IBM i MSP Licensing Options

For Managed Service Providers (MSPs) providing services for IBM i:

Use IBM Power Virtual Server infrastructure to provide cloud services to end clients.

For hosting production on a machine owned by the MSP, the MSP options for IBM i:
- Acquire non-expiring IBM i and Licensed Program Product (LPP) for i licenses.
- Acquire IBM i Subscription Term licenses and Subscription Term LPPs if available.
- Acquire the IBM i Service Provider Monthly Licensing offering. Links to materials:
     IBM i License Topics > "IBM i Service Provider Monthly Licensing".
- Use Power Enterprise Pools (PEP) 2.0.

Using any of the above, the MSP could host many clients on one machine based on the needs of the client and the capacity of the machine. E.g., for small clients, the MSP may host multiple clients on one processor entitlement.   Therefore, the above options support multi-tenant environments.

- MSPs can also consider using Virtual Serial Numbers (VSNs) on the MSP-owned machines: the VSNs must be assigned to the end client's Customer Number when the MSP acquires the VSN. Then the end client can transfer their software to this VSN which is under their Customer Number. Refer to the Virtual Serial Number with IBM i (available on IBM i License Topics). Search for "MSP".

Note that many of the Licensed Program Products (LPPs) for IBM i and IBM i optional features are now automatically included with IBM i entitlement, as of October 2023. Review IBM i Portfolio Simplification (available on IBM i License Topics) for a list of the LPPs and IBM i features which are now included with IBM i, along with the PTFs required to remove the need for software keys for any keyed products. The link also summarizes the LPPs which are separately ordered.

For DR Service Providers (DRaaS), the options with IBM i:
1. **Capacity Backup (CBU)** is valid if the SP owns the primary machines within the MSP enterprise. I.e. the CBU offering requires that the primary and CBU machines are owned in the same enterprise.
> - For any workload which is swapped over to the CBU: the MSP acquires the required IBM i entitlement either via IBM i non-expiring license or IBM i Subscription Term license. The IBM i entitlement for the workload which is swapped over from the primary to the CBU cannot be acquired with the IBM i Service Provider Monthly offering.
> - If the MSP has a CBU machine and plans to run additional production partitions on this CBU box, the MSP could possibly use the IBM i Service Provider Monthly offering for the production IBM i. It may be more difficult to keep track of workload--what is failover and what is production--but that is the MSP's responsibility to show the usage in an audit situation.

For more information on CBU, refer to Power Systems Capacity Backup.

2. **Designated Backup Machines (DBM)**: a new or used machine can be a DBM. The client or MSP owns the primary machine, and the MSP owns the DBM. In order to qualify for DBM, the CPW of the DBM cannot exceed the CPW of the primary machine. If the MSP is providing backup services on one partition of the DBM, the CPW of the DBM partition cannot exceed the CPW of the primary machine (or primary machine's partition).

- For the IBM i: IBM i entitlement is acquired for all workload that will run on the DBM. E.g. if the MSP will fail over 8 cores of IBM i to the DBM, the MSP acquires 8 cores of IBM i.
> ==> The IBM i on the machine can be acquired via IBM i non-expiring license, IBM i Subscription Term license, or via the IBM i Service Provider Monthly offering.

- The MSP may be eligible for temporary keys for the LPPs and IBM i optional features on the DBM if requirements are met (link below).

For more information on DBM, refer to IBM i License Topics > Request for designation of primary and backup machine pairing.   Search for "non-CBU Backup Machines", which refers to DBM.

3. **VM Recovery Manager DR (VMR DR)** is a disaster recovery offering which uses VM restart technology. VMR DR could especially provide DRaaS benefits from a licensing point of view when doing DR tests only (cold, restart testing), saving on IBM i entitlement on the target machine.

Q&A:

Q: An MSP is providing hosting services for an IBM i client. Can a client bring their own IBM i and LPP for i software entitlements to the MSP's machines?
A: No. For IBM i and the LPPs for i, including the IBM i optional features (collectively "IBM i Software"), IBM does not support relocating a client's IBM i Software entitlements to the MSP machine.

Q: Was there an IBM offering where a client could transfer or relocate their IBM i software entitlements to an MSP's machine?
A: IBM formerly had the "IBM i Relocation Offering", where a client could relocate their IBM i and LPP entitlements to an MSP's machine. The IBM i Relocation Offering was withdrawn, announced in September of 2016, effective withdrawal was March of 2017. Refer to US Announcement letter 916-164.

Q: What are the IBM i Portfolio Software transfer terms?
A: When a machine with IBM i licensing is sold or given away:

-   The IBM i operating system (per processor and per user entitlement only) stays on that machine serial number by default, unless the client chooses to transfer the IBM i, prior to the sales of the machine, from that machine to another machine within the same enterprise using the IBM i Entitlement Transfer Offering.   If the IBM I operating system will stay on the machine upon machine sale (or permanent transfer of the machine), then the standard requirements and terms of the IBM i Entitlement Transfer Offering are in place: e.g. the IBM i must be on the donor machine within the enterprise for a minimum of one year before it can be transferred to another machine. For more information, refer to IBM i License Topics > "IBM i Processor and User Transfer".

-   Any LPPs and IBM i optional features which are separately ordered and licensed (they are not included with IBM i entitlement) will permanently stay in the original Licensee's enterprise and never transfer outside the enterprise. Review IBM i Portfolio Simplification (available on IBM i License Topics) for a list of the LPPs and IBM i features which are now included with IBM i, along with the PTFs required to remove the need for software keys for any keyed products. The link also summarizes the LPPs which are separately ordered.