

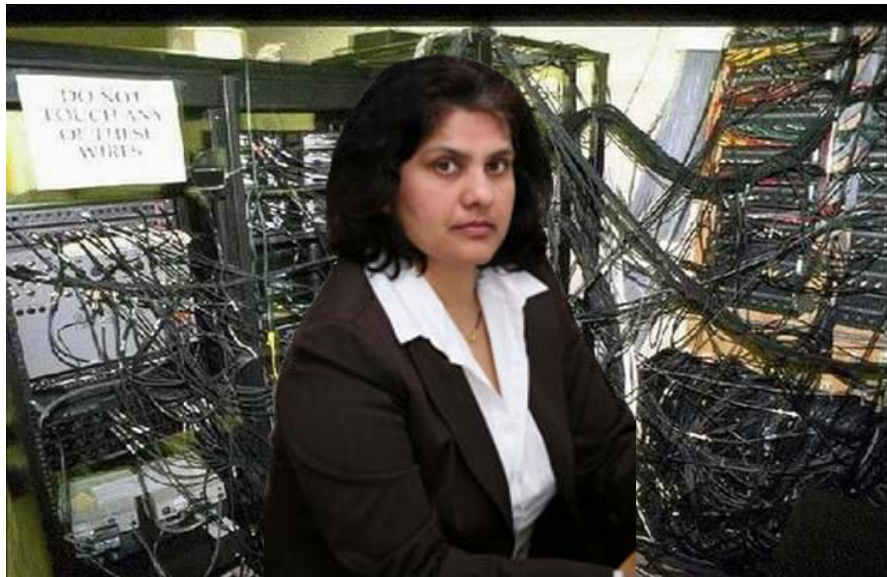


zEnterprise – The Ideal Platform For Smarter Computing

**Simplify And Compress Your Hardware
Footprint With zEnterprise**

Simplifying Hardware Infrastructure Dramatically Reduces The Cost Per Workload

Our front end infrastructure is too complex...



CIO

You can simplify by consolidating everything on a single platform!



IBM

Different Workloads Have Different Characteristics



- High volume OLTP workload
- High I/O bandwidth
- High quality of service requirements



- High processing intensity
- Integer or floating point



- Light to moderate processing
- Modest quality of service requirements

zEnterprise Environments Are Optimized For Different Workload Types

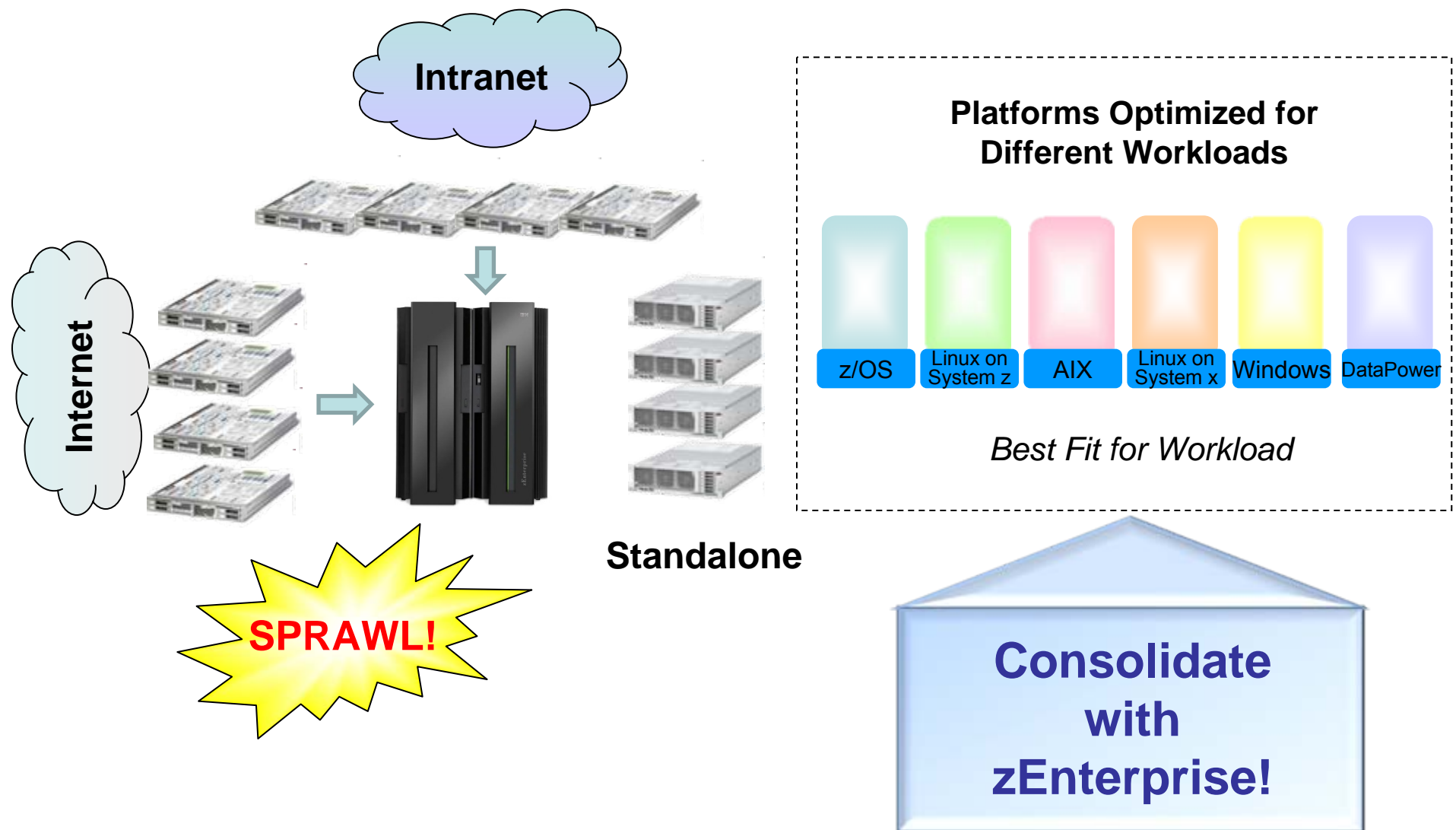
Assign Workloads By Their Characteristics

- Front End Workloads
 - ▶ Consolidate to zBX blades
- Standalone Workloads
 - ▶ Consolidate to zBX blades and Linux on z
- OLTP and Batch Workloads
 - ▶ Consolidate to mainframe



zEnterprise

Eliminate Sprawl With zEnterprise Multi-Architecture Environment



zBX Inherits BladeCenter Advantages

- BladeCenters offer significant advantages
 - ▶ Denser packing reduces space requirements
 - ▶ Built in backplane switching provides redundant connectivity, reduces wiring and increases resiliency
 - Ethernet, Fiber channel
 - I/O and networking virtualization
 - ▶ Shared power supplies reduce power consumption and increase resiliency
 - ▶ Hot swapping and failure prediction improves serviceability



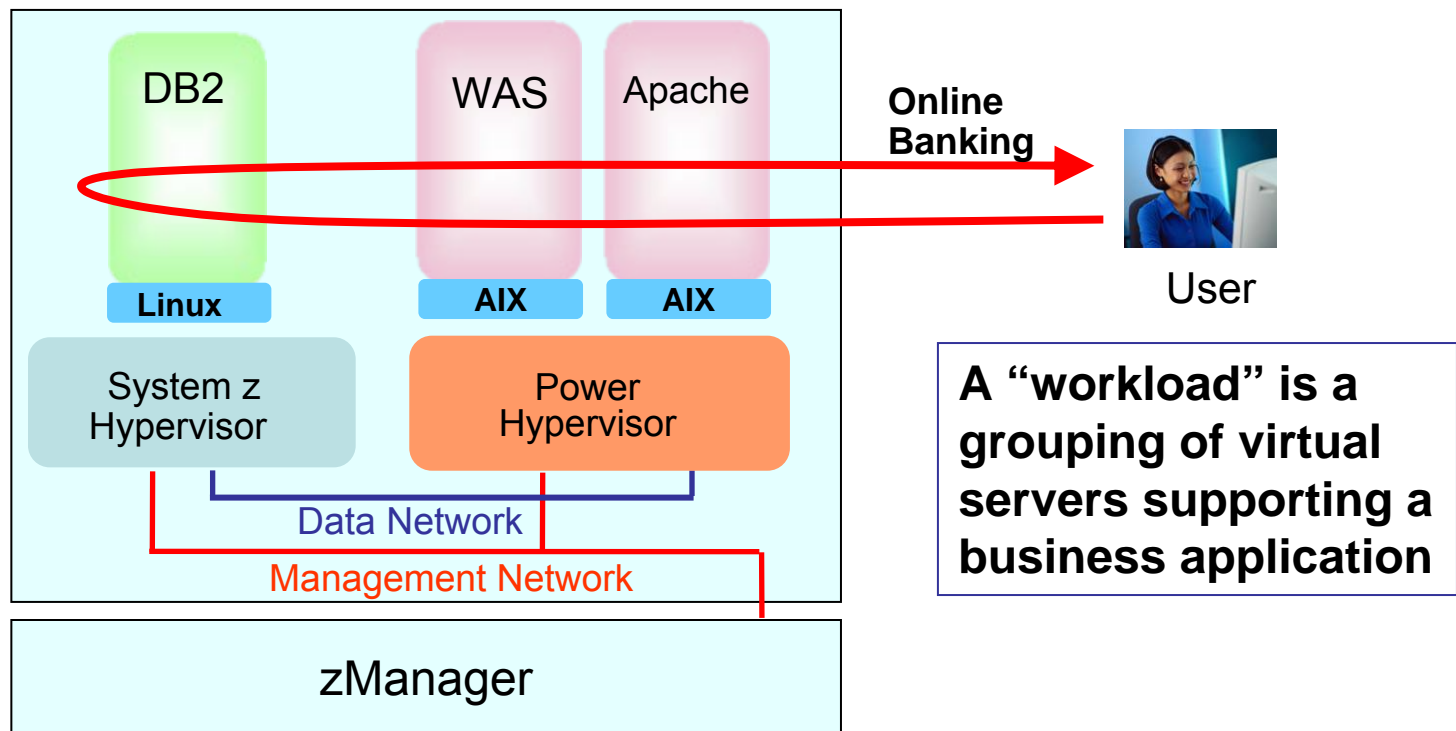
zBX Provides Additional Significant Advantages Over Other Blade Systems

- Multiple server architectures support best fit workload assignments
 - ▶ zBX supports power blades, x86 blades, and special purpose optimizers
 - ▶ Competition is typically limited to a single architecture
- Dual power domains and dual DC supply lines
 - ▶ zBX offers higher levels of availability
 - ▶ Competition typically provides single power and DC supply
- Performance management dynamically adjusts resources as needed
- Automated zManager facilities reduce labor

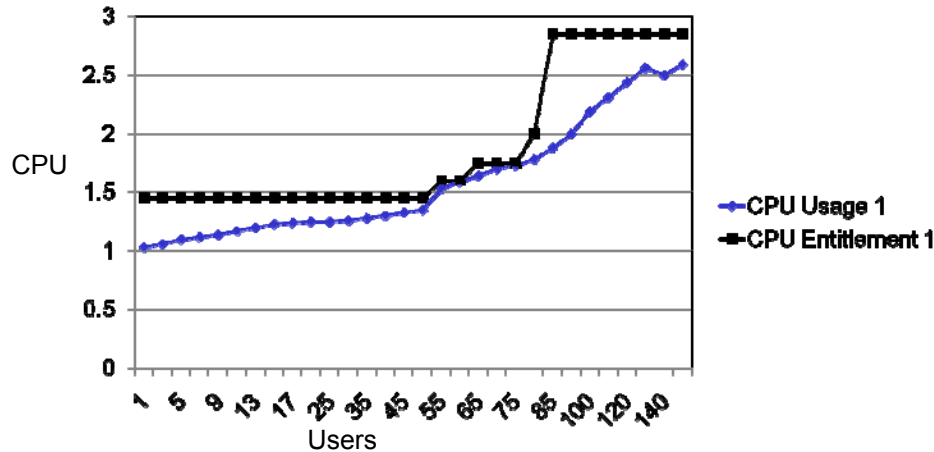


zManager Workload Management

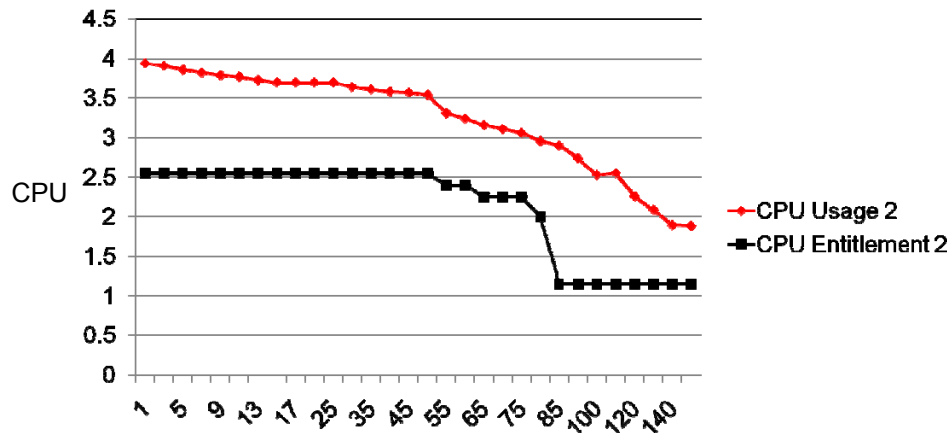
- Enables definition of workload performance goals
- Tracks transaction performance end-to-end and isolates bottlenecks
- Can dynamically adjust virtual server entitlements on a particular hypervisor to achieve performance goals



Performance Manager Lab Test – Automatic Allocation Of CPU Resource

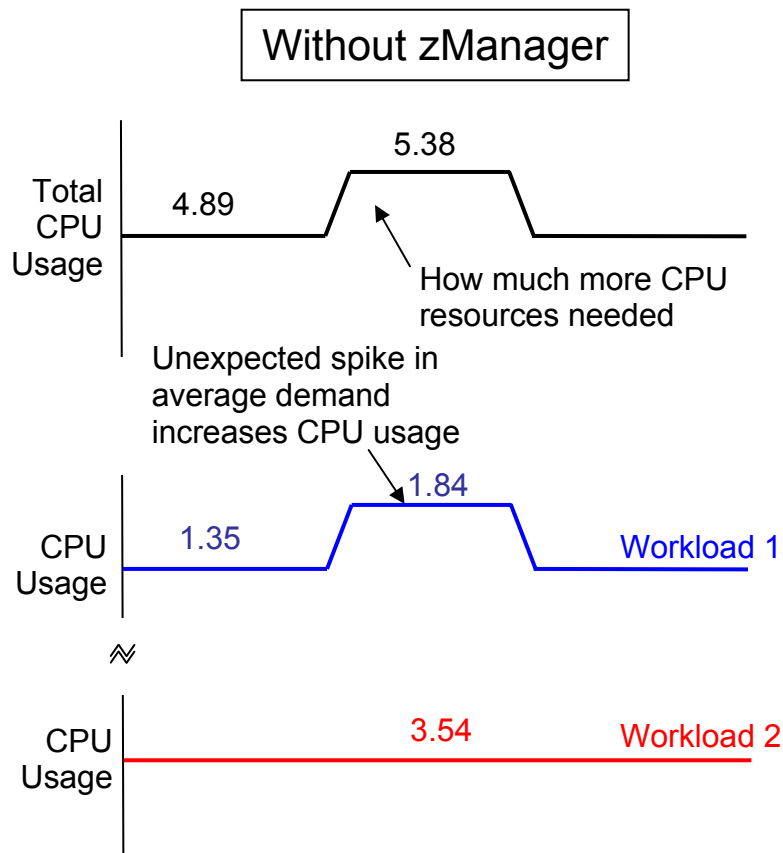


- zManager monitors virtual machine performance
- Automatically adjusts CPU resources as needed
- Considers priority and performance relative

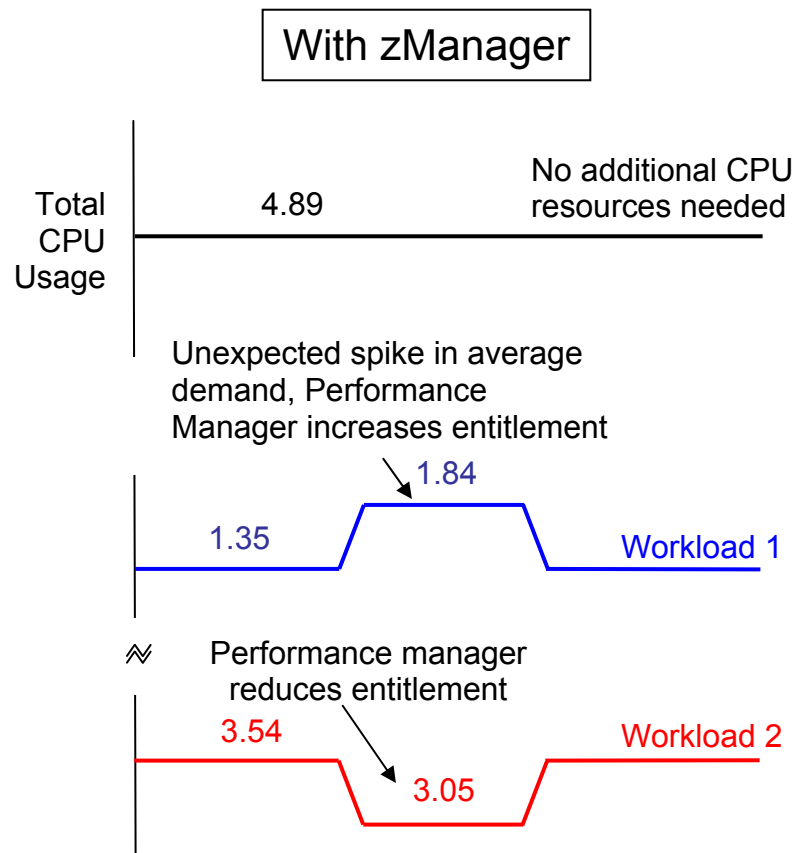


Result: Reduces the need to over-provision CPU resources

zManager Performance Management Reduces Need To Overprovision CPU Resource

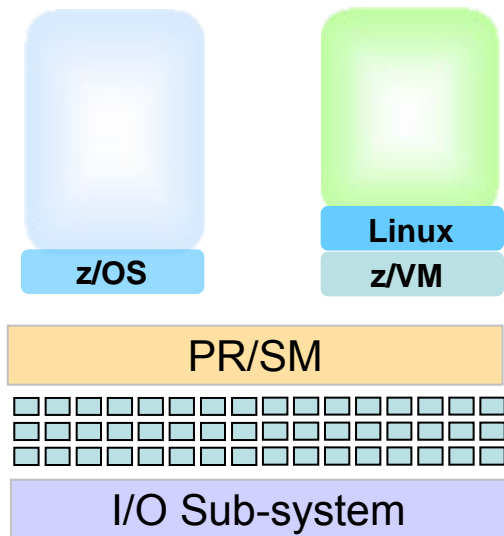


Must over provision CPU resource by 10% to handle unexpected 64% spike in demand from workload 1

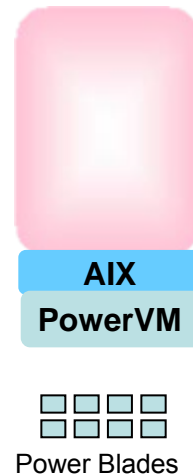


Performance manager enables trading off resource from lower priority workload 2 avoiding the need to overprovision

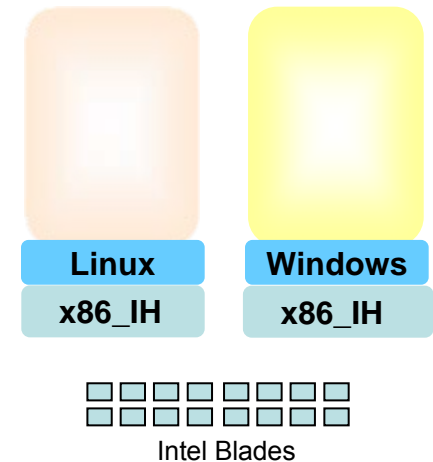
A Closer Look At Fit-For-Purpose Workload Assignment



- Scale up to 80 cores in a frame (z/OS clusters with sysplex)
- Dedicated I/O sub-system
- Superior qualities of service



- Scales to 8 cores per blade
- 4 fast processing threads per core
- Floating point accelerators



- Scales to 16 cores per blade
- 2 fast processing threads per core
- Commodity I/O
- Modest qualities of service

Assigning Standalone Workloads With Heavy CPU Requirements

Benchmark to determine which platform provides the lowest TCA over 3 years

Heavy CPU workloads

- IBM WebSphere ND
- Monitoring software
- On 8 core Nehalem servers

Online banking workloads, each driving **460** transactions per second with light I/O

2 workloads per Intel blade



Scale to 16 cores

Virtualized on Intel
16 core HX5 Blade
\$190,023 per workload
Best Fit

1 workload per POWER7 blade



PowerVM on PS701
8 core POWER7 Blade
\$204,036 per workload

10 workloads per 32-way z/VM



z/VM on z196 CPC
32 IFLs
\$339,939 per workload

Consolidation ratios derived from IBM internal studies. HX5 2.13GHz 2ch/16co performance projected from x3550 2.66GHz 2ch/12co measurements. zBX with x blades is a statement of direction only. Results may vary based on customer workload profiles/characteristics. Prices will vary by country.

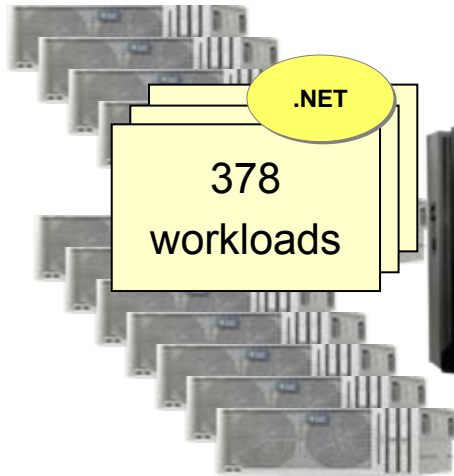
Run .NET Applications On zEnterprise With Centralized Management

Native .NET 22 tps applications on older Nehalem servers

10 Sun Fire X4170
2.26GHz Xeon L5640
120 cores total



\$883
per workload
3yr TCA
HW+SW



.NET

378
workloads

Consolidate on Sun Fire X4170 Servers

6 HX5 Blades in zBX
2.13GHz Xeon E7-2830
96 cores total



\$719
per workload
3yr TCA
HW+SW

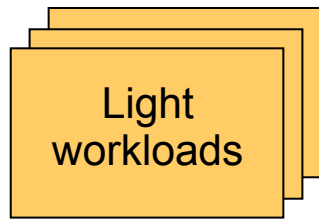
Consolidate on zEnterprise zBX

19% less

Consolidation ratios derived from IBM internal studies. Sun X4170 2.26GHz 2ch/12co performance projected from HX5 2.13GHz 2ch/16co measurements. Lack of zManager Performance Management in Sun X4170 adds 11% extra capacity. zBX with x blades running Windows is a statement of direction only. Results may vary based on customer workload profiles/characteristics. Prices will vary by country.

Assigning Standalone Workloads With Light CPU Requirements

Benchmark to determine which platform provides the lowest TCA over 3 years



- IBM WebSphere ND
- Monitoring software
- On 4 core “older” Intel

Online banking workloads, each driving **22** transactions per second with light I/O

47 workloads per Intel blade



Virtualized on Intel
16 core HX5 Blade
\$8,086 per workload

28 workload per POWER7 blade



Fast low cost threads

PowerVM on PS701
8 core POWER7 Blade
\$7,287 per workload

Best Fit

155 workloads per 32-way z/VM

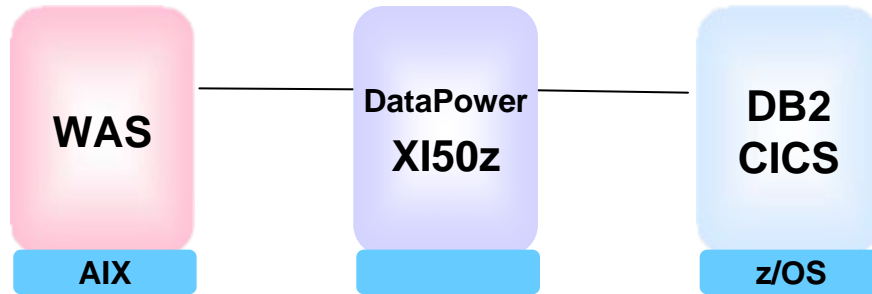
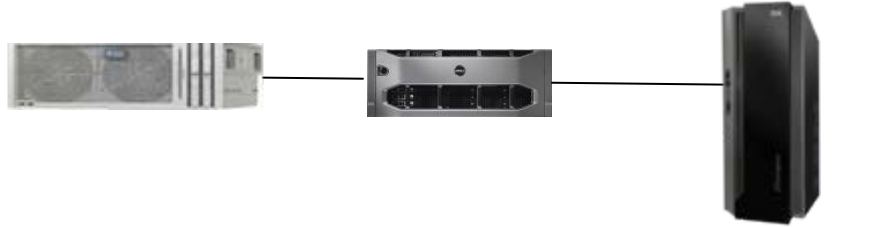


z/VM on z196 CPC
32 IFLs
\$21,932 per workload

Consolidation ratios derived from IBM internal studies. HX5 2.13GHz 2ch/16co performance projected from x3550 2.66GHz 2ch/12co measurements. zBX with x blades is a statement of direction only. Results may vary based on customer workload profiles/characteristics. Prices will vary by country.

Run Web Front End Workloads On zEnterprise Platform

Web facing front-end Message hub CICS/DB2 core system



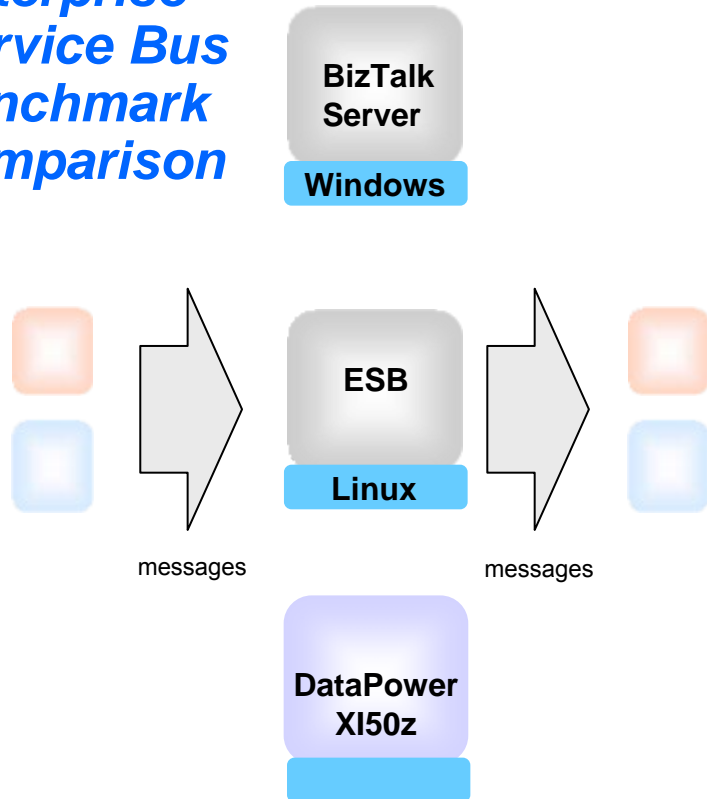
zEnterprise BladeCenter Extension (zBX)

zEnterprise z114 / z196

- Extends mission critical quality of service to hybrid environments
- Virtualization for workload isolation
- Run as ensemble of virtual servers
- Unified management of virtual machines
- Manage ensemble as a single workload with service goals
- Assign best fit to Power blade and XI50z for lowest cost per workload
- Embedded pre-configured data network

DataPower XI50z – Built For Purpose Appliance

Enterprise Service Bus benchmark comparison



Microsoft BizTalk Server
Windows on Intel Server
4 sockets, 32 cores
128 GB

492 messages per sec
\$764 per mps



Competitive Service Bus
Oracle Linux on HP DL380
2 sockets, 12 cores
128 GB

5,839 messages per sec
\$120 per mps



DataPower XI50z
in zBX

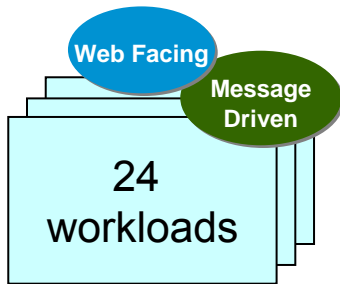
HS 22, 8 cores

5,117 messages per sec
\$33 per mps

Source: IBM internal benchmarks. Tests consists of measuring maximum throughput of ESB while performing a variety of message mediation workloads: pass-through, routing, transformation, and schema validation. 3 yr. TCA includes hardware acquisition, maintenance, software acquisition and S&S. US list prices used. Prices may vary by country.

Web Front Ends Cost 59% Less On zEnterprise

Web front-end workloads



Each workload driving 3080 tps

High availability
Workload isolation

Competitive Packaged System

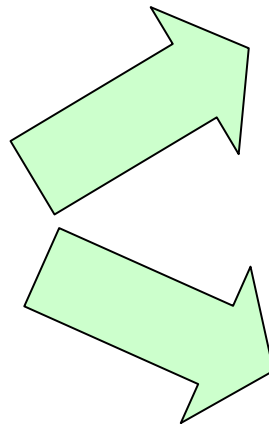
24 Sun Fire X4170 M2 12-core Xeon servers in ¾ rack
2 HP DL380 servers (for ESB)
312 cores total



Competitor's system relies on physical workload isolation

Deploy on Sun hardware

\$433K
per workload
3yr TCA
Front end HW+SW



WebSphere App Server

24 POWER7 8-core blades
2 DataPower XI50z
in zBX
192 cores total

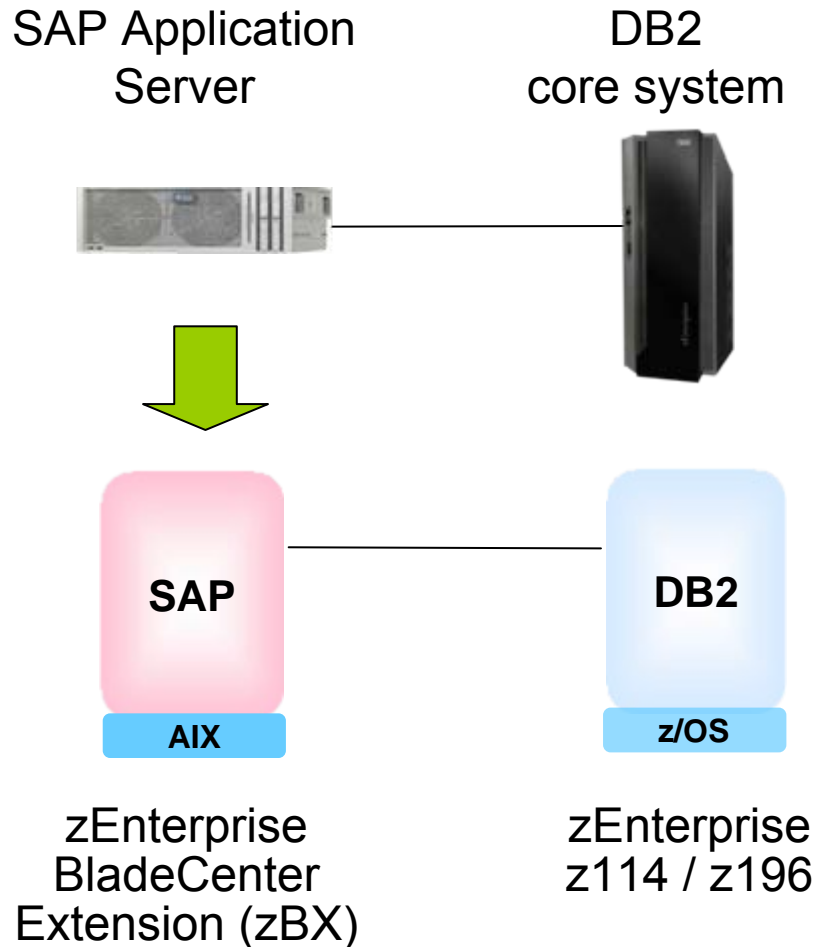


Power blades in zBX

\$177K
per workload
3yr TCA
Front end HW+SW

Source: IBM Internal benchmarks. Competitive Packaged System includes Competitive Application Server and Sun Fire X4170 M2 servers. 3 yr. TCA calculation includes hardware acquisition, maintenance, software acquisition and S&S. US list prices. Prices may vary by country.

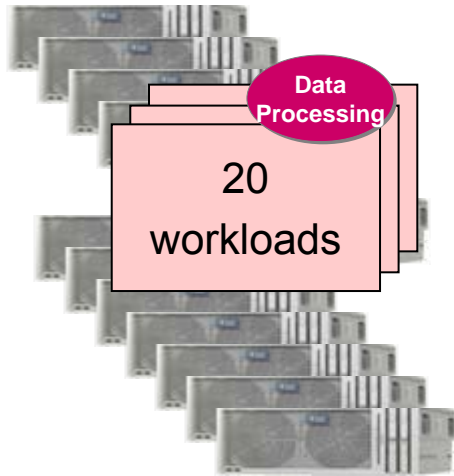
Run SAP Front End Applications On zEnterprise Platform



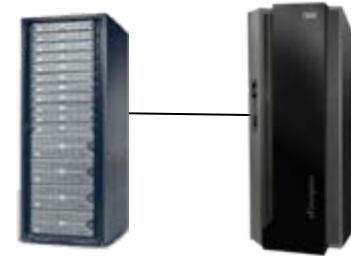
- Run as ensemble of virtual servers
- Unified management of virtual machines
- Manage ensemble as a single workload with service goals
- Assign best fit to Power blade for lowest cost per workload
- Embedded pre-configured data network

SAP Applications Cost 18% Less On zEnterprise

SAP applications on older SPARC T2+ servers



38 Sun T3-1B blades in Sun rack
608 cores total



Upgrade to new SPARC T3 hardware

\$60K
per workload
3yr TCA
Front end HW+SW

23 POWER7 blades in zBX
184 cores total



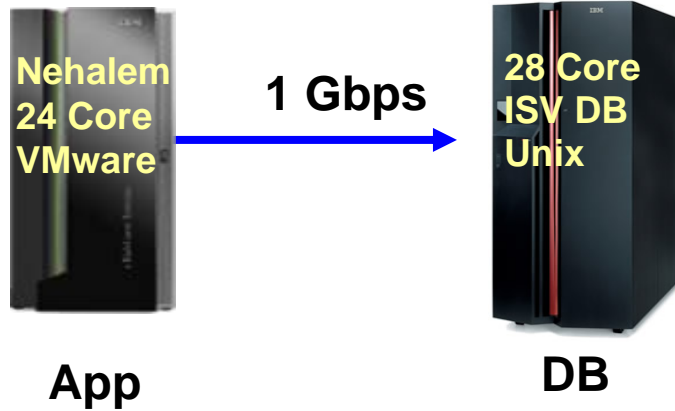
Consolidate on zEnterprise

\$49K
per workload
3yr TCA
Front end HW+SW

Source: IBM Internal sizing benchmarks for SAP. 3 yr. TCA calculation includes hardware acquisition, maintenance, software acquisition and S&S. US list prices. Prices may vary by country.

European Utility Company SAP Experience Shows zEnterprise Is 71% More Cost Effective

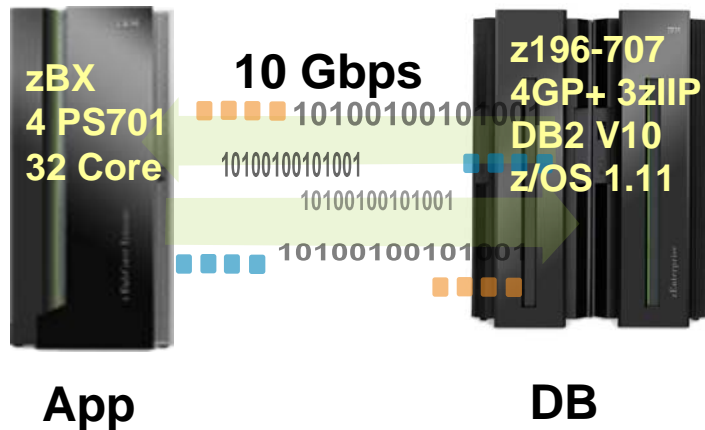
x Blades / ISV DB on Unix



Unit Cost (3yr TCA) **\$16.15/BPH**

Hardware	\$1,537,822
Software	\$1,689,348
Bills/Hour (BPH)	200K

zEnterprise



71% less

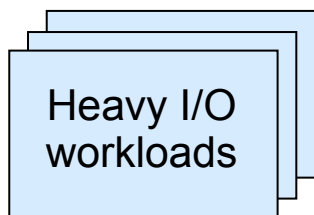
Unit Cost (3yr TCA) **\$4.59/BPH**

Hardware	\$844,432
Software	\$352,536
Bills/Hour (BPH)	261K

Based on customer data. 3Yr TCA calculation includes hardware acquisition, maintenance, application and database software acquisition and S&S. U.S. list prices prices, prices will vary by country. Cost of packaged application (SAP) not included.

Assigning Standalone Workloads With Heavy I/O Requirements

Benchmark to determine which platform provides the lowest TCA over 3 years



- IBM WebSphere ND
- Monitoring software
- On 4 core "Older" Intel

Online banking workloads, each driving **22 transactions per second**, with **1 MB I/O per transaction**

1 workload per Intel blade



Virtualized on Intel
16 core HX5 Blade
\$380,046 per workload

1 workload per POWER7 blade



PowerVM on PS701
8 core POWER7 Blade
\$204,036 per workload

40 workloads per 32-way z/VM



I/O bandwidth large scale pool

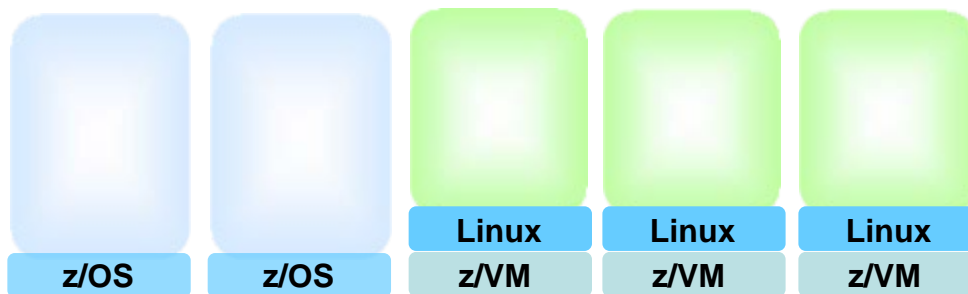
z/VM on z196 CPC
32 IFLs
\$84,985 per workload
Best Fit

Consolidation ratios derived from IBM internal studies. HX5 2.13GHz 2ch/16co performance projected from x3550 2.66GHz 2ch/12co measurements. zBX with x blades is a statement of direction only. Results may vary based on customer workload profiles/characteristics. Prices will vary by country.

Linux On z/VM Is Designed For Efficient Virtualization And Consolidation

Logical Partitions Share Processors, Common Cache Structures, and I/O

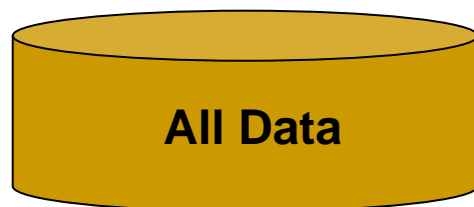
I/O Sub-system offloads I/O processing



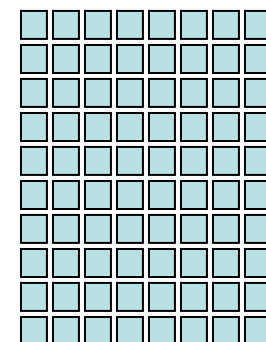
Internal networking via secure high speed HiperSockets

Intelligent Resource Director dynamically allocates processors to partitions

Shared access to all disk data and to external networks

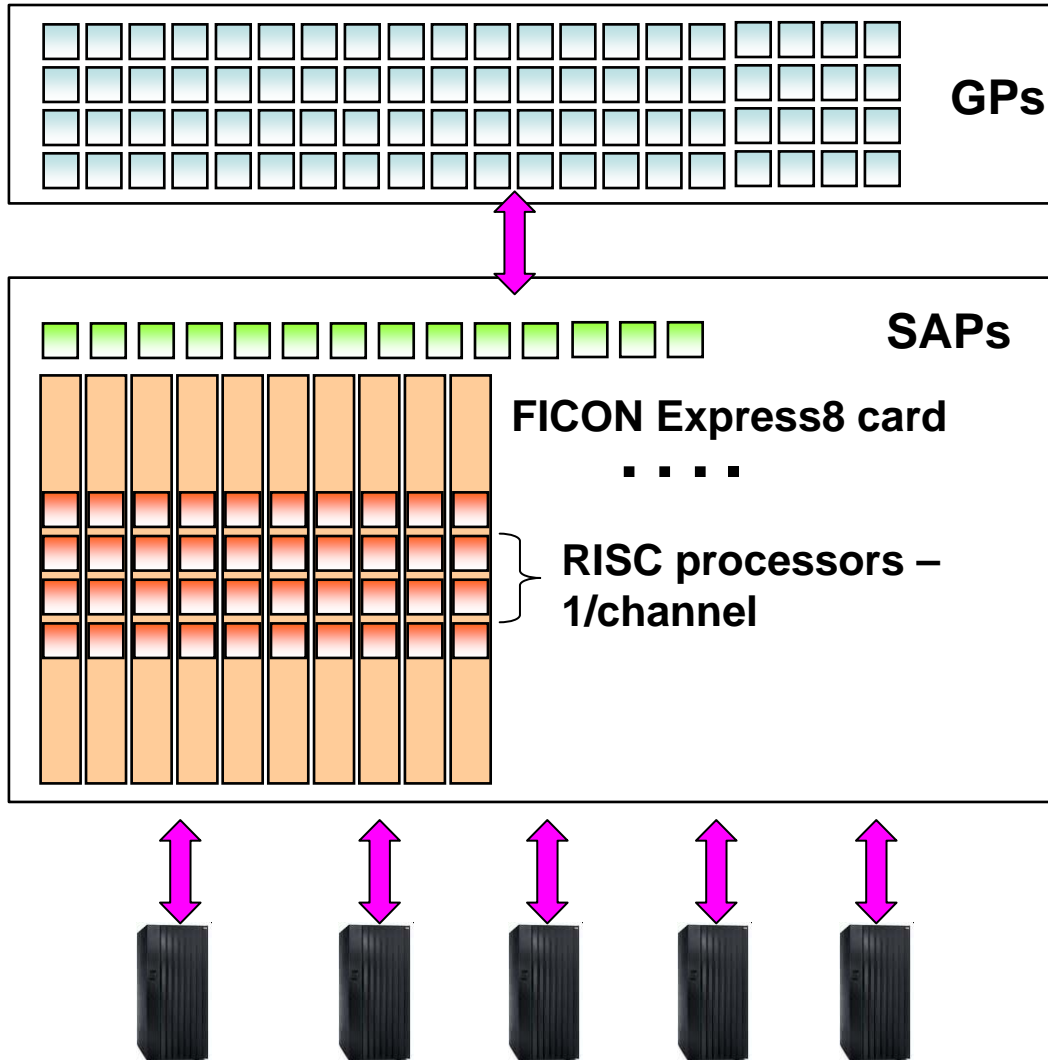


z/VM supports 1,000s of virtualized images



Linux on z/VM can run on up to 32 IFL Processors per LPAR

Linux On z/VM Benefits From High I/O Bandwidth Provided By z196



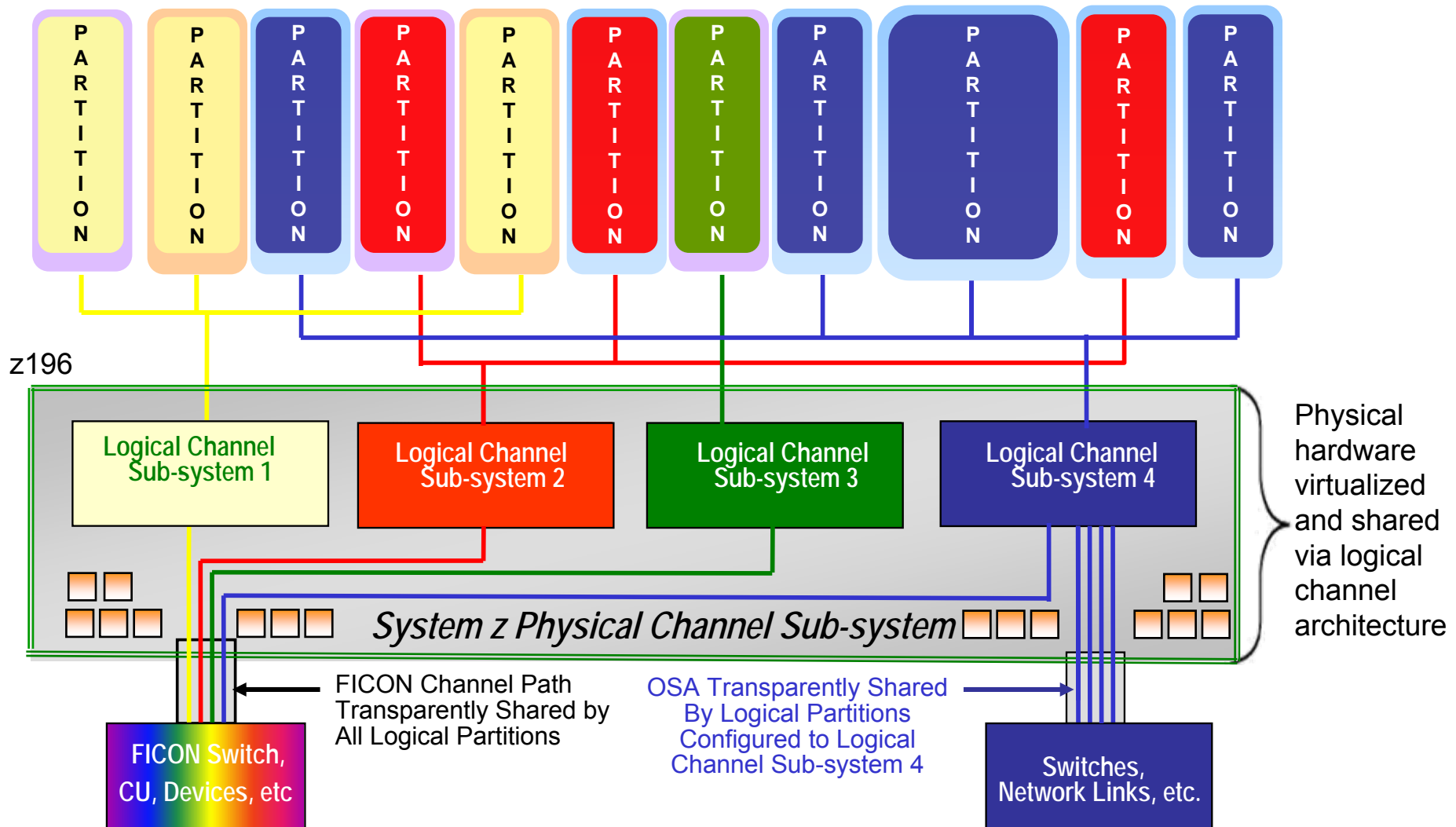
- Up to 80 General Purpose (GP) or Specialty Engine processors
 - ▶ Execute business logic

- Up to 14 System Assist Processors (SAP) to manage I/O requests
 - ▶ Logical Channel Sub-systems virtualize I/O
 - ▶ Can sustain up to **2.2M IOPS***
- Up to 84 physical FICON cards for I/O transfers
 - ▶ Up to **336 RISC channel I/O processors**
 - ▶ High Performance FICON connections (zHPF)

- IBM DS8800 Storage System
 - ▶ Up to **440K IOPS capability** with zHPF
- Benefits both z/OS and z/VM workloads

* Recommend 70% max utilization – 1.5M IOPS

Linux On z/VM Benefits From Virtualized Logical Channel Sub System – Sharing And Failover

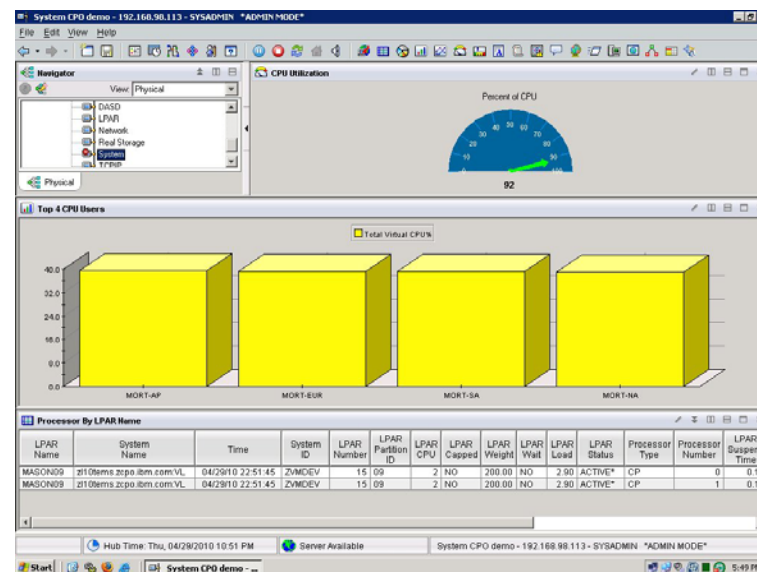


Linux On z/VM Workloads Inherit System z Qualities Of Service

- Reliability, availability, serviceability characteristics of System z
- Site failover for disaster recovery
- Capacity on demand upgrades
- Add physical processors to Linux environment without disruption

DEMO: Dynamically Add New Processor To z/VM LPAR To Handle Increased Workload

1. A customer has in-house Risk Analysis program running on Linux on System z
2. Increased workload to all 4 Linux guests is causing z/VM LPAR utilization of 90%+
3. Customer determines this is a long term trend - additional physical capacity needed
4. New capacity made available to LPAR as new Logical CPU, available for work
 - ▶ Without disruption in service



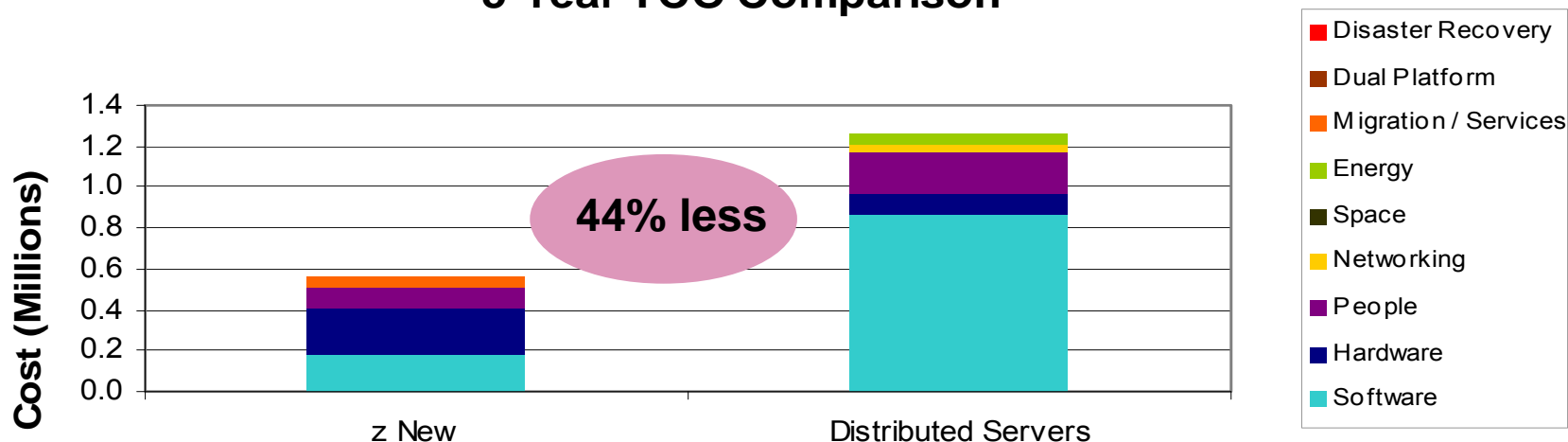
VMware can't recognize and take advantage of additional physical processors without bringing down and rebooting the system

Note: Assumes available processors on installed books

Large Technology Company Assigns Manufacturing Application To Linux On z/VM

- z/VM offers 7 to 1* footprint reduction over x86 Virtualization
 - ▶ 100 Low CPU, High I/O mission critical workloads
 - ▶ Continuous operation required
 - ▶ Once-a-year scheduled maintenance
 - Any downtime very painful
 - ▶ Consolidate to 2 IFLs or 56 Nehalem cores
 - ▶ Distributed hypervisor costs exceed entire System z incremental costs

5-Year TCO Comparison



*IFLs added to existing z footprint.

BNZ Replaced Solaris With Linux On System z – Reduced HW And Achieved Systematic DR Plan

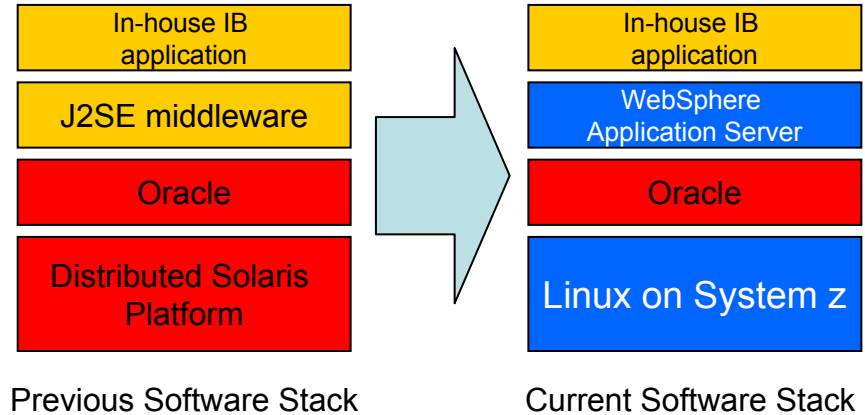


Bank of New Zealand

Transformed their Internet Banking (IB) front end application from a distributed Solaris platform to Linux on System z

Result

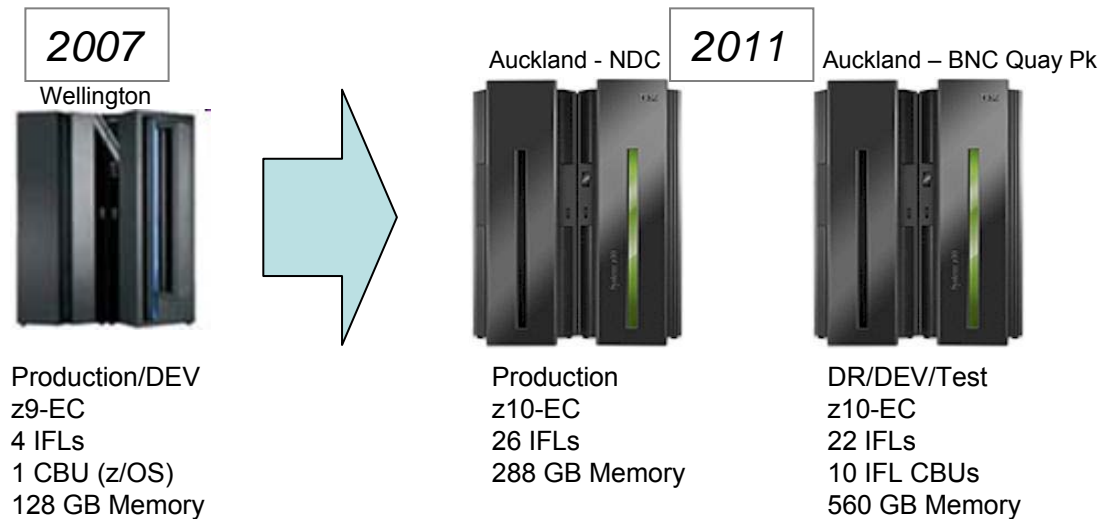
- *Physical x86 servers reduced by 75%*
- *Linux on System z yielded lowest costs for software priced per core*



Implemented a second z10 EC mainframe at a separate site to support DR / Dev / Test

Result

- *“Simple, consistent and reliable DR” plan in place protecting data and workloads*



Blue Cross Blue Shield Of Minnesota Saves Up To 50% By Reducing Their Hardware Footprint



- Lead time for server provisioning reduced to 99%
- IT deploys new Linux Virtual Servers for test and dev within 20 mins
- Not a single incidence of unplanned downtime or underperformance



140 Windows Servers
Inflexible and costly to maintain
Business Problem:



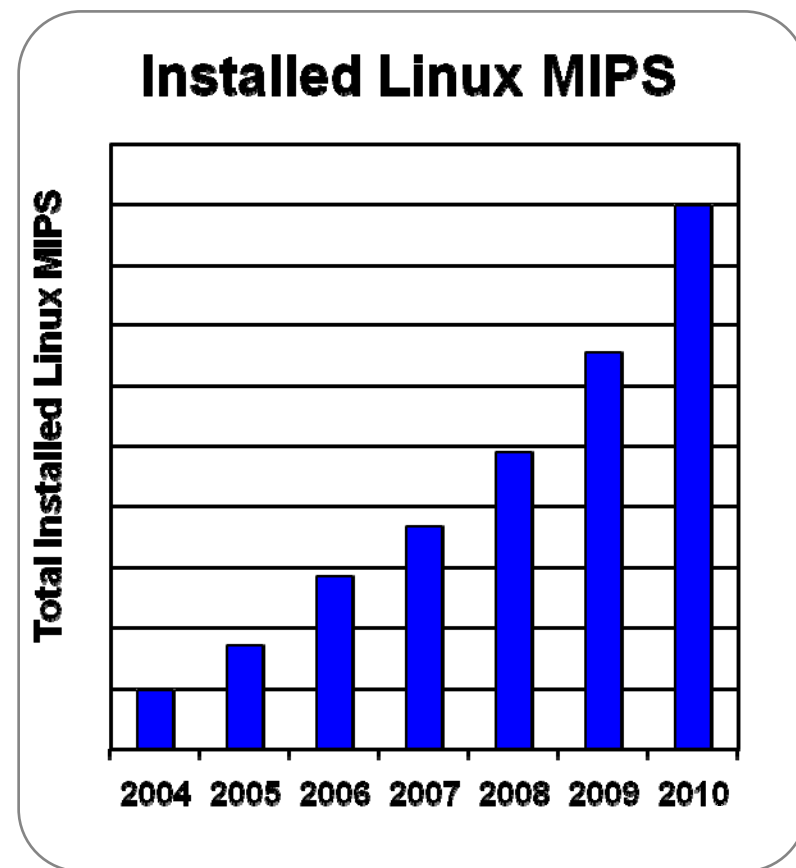
6 IFL processors for
SUSE applications
DB2 for z/OS

*“We found that running a virtualized Linux environment on System z would be somewhere between **30 and 50 percent less expensive** than a distributed architecture.”*

— Ted Mansk, Director of Infrastructure Engineering and Databases at BCBSM

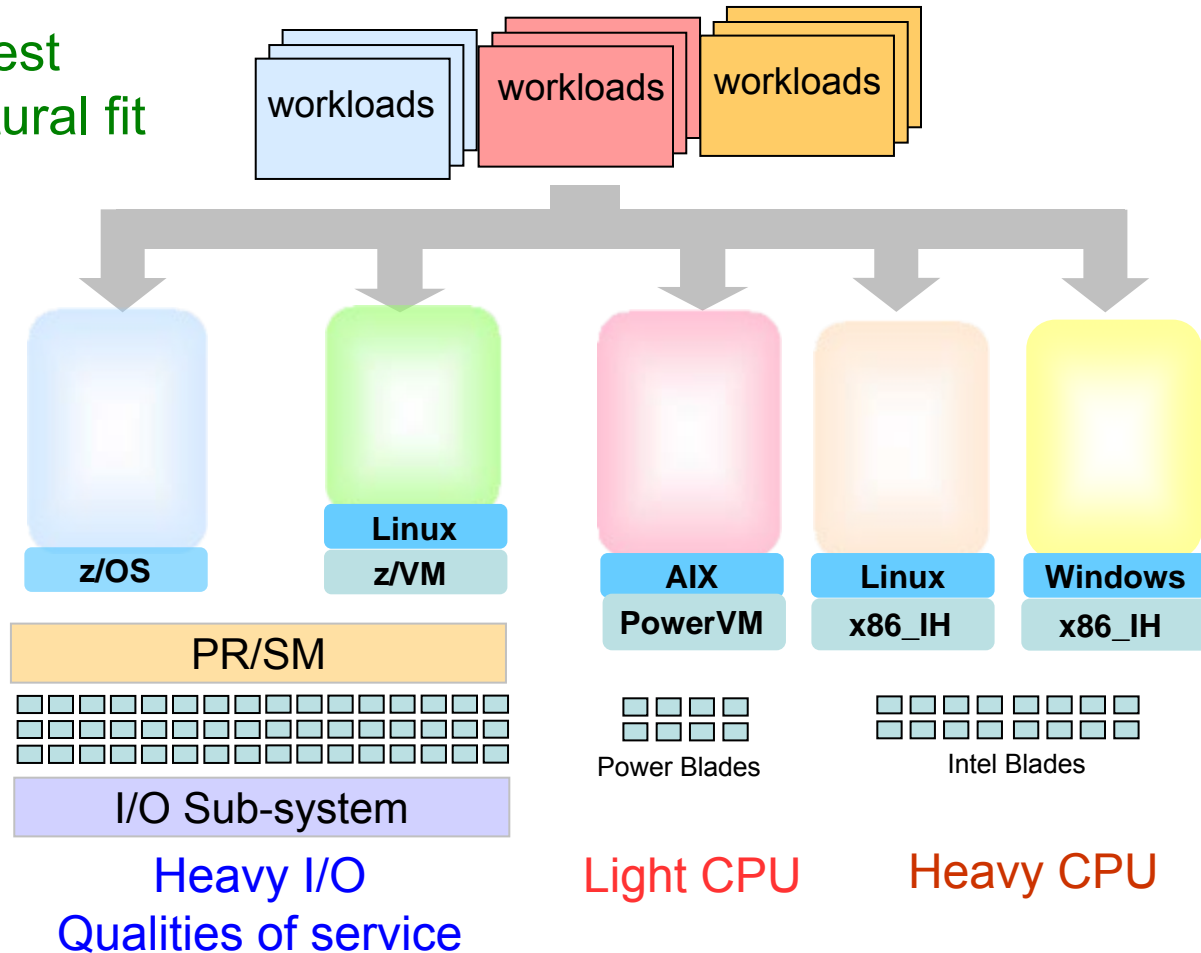
Installed MIPS For Linux On z/VM Are Growing At 45% CAGR

- The momentum continues:
 - ▶ Shipped IFL MIPS increased 84% from YE08 to YE10
- Linux is 18% of the System z customer install base (MIPS)
- Over 80% of the top 100 System z clients are running Linux on the mainframe
- More than 3,100 applications available for Linux on System z



zEnterprise Best Fit Workload Assignments

Easiest architectural fit



Deploy or consolidate workloads on the environment best suited for each workload to yield lowest cost

Case Study – Consolidate 880 Standalone Workloads On zEnterprise

- Distributed workload profile is a mix of
 - 784 light
 - 56 heavy CPU
 - 40 heavy I/O
- What is the most cost effective way to consolidate/deploy all these workloads?

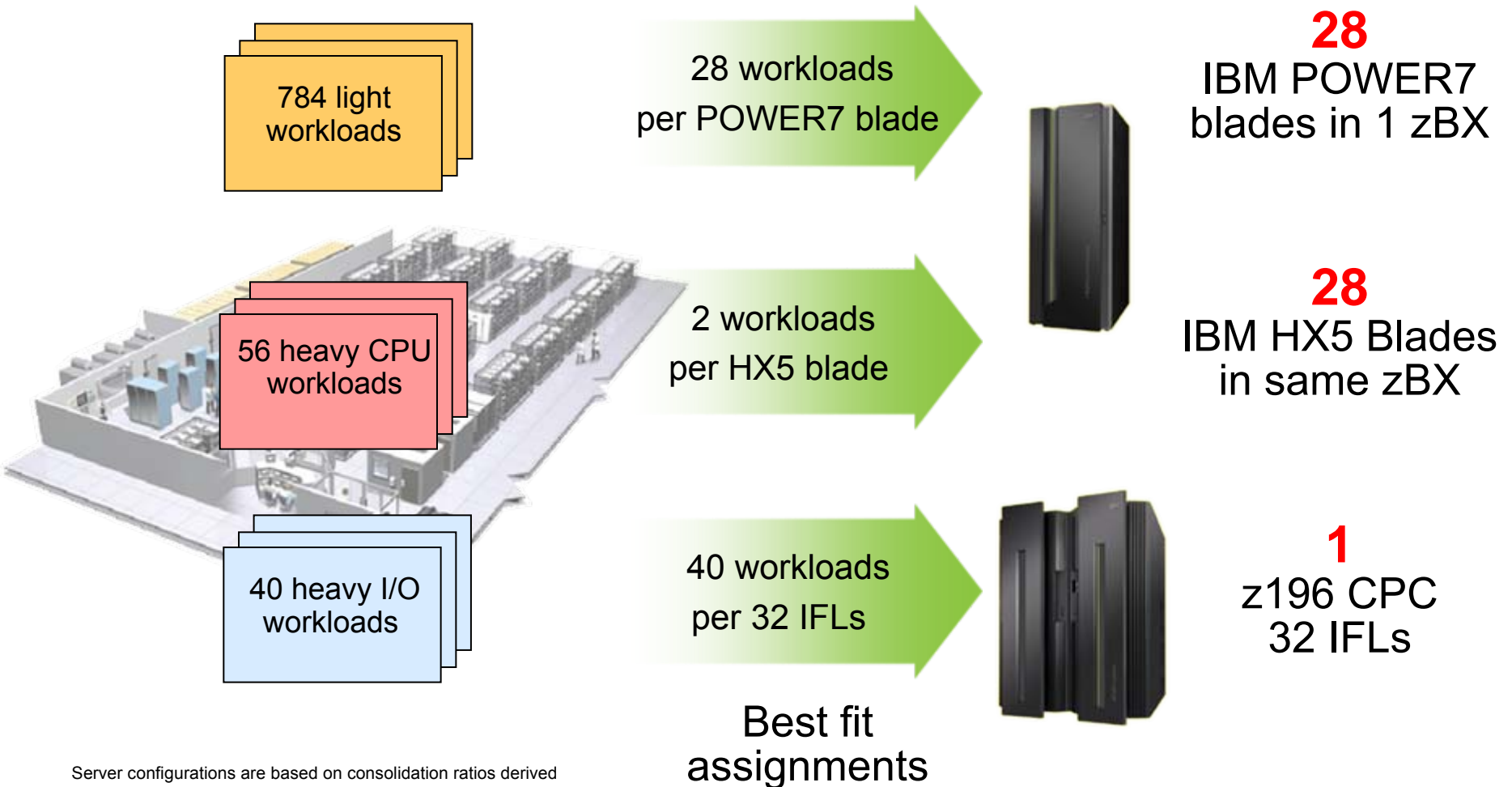
Sun Fire X4470



zEnterprise

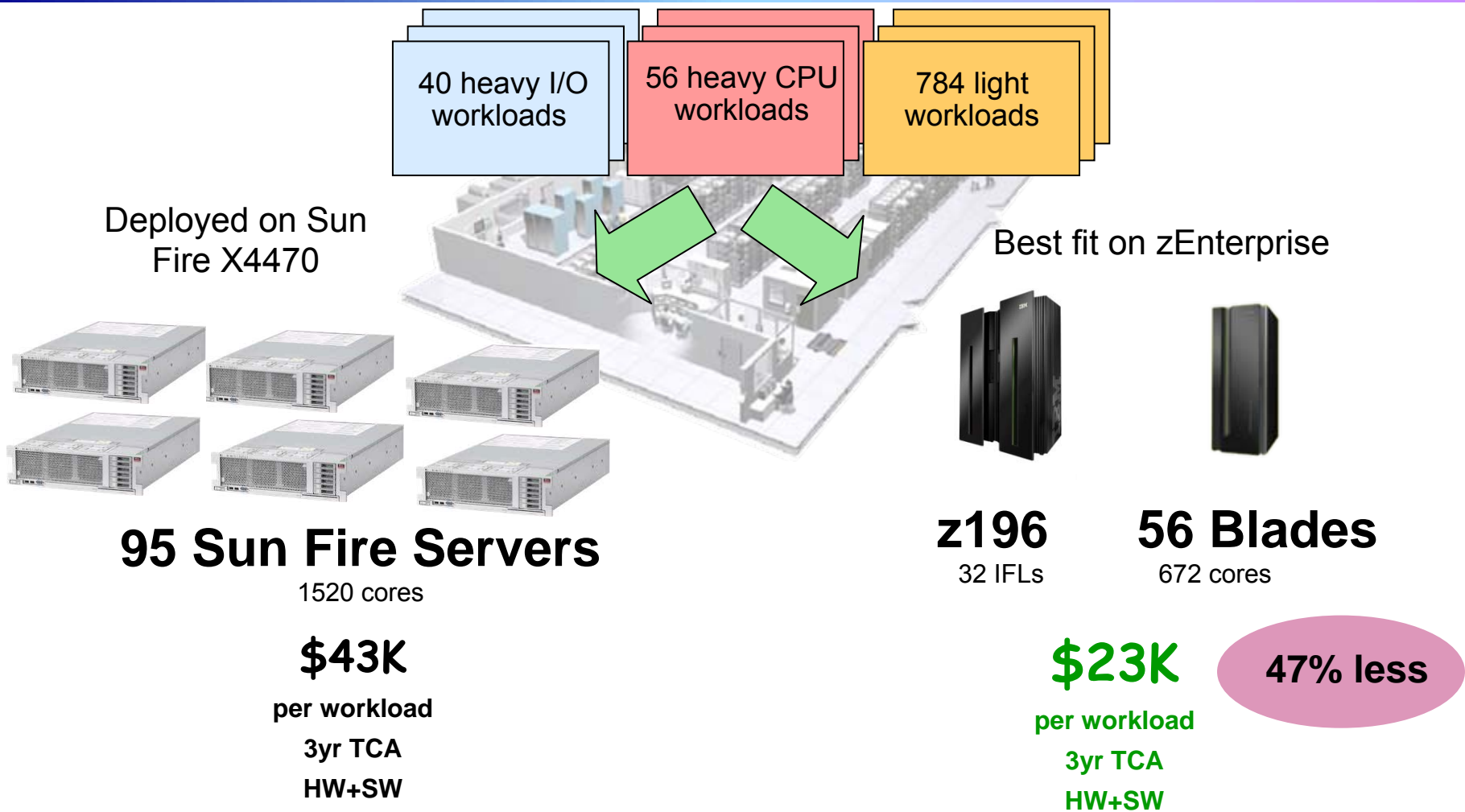


A Best Fit Assignment Of 880 Standalone Workloads On zEnterprise



Server configurations are based on consolidation ratios derived from IBM internal studies. Projected Sun Fire X4470 2.0GHz 2ch/16co from x3550 2.66GHz 2ch/12co measurements. Prices are in US currency, prices will vary by country

Standalone Workloads Cost 47% Less On zEnterprise

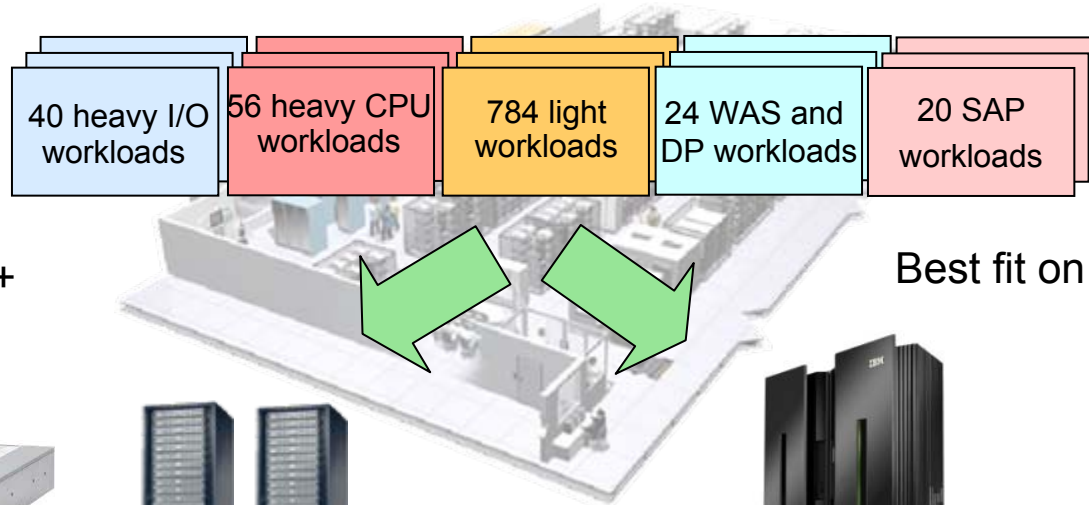


Server configurations are based on consolidation ratios derived from IBM internal studies. Projected Sun Fire X4470 2.0GHz 2ch/16co from x3550 2.66GHz 2ch/12co measurements. Prices are in US currency, prices will vary by country

We've looked at 880 hybrid and 44 standalone workloads. Let's put it all together to see how much money zEnterprise can save!



Compare Server Hardware And Software Cost Of Acquisition



Deployed on Sun + HP servers

Best fit on zEnterprise



95 Sun Fire X4470

1,520 cores

159 servers

2,440 cores

\$49.4M Total

3yr TCA HW+SW

24 Sun Fire X4170

38 Sun T3-1B

896 cores



2 DL380

24 cores

z196

32 IFLs

106 servers

1,096 cores

\$25.0M Total

3yr TCA HW+SW

105 Blades

1,064 cores

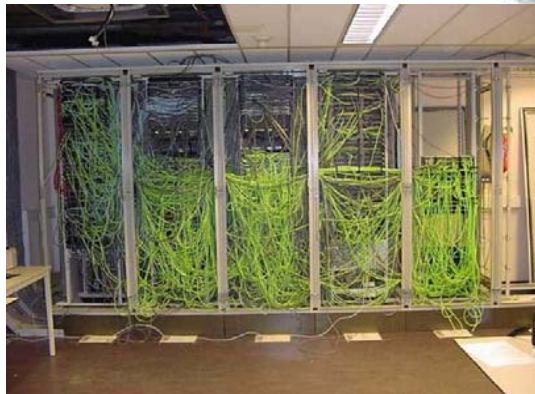
49% less

Server configurations are based on consolidation ratios derived from IBM internal studies. Prices are in US currency, prices will vary by country

Compare Network Cost Of Acquisition



Deployed on Sun + HP servers



Additional network parts
22 switches
480 cables
380 adapters

882 total network parts

\$0.32M Total

Best fit on zEnterprise



Additional network parts
1 switch
10 cables
10 adapters

21 total network parts

\$0.03M Total

91% less

Network configuration is based on IBM internal studies.
Prices are in US currency, prices will vary by country

Compare Power Consumption



Deployed on Sun + HP servers

Best fit on zEnterprise



159 servers
115.3 kW

106 servers
47.1 kW

\$0.46M Total

3 years
@ \$0.10 per kWh

\$0.21M Total

3 years
@ \$0.10 per kWh

54% less

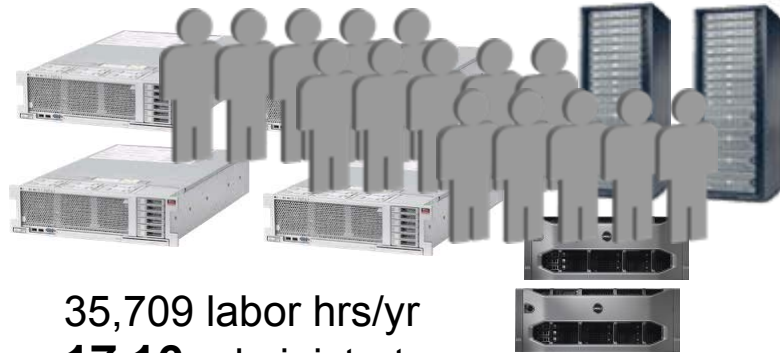
Server configurations are based on consolidation ratios derived from IBM internal studies. Prices are in US currency, prices will vary by country

Compare Server Infrastructure Labor Costs



Deployed on Sun + HP servers

Best fit on zEnterprise



35,709 labor hrs/yr
17.16 administrators

26,441 labor hrs/yr
12.71 administrators

\$8.22M Total

3 years
@ \$159,600/yr

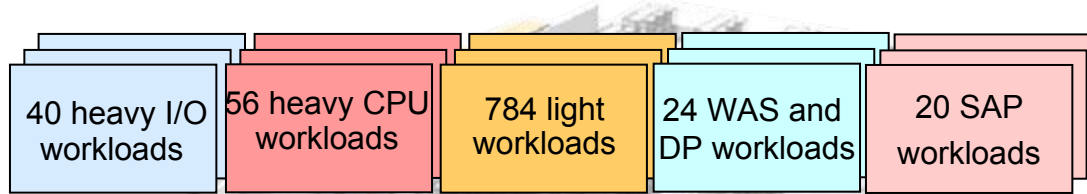
\$6.09M Total

3 years
@ \$159,600/yr

26% less

Server configurations are based on consolidation ratios derived from IBM internal studies. Prices are in US currency, prices will vary by country

Compare Total Cost Of Ownership



Deployed on Sun + HP servers

Best fit on zEnterprise



159 servers
2,440 cores

106 servers
1096 cores

\$58.4M Total

or **\$63K** per workload

3yr TCO

\$31.3M Total

or **\$34K** per workload

3yr TCO

46% less

Server configurations are based on consolidation ratios derived from IBM internal studies. Prices are in US currency, prices will vary by country

From Server Sprawl To Storage Sprawl, The New Era Of CIO Pain

But what about the storage?



CIO

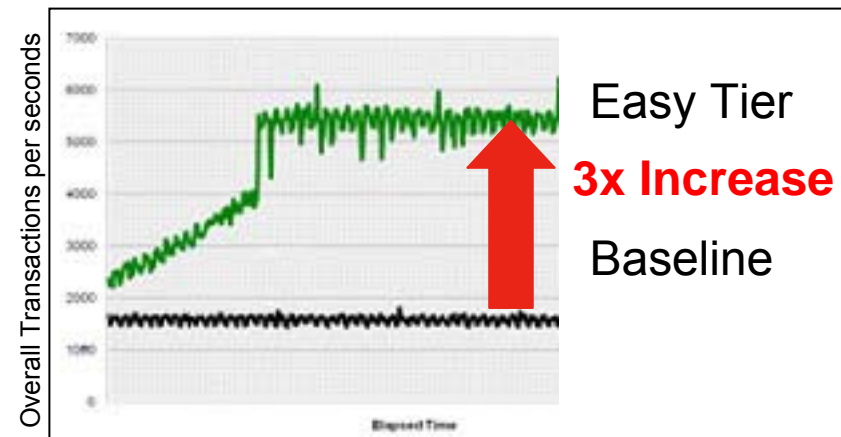
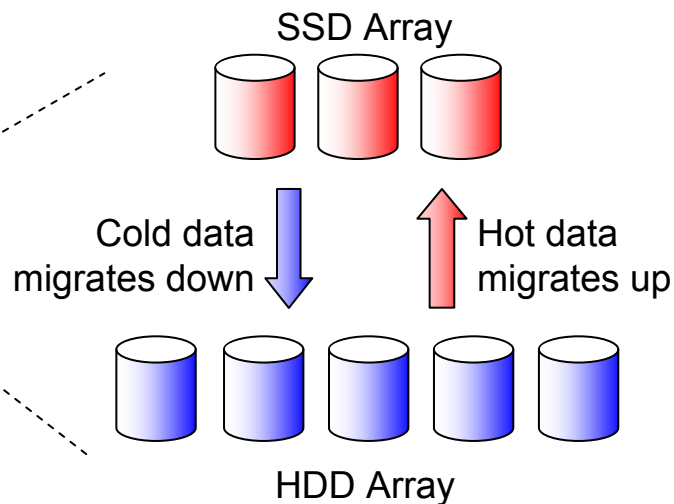
You can virtualize and consolidate
it all on DS8000



IBM

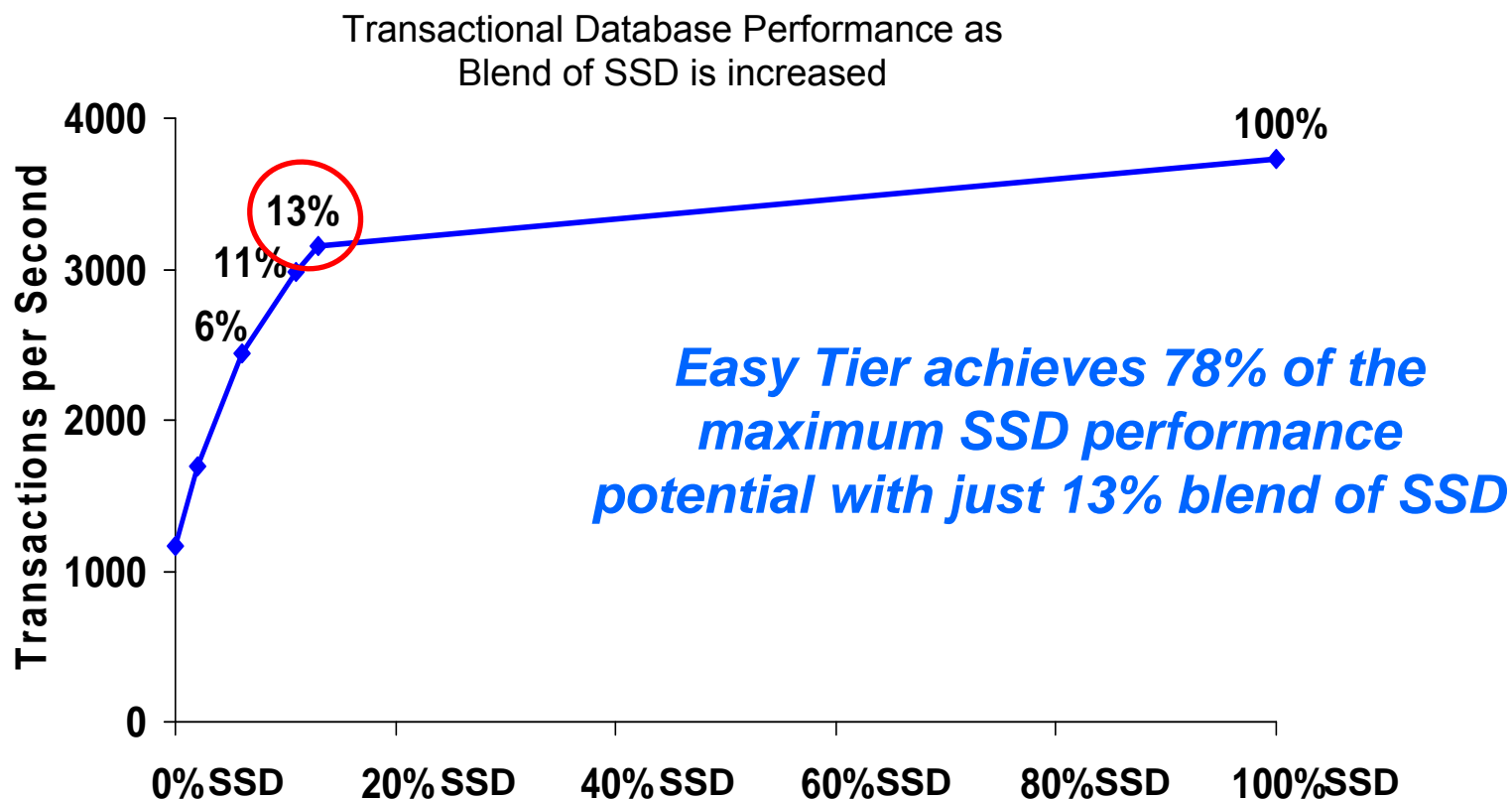
Easy Tier In DS8800 Optimizes Use Of SSD Across Shared Workloads

- Migrates data extents between SSD and HDD in the same pool
 - ▶ Automatic hotspot detection
 - ▶ Easy Tier automatic mode now supports migration between any two tiers
- Virtualized SSD is shared across all workloads using the pool
- More cost effective use of SSD vs. ad hoc dedicated assignment
 - ▶ Use less SSD to achieve the same overall performance benefits
- Transparent to applications, no code changes required



Example: Complex database transactional workload

Small Amounts Of Optimally Managed SSD Can Improve Storage Performance



Source: IBM Internal Study of Benchmark Factory transactional database workload performance as Easy Tier migrates data to SSD. The performance data contained herein was obtained in a controlled, isolated environment. Actual results that may be obtained in other operating environments may vary.

Messy Distributed Storage Vs. Clean Centralized Storage With DS8800

Deployed on Sun

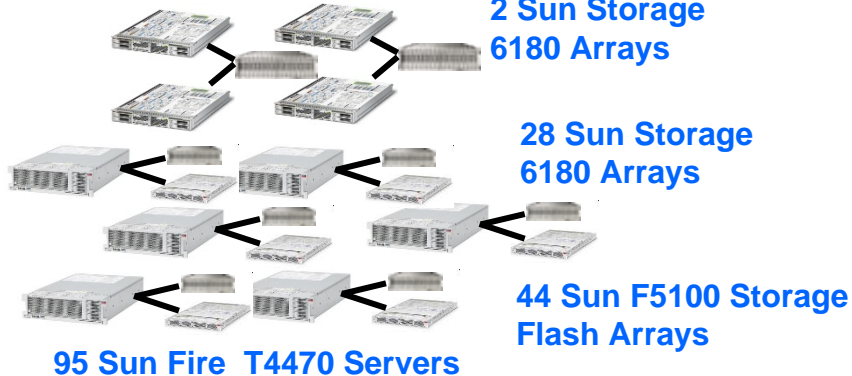
24 Sun Fire X4170 Servers
38 Sun T3-1B Blades

2 Sun Storage
6180 Arrays

28 Sun Storage
6180 Arrays

44 Sun F5100 Storage
Flash Arrays

95 Sun Fire T4470 Servers



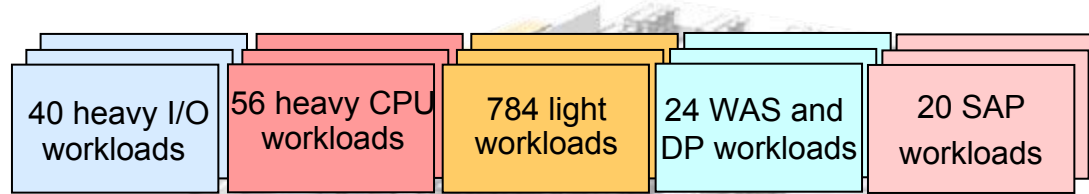
Best fit on zEnterprise



Incremental add
on DS8800

- Storage added on a per server basis
- Fragmented Storage Capacity and Storage Cache
- Storage is shared rather than virtualized
- Flash/SSD is over-provisioned and not available to all hosts
- Allocating Flash/SSD is a manual process
- Enterprise class virtualization
- Storage utilized at 60%
- Use the same storage admin as your zEnterprise storage
- Storage Cache available to all connected hosts
- SSD can be provided to all/any hosts that would benefit

Dramatic Storage Cost Savings Through Consolidation In Smart Storage



Deployed on Sun



Sun Storage 6180 Array Sun F5100 Storage Flash Array

234.6TB embedded storage

36.31% utilization

74 points of admin

\$7.8M

3yr TCA

Best fit on zEnterprise



Incremental add on DS8800

142.5TB embedded storage

59.73% utilization

1 point of admin

\$4.6M

3yr TCA

41% less

75GB/240GB active storage required per workload

Storage configuration is based on IBM internal studies.
Prices are in US currency, prices will vary by country

zEnterprise And IBM System Storage Synergy

- System z and IBM System Storage have a unique relationship
 - ▶ Collaborate
 - ▶ Comprehensive testing in zSeries lab
 - ▶ Share cross support by skilled resources
- This helps IBM System Storage and System z development to:
 - ▶ Better design products that work well together
 - ▶ Implement streamlined, efficient, integrated product offerings
- This provides value to zEnterprise and IBM System Storage customers by helping to:
 - ▶ Verify product reliability
 - ▶ Speed implementation
 - ▶ Reduce risk