



The Mainstream

An article from the IBM @server zSeries software newsletter

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Pay only for what you use: zSeries software sub-capacity pricing expanded

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Do you have an IBM® zSeries® mainframe that is running at less than full capacity? Do you have different types of applications running in different logical partitions of your hardware? If your answer to either of these questions is yes and you haven't investigated sub-capacity software pricing, you may be paying too much for your software.

Four years ago IBM announced a revolutionary new pricing methodology for zSeries high profile MLC (monthly license charge) software products, including CICS®, DB2®, IMS™ and z/OS®. This new pricing methodology, sub-capacity pricing, reduced the charge for key MLC software supporting workloads that utilize less than the full capacity of a zSeries mainframe.

The only requirement to qualify for MLC sub-capacity is an IBM @server z800, z890, z900 or z990 running the z/OS operating system in 64-bit mode.

Now, sub-capacity pricing flexibility and price/performance has been extended to a broad array of zSeries IPLA (International Program License Agreement) software—that is, programs with a one-time charge and optional yearly maintenance fee—including IBM CICS® tools, DB2® tools, IMS™ tools, Tivoli®, WebSphere® and application development tools.

Sub-capacity pricing has now been expanded to include IBM CICS tools, DB2 tools, IMS tools, Tivoli, WebSphere and application development tools.

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Sub-capacity pricing is the IBM response to customer requests for more control over rising software costs. It bases software charges on a utilization measurement of the individual LPARs (logical partitions)—a way of subdividing a physical machine—where various application workloads execute. That is a departure from the traditional pricing method which is based on the total rated capacity of the mainframe.

Consider this MLC sub-capacity example: A zSeries mainframe rated at 100 MSUs (millions of service units) with three LPARs: one LPAR running IBM DB2, one LPAR running IBM CICS and one LPAR for development work. z/OS runs in all three LPARs. Traditional, full-capacity methods would price DB2, CICS and z/OS based on 100 MSUs (the rated capacity of the machine). Using the sub-capacity LPAR utilization measurement algorithm, the DB2 workload may require only 50 MSUs and the CICS workload may require only 30, and the combined measurement for all three LPARs where z/OS executes may be only 70 MSUs. Sub-capacity pricing means paying based on the LPAR workload utilization, in this case, 50 MSUs for DB2 and 30 MSUs for CICS, respectively a 50% and 70% reduction in MSUs billed. z/OS would be priced based on 70 MSUs, a 30% reduction compared to traditional full machine capacity billing.

Sub-capacity offers many benefits over traditional machine capacity based pricing. With sub-capacity based software, you can:

- *Add hardware capacity without necessarily increasing software charges*
- *Grow into excess hardware capacity gradually as needed to meet business requirements*
- *Grow a single LPAR workload without affecting software in other LPARs*
- *Respond to fluctuating business demands without turning engines on and off*
- *Better align software charges with utilization*

Now the benefits of sub-capacity pricing have been extended to include IPLA products for those customers who have adopted sub-capacity for their MLC software.

Three categories of sub-capacity IPLA software

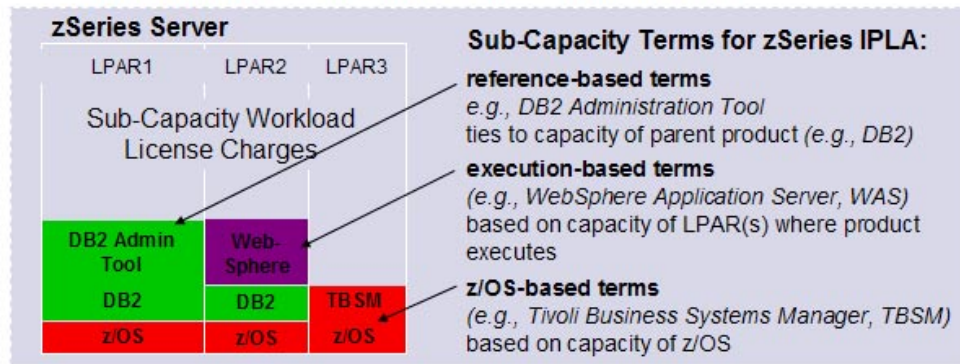
There are three categories of sub-capacity eligible zSeries IPLA programs: execution-based, reference-based and z/OS-based. Each of the sub-capacity eligible IPLA programs is assigned to one of these three categories. Required license capacity is determined for the “environment”,

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defined as a standalone machine or sysplex, in which the IPLA program executes based on the terms of the category to which it is assigned. Here is a look at each:

zSeries IPLA Sub-Capacity Terms

- Announcing Sub-Capacity terms for many zSeries IPLA programs, available 1 September 2004
- Improved flexibility and price/performance for zSeries IPLA programs
- Available on zSeries machines running z/OS, which have adopted Sub-Capacity pricing for their Monthly License Charge programs



Execution-based terms apply to zSeries IPLA programs whose required license capacity is based on the measured utilization of the LPAR(s) in which the IPLA program executes.

Example: WebSphere Application Server for z/OS executes in an LPAR whose measured utilization is 25 MSUs. The initial one-time charge for required license capacity and the annual maintenance fee would be based on 25 MSUs.

Reference-based terms apply to zSeries IPLA programs that add value to specific MLC software programs, called parent programs. Currently defined parent programs are DB2, IMS and CICS. Required license capacity of a reference-based zSeries IPLA program is equal to the sub-capacity MSUs of the parent MLC product in the entire environment, regardless of where the zSeries IPLA product itself executes.



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Example: The DB2 Administration Tool for z/OS adds value to DB2 UDB for z/OS, its parent MLC product. The required license capacity for DB2 Administration Tool for z/OS is based on the number of MSUs licensed for DB2 UDB for z/OS across the environment. If the DB2 sub-capacity measurement equals 100 MSUs, then the initial one-time charge for minimum required license capacity and the annual maintenance fee for DB2 Admin Tool would also be based on 100 MSUs.

z/OS-based terms apply to zSeries IPLA programs that add value to the entire environment in which they execute. The required license capacity of a z/OS-based zSeries IPLA program is equal to the MLC sub-capacity MSUs of z/OS (+z/OS.e) across the environment.

Example: The Tivoli Business Systems Manager for z/OS runs in an environment where the z/OS sub-capacity measurement equals 120 MSUs. The initial one-time charge for minimum required license capacity and the annual maintenance fee for Tivoli Business Systems Manager would also be based on the z/OS 120 MSUs.

For a complete listing of sub-capacity eligible zSeries IPLA programs and categories, refer to ibm.com/zseries/library/swpriceinfo/ipla.html.

Gain control over your software costs

In short, sub-capacity pricing gives you more control over what you pay for software. It enables you to pay for software based on LPAR workload utilization, not the whole machine. And it gives the option of managing the LPAR utilization, and therefore better control your software charges.

For detailed information about zSeries IPLA sub-capacity pricing, please contact your IBM representative.

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