WinterGreen Research ROI Product Features and Benefits E-Application Analysis

ROI and TCO Analysis: Z and P-Series

Custom Built
Business Models
Application Specific
Designed To Improve Sales
Transparent, Understandable ROI Calculations



WGR Worldwide Market Presence

35 Distributors Worldwide

- Thompson Financial
- Dialog
- Global Information GII
- MarketResearch.com
- ResearchandMarkets.com
- Electronics.ca









Main Points

- ROI Based on Features and Benefits of Comparative Systems
- Mainframe 10 Times Less Expensive Than Distributed Systems
- SOA Is What Makes the Mainframe Relevant
- Comparative Cost Analysis Models
- Utilization and Process Efficiency Models
- Assumptions -- Mainframe vs. Distributed
 Systems
- Strategies -- Highly Differentiated Analysis
- Methodology -- Start With Single Application





Business Models Provide ROI Cost Analysis: SLA, EAI, Security, Scalalability, Hardware, Software, Labor, Networking, Infrastructure, Power, Floor Space, Training, Stack Integration,



Product Benefits
Product Features
Described In Numbers
TCO Costs and Value



Comparative Cost Analysis Models

- Data center analysis includes server management costs
- Interconnect complexity, power, and cooling analysis
- Shared workload on mainframe provides typical utilization of 87%
- Server utilization constrained by lack of memory --typical utilization of 15%

Market Conditions Impacting ROI

- The quantity of information is doubling every 7 months, and the pace is increasing
- Competitive, compliance, and governance issues forcing IT to adopt more efficient process
- SLA server software running in background consumes
 43% of processor power
- Mainframe Z OS optimized for process and security with .5% of processor power dedicated to SLA
- Database replication consumes significant distributed server resource because of moving information into multiple databases
- Mainframe single, consolidated efficient database

WinterGreen Research ROI/TCO

Features and Benefits Analysis -- At Least Ten to One Cost

Advantage for Mainframe over Distributed



Security Cost Analysis



welcome, **Sue 6 A**[log off][My Account]

Mew Sessions

Help

Summary Page: SeC				Current Scenario: Scenario 1 💌	Go Scenarios	Pri	Display Cale List	Calculate
Security Cost Analysis - Mainframe Versus Distributed System		Current	Unit	2006	2007	2008	2009	2010
Analyst Comments - Security	220 5	/						
Total Annual Security Costs - Distributed System	330.5	330.5	\$000	340.4	350.7	361.2	372.0	383.2
Total Annual Security Costs - Mainframe	13 3	13.3	\$000	13.7	14.1	14.5	14.9	15.4
Cost Differential	13.3	Total	Unit	2006	2007	2008	2009	2010
Security Cost Differential - Mainframe vs. Distribute	d System	317.3	\$000	326.8	336.6	346.7	357.1	367.8

Labor Costs to Achieve SLA on E-Application Servers

Current Labor Costs for Software Developers to Achieve SLA On Distr					
Analyst Metric To Set Stage For SLA Software Calculation	Current	Unit			
# of Applications	1.0	#			
Current Labor Costs for Software Developers to Achieve SLA on Distributed System	Current	Unit			
Average Annual Costs Per Software Developer To Manage SLA on Dedicated Servers (annual fully loaded cost)	150.0	000\$			
#Full Time Software Developers To Manage Distributed Server Clustering And Service Level Availability During Normal Operation	2.0	#			
#Extra Software Developers To Manage Scheduling, Messaging Manager, Scheduling, And Recovery From Down Time Or Lost Transactions Efforts(#In Employee Years)	0.3	#			
Total # Software Developers Per Year To Manage SLA On Distributed Servers	2.3	#			
Current Annual Cost For Software Developers To Achieve SLA On Distributed Servers	345.0	000\$			

ROI Cost Analysis Model Market Segment Analysis

egillelit A	lialy 31		
	Single	300	1400
Single	Applica-	Applica-	Applica-
		tions	tions
000\$	000\$	000\$	000\$
13	28	2,400	15,000
1	1	8	11
0.0	283.3	2,549.7	15,298.2
633.0	1,266.0	6,963.0	20,889.0
288.0	576.0	3,168.0	9,504.0
345.0	690.0	3,795.0	11,385.0
118.2	236.4	1,300.2	7,801.2
20.5	41.0	225.5	1,353.0
			2,706.0
56.7	113.4	623.7	3,742.2
12.6	25.2	138.6	831.6
12.6	25.2	138.6	831.6
105.6	126.7	1,161.6	18,585.6
105.6	126.7	1,161.6	18,585.6
0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0
38.5	77.0	423.5	2,541.0
38.5	77.0	423.5	2,541.0
26.4	52.8	290.4	1,742.4
26.4	52.8	290.4	1,742.4
934.3	2,067.4	12,827.0	67,689.0
	Single Application 000\$ 13 1 0.0 633.0 288.0 345.0 118.2 20.5 41.0 56.7 12.6 12.6 105.6 105.6 0.0 0.0 38.5 38.5 38.5	Single Application 000\$ 13	Single Application 000\$ Application tion 000\$ Application 000\$ 13 28 2,400 1 1 8 0.0 283.3 2,549.7 633.0 1,266.0 6,963.0 288.0 576.0 3,168.0 345.0 690.0 3,795.0 118.2 236.4 1,300.2 20.5 41.0 225.5 41.0 82.0 451.0 56.7 113.4 623.7 12.6 25.2 138.6 12.6 25.2 138.6 105.6 126.7 1,161.6 105.6 126.7 1,161.6 0.0 0.0 0.0 0.0 0.0 0.0 38.5 77.0 423.5 38.5 77.0 423.5 38.5 77.0 423.5 26.4 52.8 290.4 26.4 52.8 290.4

Table 2					
	Model Market Segment Analysis,		Single	300	1400
-	, 300 Applications, and 1400 Applications	Single	Applica-	Applica-	Applica-
Mainframe Selecte		Application	tion	tions	tions
		000\$	000\$	000\$	000\$
(In Thousands of Dol					
	# MIPs per Application				
	Runtime	16	21	200	2000
	Allocated	3.799	5.9	67.0	2000.0
	Application Integration /				
	Application Integration /	0.0	2.0	40.0	440.0
	Development Database	0.0	2.2	19.8	118.8
	Service Level Availability (SLA)	4.4	8.8	48.4	290.4
	Hardware Technicians	1.4	2.8	15.4	92.4
	Software Developers	3.0	6.0	33.0	198.0
	Infrastructure	0.716	1.432	78.456	1,242.360
	Server Electricity	0.019	0.038	8.4	343.5
	Air Conditioning Electricity	0.019	0.038	8.4	343.5
	Floor Space	0.678	1.356	61.7	555.3
	Network Costs	1.3	2.6	14.3	85.8
	Cabling	1.3	2.6	14.3	85.8
	Hardware Costs	15.8	31.6	347.6	3,823.6
	MIPs	15.8	31.6	347.6	3,823.6
	Software Costs	1.4	2.8	15.4	92.4
	Database	1.4	2.8	15.4	92.4
	Security	0.0	0.0	0.0	0.0
	Extra Software	0	0.0	0.0	0.0
	T + 1 (0000)		10		
	Total (000\$)	23.6	49.4	524.0	5,653.4

E-Application Mainframe vs. Distributed

Selected Parameter Analysis

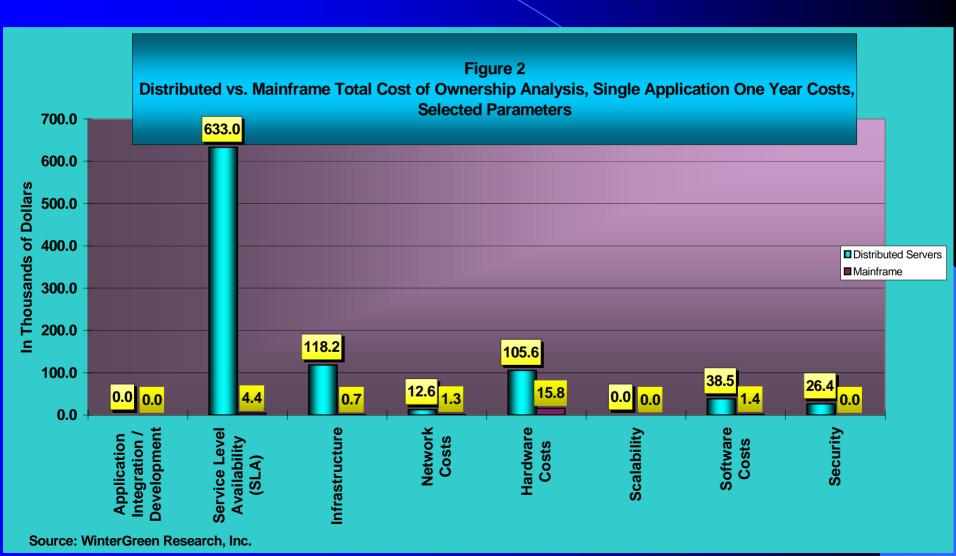


Table 5
ROI Cost Analysis Model Market Segment Analysis,
Single Application, 300 Applications, and 1400 Applications Server Robust Parameter Analysis
(In Thousands of Dollars)

E-Application
000\$

# Servers	13
# Servers per Application	1

Application Integration /	
Development	0.0
Service Level Availability	1,626.2
Infrastructure	118.3
Network Costs	339.6
Scalability	0.0
Hardware Costs	115.8
Software Costs	82.6
Security	330.5

Total (000\$)	2,613.0
	· · · · · · · · · · · · · · · · · · ·

Source: WinterGreen Research, Inc.

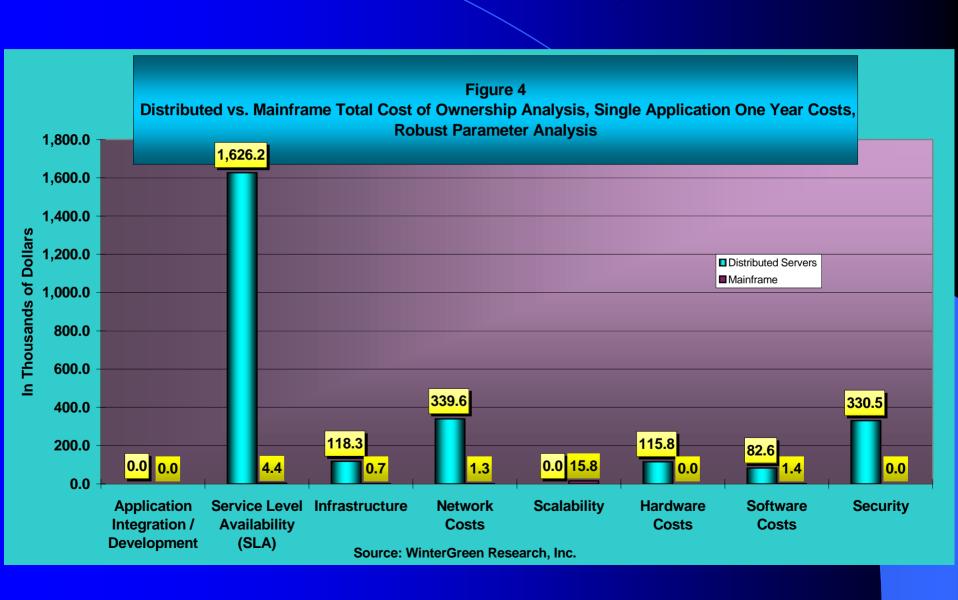
Table 6
ROI Cost Analysis Model Market Segment Analysis,
Single Application, 300 Applications, and 1400 Applications Mainframe Robust Parameter Analysis
(In Thousands of Dollars)

	E-Application
	000\$
# MIPs per Application	
Runtime	16
Allocated	3.799
Application Integration /	
Development	0.0
Service Level Availability	7.5
Infrastructure	0.724
Network Costs	5.8
Scalability	0.0
Hardware Costs	15.8
Software Costs	27.9
Security	13.3
Total (000\$)	71.0

Source: WinterGreen Research, Inc.

E-Application Mainframe vs. Distributed

Robust Parameter Analysis



E-Application Server to Mainframe - One to One Analysis of Cost Factors

- Looks beyond charge backs
- Looks at labor for technicians, developers, and professionals
- Looks at software, hardware, and security costs separately
- Analyzes infrastructure costs
- Takes into consideration utilization realities
- Does SLA analysis

ROI Tool -- Summary Page with Drill Down Hyperlinks





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app int Scenario 1 V Go Scenarios Calculate							
Estimated Annual Growth (activity) = 3.0 %							
Application Integration Development Costs Distributed vs. Mainframe	Current	Unit	Year 1	Year 2	Year 3	Year 4	Year 5
Analyst Remarks		000\$					
Development On Distributed Systems	4,864.7	000\$	4,966.8	5,076.1	5,192.9	5,317.5	5,450.4
Development On Mainframe	633.2	000\$	646.5	660.7	675.9	692.1	709.4
Costs	Total		Year 1	Year 2	Year 3	Year 4	Year 5
Different Development Costs	4,231.5	\$	4,320.3	4,415.4	4,516.9	4,625.3	4,741.0
						-	

Calculate

Conversion Factor Servers to MIPs

- Conversion depends on multiple factors:
- Calculations done in 5 different ways to cross check numbers
- Number of transactions per second
- System optimization
- System utilization
- Number of database instances
- Number and frequency of database replications

Conversion Factor: Runtime MIPs to Allocated MIPs

- 13 servers and 16 MIPs, an 81% server to mainframe correspondence
- 16 MIPs runtime / shared processing resource
- Shared workload on the mainframe
- 13 servers fully dedicated to E-application
- E-Application full capacity use is 5 days per week, times 8 hours per day, times 52 weeks per year
- This equates to 23.7% of the total processing time or 3.799 MIPs allocated to the application
- 3.8 MIPs allocated is the value used in the analysis

Fully Loaded Data Center Costs

- # \$18 per square foot includes aspects of a hardened data center:
- # Fault tolerant electrical grid
- # 2000 amps of 480v input power
- # Main transfer switch
- # 500KVA Powerware UPS units with 90 batteries per unit
- # Standalone PDUs at each cabinet row
- # 1.5-megawatt generator (2200-gallon tank)
- # DataTrax monitoring software for all data center infrastructure
- # 1-megawatt generator (2000-gallon tank)

Fully Loaded Data Center Costs

(Continued)

- # 22,000 sq. ft. facility
- # 18,000 sq. ft. of raised floor
- # 26-ton data air AC units
- # Very Early Smoke Detection Apparatus (VESDA)
- # Pre-action dry pipe sprinkler system
- # 220 smoke detectors in an integrated system
- # Simplex security badge entry/exit on all doors to facility
- # Earthquake protection for the building

Total # of Servers For The Application	14.0	#	
SLA Software Costs - Monitoring and Management (M&M) Software	Current	Unit	
Total # of CPUs Running M&M Software	45.0	#	5 L
\$ Per CPU - SLA Software Costs For Monitoring and Management (M&M)	250.0	\$	
Total Costs - SLA Monitoring and Management (M&M) Software	11,250.0	\$	
SLA Software Costs - Registration And Un- Registration Of Managed Components	Current	Unit	
Total # of CPUs Running Registration Software	45.0	#	·
\$ Per CPU - SLA Software Costs For Registration	300.0	: <u> </u>	
Total Costs - SLA Registration Software	13,500.0	SLA So Manage	ftware Costs ement
		Total # of	CPUs Running P
		\$ Per CPU Managem	J - SLA Software ent
		Total Cost	ts - SLA Protecti

SLA server software running in background consumes 43% of processor power, with no correlate in the mainframe which is optimized for process and security.

SLA Software

#	<u> </u>	
SLA Software Costs - Protection Group Management	Current	Uni
Total # of CPUs Running Protection Group Management Software	45.0	#
\$ Per CPU - SLA Software Costs For Protection Group Management	700.0	\$
Total Costs - SLA Protection Group Management Software	31,500.0	\$
SLA Software Costs - Event/Message Control	Current	Uni
Total # of CPUs Running Event/Message Control Software	45.0	#
\$ Per CPU - SLA Software Costs For Event/Message Control	120.0	\$
Total Costs - Event/Message Control Software	5,400.0	\$
SLA Software Costs - Guaranteed Message Delivery	Current	Uni
Total # of CPUs Running Guaranteed Message Delivery Software	45.0	#
\$ Per CPU - SLA Software Costs For Guaranteed Message Delivery	400.0	\$
Total Costs - Guaranteed Message Delivery Software	18,000.0	\$
SLA Software Costs - Event/Message Priorities, Event/Message Ordering, And Persistence	Current	Uni

45.0

1100

4,950.0

Total # of CPUs Running Event/Message Priorities,

Event/Message Ordering, And Persistence Software

Event/Message Ordering, And Persistence For SLA

And Persistence Software

\$ Per CPU - SLA Software Costs For Event/Message Priorities,

Total Costs - Event/Message Priorities, Event/Message Ordering,

More Load Distribution Software

SLA Software Costs - Load Distribution, Clustering, Cluster Membership Systems Management, Including Adding, Removing And Enumerating Members, Lock, Unlock And Shut Down A Cluster Or A Cluster Node	Current	Unit
Total # of CPUs Running Software for Load Distribution, Clustering, Cluster Membership Systems Management (Including Adding, Removing And Enumerating Members, Lock, Unlock And Shut Down A Cluster Or A Cluster Node for SLA)	45.0	#
\$ Per CPU - SLA Software Costs For Achieving Load Distribution, Clustering, Cluster Membership Systems Management (Including Adding, Removing And Enumerating Members, Lock, Unlock And Shut Down A Cluster Or A Cluster Node)	815.0	\$
Total Costs - Software for Load Distribution, Clustering, Cluster Membership Systems Management	36,675.0	\$
SLA Software Costs - Checkpoint Services, Checkpoint Replicas, Checkpoint Data Access Reads, Writes, Updates, And Deletes, And Saving State	Current	Unit
Total # of CPUs Running Software for Checkpoint Services, Checkpoint Replicas, Checkpoint Data Access Reads, Writes, Updates, And Deletes, And Saving State	45.0	#
\$ Per CPU - SLA Software Costs For Checkpoint Services, Checkpoint Replicas, Checkpoint Data Access Reads, Writes, Updates, And Deletes, And Saving State	110.0	\$
Total Costs - Software for Checkpoint Services, Checkpoint Replicas, Checkpoint Data Access Reads, Writes, Updates, And Deletes, And Saving State	4,950.0	\$

More Server Management Software

SLA Software Costs - Synchronous Updates And Asynchronous Updates	Current	Unit
Total # of CPUs Running Software for Synchronous Updates And Asynchronous Updates	45.0	#
\$ Per CPU - SLA Software Costs For Providing Synchronous Updates And Asynchronous Updates	220.0	\$
Total Costs - Software for Synchronous Updates And Asynchronous Updates	9,900.0	\$
SLA Software Costs - Trace and Trace Manager	Current	Unit
Total # of CPUs Running Trace and Trace Manager Software	45.0	#
\$ Per CPU - SLA Software Costs For Trace and Trace Manager	250.0	\$
Total Costs - Trace and Trace Manager Software	11,250.0	\$
Total Software Costs	Current	Unit
Total \$ For Extra Software To Achieve SLA On Distributed Servers	147,375.0	\$
Unit Conversation - \$ to 000\$	1,000.0	#
000\$ - Total Initial Costs For Extra Software To Achieve SLA On Distributed Servers	147.4	000\$
5-Year Assumptions	Current	Unit
% Of Software Costs Incurred (Total for 5 years Represents Maintenance Percent)		%
Estimated Yearly Costs	Current	Unit
000\$ - Yearly Software Costs To Achieve Service Level Availability On Distributed System (Initial Costs And Maintenance Costs In Years Thereafter)	147.4	000\$

SLA Manual Process Downtime Expenses

- \$892,200 Per Year for One Hour Lost Automation for Professional or Physician / Clinician
- Assume manual process replaces automation for one hour per year
- Assumption 4,500 people
- Lose the application 53 hours of downtime
- 99.9 percent availability

Server Security Costs

Security Cost Analysis For Distributed Systems (Dollars in Thousands)			
Labor Costs - Security Policy Declaration	Current	Unit	
Annual Cost of Labor To Develop Security Policies	50.0	\$000	
Annual Cost of Labor To Implement LDAP or other Security Server	10.0	\$000	
% Increase/Decrease In Security Policy Costs		%	
Total Annual Cost of Labor to Implement Consistent Security and Identity Resolution Policies	60.0	\$000	
Software Costs - E-Referral 14 Servers Security	Current	Unit	
Cost Of Encryption Security Software	15.0	\$000	
Cost Of Intrusion Detection Security Software	3.0	\$000	
Cost Of Firewall Security Software	2.0	\$000	
Cost Of Virus Protection Security Software	1.4	\$000	
Cost Of PKI Security Software	5.0	\$000	
% Increase/Decrease In Security Software Costs		%	
Total Cost Of Security Software	26.4	\$000	

Server Security Costs

Total Cost Of Security Software	60.0	\$000	
Hardware Costs - Security	Current	Unit	
Cost Of Security Edge Routers	7.0	\$000	
Cost Of Security Appliances	2.0	\$000	
% Increase/Decrease In Security Hardware Costs		%	
Total Cost Of Security Hardware	60.0	\$000	
Physical Security Costs	Current	Unit	
Annual Cost Of Physical Security Personnel (security guard(s) or other)	95.0	\$000	
% Increase/Decrease In Physical Security Personnel Costs		%	
Total Cost Of Physical Security Personnel		\$000	
IT Security Incident Labor Costs	Current	Unit	
Labor Cost Per Hour For Security Technicians to Resolve Specific Security Incidents	50.0	\$	
#Major Security Incidents Per Year	10.0	#	
Average # Of Technician and Management Hours To Resolve a Security Incident			
% Increase/Decrease In IT Security Incident Labor Costs		%	
Total Annual Labor Costs To Resolve Specific Security Incidents	60.0	\$000	

and IT Security Incident Direct Costs*			
Physical Security Costs	Current	Unit	
Annual Cost Of Physical Security Personnel (security guard(s) or other)	95.0	\$000	
% Increase/Decrease In Physical Security Personnel Costs		%	
Total Cost Of Physical Security Personnel		\$000	
IT Security Incident Labor Costs	Current	Unit	
Labor Cost Per Hour For Security Technicians to Resolve Specific Security Incidents	50.0	\$	
#Security Incidents Per Year	100.0	#	
Average # Of Hours To Resolve a Security Incident	30.0	#	
% Increase/Decrease In IT Security Incident Labor Costs		%	

Total Annual Labor Costs To Resolve Specific Security Incidents

Total Annual Cost Of E-Referral Lost Business Due To Security

|% Increase/Decrease In Cost of Lost Business Due to Security|

Annual Cost Of Lost Business Due To Security Incidents

Cost Of Lost Business Due To Security Incidents

lIncidents

lincidents

110.1

Current

30.0

\$000

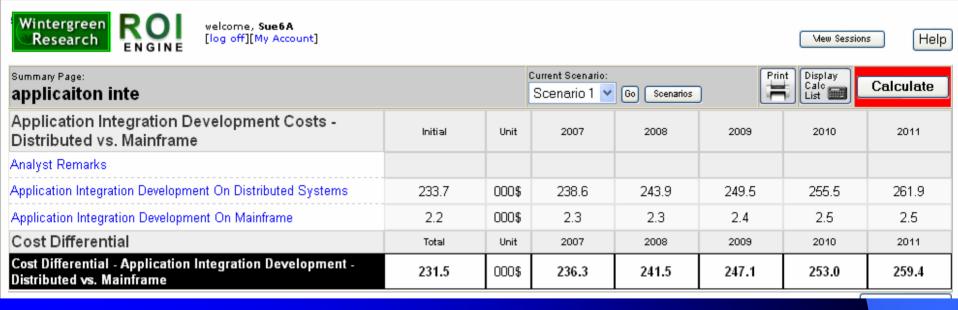
Unit

\$000

%

\$000

Application Integration Development Costs - Other Applications - Not E-Application



Conclusion: Mainframe Holds its Value Server Hardware Replaced Every Three Years

- Server hardware needs to be replaced every three years
- Server has zero value at end of three year life
- Mainframe is refreshed and scaled or descaled once it is purchased
- Mainframe holds its value

Cost of Next Steps

- Collection of relevant metrics to provide customization
- Build customized version of mainframe vs. distributed models
- \$1,800 per custom application report
- \$5,000 per one day to collect metrics for customization application report (if necessary)
- \$25,000 for comprehensive summary report

WinterGreen Research ROI Product Features and Benefits Analysis

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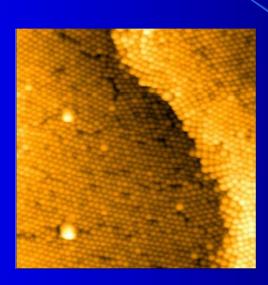
Appendix A

 Following are background slides about WinterGreen Research

TCO / ROI for Software Products



- •OS
- Middleware
- Application
- Security
- Identity
- AAA Radius
- •Real Time Video
- Web Services
- Messaging
- Wrappers
- Biometrics



- •Linux
- Wireless
- Music / Radio
- •Search
- Video
- Web Services
- •SOA / XML
- •Content Management
- •PKI

Wintergreen Research

World Energy Analysis WinterGreen Research



Solar

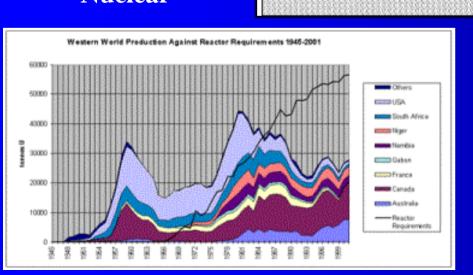
Thin Film Battery



Wind



Nuclear



Stationary Fuel Cell



Wintergreen Research

Renewable Energy Accounts for 55.3% of World Energy by 2018

Worldwide Grid and Residential Electricity Power Generation Source

Billions of Killowatt Hours

		Billions of	Billions of	%	%	%
Fuel Type		Killowatt	Killowatt	2006	2013	2018
		Hours	Hours	Market	Market	
	2006	20013	2018	Share	Share	
Coal	5,532.0	1,123.0	160.9	33.7	4.9	0.5
Nuclear	2,626.0	4,851.0	7,819.3	16.0	21.3	24.3
Natural Gas	1,892.0	2,007.0	257.4	11.5	8.8	0.8
Wind	471.6	6,592.0	13,096.4	2.9	29.0	40.7
Petroleum	1,847.0	1,587.0	257.4	11.3	7.0	0.8
Solar	11.2	1,155.1	4,698.0	0.1	5.1	14.6
Hydro	1,982.0	2,183.0	1,608.9	12.1	9.6	5.0
Hydrogen	929.0	1,982.0	3,024.7	5.7	8.7	9.4
Other	1,124.2	1,256.4	1,254.9	6.8	5.5	3.9

Total 16,415.0 22,736.5 32,178.0 100.0 100.0 100.0

Residential is both grid and non-grid powered in 2013 and 2018

Source: WinterGreen Research, Inc.



ROI/TCO for Communication and Server Equipment

- Switches
- Routers
- Servers
- Blades
- Digital Loop Carriers
- DWDM
- DSL / Fiber



- Wireless
- Wireline
- Cable
- •WiMAX
- •Edge Equipment
- Video
- Satellite
- Audio

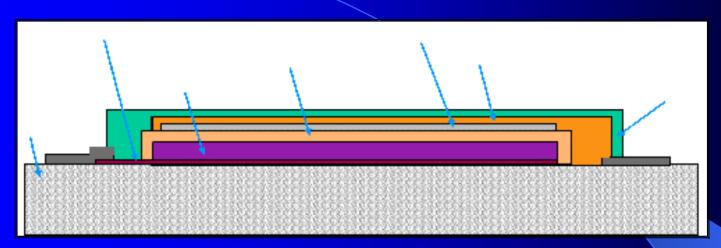


TCO / ROI for Infrastructure

- IP Internet Based
- Cable Infrastructure
- Wireline Sonet Infrastructure
- Wireless 2.5 G, 3G, and 4G Infrastructure
- Wireless Data and Voice WiFi and WiMAX
- Grid Generating Equipment
- Stationary Fuel Cells
- Wind and Solar Generators



TCO / ROI for Technology Products



- Micro Fuel Cell
- Stationary Fuel Cell
- Thin Film Batteries
- Wind Energy Generators
- Off Grid Systems
- Solar Energy Cells

- Nanotechnology Optical Modulators
- Campus Generators
- Micro Generators
- Fuel Cell Components



WinterGreen Research Primary Research

Accurate Forecasts Based on Primary Research

Complex Analysis of Market Growth Factors
Proprietary Technology

Emphasis On Good Numbers

Emphasis On Verifying Research

First With SOA Cell Based Computing Definitions



Primary Research



- WinterGreen Research provides primary research
- 22 year track record of predicting market size accurately
- 500 markets tracked Specialty in High Growth Markets
- Highly Accurate Predictions Based on Primary Research
- In 1995 First Internet Study Predicted 100 MM users by 2000 -- Right On
- Wireless Handset Markets Predicted to Be 85% to 95% Penetration in U.S., Europe, and Japan by 2008 When Other Analysts Were Predicting 35 % Penetration -- Tops -- Again Right On

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