



System z Enables Solutions For A Smarter Planet

Dynamic Infrastructure With System z

Dynamic Infrastructure Requirements

- TCO – Take Costs Out!
- Faster Provisioning
- Secure and Resilient



**Service Oriented Finance
CIO**

System z delivers all these capabilities today!

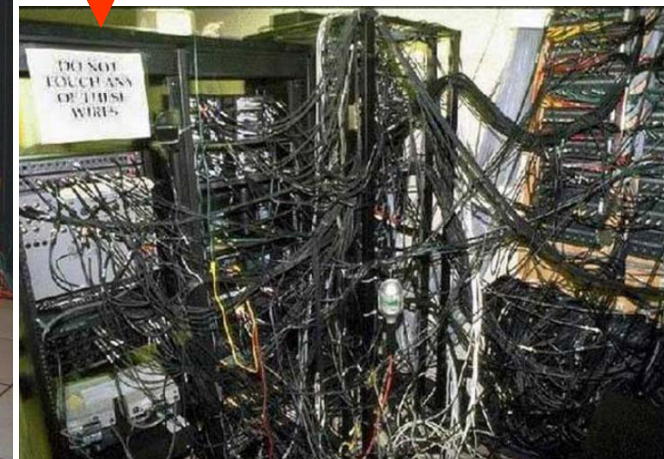
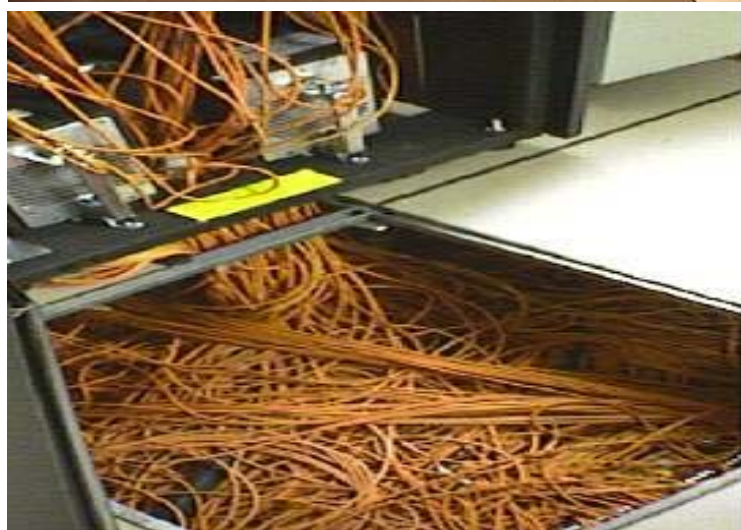
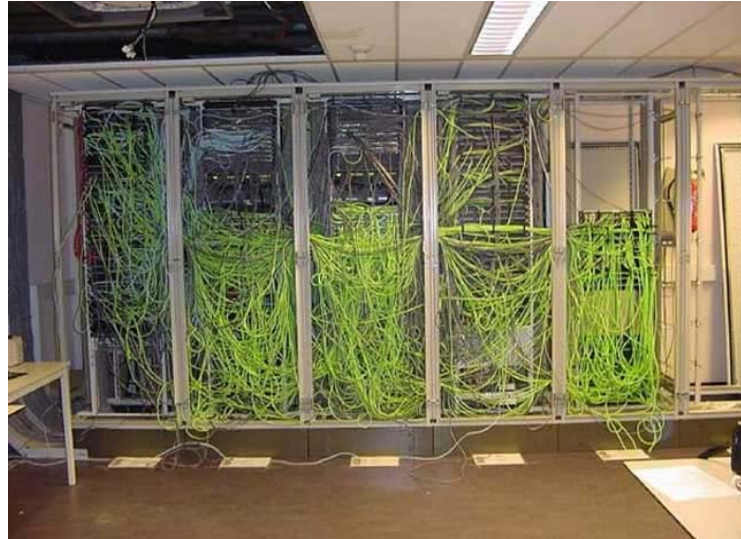


IBM

Complexity Is Growing

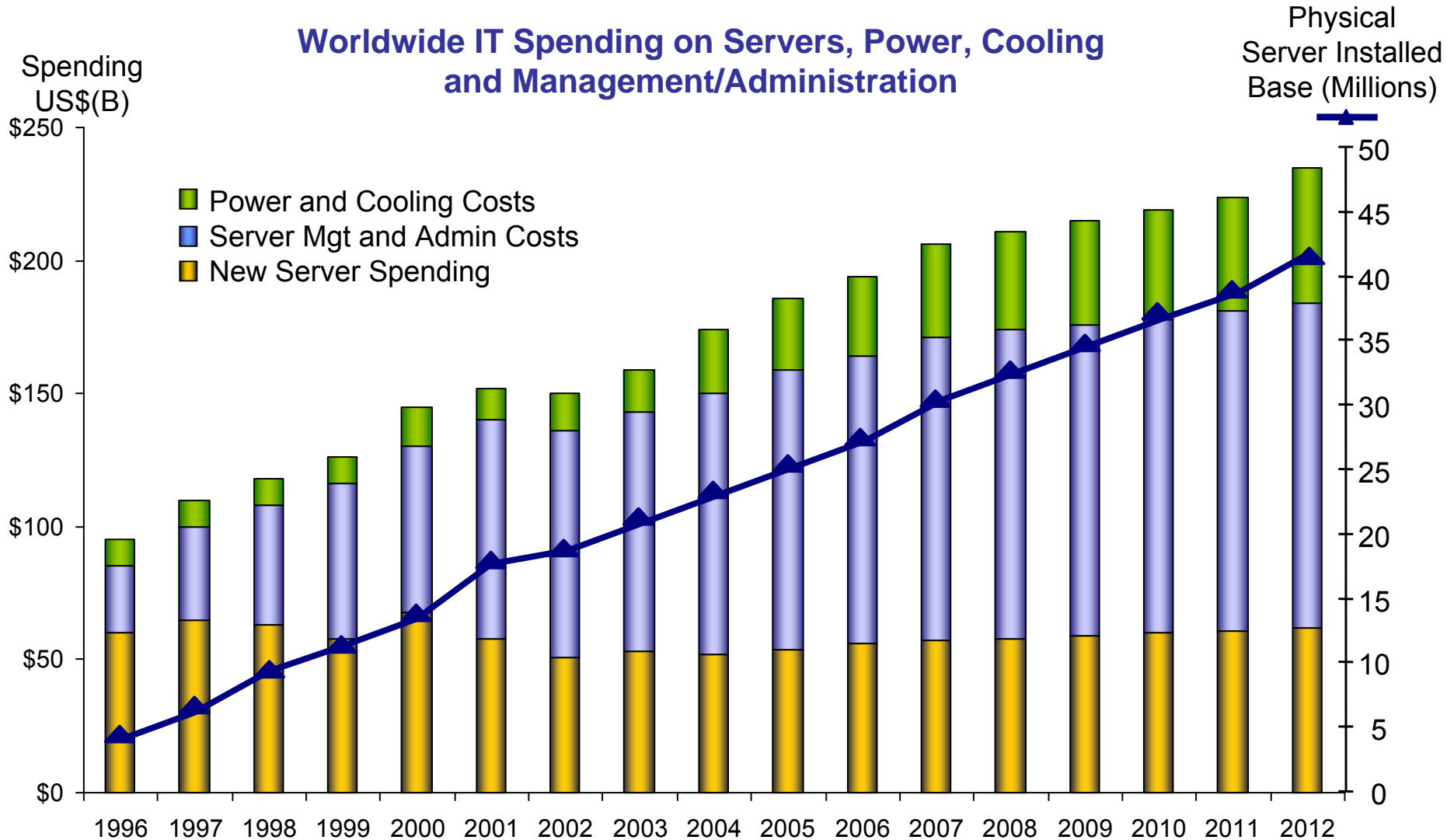
- Complexity drives cost
- Reduces responsiveness
- Likely to impact security and performance

**DO NOT
TOUCH ANY
OF THESE
WIRES**



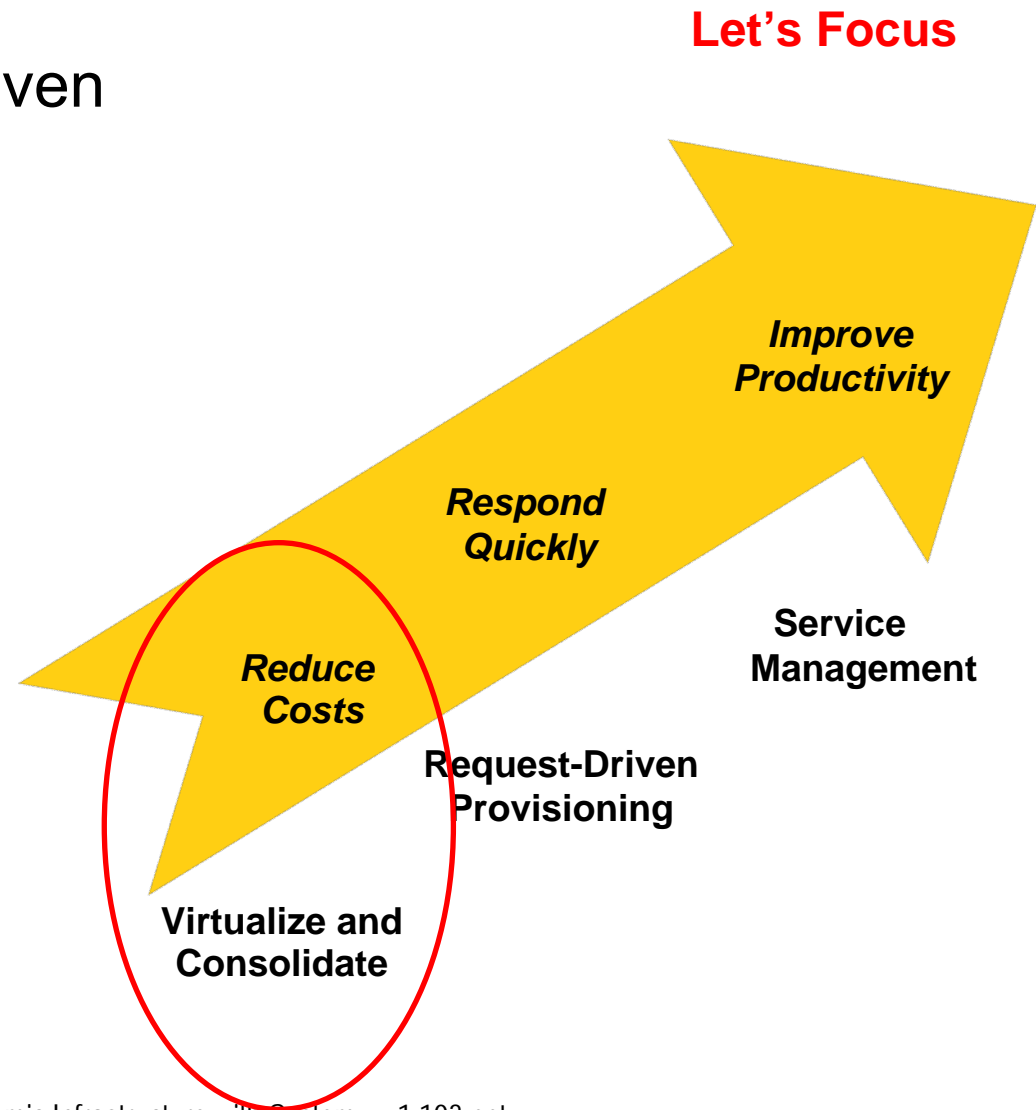
Annual Operating Costs Are Out Of Control

Worldwide IT Spending on Servers, Power, Cooling and Management/Administration



Dynamic Infrastructure For A Smarter Planet

- Virtualization and Consolidation is a proven way to save money



Understand All The Operational Costs

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

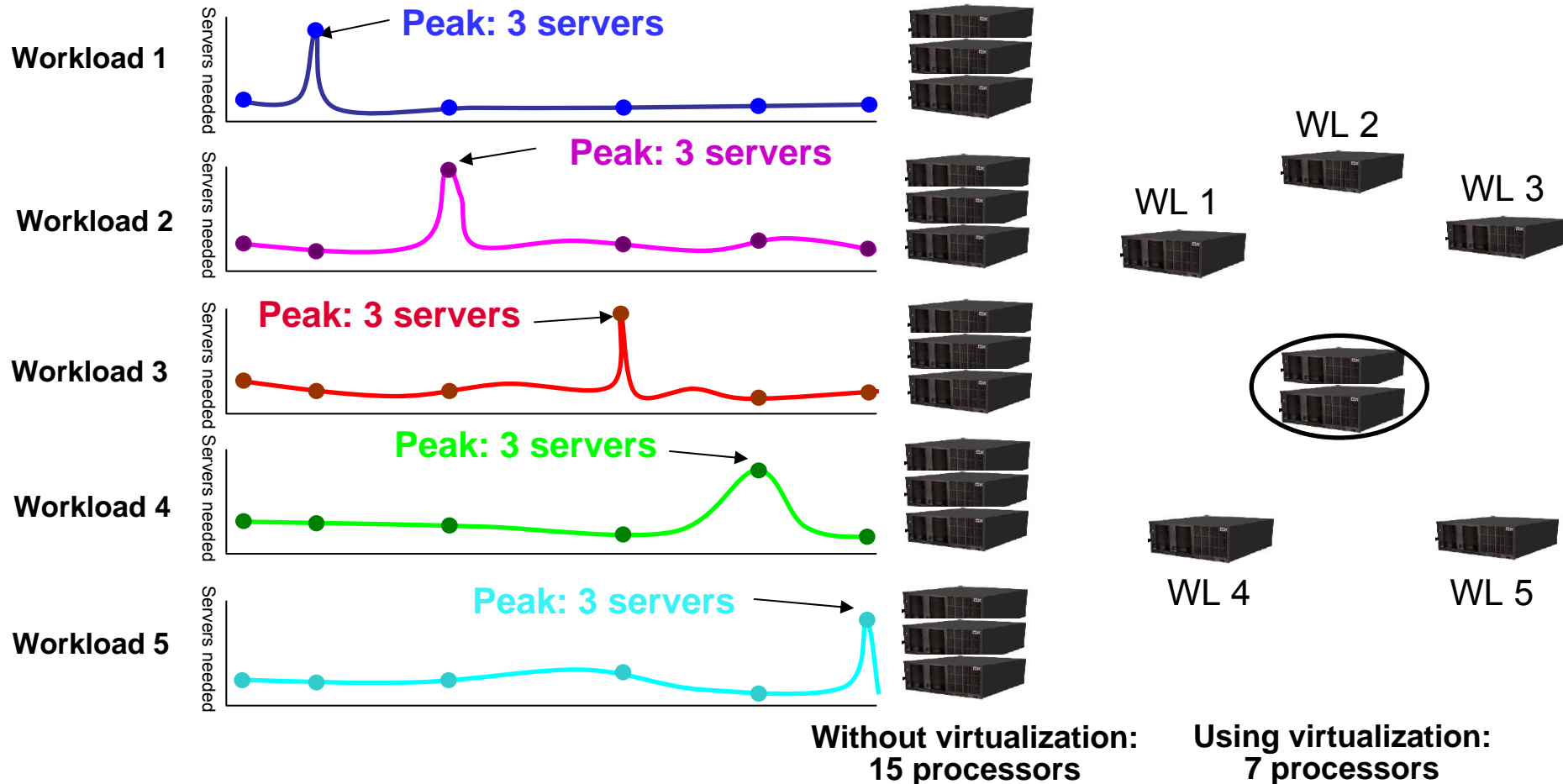
Power	\$731
Floor Space	\$987
Annual Server Maintenance	\$777
Annual connectivity Maintenance	\$213
Annual Disk Maintenance	\$203
Annual Software support	\$10,153
Annual Enterprise Network	\$1,024
Annual Sysadmin	\$20,359
Total Annual Costs	\$34,447

Needed:
Something
that works
on these

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

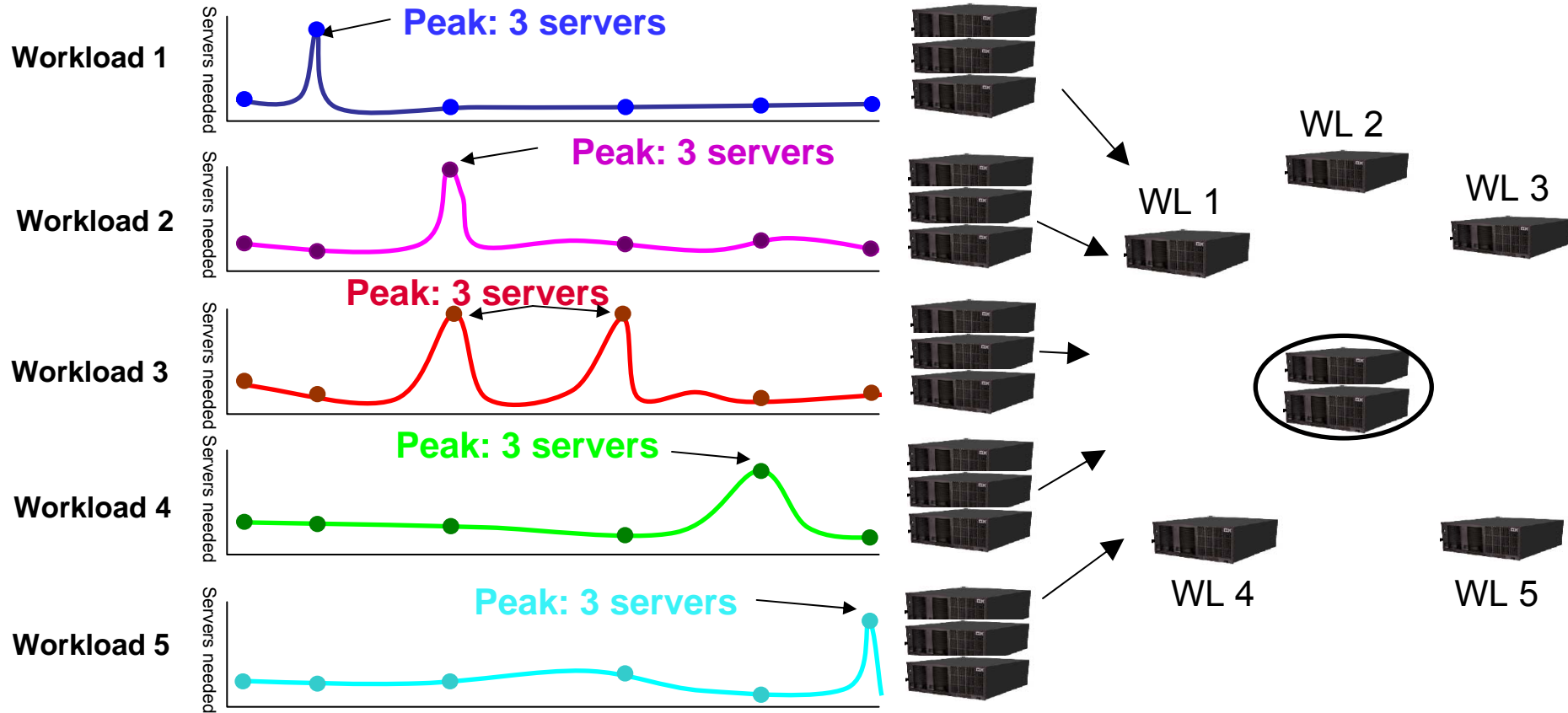
Source: IBM internal study

Example: Improve Efficiency And Reduce Costs



What's Required: Virtualization and intelligent workload management to accommodate shifting workloads. But this is automatic on the mainframe!

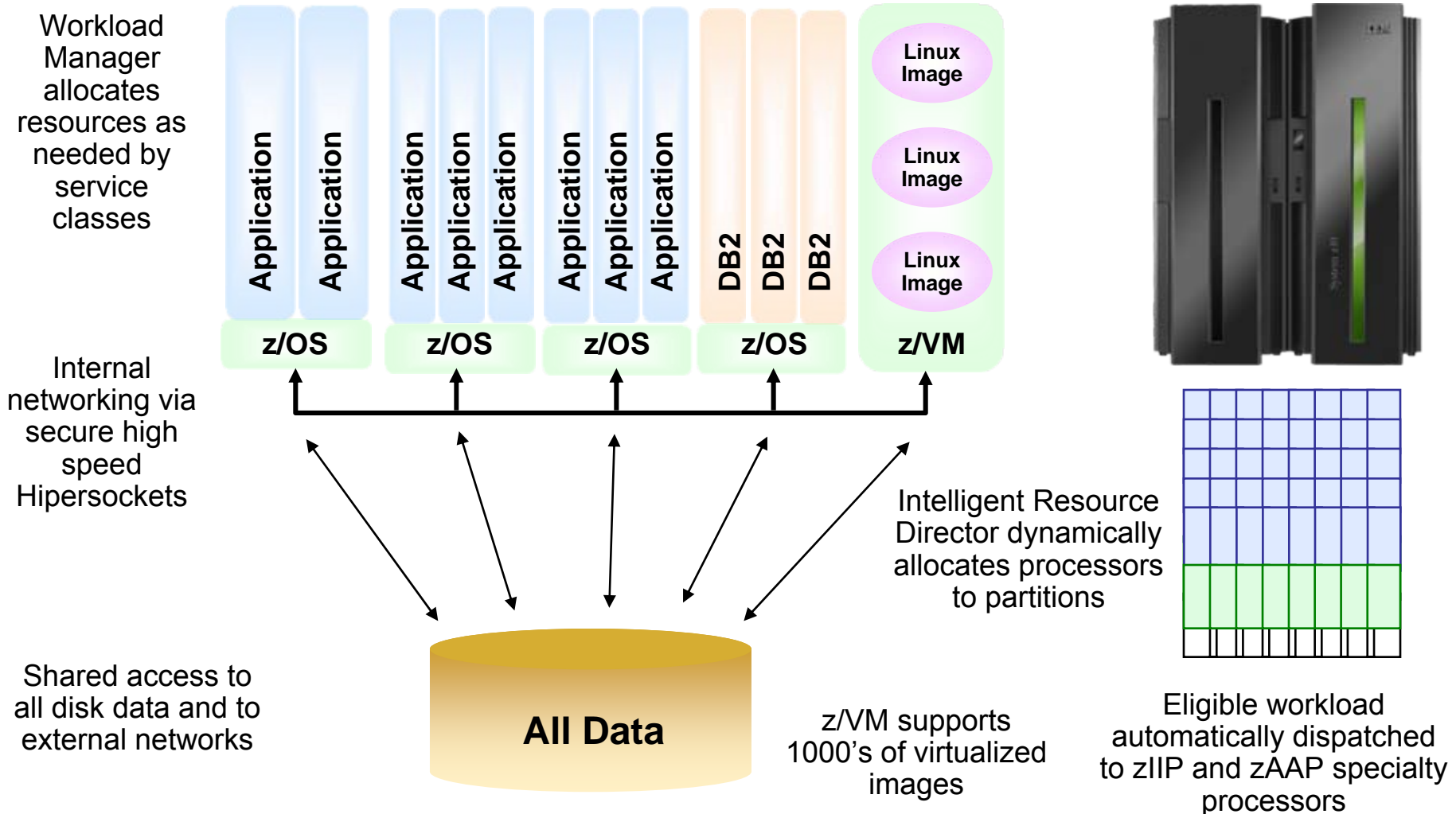
What Happens When Two Workloads Unexpectedly Peak At The Same Time?



What's Required: Intelligent Workload Management can accommodate unexpected shifting in workloads based on Service Policies. In this case WL 3 has a higher priority, at this particular time of day, than WL 1 and WL 5.

System z Is Designed For Extreme Virtualization

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



Linux Server Consolidation On System z Takes Cost Out Because...

- System z IFL processor is deeply discounted
- IBM (and many other vendors) only charge per IFL processor fees for software, not per image
- Consolidation reduces most other annual operations costs
- Simplify networks by removing physical implementation
- Benefit from System z virtualized storage and hierarchical management
- Leverage mainframe systematic disaster recovery
- Consistently use RACF security
- z/VM can provision new virtual servers quickly
- Disk copy of preconfigured images eliminates software install
- z/VM can handle the consolidation of 1,000's of images

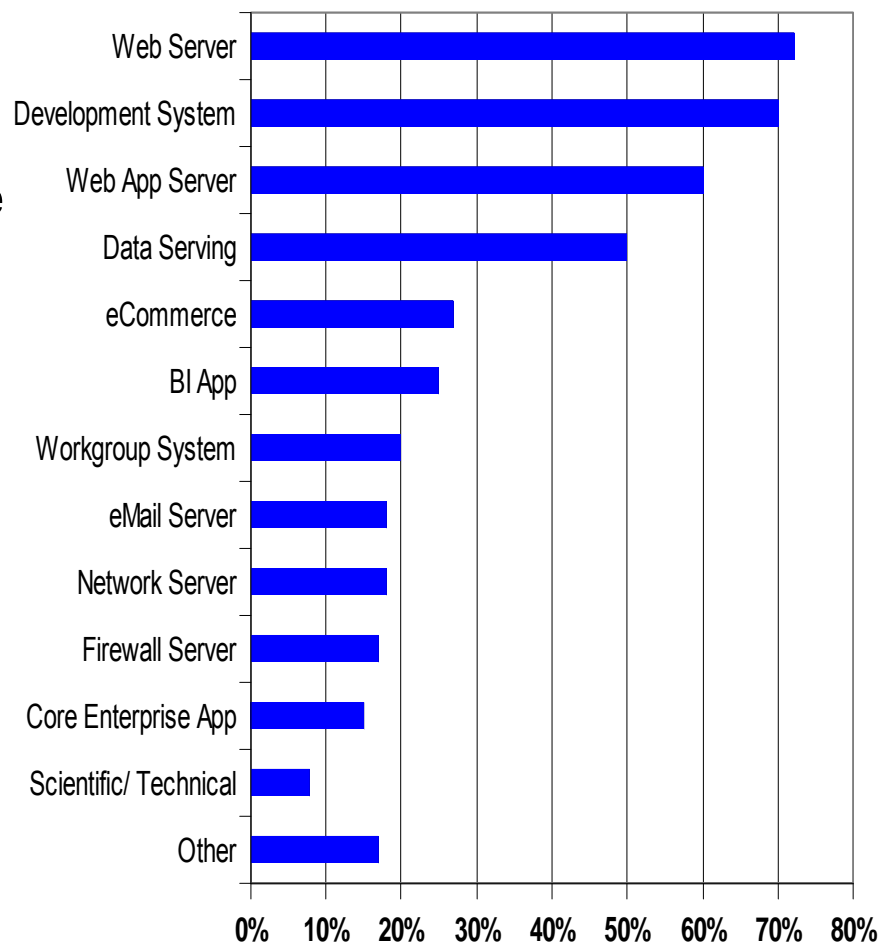
Workloads That Can Be Consolidated In Linux On A Mainframe

What	Where	Specialty Processor	How
Linux Applications	Linux on z/VM	IFL	Recompile
Linux Middleware - IBM Brands (DB2, WebSphere, Lotus, Rational, Tivoli) - Oracle Database - etc.	Linux on z/VM	IFL	Rehost
Linux Packaged Applications - SAP - Oracle - etc.	Linux on z/VM	IFL	Rehost

Linux Workloads On System z

- Clients are deploying Linux on z for a broad set of applications
- Almost 2,500 applications available for Linux on System z
- Leading applications for Linux on System z:
 - ▶ WebSphere
 - ▶ SAP
 - ▶ Domino
 - ▶ Cognos
 - ▶ Oracle

Linux on System z Workloads 2H08

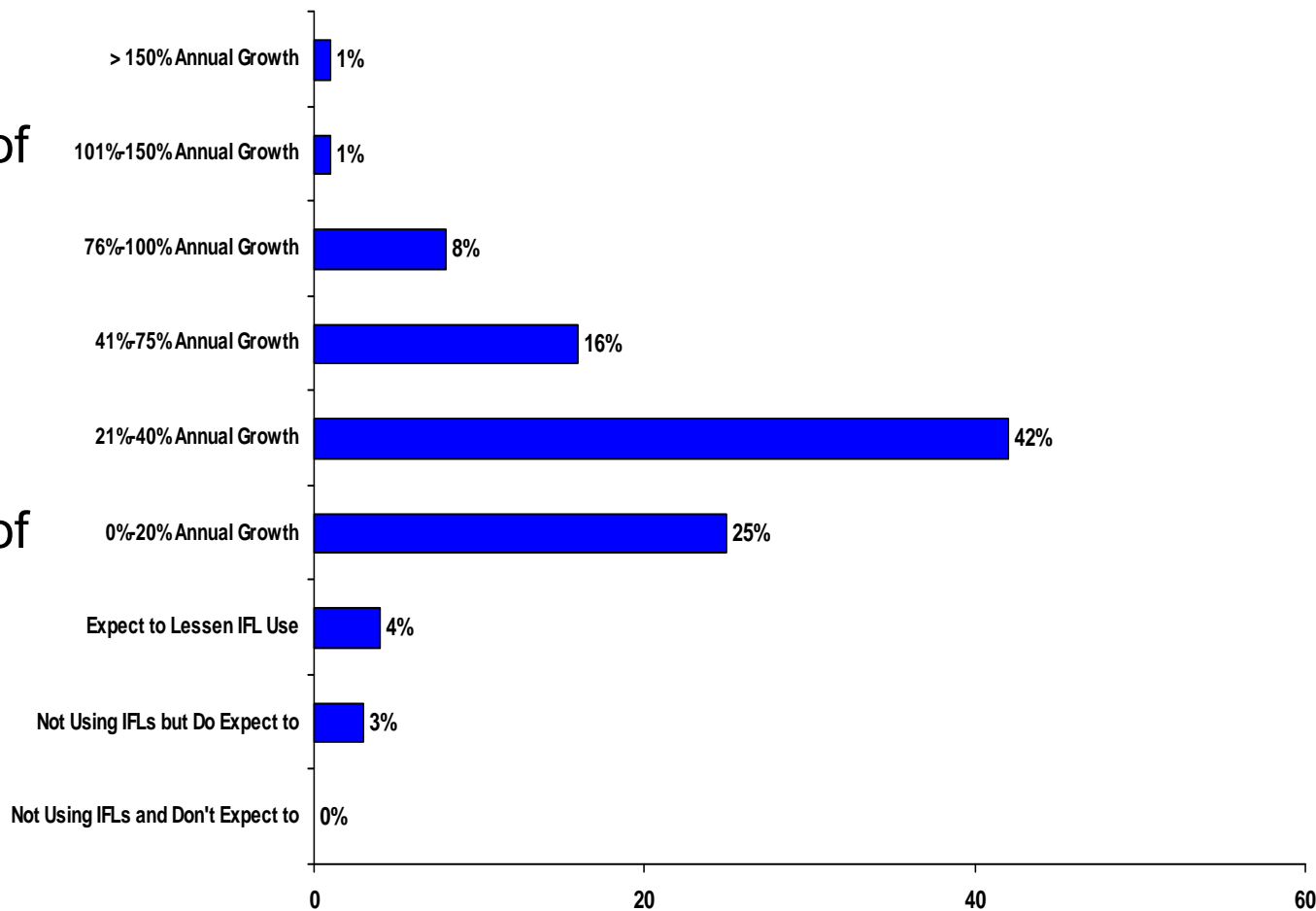


Customers' Near Term IFL Capacity Growth Expected To Be Strong

IFL Growth Rate for the Next Two Years

- 24% expect annual growth of 41-100%

- 67% expect annual growth of 0-40%

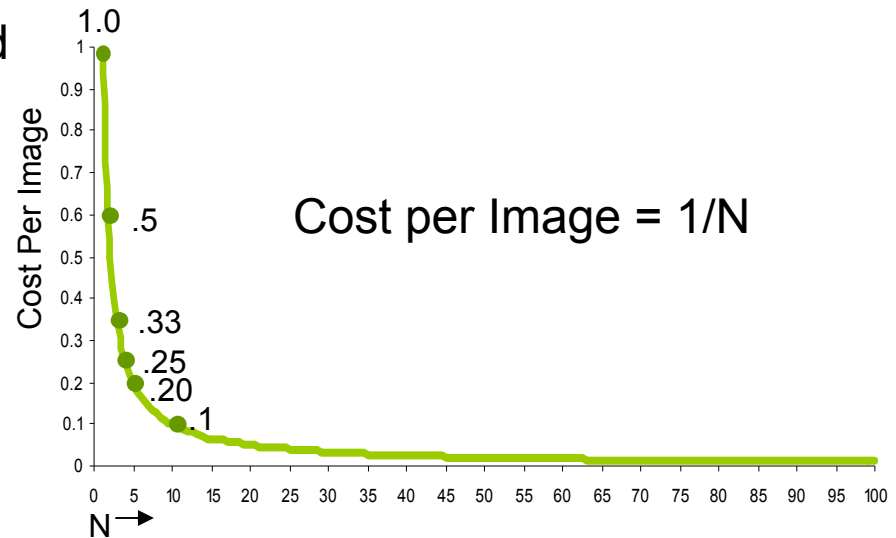


Source: *Usage and Plans for Mainframe Linux – Acceptance and Challenges: TheInfoPro, Inc., 2009*

How Much Money Can You Save?

- Costs shared by all “N” consolidated images

- ▶ Hardware
- ▶ Software
- ▶ Power
- ▶ Floor Space
- ▶ Local Network Connectivity



- Costs not shared by consolidated images

- ▶ Migration cost per image
- ▶ Off premise network cost

- ▶ Labor cost per image

Fixed 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

Consolidation Math For Processors

What is the theoretical maximum number of servers that can be consolidated?



N Servers

P_A – Processor Power

U_A – Utilization

C_A – Cores Per Server

One Server

P_B – Processor Power

U_B – Utilization

C_B – Cores Per Server

Ratios

$$P_R = P_B / P_A$$

$$U_R = U_B / U_A$$

$$C_R = C_B / C_A$$

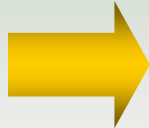
$$N \leq \left(\begin{array}{c} \text{Processor} \\ \text{Performance Ratio} \end{array} \right) \left(\begin{array}{c} \text{Processor} \\ \text{Utilization Ratio} \end{array} \right) \left(\begin{array}{c} \text{Cores per} \\ \text{Frame Ratio} \end{array} \right)$$

Implementation variations from average and practical considerations will constrain this theoretical number
This theoretical maximum assumes a worst-case scenario where all workloads peak at the same time

Identify Consolidation Opportunities

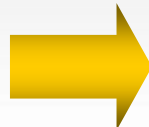
$$N \leq (P_R) (U_R) (C_R)$$

Servers that are candidates to be consolidated



Older servers with slower processors

Servers that are best consolidation platforms



New servers with faster processors

Servers with low utilization

Servers that can achieve sustained high utilization

Servers with a low number of cores

Servers with a high number of cores

Performance Ratio

Utilization Ratio

Core Ratio

Typical Ratios

1.0 - 3.0

10 - 20

1- 64

Maximize N!

The more servers you can consolidate, the more money you will save

Consolidation Math Sets Upper Limit But Other Factors Reduce That Upper Bound

$$N \leq (P_R) (U_R) (C_R)$$

- Efficiency of the platform hypervisor can reduce the consolidation ratios achievable
 - ▶ Different efficiency in each major dimension
 - CPU utilization
 - Memory footprint and over-commit overhead
 - I/O demand
- Service Level Agreements set further thresholds
 - ▶ Random variability of workloads
 - ▶ Response time norms and maximums

Enough theory! We've been doing some consolidation projects on Intel, but IBM keeps suggesting the mainframe would be better. Is that really true? Can you show me?



**Service Oriented Finance
CIO**

Consolidating workloads on the mainframe provides the best economy of scale. Let's see why!



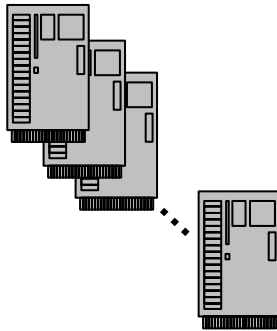
IBM

How Many Workloads Can Be Consolidated? A Benchmark Comparison

We ran a benchmark to compare how many images can be consolidated in practice

**Friendly Bank online banking benchmark
(WebSphere Application Server) + 5MB I/O Load**

**Intel servers x366
4 cores @ 3.66 GHz
12 GB memory**



**Case 1:
Consolidate to z/VM**



**zLinux z10-EC
8 IFL cores @ 4.4 GHz
128 GB memory**

**Case 2:
Consolidate to VMware**



**x3650 M2 (Nehalem)
8 cores @ 2.93 GHz
128 GB memory**

**Existing non-virtualized
workload
on older servers**

**Consolidate VM
images on two
different platforms**

**Each VM image run on
4 virtual cores
1 GB virtual memory**

Adjust Benchmark Data For Service Level Agreements

- These benchmark results compare mean measurements when the workload has no variability
 - ▶ Variations in workload demand will exceed the mean
- Service level agreements anticipate variations
 - ▶ Specify that the workload demand will exceed the capacity of the machine in no more than approximately 5% of the measured utilization intervals
- If the variation of each workload is $\text{Sigma} = 2.5 * \text{Mean}$ then the service level agreement is satisfied when
 - ▶ z/VM runs 35 workloads
 - ▶ VMware runs 11 workloads

Consolidated Workloads

- Extreme virtualization with System z
 - ▶ z/VM
 - ▶ IFL specialty processor
- How many physical distributed servers can you consolidate?
 - ▶ Theory (Consolidation math)
 - ▶ Practice (Benchmarks)
- **TCO proof points**

The Enterprise Linux Server

The Enterprise Linux Server is a System z10 machine configured to run Linux-only workloads

- IFL specialty processors
 - ▶ 2 to 10 for z10 BC machine
 - ▶ 6 to 64 for z10 EC machine
- 16 GB of memory per IFL
- Minimum of three 4-Port FICON cards and two 4-Port OSA cards
- System z10 frame
- z/VM: base product and all features
- Hardware and software maintenance for three to five years



**System z10 BC
package as low as
\$50K per IFL**

Note: Participation and Pricing may vary by country

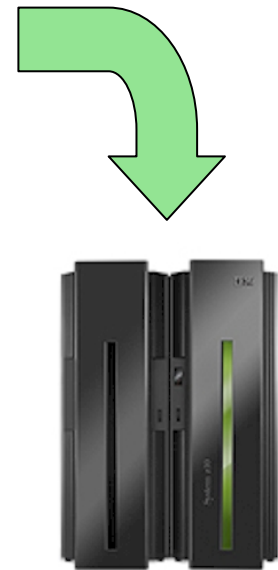
System z Solution Edition For Enterprise Linux

The Solution Edition for Enterprise Linux delivers a similar solution stack that users can add to an existing z10

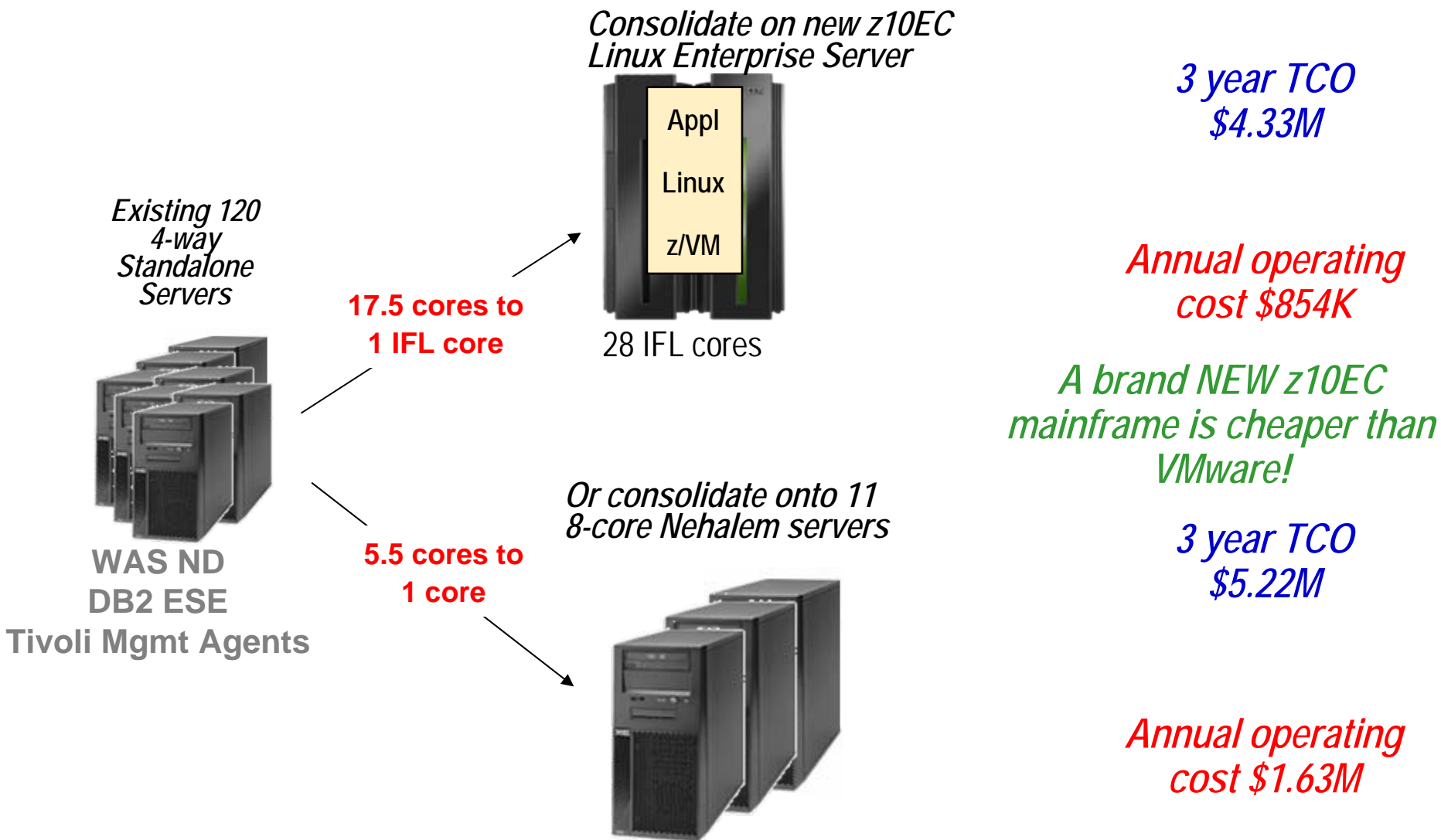
- IFL specialty processors
- 16 GB of memory per IFL
- Clients can optionally add more memory or I/O connectivity (OSA and FICON cards)
- z/VM: base product and all features
- Hardware and software maintenance for three to five years

Add an incremental LPAR to run Linux on z/VM

Incremental pricing for Solution Edition for Enterprise Linux is similar to the pricing characteristics of the Enterprise Linux Server



Case Study: Consolidate On Mainframe vs. Consolidate On VMware + Nehalem



Why Did zLinux Cost Less Than VMware?

- Software per core pricing and fewer IFL cores mean lower software cost
- Lower labor cost of set up
- Enterprise Linux Server pricing for HW, SW, Maintenance
- DR cost much lower on mainframe than distributed
- IFL's are upgraded for free when upgrading
- Incremental cost case (not new footprint)

System z Provides Additional Advantages

- System z provides better qualities of service
 - ▶ Better platform reliability and serviceability
 - ▶ Higher I/O bandwidth
 - ▶ Opportunity to use RACF for consistent security
 - ▶ Systematic disaster recovery for zLinux workloads
- And there are additional System z cost advantages not yet discussed
 - ▶ System z storage virtualization
 - ▶ Smooth predictable growth of z capacity as workloads grow
 - ▶ Lower cost for systems management hardware and software on System z

Bank Of New Zealand Consolidated Their Front-End Sun Servers To A Single Mainframe

bnz



Combination of z/VM and Red Hat Linux enabled BNZ to virtualize a largely distributed Sun environment, which incorporates all of its front-end systems, down to just one box

- Consolidated workload of 100's of Sun SPARC systems to the new mainframe system
- Reduced front-end systems datacenter footprint by 30%
- Reduced front-end power consumption by nearly 40%
- 39% reduction in carbon dioxide emissions
- 20% annual ROI expected over the life of the platform

Bank Of New Zealand Scenario

	FROM ...	TO ...
Competing HW infrastructure	Sun SPARC (e10K, v440, 280R)	z10 EC
Footprints	Tens of machines	1 machine
Cores / Memory	131 cores* Thousands of GB	3 IFLs, 160 GB Storage
Application	Front-end IT environment, incl. the internet banking and back teller functions through to backend data	
OS	Solaris (multiple versions)	Linux + z/VM
Energy / Space / Other:		
Power (kWhr)	36 kWhr	22 kWhr -> 38% less
Heat (kBTUs/hr)	110 kBTUs/hr	74 kBTUs/hr -> 33% less
Space (racks)	6.5 racks	4.5 racks -> 31% less
CO2 (tonnes)	66 tonnes	40 tonnes -> 39% less
Summary of Benefits: <ul style="list-style-type: none"> • Maximize space, keep costs down and reduce carbon footprint • Boost the speed of new deployments 		

*Customer estimate

Allianz Australia Consolidates From 60 Wintel Servers To 1 z10 Running Linux On System z In 48 hours

Business Challenge:

- ▶ Tremendous growth in web-facing applications
- ▶ Had run on 60 Wintel platforms in multiple data centers
- ▶ Data center space and power scarce/expensive
- ▶ Windows platform constrained flexibility/growth

Solution:

- ▶ +1 year migration planning
- ▶ Consolidated 60 physical Wintel servers to 1 z10 frame in 48 hours
- ▶ Key online applications, such as home and motor insurance quotation programs, now run on Linux on System z

Benefits:

- ▶ Will save over \$1m a year in facilities, hardware and software costs
- ▶ Power usage down from about 40 to 4 KVA
- ▶ Reduced operational complexity
- ▶ Significantly reduced IT operational costs
- ▶ Project paid for itself in just over a year

"I don't think we yet fully realise the potential benefits we are going to get as an organisation from having the majority of our applications on one physical box... I have a sneaking suspicion that these longer term benefits may be greater than we think."

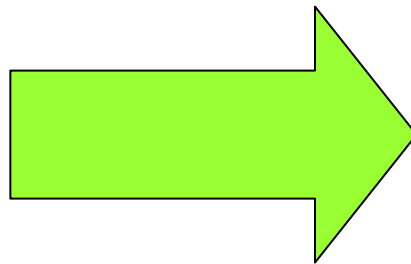
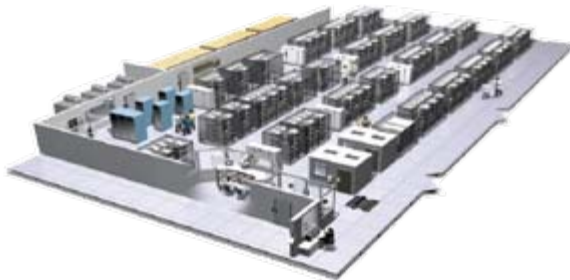
Steven Coles,
Allianz CIO



Server Consolidation And Migration Services Offering

Initiative to make it easier for Sun and HP Customers to join the move to IBM System z

- Dramatically reduce the time/effort in migrating applications
- Based on IBM's own server consolidation experience
- z Rewards
 - ▶ Customer financial incentives to take advantage of these services



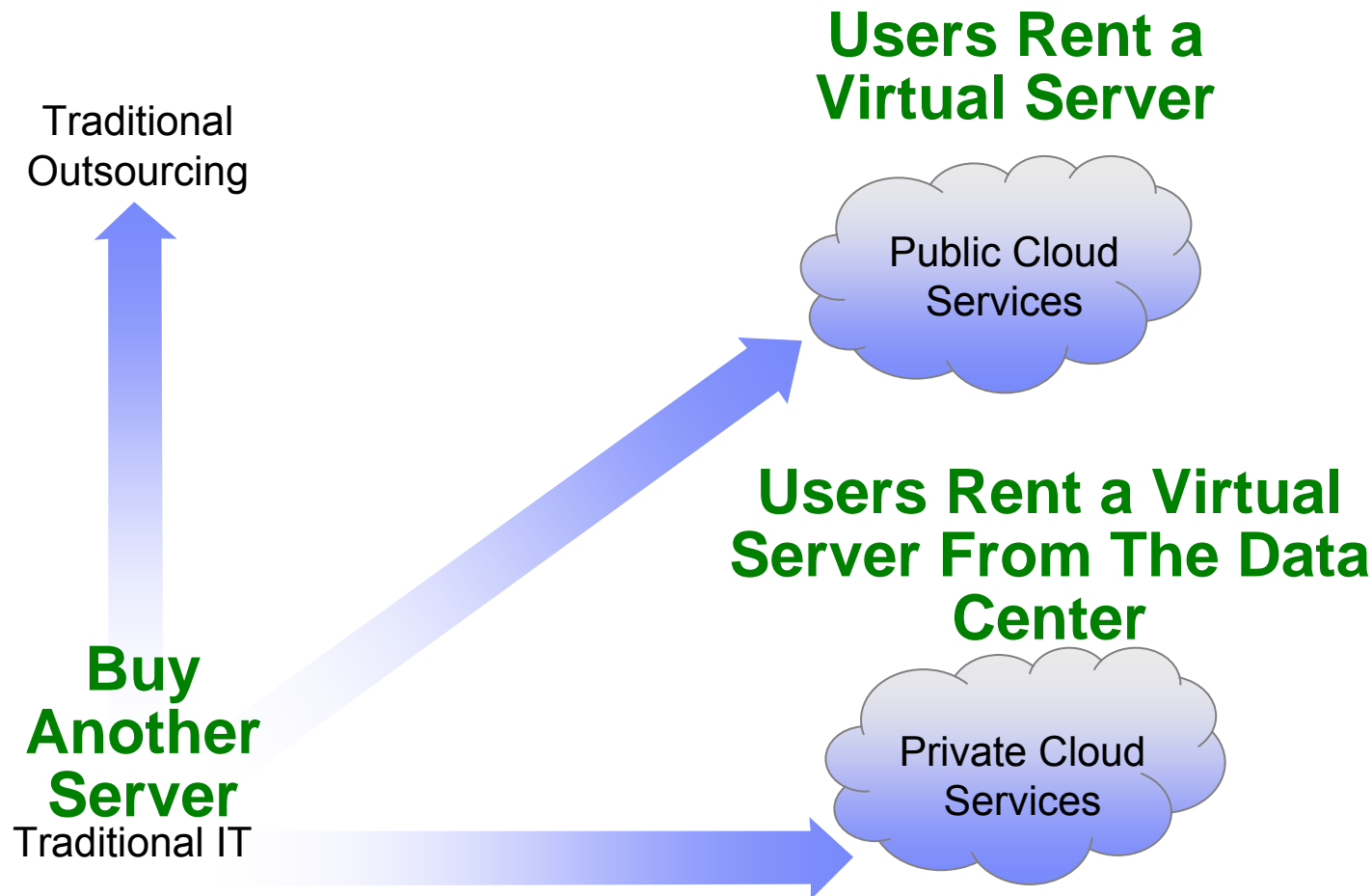
Public Cloud Providers Are A New Challenge To Enterprise Data Centers

- Line-of-business units can now go to public cloud providers for IT infrastructure services
 - ▶ Amazon Web Services (AWS)
 - ▶ Microsoft Azure
- Low cost, pay-per-use model seen as more cost-effective
 - ▶ Amazon EC2¹: \$0.10/hour (small Linux/UNIX instance)
- Near-immediate provisioning enables clients to respond at market speed
 - ▶ Pharmaceutical company: 64-node Linux cluster available in 5 minutes on AWS vs. 3 months internally²
- Threatens disintermediation of the internal IT team

¹ Virtual server equivalent to 1.2GHz single core Opteron processor

² http://www.informationweek.com/cloud-computing/blog/archives/2009/01/whats_next_in_t.html

Competition From Public Clouds Will Drive Adoption Of Private Cloud Services By IT



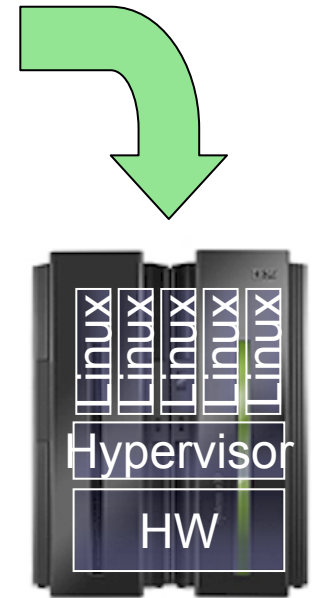
Three Things Are Needed To Build A Private Cloud Service

- Virtualization platform (1000's of images)
 - ▶ zLinux is ideal
- Self-service portal with automated provisioning and monitoring
 - ▶ System z Solution Edition for Cloud Computing (runs on zLinux)
- Meter and billing system
 - ▶ Tivoli Usage and Accounting Manager (runs on zLinux)

IBM System z Solution Edition For Cloud Computing

Builds on the IBM System z Solution Editions For Linux
Adds package of software and services to automate cloud provisioning

- IBM Tivoli software (runs on zLinux)
 - ▶ Tivoli Service Automation Manager (TSAM) V7.2
 - ▶ TSAM WAS component
 - ▶ Tivoli OMEGAMON XE on z/VM and Linux
 - ▶ Tivoli Monitoring for Virtual Servers
- IBM Lab Services
 - ▶ Planning , installation, configuring, testing services
- Significant package discounts



IBM System z Solution Editions For Linux

Solution Edition For Cloud Computing – Services

- Services offered through Lab Service are designed to plan, implement and optimize:
 - ▶ Planning workshop for cloud environment (pre-install)
 - ▶ Configure the system for the customer (LPAR creation, security configuration, etc.)
 - ▶ Install / prepare the base z/VM environment
 - ▶ Install and configure Tivoli products / components
 - ▶ Testing scenario development and execution for service automation and management

Tivoli Usage And Accounting Manager

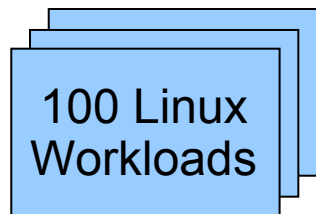
- Resource usage data collectors
 - ▶ Collectors are available for operating systems, middleware and applications
 - ▶ Uses native utilities to collect and forward usage information
 - ▶ Physical or virtual resources

- Costing engine
 - ▶ Assigns cost equal to usage multiplied by the calculated rate

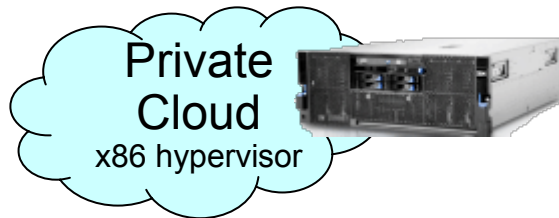
- Reporting engine
 - ▶ Creates invoices and reports

Use Case Study To Compare TCO - 100 Linux Workloads (1.7 Oversold)

Which platform provides the lowest TCO cost per image over 5 years?



WAS
DB2
ITCAM



Requirements

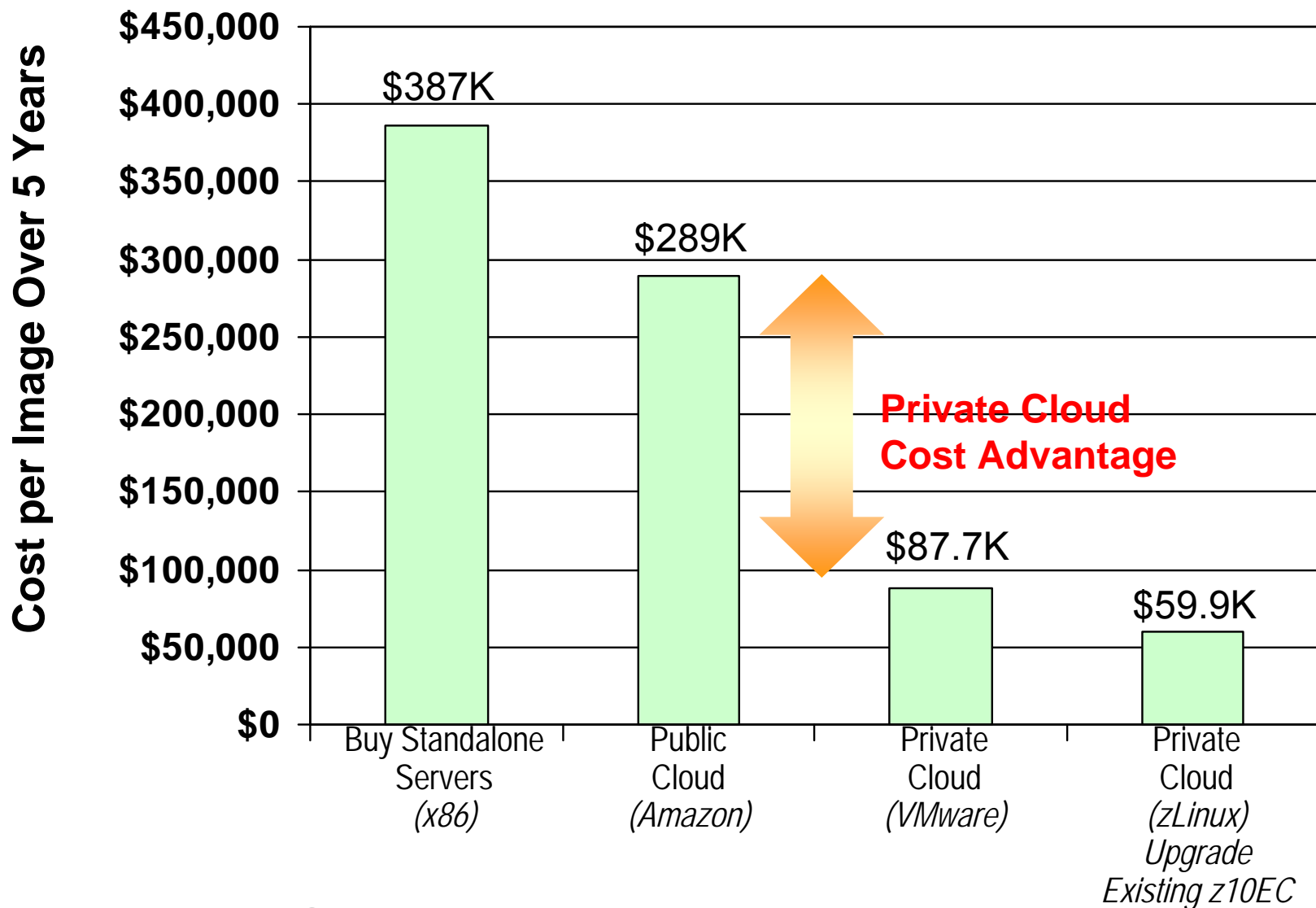
Buy 100 IBM x3250
4-core servers

100 Amazon EC2
instances

8 IBM x3950
8-core servers
 $100 / (1.7 \times 8) = 7.3 \rightarrow 8$

12 IFLs on existing
IBM z10 EC
 $100 / (1.7 \times 5) = 11.8 \rightarrow 12$

You Can Deliver Workloads At The Lowest Cost With A Private Cloud



Data Centers Can Leverage The Cost Advantage Of Private Clouds

- Eliminate competition from public clouds
- Gather in distributed workloads outside the data center
- Demonstrable cost savings for the business

A Plan For Consolidation

- **Pick Linux workloads that are easy to migrate**
 - ▶ Middleware and packaged applications
 - ▶ Infrastructure
 - ▶ C++ (recompile)
 - ▶ Open source may not yield same cost savings
- Use consolidation math to **identify servers with low utilization, older processors, and few cores per server**
- **Establish expected service levels**
 - ▶ Group workloads to offset expected variability
- For large scale consolidation projects, **consider grouping workloads** for consolidations on like platforms
 - ▶ By location, function, or workload type
- Be prepared to **compare the cost** of consolidation on zLinux vs. consolidation on VMware/Intel

Summary

A Dynamic Infrastructure with System z
can **Take Costs Out**.

Start a project now !



IBM