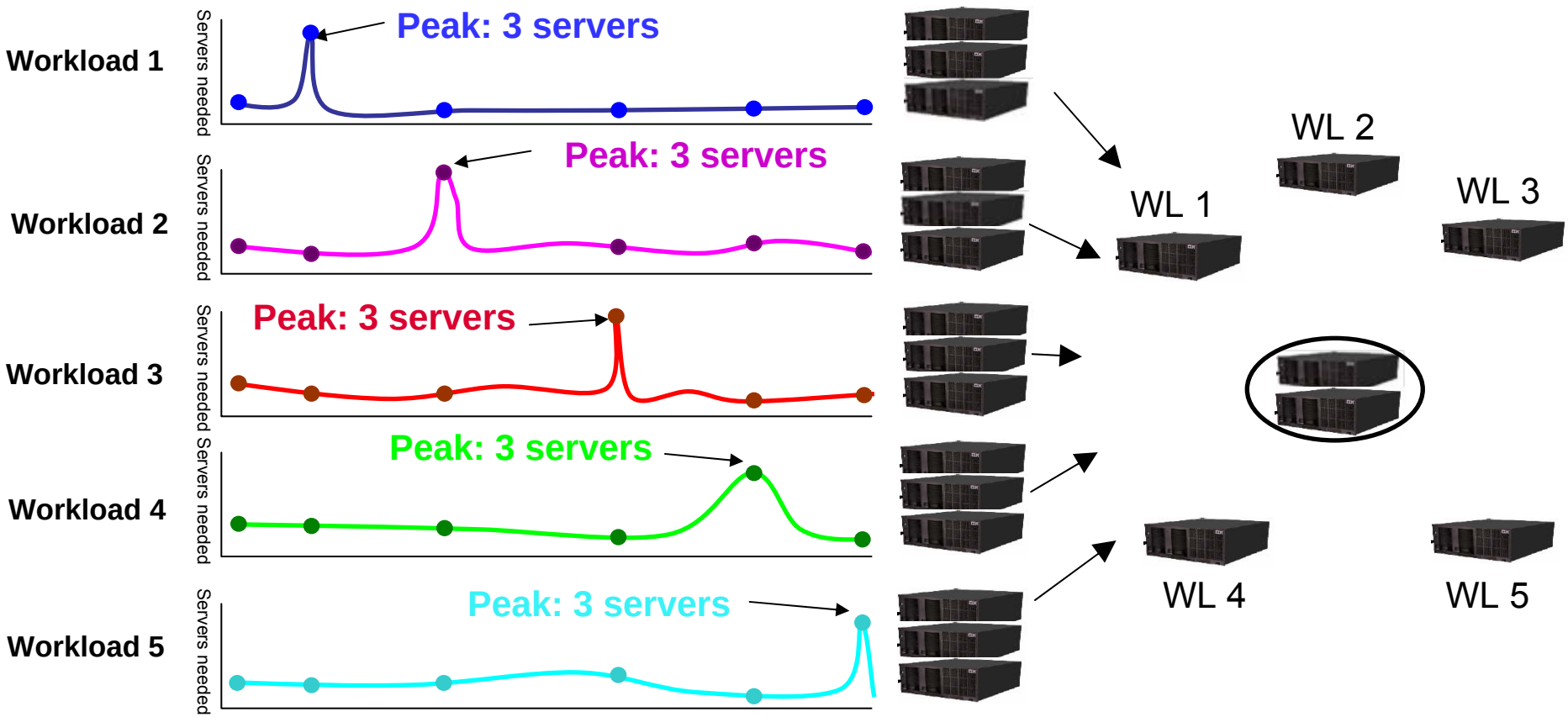
Economy of Scale

- Deliver workload at lower cost per unit of work

Economy Of Scale – Cost Per Unit Of Work Goes Down As Workload Increases

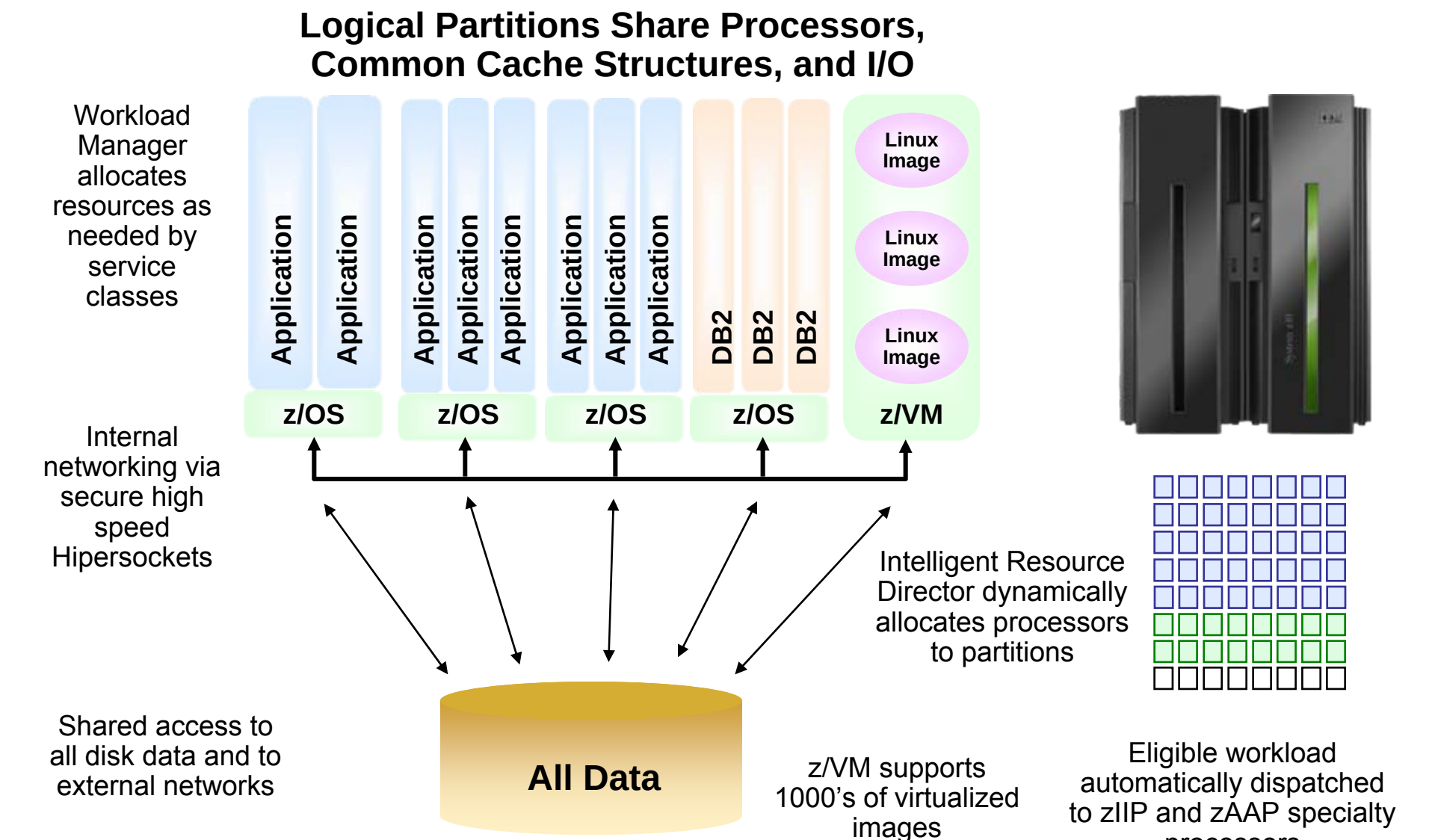


Example:
How To Deliver Workloads at Lower Cost



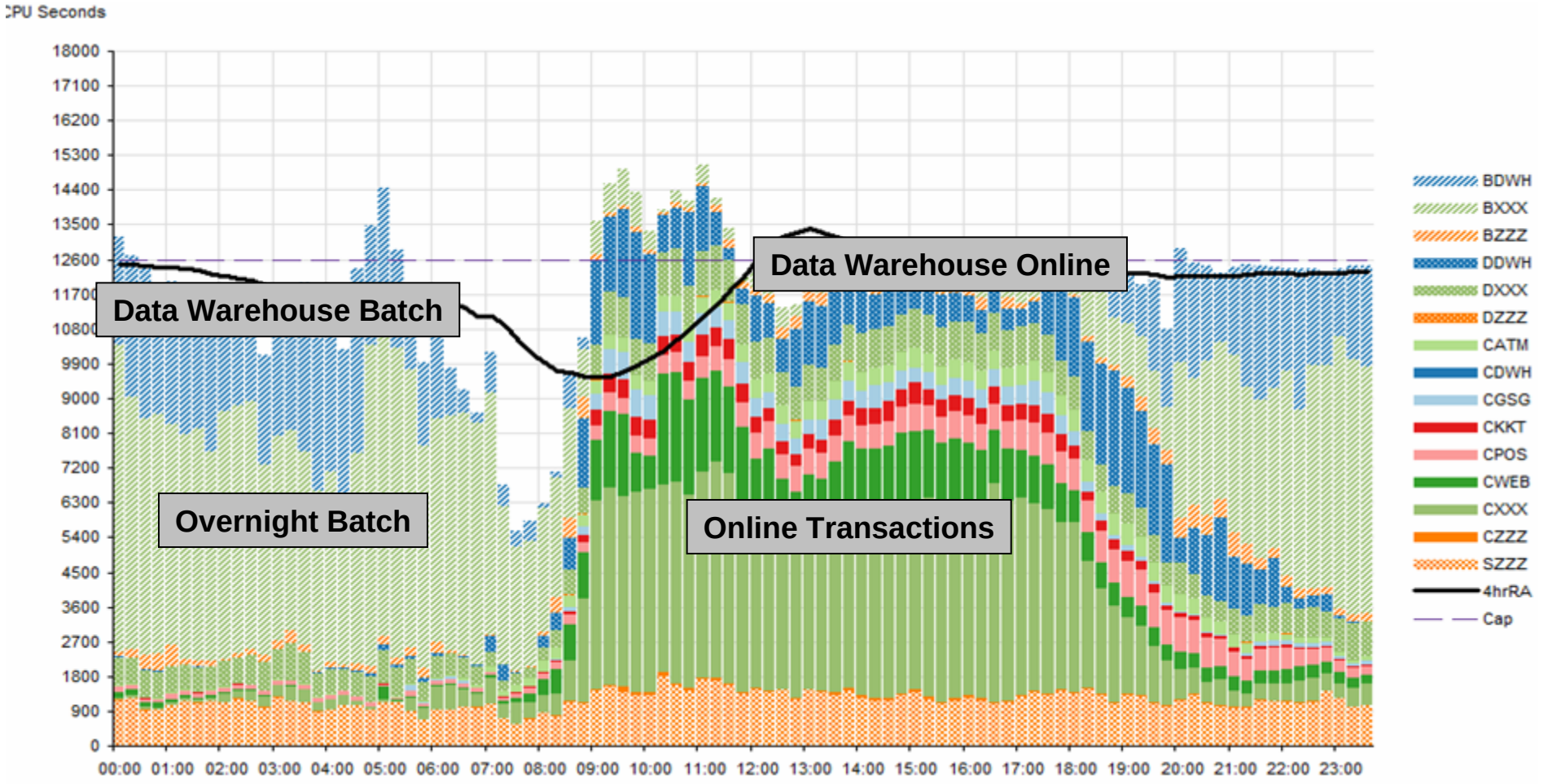
What's Required: Virtualization and intelligent workload management to accommodate shifting workloads – Automatic on IBM Enterprise Systems

Extreme Virtualization In System z



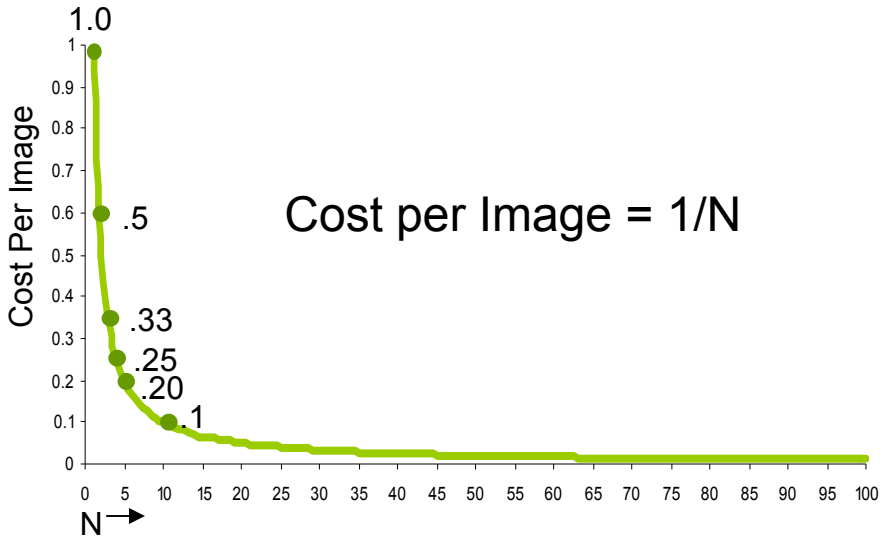
What It Looks Like In Operation

Run many workloads simultaneously with high utilization



Economy Of Scale – Consolidate "N" Workload Images On One Server

- Costs shared by all "N" consolidated images
  - Hardware
  - Software
  - Power
  - Floor Space
  - Local Network Connectivity



Cost per Image = 1/N

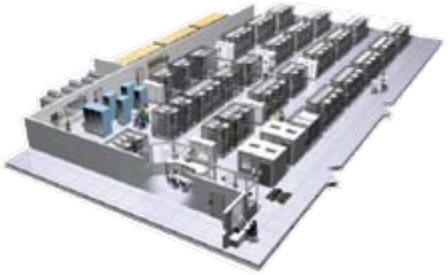
- Costs not shared by consolidated images
  - Migration cost per image — Fixed cost per image
  - Off premise network cost
  - Labor cost per image — Fixed cost per image, but typically less than unconsolidated labor cost

The more workloads you can consolidate, the lower the cost per image

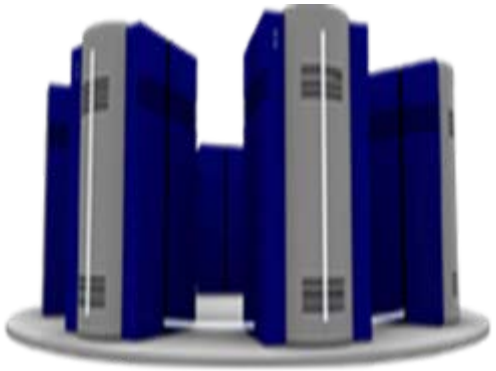
The New Enterprise Data Center (NEDC)

Economy of scale
Workload consolidation
Structured management
Handle all workloads

Evolution of service delivery



NEDC



Scale Out
Mixed Environment

Dedicated resources

Case Studies

- The IBM Software Group z evangelist team conducts free TCO evaluation engagements with customers
- Topics addressed
  - Total Cost of Ownership/Acquisition
  - Typical scenarios
- 36 projects since 2007
  - 20 wins (near $400M influenced revenue impact)
  - 15 pending
  - 1 loss

Getting To The New Enterprise Data Center

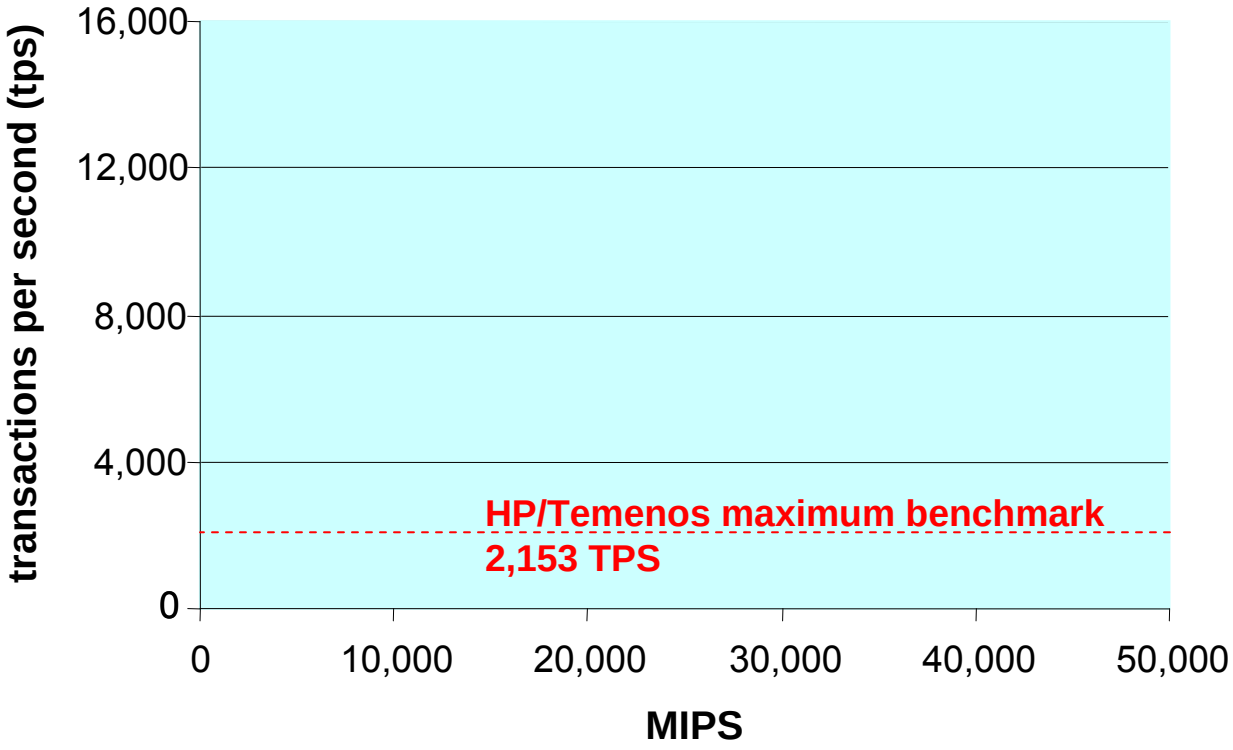
- Most data centers are not green field projects
- Cost concerns drive typical scenarios:
- Large transactional workloads and database
  - Scale may compel platform choice
- Adding new workload to an existing System z
  - The rule of three
- Server consolidation to Linux on IFLs
  - Consolidation Math
- Offloading projects
  - Proliferation of cores defeats distributed price advantages

Typical Scenarios

- Most data centers are not green field projects
- Cost concerns drive typical scenarios:
- Large transactional workloads and database
  - Scale may compel platform choice
- Adding new workload to an existing System z
  - The rule of three
- Server consolidation to Linux on IFLs
  - Consolidation Math
- Offloading projects
  - Proliferation of cores defeats distributed price advantages

HP Superdome Best Online Banking Benchmark

- **HP/Temenos** **
  - HP Itanium
  - **Temenos T24**
  - **2,153** Transactions/second
  - **13** Million Accounts
  - Largest banking benchmark performance claimed by HP



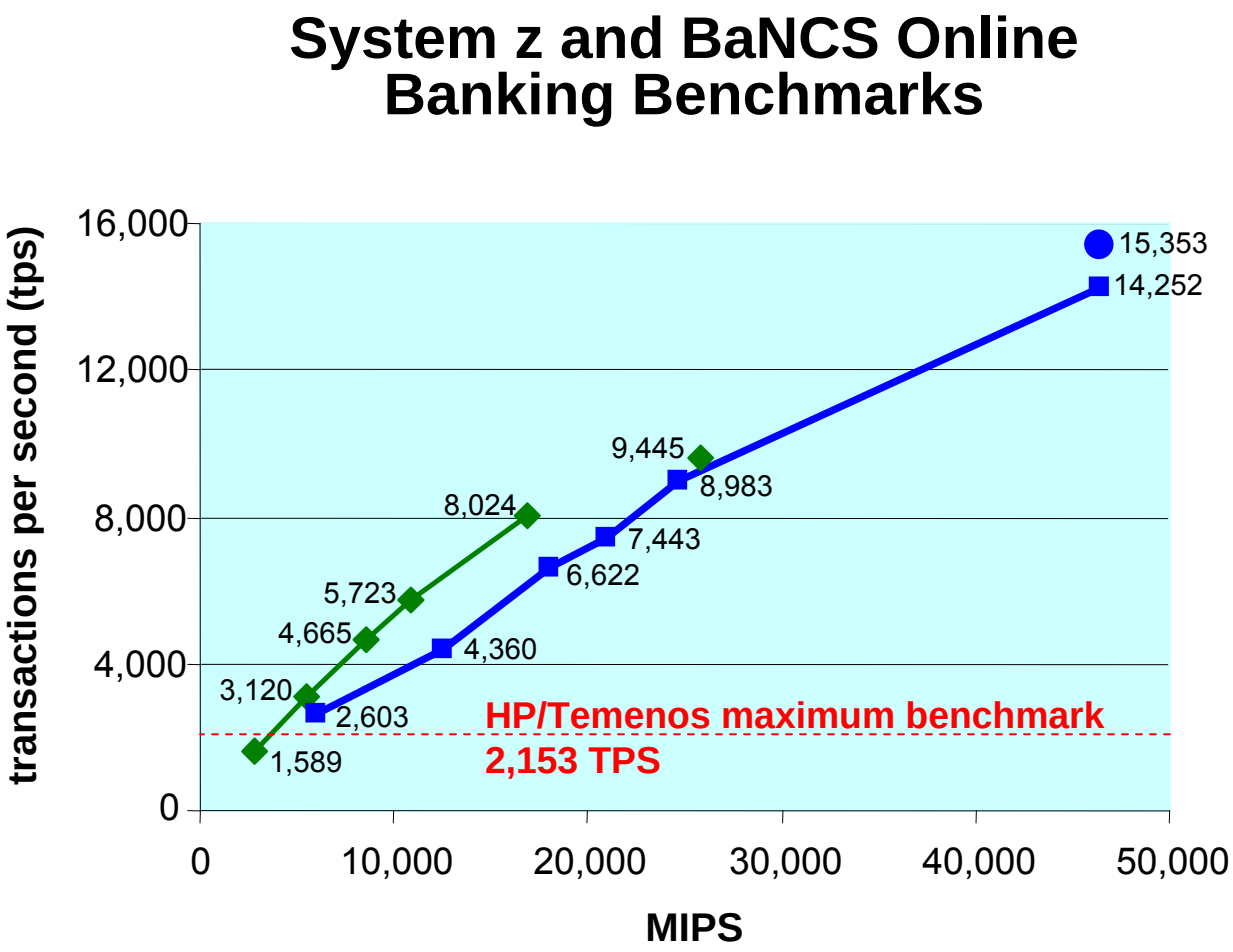
* **SOURCE**:http://www.enterprisenetworksandservers.com/monthly/art.php?2976 **Source**: InfoSizing FNS BANCS Scalability on IBM System z – Report Date: September 20, 2006
** Standard benchmark configuration reached 8024 tps, a modified prototype reached 9445 tps
*** **SOURCE**: TEMENOS BENCHMARKS; http://h71028.www7.hp.com/enterprise/downloads/TemenosBenchmark.pdf

System z With DB2 Scales Further Than Best HP Superdome Banking Benchmark

- **Asian Bank**
  - IBM System z9 and DB2
  - TCS BaNCS
  - **15,353** Transactions/second
  - **50** Million Accounts
  - IBM benchmark for customer

- **Bank of China** *
  - IBM System z9 and DB2
  - TCS BaNCS
  - **9,445**** Transactions/second
  - **380** Million Accounts
  - IBM benchmark for customer

- **HP/Temenos** **
  - HP Itanium
  - **Temenos T24**
  - **2,153** Transactions/second
  - **13** Million Accounts
  - Largest banking benchmark performance claimed by HP

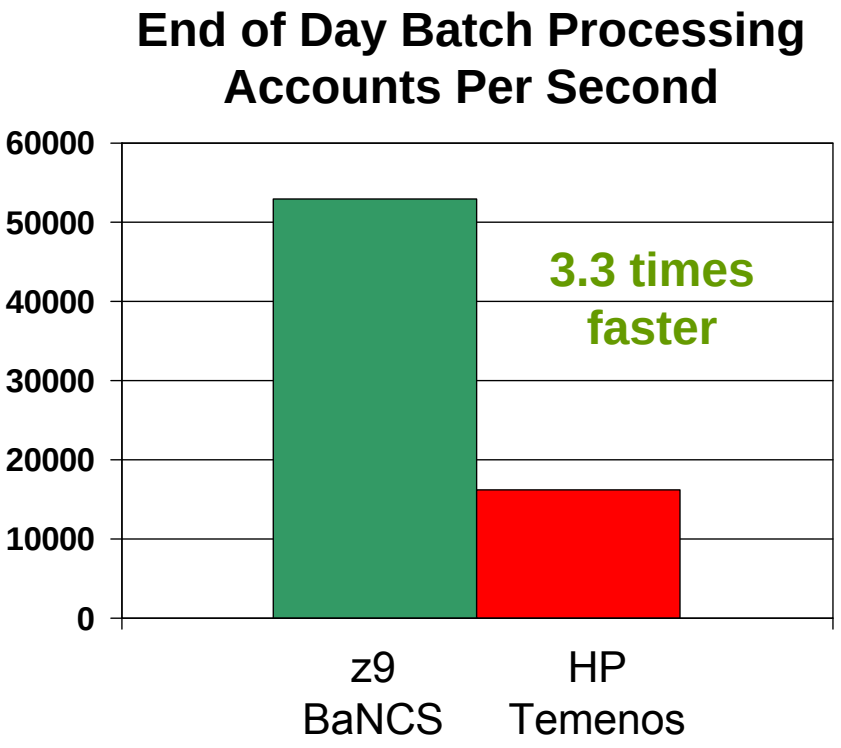


* **SOURCE**:http://www.enterprisenetworksandservers.com/monthly/art.php?2976 **Source**: InfoSizing FNS BANCS Scalability on IBM System z – Report Date: September 20, 2006
** Standard benchmark configuration reached 8024 tps, a modified prototype reached 9445 tps
*** **SOURCE**: TEMENOS BENCHMARKS; http://h71028.www7.hp.com/enterprise/downloads/TemenosBenchmark.pdf

System z Batch Processing Performance

- **Bank of China BMT***
  - **IBM System z9**
  - **TCS BaNCS (Cobol)**
  - **380** Million Accounts
  - End of Day processing – 175M accounts finished in 55 minutes (52,970 accounts/second)

- **HP/Temenos BMT****
  - **HP Itanium**
  - **Temenos T24 (Java)**
  - **13** Million Accounts
  - End of Day processing finished in 13.33 minutes (16,250 accounts/second)



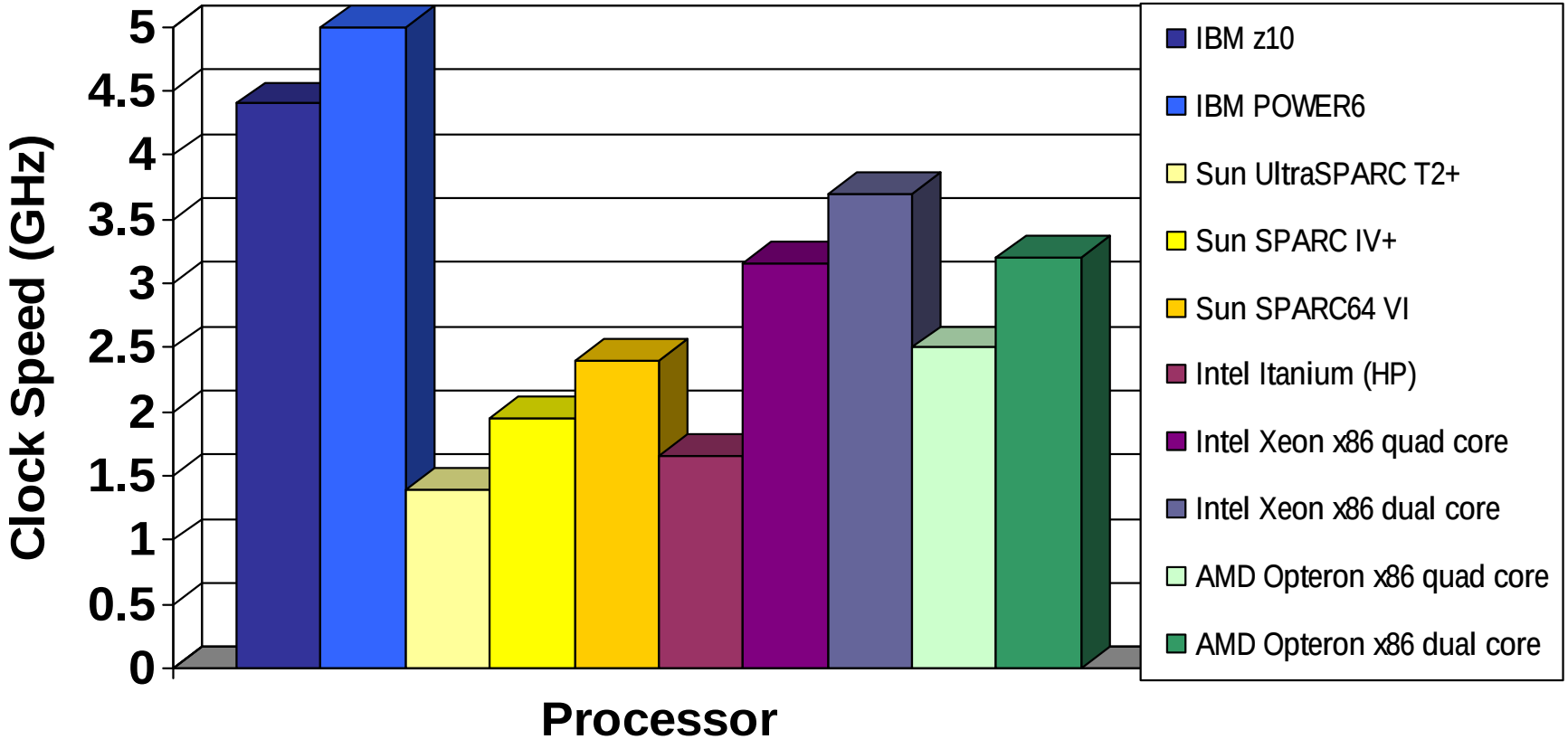
SOURCE:*http://www.enterprisenetworksandservers.com/monthly/art.php?2976 **Source**: InfoSizing FNS BANCS Scalability on IBM System z – Report Date: September 20, 2006
SOURCE:**TEMENOS BENCHMARKS; http://h71028.www7.hp.com/enterprise/downloads/TemenosBenchmark.pdf

Case Studies: Lessons Learned

- Unique parallel sysplex design enables this scale
  - Specialized hardware for clustering up to 32 systems
  - Exploitation by operating system and software subsystems
  - Enables large transaction processing workloads against a single data base
  - *May be the only practical solution for these workloads*
- New system z10 extends scale further
  - Quad core 4.4 GHz processors, up to 77 in a frame (30,361 general purpose MIPS in a frame)
  - More I/O bandwidth (up to 384 GBps)

System z10 And Power Systems Clock Speeds

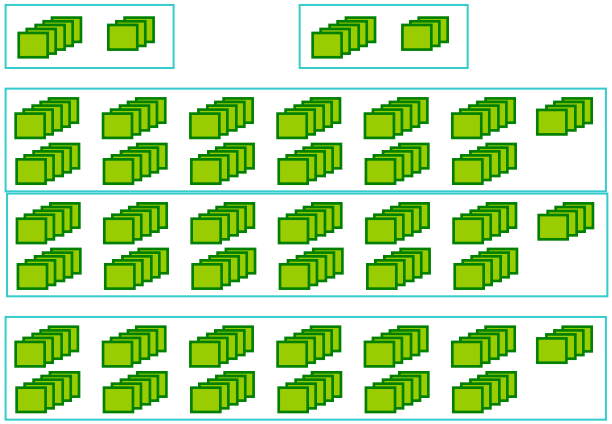
Fastest Available Processor Technology



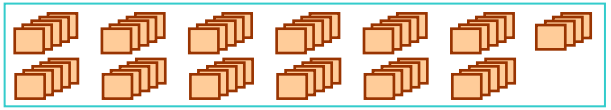
Compare The Processors Needed To Achieve 2,200 Transactions Per Second

Online Injector -1x HP RX7620

Temenos T24 Servers:
2x HP RX7620
3x HP Superdome



Oracle 10g – 1x HP Superdome



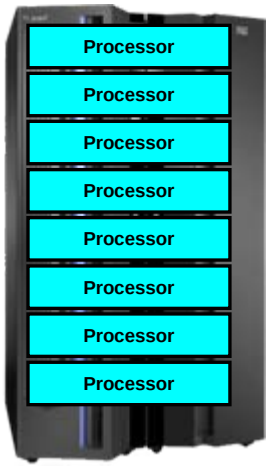
8 z9 processors

(3,906 MIPS)*

280 processors

(457,762 Performance Units)

TCS BaNCS
1x z9-708



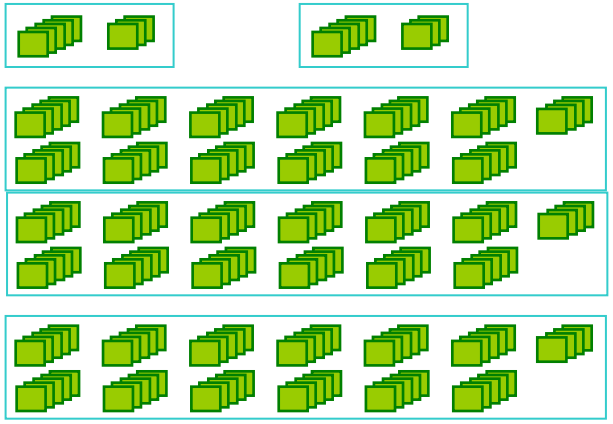
117 Performance Units per MIP

* MIPS scaled to achieve the same 2,200 TPS

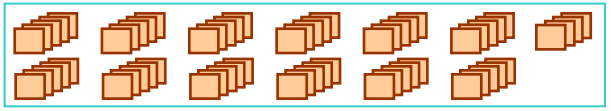
Compare The Processors Needed To Achieve 2,200 Transactions Per Second (with System z10)

Online Injector -1x HP RX7620

Temenos T24 Servers:
2x HP RX7620
3x HP Superdome



Oracle 10g – 1x HP Superdome



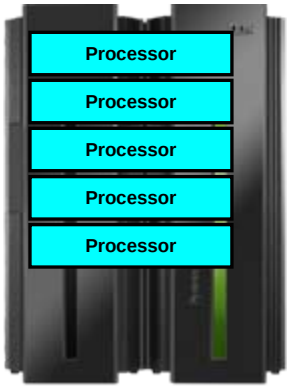
5 z10 processors*

(3,906 MIPS)

280 processors

(457,762 Performance Units)

TCS BaNCS
1x z10 2097-705



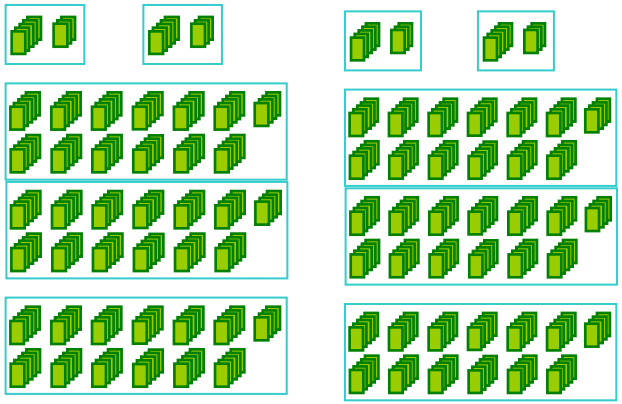
117 Performance Units per MIP

* One z10 processor delivers 1.6 times the performance of a z9 processor for this type workload

Compare The Processors Needed To Achieve 2,200 Transactions Per Second (With Dev/QA)

Online Injector: 2x HP RX7620

Temenos T24 Servers:
4x HP RX7620
6x HP 9000 Superdome



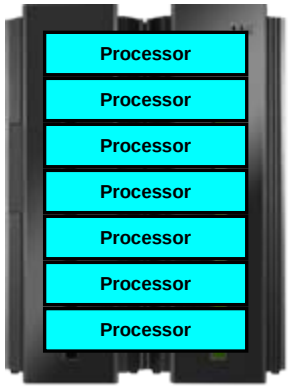
7 processors

(4,906 MIPS)

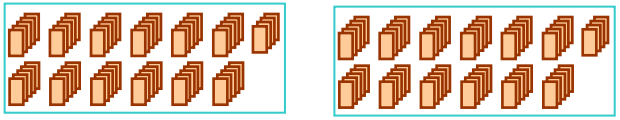
560 processors

(915,524 Performance Units)

TCS BaNCS and DB2
1x z10 2097-707



Oracle 10g: 2x HP 9000 Superdome



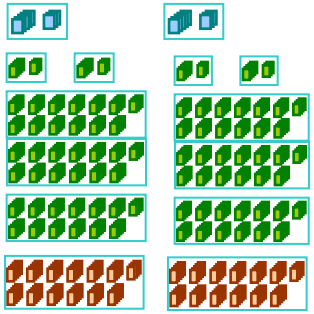
187 Performance Units per MIP

HP Integrity rx7620 - (10U) 1.5GHz 6MB (8ch/8co)

HP 9000 Superdomes - 32W 1GHz 32MB (32ch/64co)

NOTE: Double Distributed Servers, add 1000 MIPS to System z for Dev/QA

Compare The 3-Year Green Field Acquisition Costs Of The Platforms



	HP Superdome Servers with Temenos T24	**IBM z10 with TCS BaNCS**
Servers	14 (560 cores)	1 (7 cores)
OS, Database	HP-UX, Oracle	z/OS, DB2
3 Year TCO	**$43.3M**	**$18.2M** Costs 58% Less
	Scalability Not Demonstrated	*Excellent Scalability*

Note: Cost of packaged application software not included

Merger Of Two Asian Credit Card Service Companies

Company A
5M accounts
HP/Informix/Tmax

Offloaded to HP
2 years ago

Upgraded z900's to z9 EC

System z $205M vs.
HP/Oracle/Tmax $252M
Scalability, Full Disaster Recovery

A acquires B
$50B annual revenue
Transaction volume growth 13%
Platform decision?

66 of the top 67 financial companies worldwide run their core application workload on System z and DB2

Company B
10M accounts
CICS/DB2

Typical Scenarios

- Most data centers are not green field projects
- Cost concerns drive typical scenarios:
- Large transactional workloads and database
  - Scale may compel platform choice
- Adding new workload to an existing System z
  - The rule of three
- Server consolidation to Linux on IFLs
  - Consolidation Math
- Offloading projects
  - Proliferation of cores defeats distributed price advantages

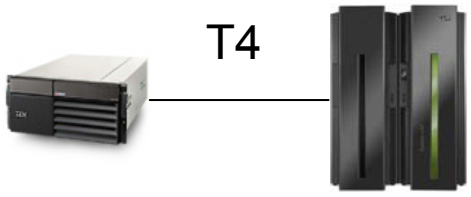
Performance Benefits Of Co-location On-line Banking Benchmark

Separate Machines

150 tps

4 CPUs | **4 CPUs**

WAS 6.1 Linux | DB2 8.1 z/OS



T4

Power System | **System z**

Separate LPARs

160 tps

8 CPUs in shared pool

WAS 6.1 z/OS | DB2 8.1 z/OS

T4

System z

Same LPAR

243 tps

8 CPUs

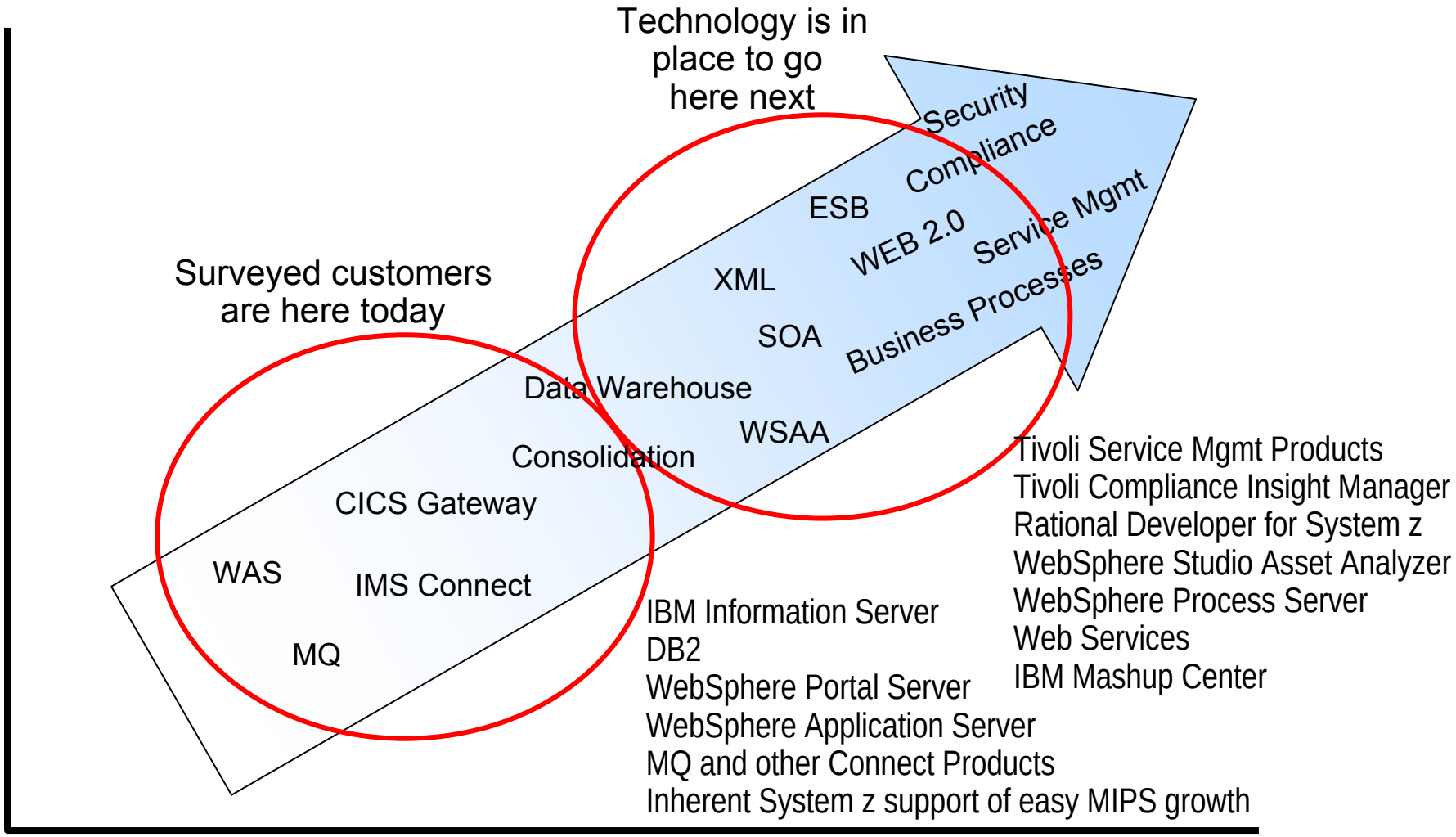
WAS 6.1
DB2 8.1
z/OS

T2

System z

z Series Server : z9-EC, 8 X 1.7 GHz, 64 GB RAM

Technologies Are In Place For New Workloads On The Mainframe



Case Studies Demonstrate Consistent TCA Advantage For Adding New Workload

Scenarios	Cost of Distributed vs. z	Distributed Cost Ratio	Cores vs. z Processors	Core Ratio
Deploy New Applications on Mainframe				
– WebSphere Application	$7.4M vs $5.0M	2.4x	132 vs 4	33 : 1
– SAP Database Server	$6.4M vs $3.0M	1.3x	60 vs 4	15 : 1
– Data Warehouse	$8.4M vs $4.7M	1.8x	120 vs 6	20 : 1
– Data Warehouse Analytics	$13.4M vs $8.4M	1.6x	160 vs 8	20 : 1
– Communications Backbone				
– SOA Solution	$5.5M vs $4.2M	1.3x	64 vs 4	16 : 1
– SOA Solution vs Sun	$17.2M vs $3.5M	4.9x	132 vs 4	33 : 1
– Spatial Data Base	$34.2M vs $3.5M	9.8x	252 vs 4	63 : 1
– Major Retailer	$6.9M vs $5.0M	1.4x	120 vs 6	20 : 1
	$8.3M vs $7.0M	1.2x	22 vs 5	4.4 : 1
		2.9x		**25 : 1**

Distributed deployment costs 3 times as much
Co-location performance benefits, better quality of service

TCA = Total Cost of Acquisition (HW, SW, plus 3 years of annual charges)

Remember The Rule Of Three

- The cost of deploying a new application will usually be less on a mainframe if:
  1. **It is an incremental workload on an existing mainframe**
  2. **It can make use of a specialty processor**
  3. **Disaster recovery is required**

“Specialty Engines” Reduce Cost For New Workloads

- Special assist processors for System z
  - For Java workloads (zAAP), up to 85% offload
  - For selected data workloads (zIIP), up to 80% offload
  - For Linux workloads (IFL), 100% offload

- Attractive pricing
  - $125K for a 920 MIP processor (92% discount)
  - No charge for IBM software running on zAAP/zIIP
  - IBM software running on IFL costs 120 PVU’s
  - Free upgrade to next generation!

Customers Are Taking Advantage Of Specialty Processors And Software Pricing

- Mainframe customers have installed
  - 13,073,889 Total MIPS
  - 2,720,477 Specialty MIPS (21.0%)
  - 1,680,466 IFL MIPS (12.9%) 20% growth
  - 445,009 zAAP MIPS (3.4%) 42% growth
  - 595,002 zIIP MIPS (4.6%) 227% growth

- Of customers with 80% of the installed MIPS
  - 60% have installed IFL processors
    - Biggest has 150,724 IFL MIPS
  - 31% have installed zAAP processors
    - Biggest has 25,410 zAAP MIPS
  - 46% have installed zIIP processors
    - Biggest has 22,452 zIIP MIPS

Getting To The New Enterprise Data Center

- Most data centers are not green field projects
- Cost concerns drive typical scenarios:
- Large transactional workloads and database
  - Scale may compel platform choice
- Adding new workload to an existing System z
  - The rule of three
- Server consolidation to Linux on IFLs
  - Consolidation Math
- Offloading projects
  - Proliferation of cores defeats distributed price advantages

Introducing Service Oriented Finance

We are a traditional bank with branch offices throughout the country.

Banking competitors and non-bank specialists are taking away our customers.

Service Oriented Finance CEO

Service Oriented Finance

Our customers demand greater choice, and personal security and control in their banking relationships.

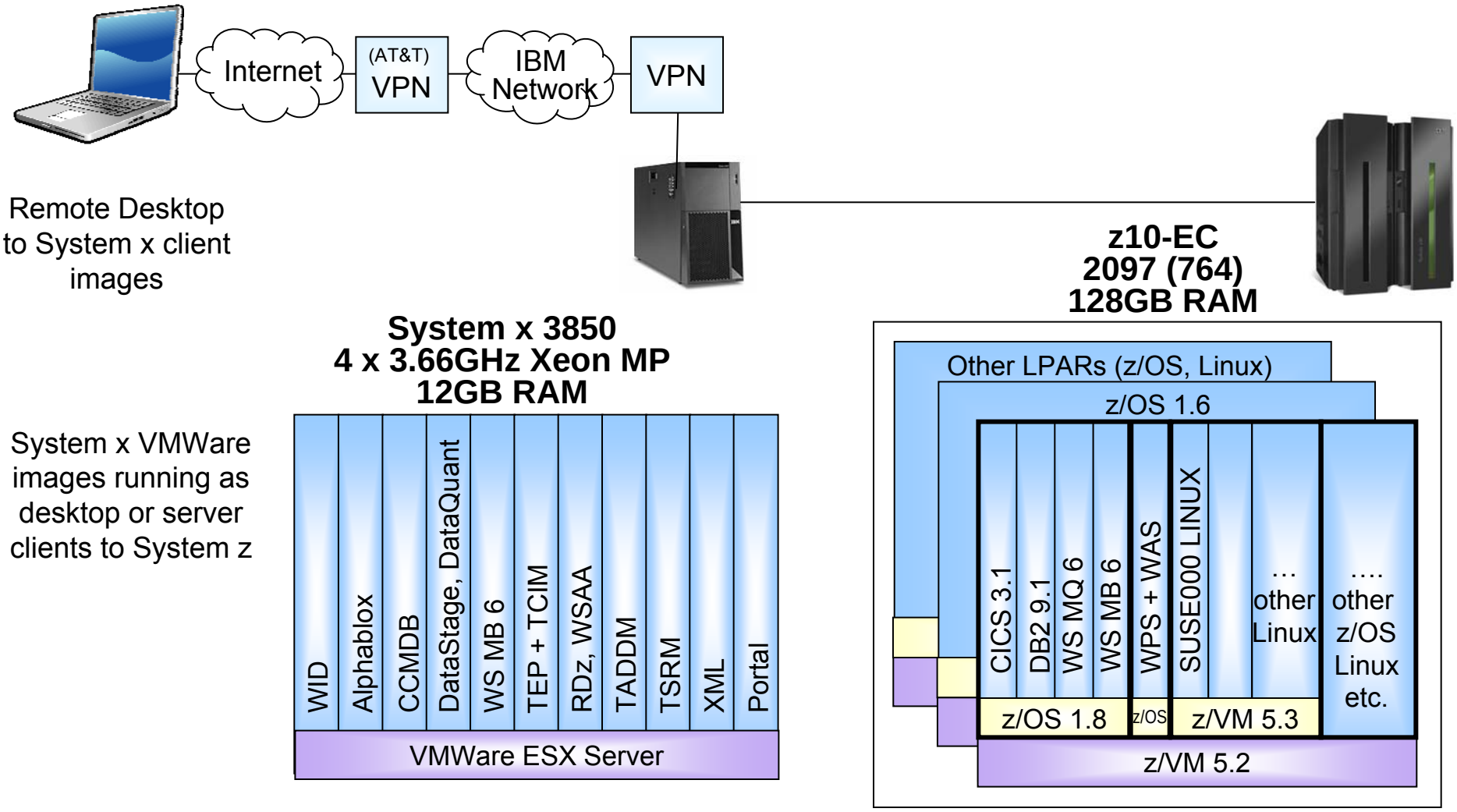
We need a next generation banking system!

Marketing

Service Oriented Finance

Service Oriented Finance
CIO

DEMO: Architecture



Our Agenda Today

Agenda	
45 minutes	Affordable Business Growth with System z
45 minutes	Add New Workload - Extend Access Channels with SOA
15 minutes	*Break*
30 minutes	Add New Workload – Data Servers on System z
30 minutes	Add New Workload - Data Warehouse on System z
30 minutes	Add New Workload - Communications Backbone
60 minutes	*Lunch*
45 minutes	Server Consolidation to Linux on IFLs
35 minutes	Extend IT Service Management
15 minutes	*Break*
25 minutes	Extend Development Team Productivity with Eclipse and Web 2.0
45 minutes	The Truth About Offloading