



Processor Value Unit licensing for IBM middleware software available in Passport Advantage – evolving the structure to provide a foundation for the future

Overview

IBM continues to lead the industry in delivering solutions for on demand businesses with flexible licensing and pricing models designed to enable you to take advantage of technology advances.

Beginning with the introduction of x86 dual-core chips in April 2005, IBM modified the standard of one license entitlement per processor to fractional licensing entitlements per processor for new multi-core technologies. IBM continues to define a processor to be each processor core on a chip.

As a continuation of this transition from a traditional per processor licensing approach, this processor Value Unit licensing structure provides a sustainable framework for licensing differentiation on new processor technologies. Under the processor Value Unit licensing structure, you will license software based on the number of Value Units assigned to each processor core.

With the transition to processor Value Unit licensing, IBM provides additional granularity and flexibility. This licensing change enables IBM to more appropriately align software cost and value, and addresses new multi-core technologies. With the introduction of processor Value Unit licensing, prices for existing software on currently available hardware technologies do not change.¹

In addition, this framework provides the following key benefits:

- Granular software licensing, which enables the capability to offer sub-capacity licensing² at the processor core and eliminates the need for fractional license entitlements.

- Sustainable software licensing, which allows flexibility to provide continued price performance improvement on new multi-core technology.
- Adaptable software licensing, which can evolve to address emerging hardware technologies (for example, multi-core, grid, virtualization)

The processor Value Unit licensing for middleware encompasses several announcements including processor Value Unit licensing, new processor Value Unit part numbers, withdrawing per processor part numbers and related per processor multi-core licensing policies. Refer to the **Description** section for additional information.

- 1 There may be slight changes due to rounding with the implementation of processor Value Units in some countries.
- 2 Pertains to products enabled for sub-capacity licensing.

Key prerequisites

The Value Unit pricing structure applies to select IBM Passport Advantage[®] eligible programs that were previously offered on a “per processor” metric.

Planned availability dates

- July 25, 2006: Part numbers
- July 28, 2006: Features

At a glance

Processor Value Unit licensing:

- Replaces per processor licensing, including related multi-core licensing terms.
- Allows more granular and adaptable software licensing, which provides a sustainable framework for licensing differentiation to address evolving hardware technologies, including multi-core.

For ordering, contact:

Your IBM representative, an IBM Business Partner, or the Americas Call Centers at

800-IBM-CALL

Reference: YE001

This announcement is provided for your information only. For additional information, contact your IBM representative, call 800-IBM-4YOU, or visit the IBM home page at: <http://www.ibm.com>.

Description

Migration of existing entitlements

Related announcements

The processor Value Unit licensing for middleware is described in the following three announcements:

- Software Announcement 206-154 dated July 25, 2006, Processor Value Unit licensing for middleware available in Passport Advantage — evolving the structure to provide a foundation for the future
- Software Announcement 206-155, dated July 25, 2006, New part numbers for the processor Value Unit licensing for middleware available in Passport Advantage
- Withdrawal Announcement 906-141 dated July 25, 2006, Selected per processor Passport Advantage and Passport Advantage Express part numbers.

In addition, the multi-core licensing terms from the following announcements are being withdrawn:

- Marketing Announcement 305-080, dated May 31, 2005, IBM middleware software licensing on x86 Architecture and selected OpenPower™ platform dual-core chips
- Software Announcement 206-048 dated March 7, 2006, IBM middleware software licensing on BladeCenter® JS21 servers with IBM PowerPC® 970 dual-core chips
- Software Announcement 206-063 dated March 28, 2006, IBM middleware software licensing on Sun servers with UltraSparc T1 chips

The effective date of the withdrawal of the multi-core licensing terms is November 10, 2006.

Licensing and pricing

Under the processor Value Unit licensing structure, each processor core will be assigned a specific number of Value Units. You must acquire the total number of processor Value Units for each processor core on which the software programs are deployed. IBM continues to define a processor to be each processor core on a chip. For example, a dual-core chip contains two processor cores.

Each software program has a unique price per Value Unit. To determine the total cost of deploying an individual software program, you multiply the program price per Value Unit by the total number of processor Value Units required.

Refer to the processor Value Unit table on the Passport Advantage site below for a list of Value Unit requirements by processor.

<http://www.ibm.com/software/passportadvantage>

With full capacity licensing, you must acquire the appropriate number of Value Units based on all activated processors on the server available to the program or a component of the program.

In sub-capacity licensing,³ you must acquire the appropriate number of Value Units based on all activated processors in partitions (utilizing eligible partitioning technologies) on the server available to the program or a component of the program.

³ Pertains to products enabled for sub-capacity licensing.

For purposes of Software Maintenance renewals, for those programs affected by today's announcement, your existing per processor license and Software Maintenance entitlements will be treated as if they had been originally obtained under the equivalent level of processor Value Units. Refer to Software Announcement 206-155 dated July 25, 2006, for a complete list of programs affected.

To convert your Software Maintenance from the per processor metric to the processor Value Unit metric, IBM will employ a standard conversion factor of one hundred processor Value Units for every one per processor entitlement you have acquired.

As part of this conversion, the existing SRP and SVP per processor software price for affected programs will be adjusted to set the SRP and SVP on the basis of Value Units.

The conversion to processor Value Units represents a change in the way IBM measures authorized use, rather than a price change for existing IBM software.

Software Maintenance renewal quantities, calculated using the per processor to Value Unit conversion method described above, will be used for your next Software Maintenance renewal quotation and will be shown in a separate letter to be sent to you from IBM. These processor Value Unit quantities will also be reflected in your "active entitlements" on Passport Advantage Online.

Visit the following Web site and select the "Passport Advantage Online" tab and then "Customer sign in".

<http://ibm.com/software/passportadvantage>

Software Maintenance renewal quotations, issued after the effective date of July 25, 2006, will reflect this change.

Trademarks

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IBM United States Announcement Supplemental Information

July 25, 2006

Ordering Information

You should order the appropriate number of processor Value Unit licenses required for each processor core on which you plan to run the software and not the number of processor licenses.

Refer to the Passport Advantage Web site below for additional information.

<http://www.ibm.com/software/passportadvantage>

Before the transition to processor Value Units, we had some programs with relatively low prices. For those programs priced less than \$1,250 (U.S.) and where maintenance is usually less than \$250 (U.S.), dividing by the conversion factor of 100, would yield very small prices. As a result, these programs have been grouped into packs of 10 processor Value Units as the minimum order quantity. For example, when you need 50 processor Value Units for these programs, you will order 5 of these 10 processor Value Unit part numbers to get the required 50 processor Value Units.

Customized offerings

Most product media is shipped only via Customized Offerings (that is, CBPDO, ServerPac, SystemPac®). Non-customized items (CDs, diskettes, source media, media kits) will continue to be shipped via the stand-alone product.

Prices

For local charges, contact your IBM representative.

Business Partner information

If you are an IBM Business Partner — Distributor for Wrokstaton Software acquiring products from IBM, you may link directly to Business Partner pricing information. An ID and password are required (use IBM ID). Copy the Web address below into the address field of your browser.

<https://www.ibm.com/software/howtobuy/passportadvantage/paoreseller/amer/channelannouncement>

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Note: Shipments will begin after the planned availability date.

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