

IBM System z Directions The future data center Technology Status and Roadmap focus

a System z for "every" application breaking down the "server walls"

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A Strategic Vision for the Future Role of the IBM System z Mainframe

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Agenda

System z positioning today...

- Some consolidation trends
- General investment areas
- zNext and application trends
- zFuture hybrid application server architecture

Emerging data serving platform with multiple application personalities "The end" of the general purpose processor era !





Unlimited Scalability - High Flexibility Resilience - Security Integration

continued large investments and effective price reduction HW and SW

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Current status - System z9

Investment:

- 3 years
- \$1.2 billion
- 5,000 tech professionals

System z - today

Scalability - High Flexibility Resilience – Security (EAL5) Integration

Continued effective price reduction HW and SW **z9 EC** Enterprise Class Up to 64 engines (cores) Multiple Capacity levels - 4 levels: 199, 386, 468, 580 MIPS **zAAP, zIIP, IFL engines** RoHS compliant Upgrade from z900, z990, z9-BC

> 4 Advanced z9 BC MCM's (Book's) Concurrent Install / Upgrade / Repair Concurrent upgrade of microcode

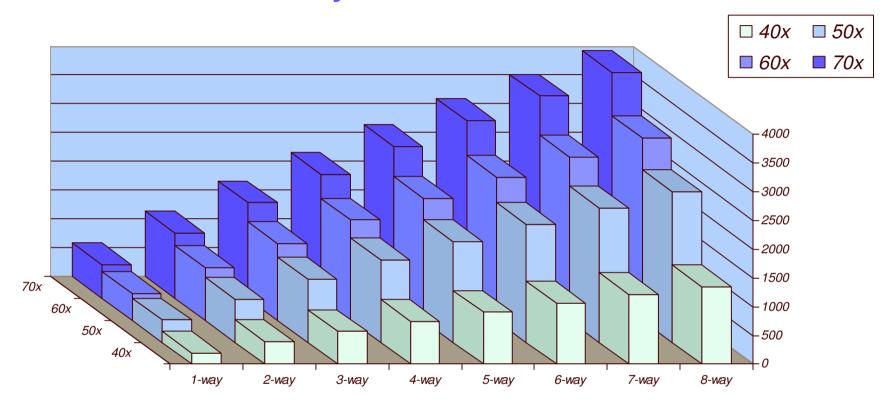
z9 BC (Business Class)

Up to 8 engines (cores) R07: 1-3 way + speciality engines S07: 0-4 way + speciality engines Multiple Capacity Levels -10 levels: 26 - 172 MIPS - 9 levels: 193 - 480 MIPS ZAAP, zIIP, IFL engines RoHS compliant Upgrade from z800-4, z890

26 to 17500++ MIPS Corresponds to up to 3 million++ TPC-C

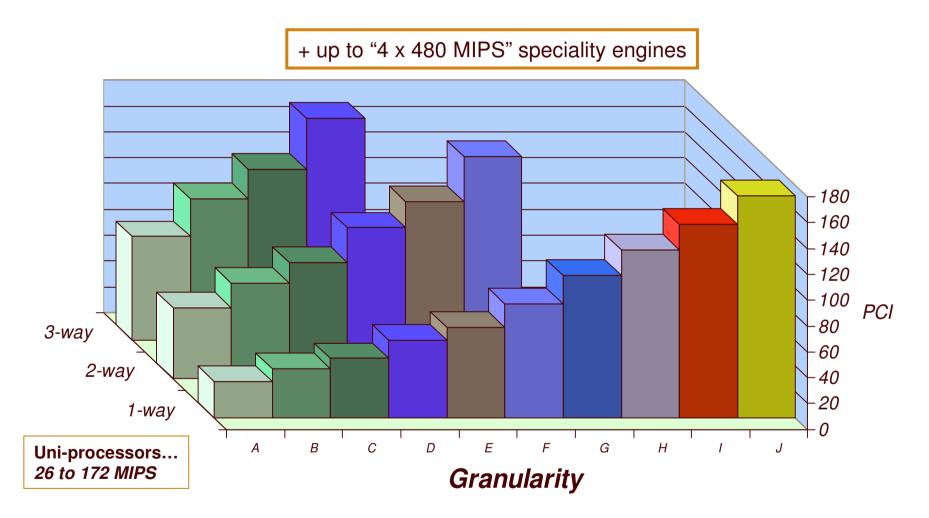


Processor Granularity like we have with z9 will continue



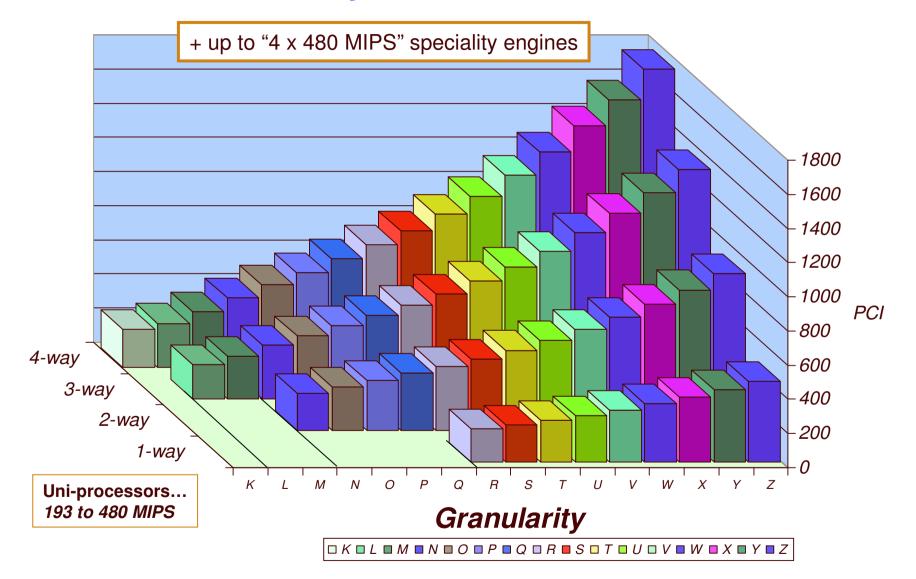
L										
L	1-way	2-way	3-way	4-way	5-ways	6-ways	7-ways	8-ways	SW Model	
L	199	388	569	740	903	1058	1206	1347	4xx	
L	386	753	1104	1436	1752	2053	2339	2613	5xx	
L	468	913	1338	1741	2124	2489	2836	3168	6xx	
	580	1131	1659	2158	2633	3086	3515	3927	7xx	
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Processor Granularity z9 BC R07 – *26 to 172 MIPS*



 $\Box A \Box B \Box C \Box D \Box E \Box F \Box G \Box H \Box I \Box J$

Processor Granularity z9 BC S07 – 193 to 1782 MIPS





Future oriented growth workloads

Specialty Engines - technology investment protection

No SW charges \$95K - \$125K per engine

> Shared Data Clustering

Internal Coupling Facility (ICF) 1997



Q1 Q3 Q5 Q7 Q9 Q11 Q13 Q16 Q18 Q20 Q22 Q24 Q26

Open

Technologies

Integrated Facility

for Linux (IFL) 2001

Building on a strong track record of technology innovation with speciality engines.... DB compression. SORT. Encryption. Vector Facility...

> Application Technologies Self-describing Info

IBM System z Application Assist Processor (zAAP) 2004

JAVA

XML

DB DRDA DB Parallel DB Utilities XML IPsec

Information Processing

Self-describing Info

IBM System z9 Integrated Information Processor (IBM zIIP) 2006

zAAP/zIIP processors

Provides the economic justification

for the technical "relevant" and integrated and

application solution infrastrcuture

CA, BMC, other tools

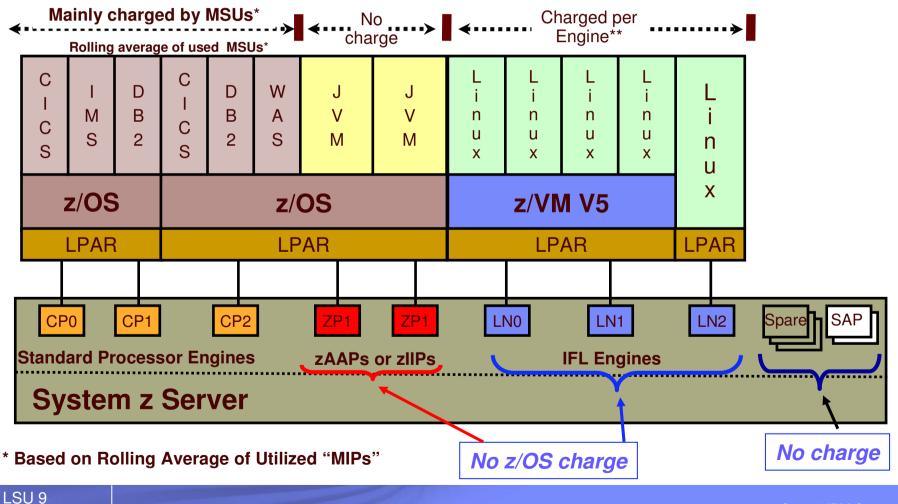
Usage is completely transparent for Applications

managed "under the cover" by z/OS and the PRSM Virtualization Hypervisor

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Value - SW charge methods for specialty engines

Example: the enterprise pays for **less** than 3 engines (Work Load Charge - rolling avg usage) of z/OS and CICS - even though 8 engines are installed and activated



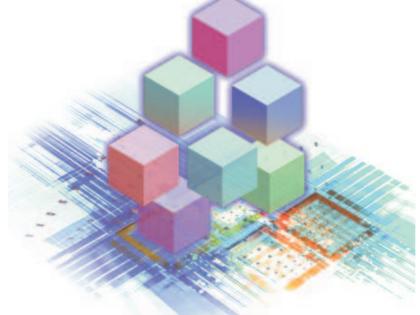
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A Service Oriented Architecture (SOA) is Key

SOA will continue to be a critical enabler of business process innovation

- Packaging business functions from new and existing applications in a simple and standardized way creates services that are available for use
- Services can be reused and combined to deploy composite applications to address new opportunities
- Increasing use of "Web" services based on open standards complements existing services technology
- Classic Silo systems mgt approach is challenged opening an opportunity around centralization & integration with System z



The flexibility to treat elements of business processes and the underlying IT infrastructure as secure, standardized components (services) that can be reused and combined to address changing business priorities

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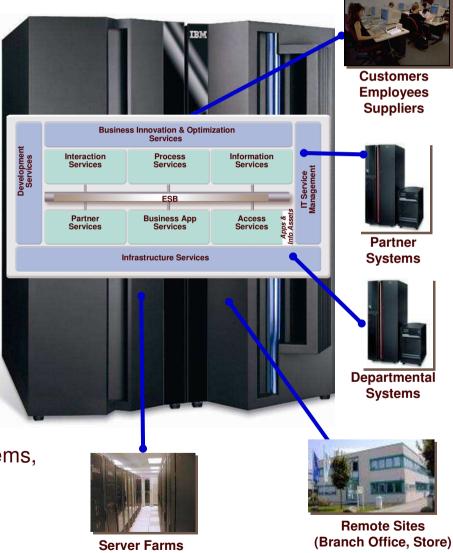
The mainframe is a platform for people, info, process integration Delivers all the essential SOA qualities

Architecturally compatible:

- SOA Reference Architecture
- Architectural services
- Communications and integration
- Process control
- Reuse of core assets
- Helps address industry standards

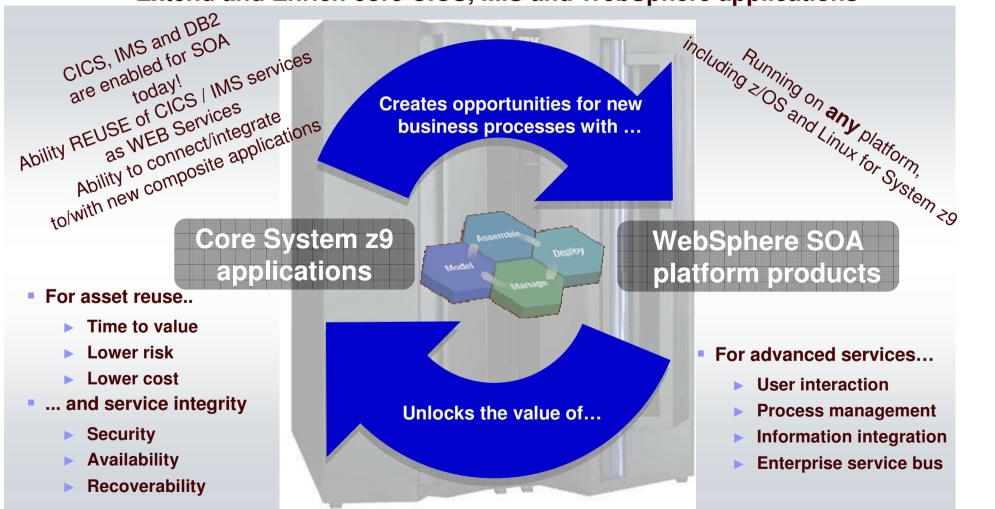
Operationally superior:

- End-to-end security features
- 24/7 availability
- Massive scalability
- Automated recoverability
- Centralized operations
- Not just a collection of technologies
- \$100B investment into an integrated stack of applications, middleware, data, operating systems, HW and architecture
- HW & SW designed and optimized to work together to achieve business objectives in demanding customer environments



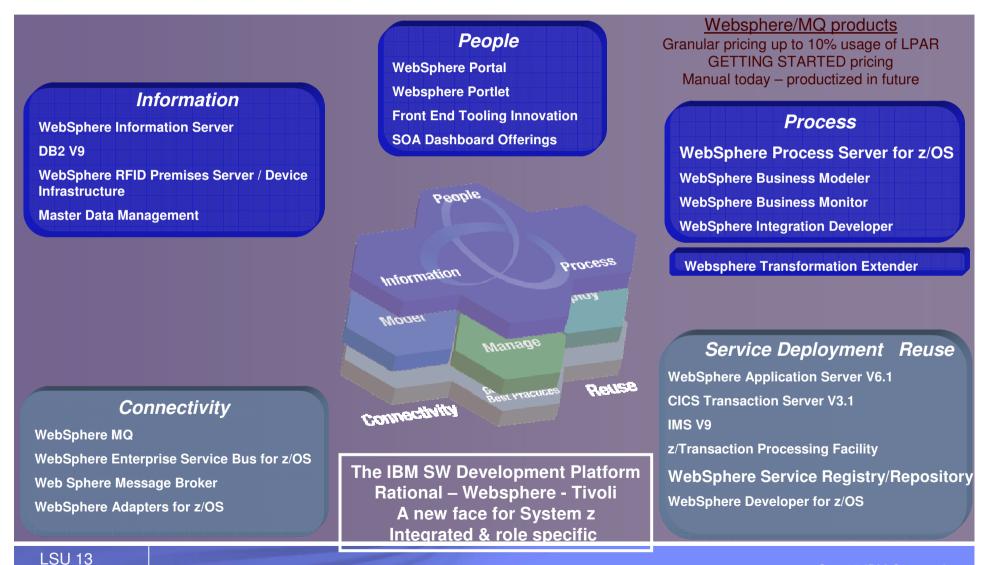
SOA on System z9 *A Compelling case for utilizing your most valuable assets!*

Extend and Enrich core CICS, IMS and WebSphere applications



IBM

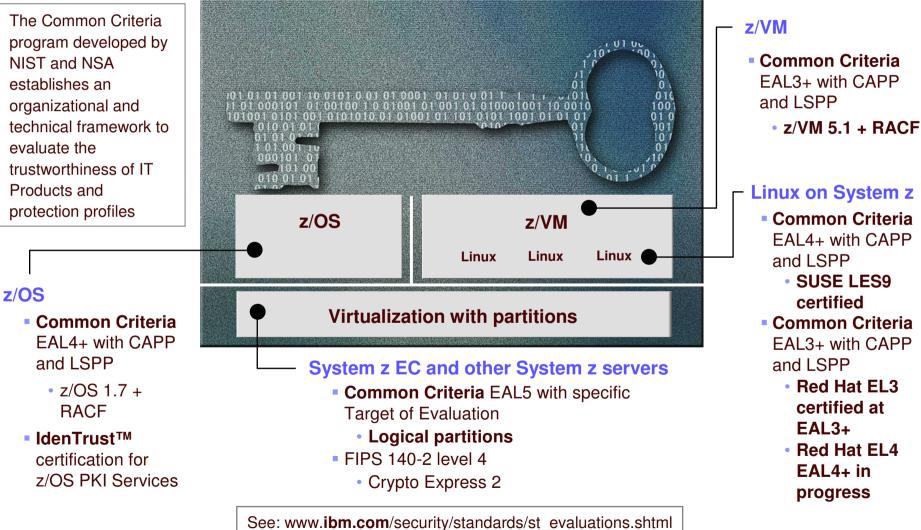
SOA Entry Points to get startedrelationship to System z *Both Business Centric and IT Focused*



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Certifications on System z



Certification of mainframe products and components

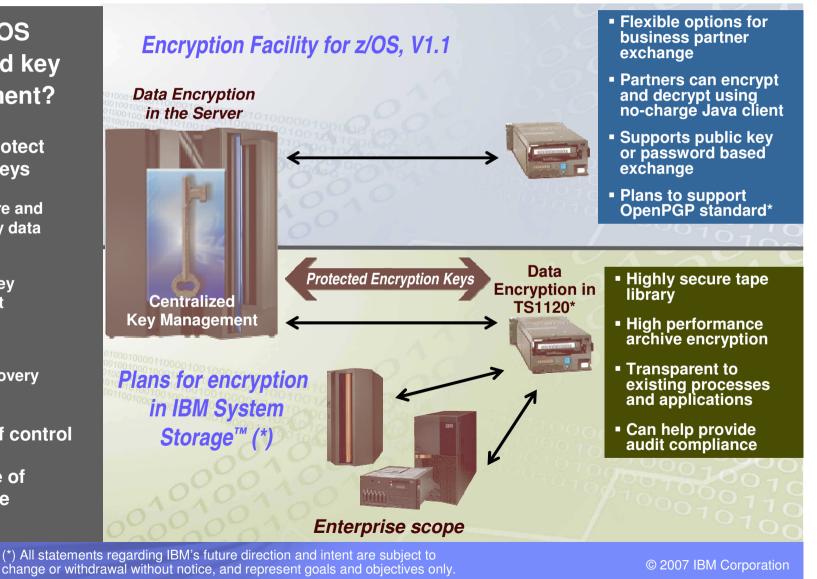
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TEXT

Tape Encryption with Key Management on System z

Why z/OS centralized key management?

- Can help to protect and manage keys
 - Highly secure and available key data store
 - Long term key management
 - Audit-ability
 - Disaster recovery capabilities
- Single point of control
- Over a decade of production use



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System z - I/O Subsystem

unique capability "all" I/O is handled outside the application engines ALL I/O interfaces may be SHARED

I/O bandwidth up to 170 GB/sec via 1024 channels (I/O interfaces) ALL I/O devices may be accessed via up to 8 I/O interfaces I/O may be initiated on one interface & execute over other interfaces Huge I/O Configurations – Concurrency in Access to same storage device

ESCON

FICON

may run/interleave a high number of concurrent I/O operations - MIDAW - 4Gbs

FCP

1, 2, 10 Gigabit networks Crypto adapters – SSL/Secure Crypto Coupling Links (up to2GB/sec)

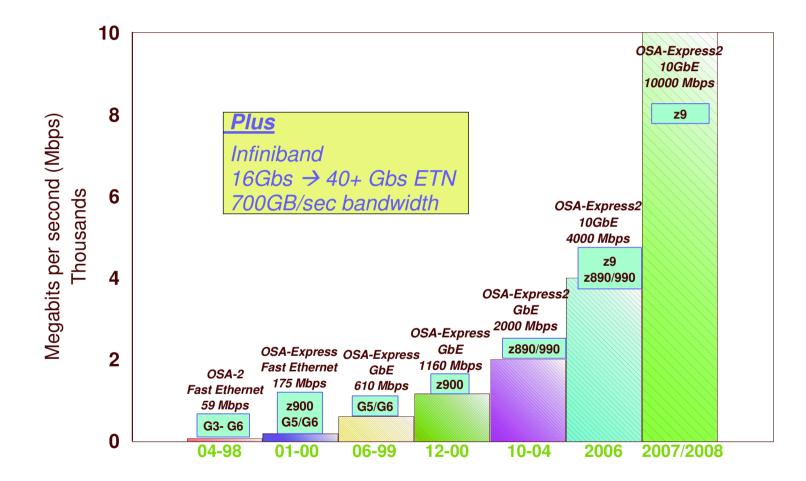
<u>Future</u>

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System z Network I/O Performance objectives



All statements regarding IBM's future direction and intent are subject to change or withdrawal without notice, and represent goals and objectives only

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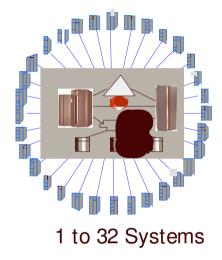
z/OS Continuous Availability

Single System

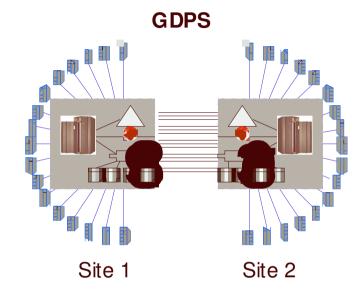


- Built In Redundancy
- Capacity Upgrade on Demand
- Capacity Backup
- Hot Pluggable I/O
- Concurrent Maintenance

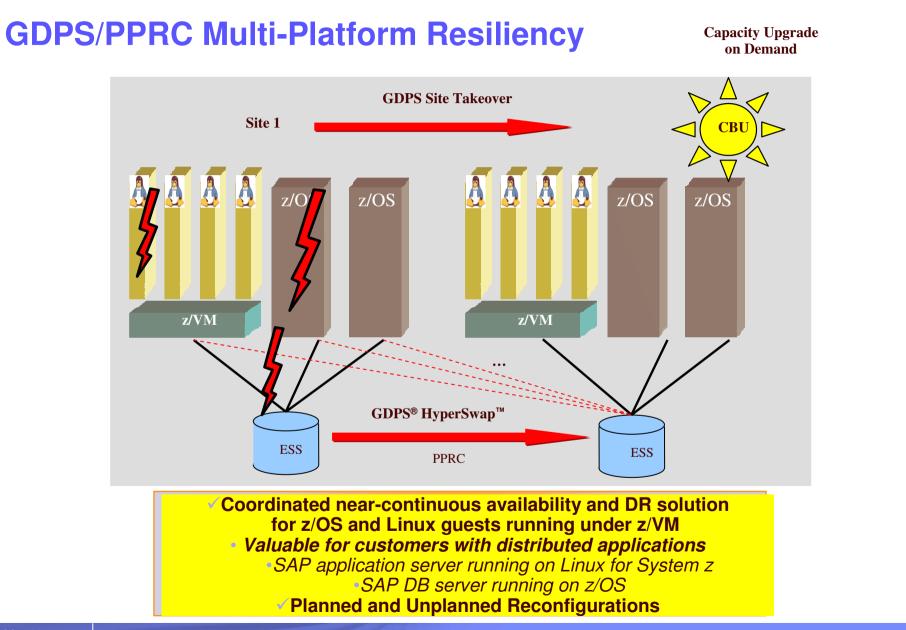
Parallel Sysplex



- Addresses Planned/Unplanned HW/SW Outages
- Flexible, Nondisruptive Growth
- Capacity beyond largest CEC
- Scales better than SMPs
- Dynamic Workload/Resource Management



- Addresses Site Failure/Maintenance
- Sync Data Mirroring (100KM)
- Async Data Mirroring (Any distance)
- Eliminates Tape/Disk SPOF
- No/Some Data Loss
- Application Independent
- Coordinated z/OS & zLinux support



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Some Questions

has the mainframe a future role is it being developed is it being invested into

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Future Directions

"I think there is a world market for maybe five computers."

Thomas Watson, chairman of IBM, 1943

"Computers in the future may weigh no more than 1.5 tons."

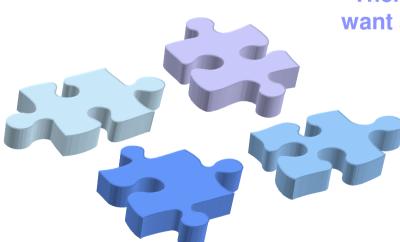
Popular Mechanics, 1949

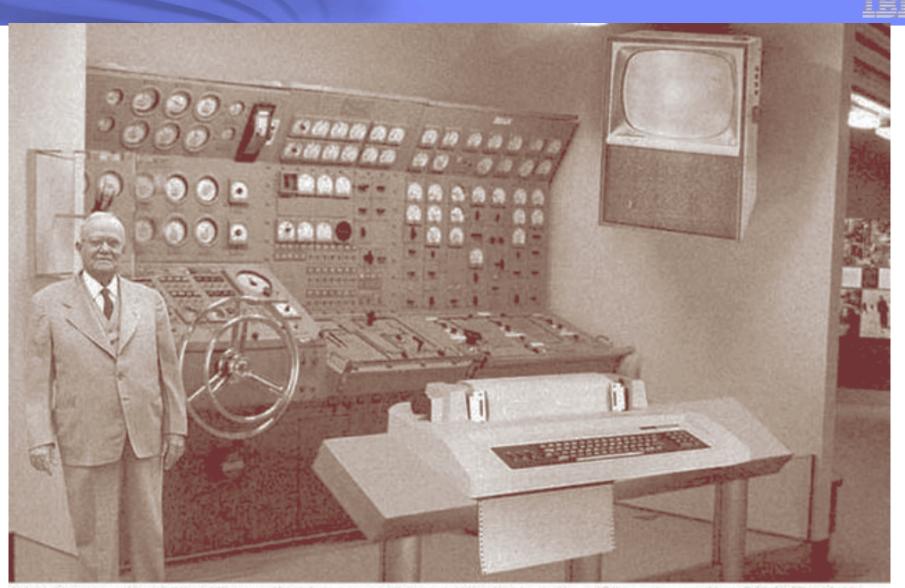
"There is no reason anyone would want a computer in their home." Ken Olsen, founder of DEC, 1977

> "640K ought to be enough for anybody." Bill Gates, 1981

> > "Prediction is difficult, especially about the future"

Yogi Berra





Scientists from the RAND Corporation have created this model to illustrate how a "home computer" could look like in the year 2004. However the needed technology will not be economically feasible for the average home. Also the scientists readily admit that the computer will require not yet invented technology to actually work, but 50 years from now scientific progress is expected to solve these problems. With teletype interface and the Fortran language, the computer will be easy to use.

IBM

Notable quotable...

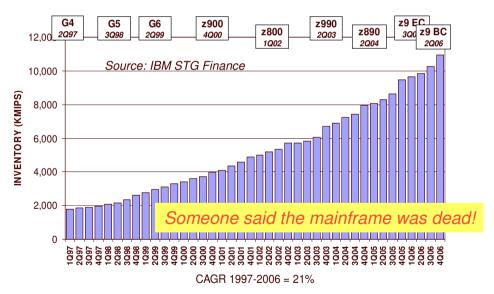
"I predict that the last mainframe will be unplugged on March 15, 1996"

Stewart Alsop, former InfoWorld columnist (now at Fortune Magazine), March, 1991

<image>

IBM Annual Report 2001

- Things have changed in the mainframe area since 1991...
- 21%+ compound growth rate in MIPS since 1997...(year 1 after the death)



"It's clear that corporate customers still like to have centrally controlled, very predictable, reliable computing systems – exactly the kind of systems that IBM specializes in."

Letter from Steve Alsop to Lou Gerstner in 2001

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Mainframes Still Dominate Top Enterprises Some Key Facts -

95 % of the Fortune 1000 enterprises use IMS

Originally written in 1968 to support NASA's Apollo moon landing program

- 25 of the world's top 25 Banks, 23 of the top 25 US Retailers, and nine out of 10 of the world's largest insurance companies run DB2 on System z
- 490 of IBM's top 500 customers run CICS
- IBM's CICS handles more than 30 billion transactions a day
- IBM has 50,000 CICS customer licenses, and 16,000 customers
- There are more than 950,000 CICS application programmers
- More than 275 ISVs sell over 800 Linux applications on System z

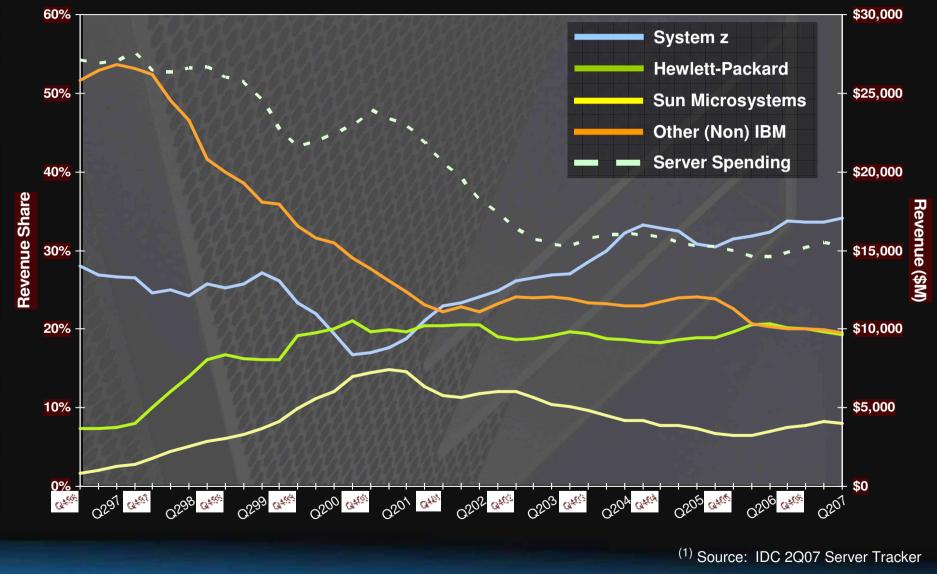




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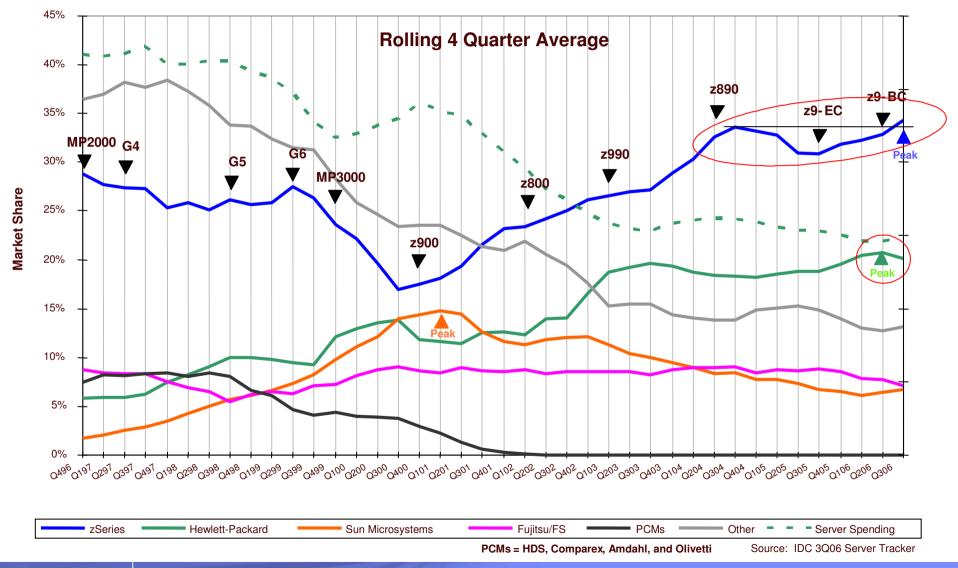
TBM.

\$250K Server Segment (1)



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System z – Market momentum



IBM

System z Growth

- Five consecutive quarters of revenue growth through 2Q07
- Eight consecutive quarters of MIPS growth - >11M MIPS installed
- 130% YTY specialty engines MIPS growth
- \$952 Million in revenue influenced by Global Systems Integrators
- New Customers



Source: IBM Finance, & CSI Finance '07



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New Customers, New Markets, New Wins





Bank of Tokyo-Mitsubishi UFJ

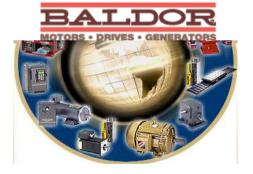


Gets you back where you belong.

















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What's driving the growth

- Integration of Java-based workloads through zAAPs
- Linux
- Database / application integration
- SOA
- Business resilience
- Power and cooling reduction
- Security

Reduction of complexity





The clean sheet of paper

What do clients require in the enterprise infrastructure of today?

- High levels of scalability Physical / Virtual
- Integration across heterogeneous servers with advanced middleware

Economies of scale

- Low cost of ownership for current workloads and future growth
- Ability to run multiple mixed workloads on fewer servers in a highly automated environment
- High levels of automation
- Business continuity
 - Comprehensive security
 - Continuous availability



The IBM Mainframe platform – value and cost solving today's challenges with tomorrow's innovation and investment protection

Enable Rapid Innovation and Growth

- Transform and modernize existing "stable and mature" IT assets to reduce time to market/value
- Exploit an open and flexible computing environment to develop & deploy new J2EE capabilities
- Free IT resources to develop new customer and business capabilities – versus maintenance and fix activity

Deliver High Quality Service to the Business

- Platinum service for "core" & Gold service for "distributed"
- "Always open for business" near continuous availability
- Synchronize DR across platforms
- Keep data safe, avoid outages and their hidden costs
- Virtualize all component levels to maximize resource

Provide Tight Security, Compliance and Audit

- Centralized control
- Simplify & Integrate (reduce complexity)
- Safe from Attack protecting data and privacy

Optimise IT Costs and Improve IT ROI

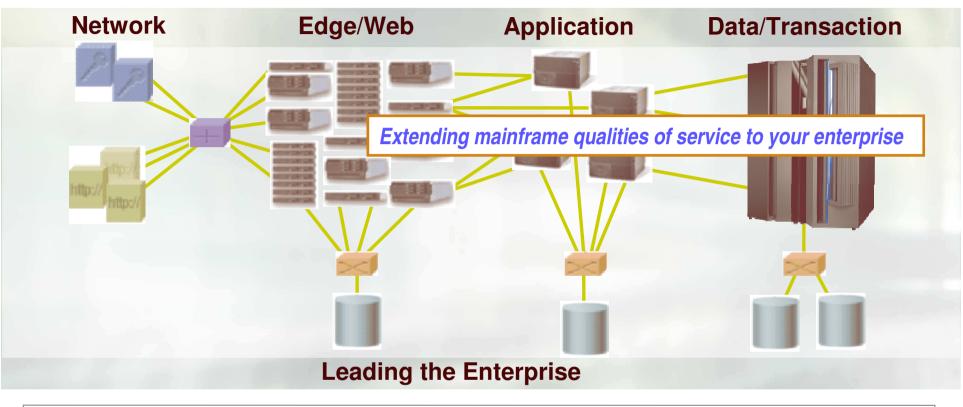
- Re-use existing IT application and data assets
- Consolidate and integrate distributed servers and applications - reduce assets and people support costs
- Automate workload mgmt to reduce IT staff cost
- Use "z" specialty engines to reduce incremental cost
- Use virtualization to share resources, increase utilization, increase flexibility and reduce risk
- Use "z" capacity-on-demand and capacity back-up to minimize IT cost. increase IT flexibility and reduce risk
- Exploit sub-capacity "z" SW pricing to align cost with use
- Reduce floor space and power/cooling needed

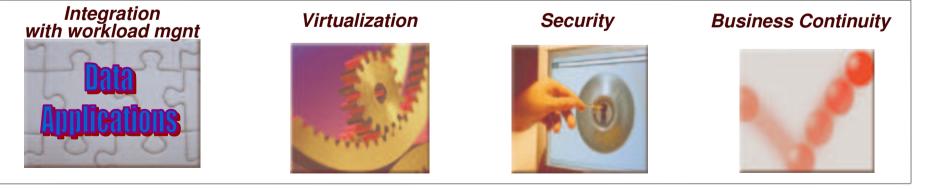
Predictable, low incremental cost to grow

- Organic growth of core applications
- New J2EE (zAAP) and Linux applications (IFL)
- Data, XML, security, etc. (zIIP)

Continuing reduction in cost per core "z" trx

System z - four enterprise-wide roles of the mainframe





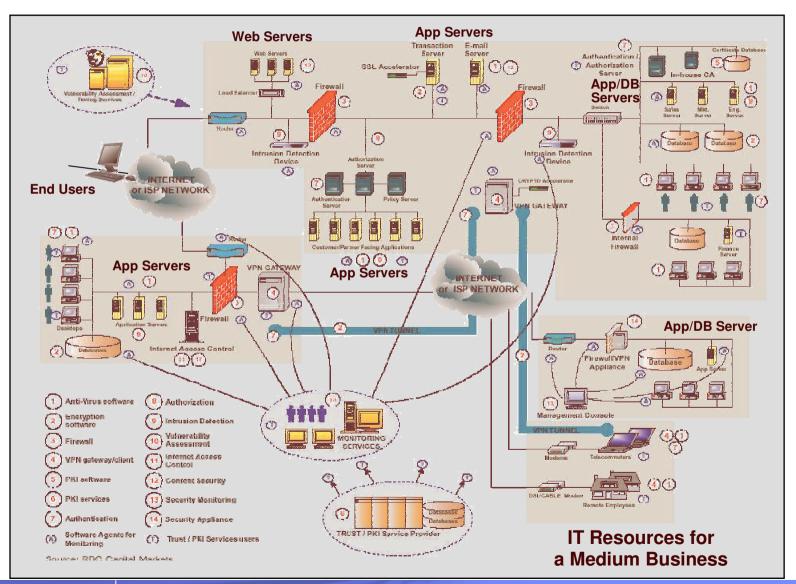


System z

Some consolidation trends

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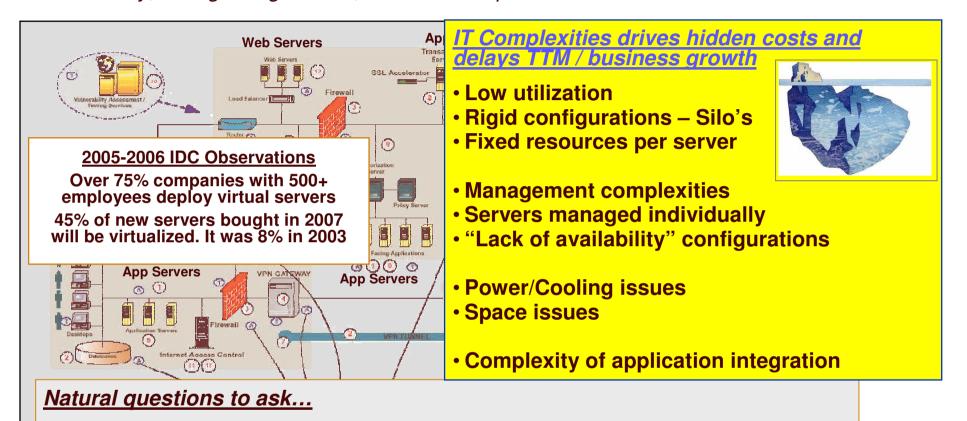
Today....Server proliferation leading to complexity *Low efficiency, Rising IT mgnt costs, Business Responsiveness issues*



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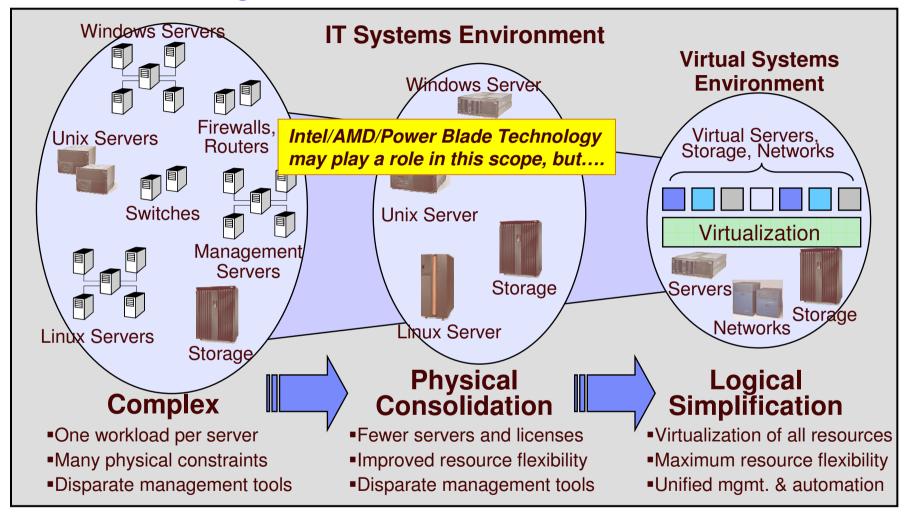
Today....Server proliferation leading to complexity *Low efficiency, Rising IT mgnt costs, Business Responsiveness issues*



- How can we get more out of the systems & people we have ?
- How can we ensure that our systems perform as required so they don't cause problems or slow us down in our business development ?
- How to keep operational costs down to meet budget & ensure that costs to manage IT don't spiral out of control ?

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Consolidation using efficient virtualization

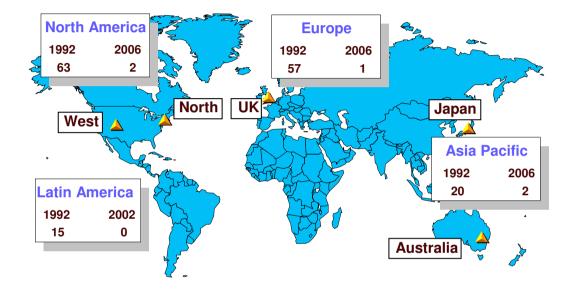


Virtualized IT infrastructures can reduce server hardware costs. Footprints shrink, resource utilizations rise, operational costs drop.

The next wave of virtualization innovation will simplify IT management.

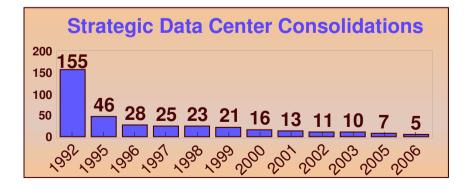
IBM

Massive Consolidation of IGS Data Centers Targeted Cost and Efficiency Objectives –



Tactical and operational efficiencies

- Consolidation of infrastructure
- Application consolidation/reduction
- Global resource deployment
- Enterprise end-to-end architectureoptimization



IBM Metrics	1992	Today
CIOs	128	1
Host data centers	155	7
Web hosting centers	80	5
Network	31	1
Applications	15,000	4,700

IBM Consolidation

... Announcement Highlights

- IBM will consolidate thousands of servers onto approximately 30 System z mainframes
- Substantial savings in multiple dimensions: Energy, SW, System Support costs
 - Saving = around 40%
- Major proof point of IBM's 'Project Big Green' initiative
- The consolidated environment will use 80% less energy
- This transformation is enabled by the System z's sophisticated virtualization capability



IBM'S PROJECT BIG GREEN SPURS GLOBAL SHIFT TO LINUX ON MAINFRAME



Plan to shrink 3,900 computer servers to about 30 mainframes targets 80 percent energy reduction over five years

Optimized environment to increase business flexibility

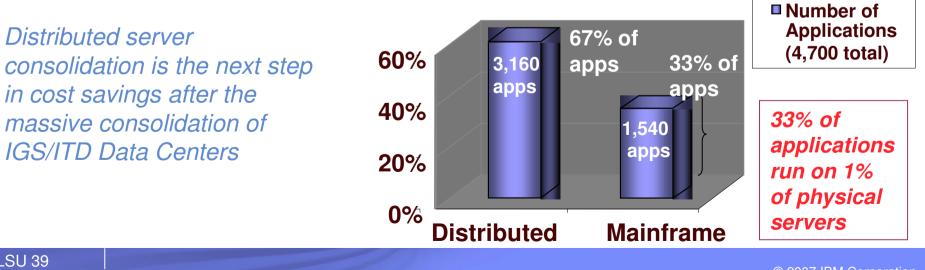
ARMONK, NY, August 1, 2007 – In one of the most significant transformations of its worldwide data centers in a generation, IBM (NYSE: IBM) today announced that it will consolidate about 3,900 computer servers onto about 30 System z mainframes running the Linux operating system. The company anticipates that the new server environment will consume approximately 80 percent less energy than the current set up and expects significant savings over five years in energy, software and system support costs.

At the same time, the transformation will make IBM's IT infrastructure more flexible to evolving business needs. The initiative is part of Project Big Green, a broad commitment that IBM announced in May to sharply reduce data center energy consumption for IBM and its clients.

Server growth and physical space challenges

Infrastructure Challenges

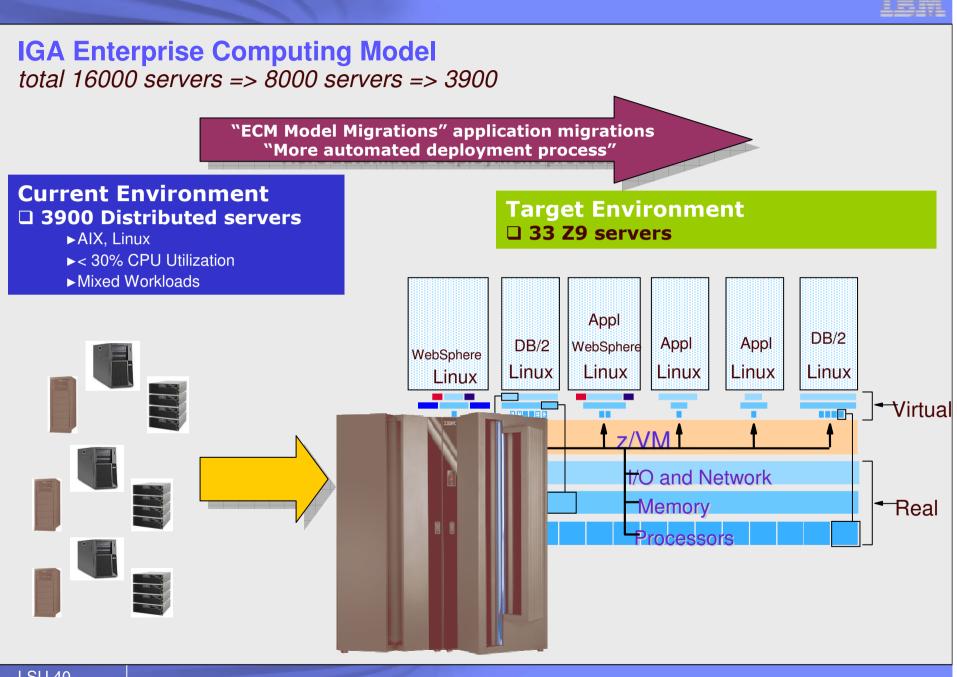
- Floor space challenges in key facilities
- Underutilized assets maintaining outdated Web infrastructure
- Additional physical space needed for future SO growth
- Continued infrastructure cost pressure



Application Distribution: MF and Distributed

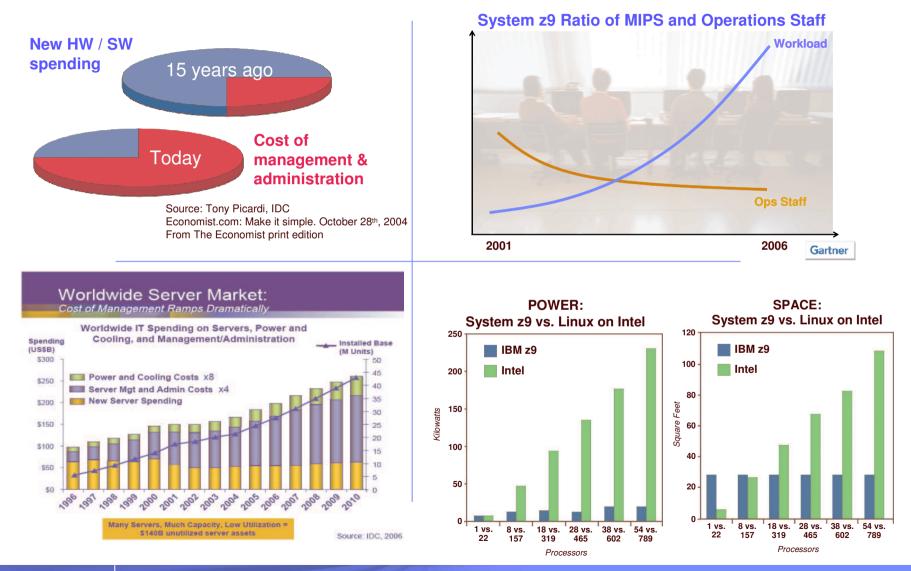
Distributed server

IGS/ITD Data Centers



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Why z Now?



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Server proliferation – complexity and energy crisis

- IT Complexity is driving business pain and cost for many installations
 - People Cost has doubled as a % of Total IT Cost from 33% in 1996 to 66% in 2006⁻¹
 - Software costs continue to grow linearly with distributed server growth ¹
- Energy costs are rising and have become a high priority concern
 - ► Global climate and environmental concerns
- Increased technology density brings with it additional energy requirements

Year	Avg. Watts Per Sq. Ft.	Total kWh	Annual Utility Cost (8.68 cents kWh)
2003	40	17,520,000	\$1,520,736
2005	80	35,040,000	\$3,041,472
2007	240	105,120,000	\$9,124,416
2010	500	219,000,000	\$19,009,200

► Projections on Power Use for 50k Sq. Ft. Data Centers: ²

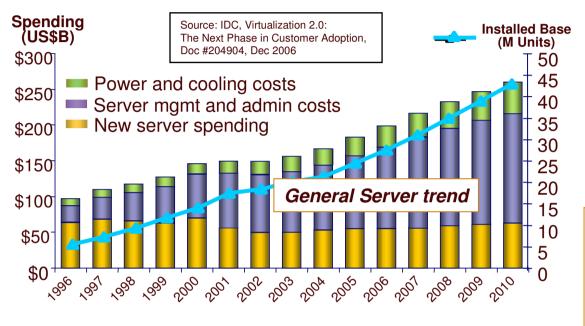
Continued server proliferation is unsustainable due to energy requirements and cost, the cost of infrastructure complexity and the resulting inflexibility of the infrastructure

¹ Source: IDC, On-Demand Enterprises and Utility Computing: A Current Market Assessment and Outlook, IDC #31513, July 2004.

² Source: AFCOM, "Trends in Data Center Design and Construction," California Data Center Design Group

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Economic trends driving Virtualization



IT budget trend		
1995 HW = 65% SW = 14% People = 14% Other = 7%	2004 HW SW Peop Othe	= 18% = 28% ble = 45%

Virtualization is getting HOT, but so are the Data Centers

Power and cooling spend may eventually exceed new server spending

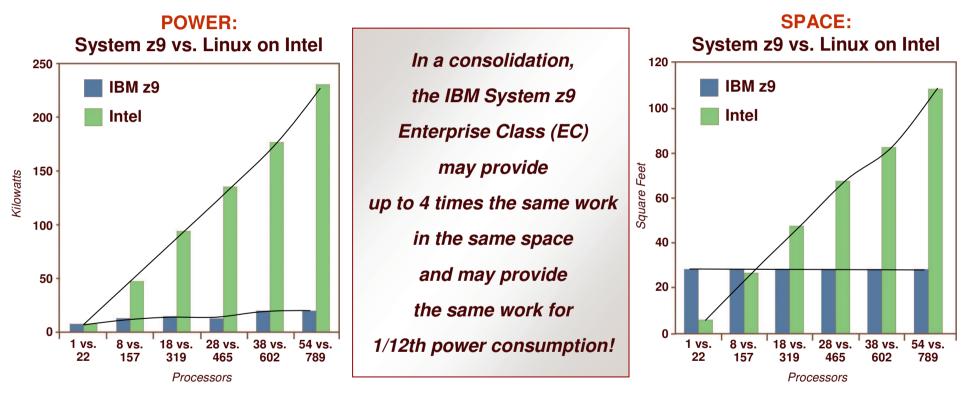
VIRTUALIZATION

- Has primarily been a server consolidation story ...but storage and networks are catching on
- Promises to radically simplify Systems Management
- Basis for new IT delivery and provisioning paradigm including pre-built images or appliances

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System z9 high utilization capabilities may help reducing power/facility costs when consolidating low utilization Linux on Intel[®] servers

Power and Space Consumption



The Linux on Intel servers selected in this example are functionally eligible servers considered for consolidation to a System z running at low utilization such that the composite utilization is approximately 5%. The utilization rate assumed for System z EC is 90%. This is for illustration only actual power and space reductions, if any, will vary according to the actual servers selected for consolidation.

Today's Mainframe:

More powerful, less power – simply an energy efficient solution for multiple workloads

The IBM Global Account team identified 3,900 OS images for potential consolidation on System z

Approach

- 1. Included scope of 8,600 images eligible for migration to find 3900 'fit for purpose' and with TCO savings
- 2. Used commercial TCO model to estimate savings
- Holistic approach taken, including System p[™] virtualization for appropriate work, application portfolio reduction, asset optimization
- Selected workload that runs on multiplatforms for ease of migration – focus on transactional based workload

Initial Priority for consolidation to Linux on System z

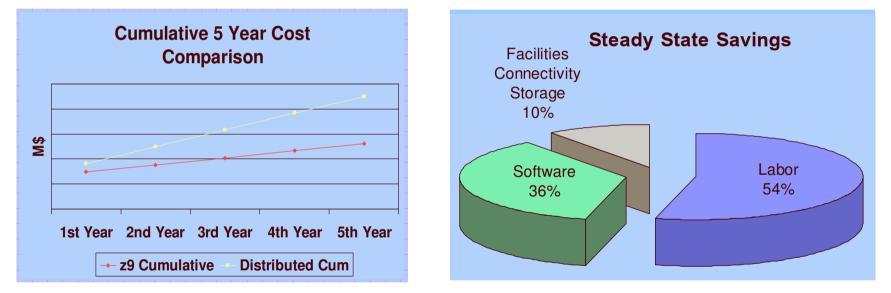




IBM Distributed Consolidation to System z

Performed TCO and consolidation assessment on IBM portfolio

- Cross-IBM effort: System z, SW Migration Services, TCO Academy, Migration Factory
- Analysis considers today's environment vs. "to be" environment; savings is net after hardware and migration investments



Identified substantial savings opportunity

- Annual Energy Usage reduced by 80%
- ▶ Total floor space reduced by 85%

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Savings are primarily driven by labor, with additional significant savings in floor space, power, connectivity and software

5 Year Cost Savings					
Cost Element	% of Savings				
Facilities	4.5%				
Connectivity	4.0%				
Storage	0.6%				
Software	36.1%				
Annual System Administration 54.9%					
Cumulative Cost	100%				

In addition to cost savings, risk and opportunity cost need to be analyzed

- What are the risks of doing the project?
- What is the risk of NOT doing anything?
- · What opportunities are missed?

IBM

The resulting facilities savings are substantial and contribute to IBM's green initiative

80% Savings in Annual Energy Usage

Comparison of Annual Energy Usage for Workloads					
	Distribute	ed solution	z Solution		
	Kilowatts Cost* (\$K)		Kilowatts	Cost* (\$K)	
Power	2,661	\$2,331	512	\$449	
Cooling	605	\$530	117	\$102	
Total Energy	3,266	\$2,861	629	\$551	

(*) Electrical cost calculated at rate of .10 per kW

85% Savings in total floor space

▶ 11,045 square feet for distributed solution, 1,643 square feet for z solution



System z

Trends and Investments

iem

Technology forces and Market trends - guiding System z directions

IT Simplification and Flexibility

- ► Consolidation, Virtualization, Integration, ITSM of heterogeneous infrastructures
- Service Oriented Architecture for Application & Infrastructure
 - Driven by Business Process Optimization (BPO)
 - Modernization of Core applications

Emerging "hybrid integrated applications"

- ▶ Digital convergence data, image, voice, animation
- Integration of massive amount of structured and unstructured data
- Data analytics as integrated part of a business process
- ► Special purpose acceleration

Community driven computing

▶ WEB 2.0 with Real time collaboration and Games

Power / Cooling efficiency

► Virtualization

Market trends

- Emerging geographies and Industry specific initiatives
- Regulations, compliance and security related technology forces
- **Business resilience**
- Ability to adjust and react (TTM)
- ► Drive for cost reductions

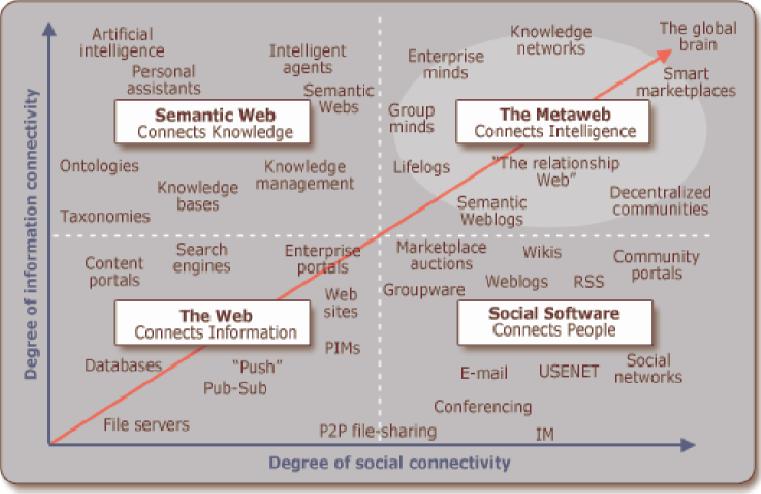
Web 2.0 Technologies – Web 2.0 vs 1.0

- Web 1.0 was...
 - Alpha
 - a tool
 - banner ads
 - about HTML
 - a commodity
 - publishing
 - proprietary
 - about reading
 - about home pages
 - direct marketing
 - about lectures
 - about companies
 - about client-server
 - about advertising
 - about conference events
 - about services sold over the Web

Web 2.0 is... **Beta** a lifestyle Adsense about XML a service participation open source about writing about blogs viral marketing about conversation about communities about peer-to-peer about word of mouth about unconferences about Web services

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The Future of the Web



Source: Nova Spivack www.mindingtheplanet.net

IBM Technical Conferences

Strategic Investments...

System z9

- \$1.2 billion and 5,000 tech professionals
- Increased investments for next generation's...

Increased ISV investments... Linux and z/OS

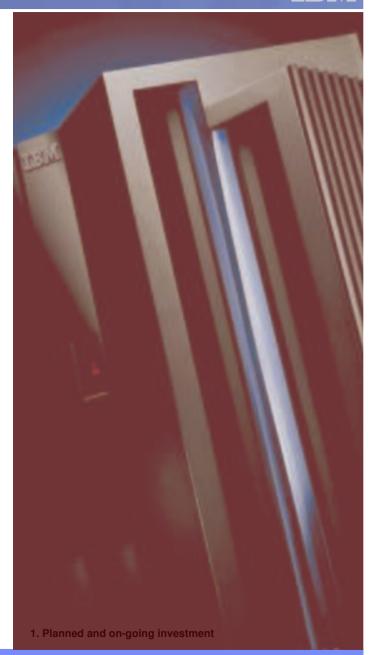


Simplification¹ \$100M

Academic initiative

Field Technical skills expansion - Project Zeus

- 250+ "support" people added to platform in 2007¹ 750+ more "support" people during 2008¹



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The Mainframe Charter – investing in the future

Innovation	 Focus on Enterprise wide manager (Hub) roles Business Resilience (BR) - Enterprise BR Hub Workload Manager (WLM) - Enterprise WLM Hub Security - Enterprise Security Hub Business Integration - Data and SOA Hub On Demand solutions Simplification Continue to "Raise the Bar" on technology leadership
Value	 Make System z attractive for new workloads Continued focus on specialty engines & accelerators Drive granularity to support broad market Generation to generation price/perform improvements Simplification
LSU 54	 ISV applications & Partner relationships Build new skills in marketplace Focus on next generation Focus on emerging geographies Simplification



Making z/OS easier to deploy, administer, and service, October 8, 2006 z/OS Svstem Management Strategy

of applications for the mainframe énvironment. The initiative, involving a téam of programmers to more easily program, manage and administer a mainframe system -- as well as to increasingly automate the development and deployment hardware and software experts, leverages IBM's expertise in automation and goal of this five-year effort, which will include an investment of approximately IBM announced a cross-company effort to make the IBM System z mainframe easier to use for a greater number of computer professionals by 2011. The \$100 million, is to enable technology administrators and computer ibm.com/press/us/en/pressrelease/20384.wss systems management.



Over the next five years, IBM intends to simplify*:

System health monitoring with event analysis & problem mgnt

System installation and configuration

Workload management

Security management

Network management

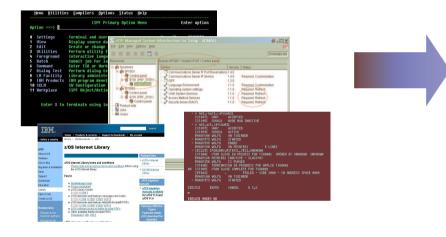
Data and storage management





z/OS Management Simplification Strategy

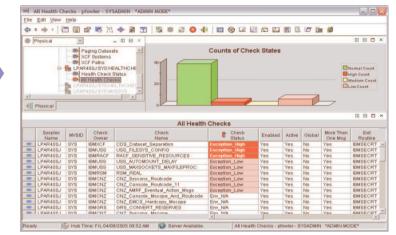
Today



Expert-friendly, long learning curve for people new to platform

- Multiple, inconsistent UIs no central system management portal
- Many interfaces foreign to those new to platform
- Manual tasks requiring extensive documentation
- Years of experience

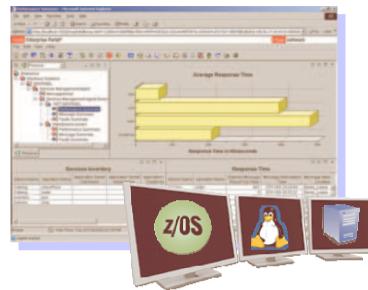
Tomorrow* - starting Today



- ✓ Central z/OS management portal
- Simplified, automated task-oriented mgmt interface, with integrated user assistance
- Modern look & feel; more familiar to those new to platform
- Focus on *customer goals*
- Optional for those who prefer traditional interfaces



Simplification strategy



Easier...

- -Installation
- -Configuration
- -Administration
- -Maintenance

For...

- -New-to-z clients
- -Existing clients

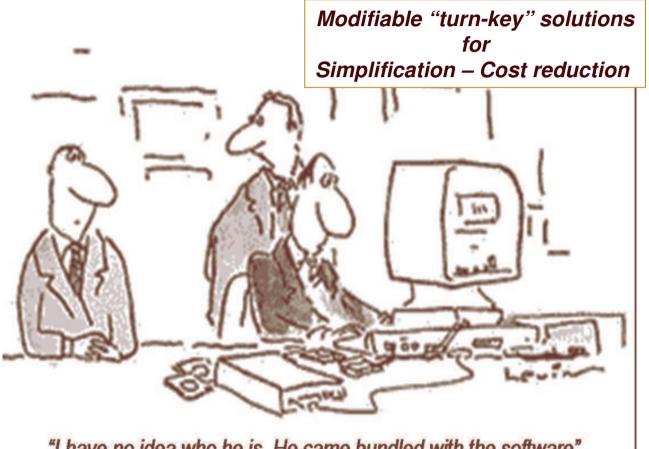
Building blocks...



Appliances for Data serving, Web serving, File/Mail serving, Security serving, etc..

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Data Serving / Web Serving / Mail Serving / etc. Appliances (Bundle)

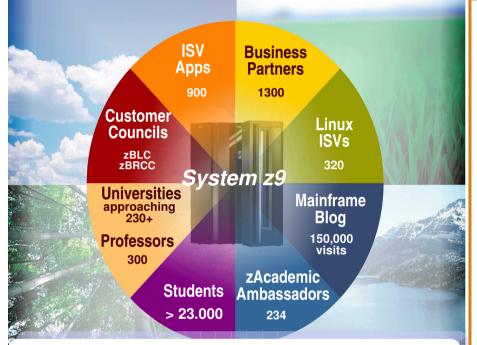


"I have no idea who he is. He came bundled with the software"

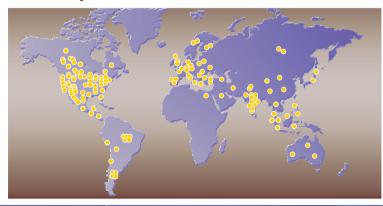
Appliances or Integrated Solution bundling will be a major part of the simplification

	 -
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Mainframe Community Ecosystem



Go to **ibm.com**/software/info/education/assistant/ Click on 'Systems and Servers'



Customer councils

IBM Academic Initiative

- GOAL 20,000 new skills by 2010 ✓ more than 23 000 so far IIII
- 290+ colleges and universities ✓ grew 1000% in 2 years with 50% outside US
- 300 professors registered
- 200+ IBM ambassadors
- 14 courses + 3 new on the way...
- New e-learning courses developed
- new initiatives planned
 - matching students with schools
 - more majors and certifications
 - faculty awards, contests...

Partners – heavy investments

- 1350+ mainframe ISVs
- 1,500 mainframe partners
- training, loaner program, discounts
- 24/7 HW/SW/support

Mainframe blog & community http://mainframe.typepad.com zNextGen community kicked off with Share

Mainframe blog: http://mainframe.typepad.com



System z

Focus areas

for

The future Processor Roadmap

LSU 60

TENT

System z roadmap focus areas - expanding to a wider set of workloads

Leading edge technology

zNext – granular range of offerings from Entry to High End

- Multi-core microprocessor design for commercial and compute intensive work
- Chip design optimized for mixed workloads & virtualization
- High bandwidth, low latency interconnect using open standards
- Extensions to memory support
- Operating System and PR/SM co-operation to reduce N-way cost
- Advanced power management

zFuture - granular range of offerings from Entry to High End

- Integrated platform processors and accelerators building on the past
- Industry leading I/O performance
- Potential for Appliance, Application accelerator and Cell exploitation
- Continued exploitation of Specialty Engines
- Throughput computing multi core chip



Throughput Computing Integration Platform Multiple Application Personalities

System z as the Enterprise Data Server

- OLTP/ERP
- Data Warehouse
- Enterprise Archiving
- Master Data Management
- Threat and Fraud
- Information

Transactional DB, Warehouse, Data Analysis, Content Mgnt., Infrastructure DB, Online Data Analytics, Web & Collaboration Content DB

SOA, Consolidation and Enterprise Wide Role

- Enterprise SOA
- Virtualization
- É2E Enterprise Security
- E2E Enterprise Business Continuance

Business Process Apps, Application Accelerators, System Management, Web Serving/Proxy Caching, Gaming & Interactive Virtualization, Network IMS/VOIP





Server Availability Design Focus

ess Impact		Past	Present	Future
	Unscheduled Outages	*		
	Scheduled Outages	\overleftrightarrow	\overleftrightarrow	\overleftrightarrow
	Planned Outages			
	Preplanning Requirements			\bigotimes

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System z

Focus areas for

the future Processor Roadmap Support of emerging applications

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Emerging applications...with federated transactions

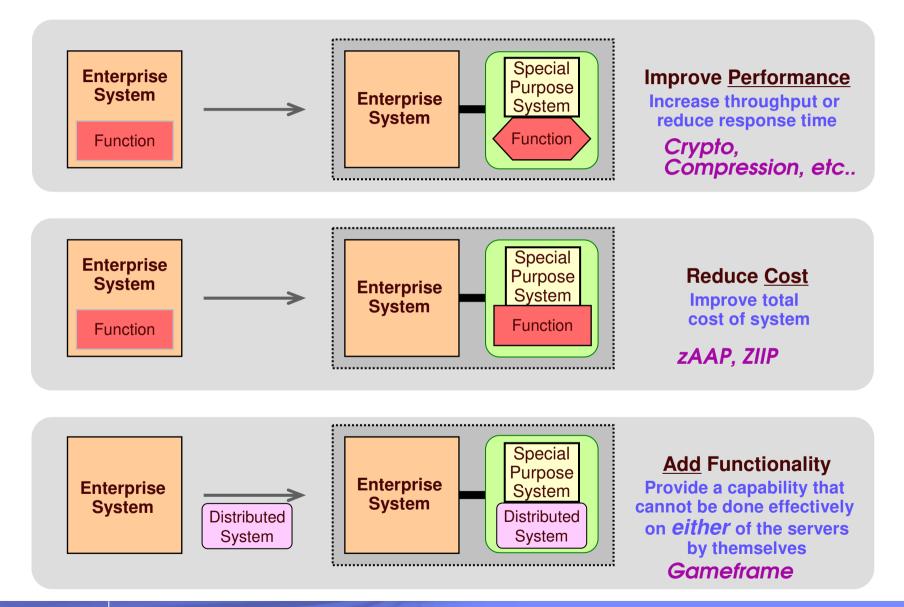
Objectives include complete application integration in an optimal fashion



Both General and Special Purpose capabilities needed because of increasing transaction variability

TEM

Inboard Special Purpose Systems and Accelerators – Value Propositions



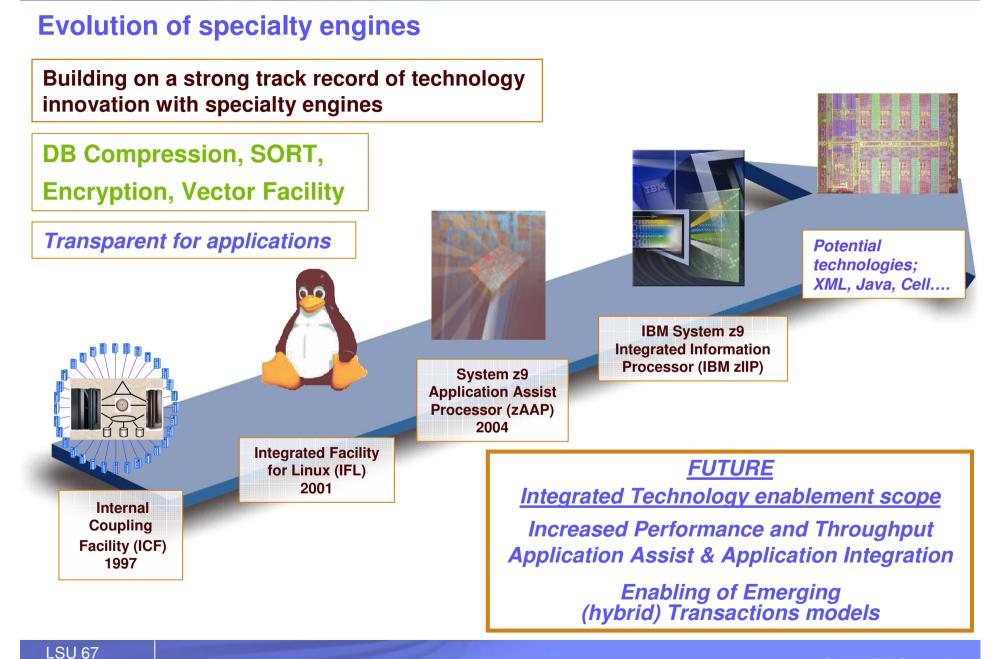
LSU 65



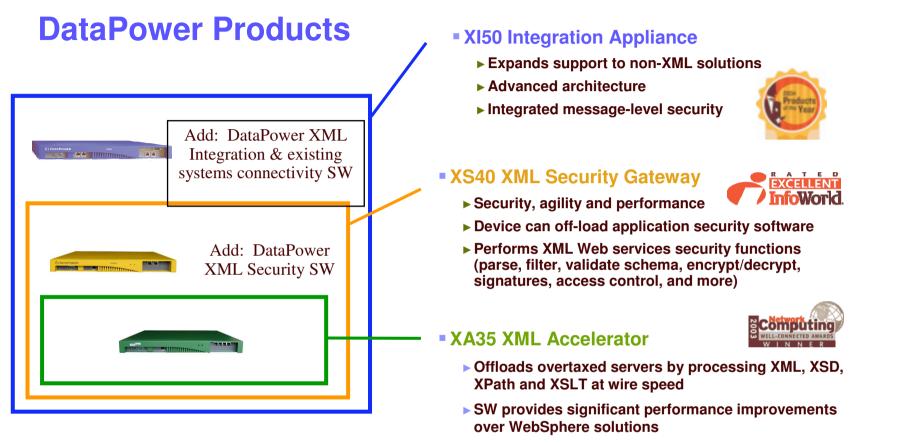
zAAP/zIIP processors **Future oriented growth workloads** Provides the economic justification Specialty Engines - technology investment protection f∩r the technical "relevant" and integrated and Adoption No SW charges application solution infrastrcuture \$95K - \$125K per engine 09 011 013 016 018 020 022 024 02 Building on a strong track record of technology innovation with speciality engines Information Processing DB compression. SORT. Encryption. Vector Facility... Self-describing Info **IBM System z9 Integrated Information** Processor (IBM zIIP) 2006 **Application Technologies** Self-describing Info **DB DRDA IBM System z DB** Parallel **Application Assist DB** Utilities Processor (zAAP) 2004 Open **XML Technologies** JAVA **IPsec Integrated Facility XML** CA, BMC, other tools for Linux (IFL) 2001 Shared Data Clustering Usage is completely transparent for Applications Internal Coupling

managed "under the cover" by z/OS and the PRSM Virtualization Hypervisor

Facility (ICF) 1997



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HW + SW provides enterprise-class performance

XML / Security HW/ucode support

DataPower Box owned by IBM's SWG today..... External attachment.....may reduce XML cost by 5-20 times (16 at UBS) Opportunity for further integration.....

From mainframe to gameframe...and beyond.....

a 1st glimpse of the future high end servers

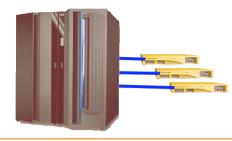
Marrying technology from opposite poles of the computer industry, IBM and a multiplayer online game company (Hoplon Infotainment) are working to integrate the Cell game console processor with Big Blue's mainframe computers

What kind of applications will this be good for?

The project intends to create an environment that can seamlessly run *demanding simulations,* such as....

- massive on-line virtual reality environments,
- 3D applications for mapping,
- enterprise resource planning (ERP) and
- customer relationship management (CRM),
- 3D virtual stores and meeting rooms,
- collaboration environments and
- new types of data repositories.

It plans to achieve this goal by parceling the workload between the mainframe and the Cell processor...



Extract from PRESS RELEASE April 27, 20007.....

Cell Broadband Engine Project Aims to Supercharge IBM Mainframe for Virtual Worlds.....

IBM Collaboration With Brazilian Game Developer, Hoplon Infotainment, Looks to Hybrid Platform for Advanced 3D Simulations; Unique Mainframe Architecture Speeds Integration With Cell/B.E.

ARMONK, NY & FLORIANOPOLIS, BRAZIL - 26 Apr 2007: IBM (NYSE: IBM) today disclosed a cross-company project to integrate the Cell Broadband Engine[™] (Cell/B.E.) with the IBM mainframe for the purpose of creating a hybrid that is blazingly fast and powerful, with security features designed to handle a new generation of "virtual world" applications, such as the 3D Internet.

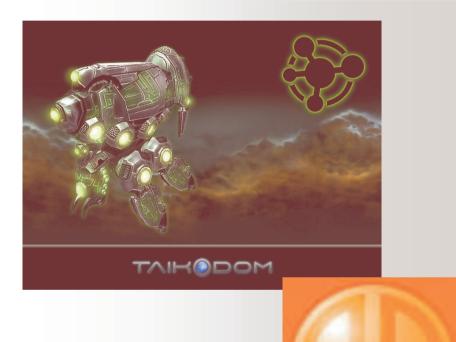
The project capitalizes on the mainframe's ability to accelerate work via "specialty processors," as well as its unique networking architecture, which enables the kind of ultra-fast communication needed to create virtual worlds with large numbers of simultaneous users sharing a single environment.

Drawing on IBM's research, software and hardware expertise, the project is being undertaken in cooperation with with Hoplon Infotainment, a Brazilian online game company whose software is a key component of testing the capabilities of the new environment.

IBM and Hoplon: 'Gameframe' Project

WW Massive multiplayer (8mill !!) online game managed from a single operating environment - beta test....

IBM and Brazilian gaming company Hoplon are embarking upon a cross-company project to integrate the Cell Broadband Engine with the IBM mainframe for the purpose of creating a hybrid that is blazingly fast and powerful, with security features designed to handle a new generation of "virtual world" applications, such as the 3D Internet.



This announcement generated incredible amounts of trade and analyst press – it seemed everyone recognized the latent potential in the marriage of these 2 outstanding technologies.



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Brazilian Game Site Chooses Hybrid Mainframe-Cell Platform Published: May 2, 2007 by

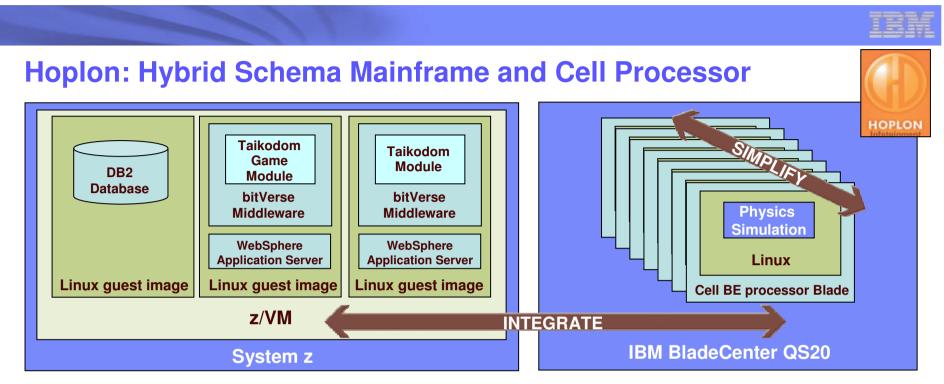
Timothy Prickett Morgan (http://www.itjungle.com/big/big050207-story01.html

Hoplon is now beta testing Taikodom, a massively multiuser online game that simulates epic space battles, and has hired IBM to get it off of the X64 iron the company had been using to host Taikodom and to help it create a more powerful and resilient system that will be able to do a better job hosting the game when it eventually goes live.

That hybrid system will include IBM's System z9 mainframes acting as the transaction processing and host environment for the game, to which will be clustered blade servers using the "Cell" PowerPC gaming processor that Big Blue created in conjunction with Sony and Toshiba.

While there are a number of systems on the market that have as much memory and I/O bandwidth as a System z9 mainframe, these RISC/Unix systems do not have the same level of security or the sophisticated partitioning and workload management software that that the mainframe has. And because the mainframe can run online transaction processing systems in DB2 and on z/OS partitions side-by-side with Linux partitions that run the Taikodom simulation, Hoplon does not have to manage two different kinds of systems or cluster them in any way to get the two sides to share data.

Everything is consolidated on the same System z9 platform, and the machine can be run at nearly full processor capacity without falling over dead--unlike X64 servers, which rarely run at peak capacity.



Why Taikodom on System z

- Large Shared Resource Pool
 - Single point of resource management
 - Single point of operational control
 - Efficient use of underlying compute resources
 - Manage unpredictable loads between Virtual World instances
 - · Easy/fast provisioning
- Integration w/Commercial Business
 Processing
 - Security
 - Reliability
 - Availability
 - Auditing
 - Monetary Transactions

Why Taikodom on Cell

- HPC for Motion and Collision Detection
 - Physics Simulation
- Realist Animation
- Artificial Intelligence

Why Taikodon on Cell integrated w/ z

- HPC enhanced commercial computing
- Single System z operational domain
 - Avoid standalone distributed cluster
- Extend strengths of System z

IBM

Financial Services Clients: Business Value with Cell BE and System z

Improve trading profit by reducing the time to identify and take advantage of market opportunities while managing market risk.

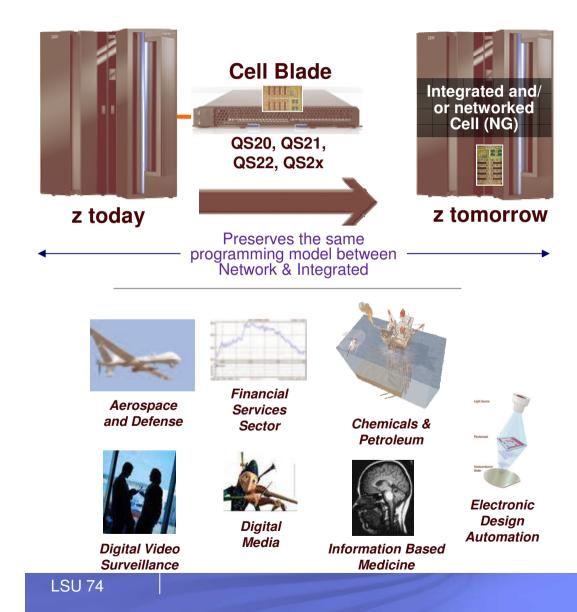
- Earlier recognition of the opportunity
- Maximize profit / revenue with earlier detection of risk
- Enable trading decisions to be made before competitors
- Improve decision making by unlocking historical information from corporate applications
- Increase client satisfaction and revenue through continuous monitoring of portfolio risk (faster alerts and quicker response)





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System z and Cell BE Vision is a 'Marriage' of Two Technologies that Perfectly Complement Each Other



Solution Characteristics

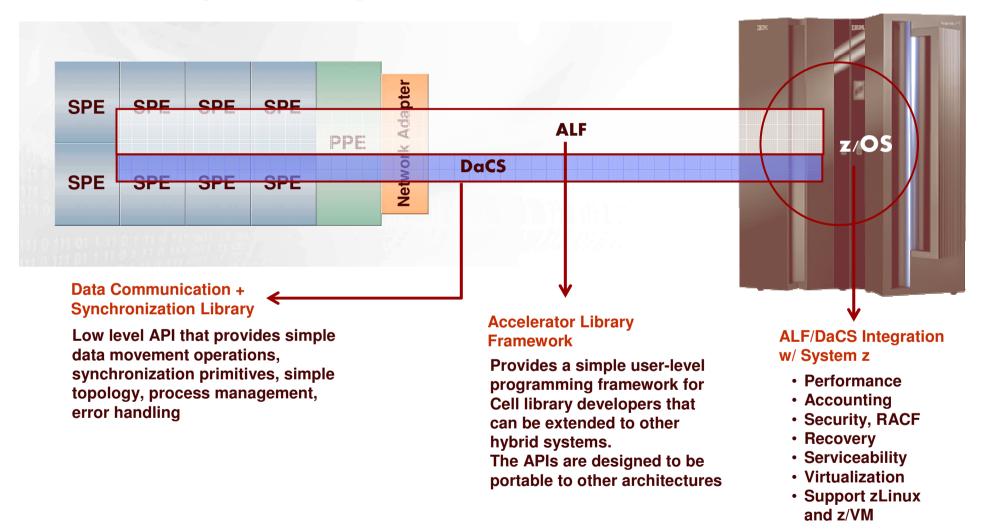
- Mission critical functionality
- Significant amounts of data storage
- Significant transactional content
- Computational intense operations
- Critical need for governance, i.e. security, auditing, compliance, availability
 - Single Management Interface
 - High RAS requirement
 - High Intellectual Property value of data
- High potential for integration with other applications
- Reduced power and space

Examples

- Financial analytics
 - Portfolio Analysis
 - Complex Structured Instruments
 - Monte Carlo
- Medical Imaging
- Computer Vision
- Bioinformatics
- Real Time Ray Tracing
- Physics calculations
- Virtual Worlds

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Enable Transparent Management of Cell Accelerator from z/OS



Extend the Cell BE Programming Ecosystem with System z QoS

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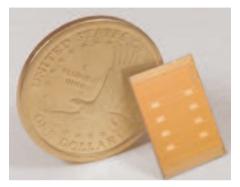
The Cell Broadband Engine[™] (Cell/B.E.)

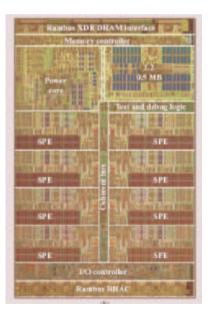
- Cell BE is a heterogeneous multi-core microprocessor & architecture jointly developed by a Sony, Toshiba, and IBM alliance known as "STI."
 - The architectural design and first implementation were carried out at the STI Design Center in Austin, TX over a four-year period beginning March 2001 on a budget reported by IBM as approaching US\$400 million.

□ The Cell chip contains:

- an IBM 64-bit Power Architecture[™] Power Processing Element (PPE) with 2-way hardware multithreading and on chip L1/L2 cache
- eight new single-instruction multiple-data (SIMD) special purpose RISC Synergistic Processing Elements (SPEs) with 256K local memory
- Memory and I/O controllers
- The PPE and the eight SPEs are connected with a high bandwidth coherent Element Interface Bus

Linux Operating System





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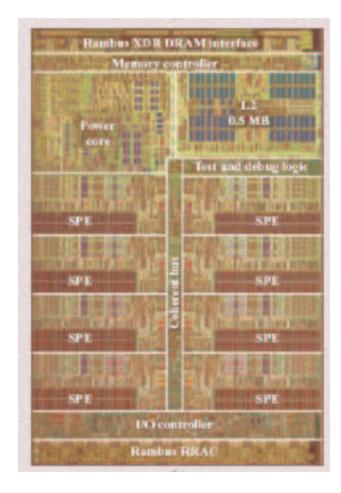
Some Cell Broadband Engine™ Numbers

Chip numbers:

- Observed clock speed: > 4 GHz
- ▶ Peak performance (single precision): > 256 GFlops
- ▶ Peak performance (double precision): >26 GFlops
- ► Area: 221 mm²
- ► Technology 90nm SOI
- ► Total number of transistors: 234M

Each SPE contains:

- ► 128 x 128 bit registers
- 4 single precision floating point units capable of 32 GigaFLOPS at 4GHz
- 4 Integer units capable of 32 GOPS (Billions of integer Operations per Second)
- ► 256 Kilobyte local store
- An SPE is just 15 sq.millimetres and consumes less than 5 Watts at 4GHz
- Max.theorethical speed:
 - ► 4(GHz) x 4(units) x 2(ops) x 8 (SPEs)= 256 GFLOPS
 - ► (counting Multiply-Adds as 2 instructions)





Premier blade for compute-intensive workloads and broadband media applications

Highlights				
First Cell Broadband Engine™	Accelerate some algorithms to			
(Cell BE) processor-based	many times the speed of a			
systems	traditional microprocessor			
Dense computing power and	Especially suitable for compute			
unique capabilities of Cell BE	intensive workloads across a			



The IBM BladeCenter QS20 blade provides two-socket, multicore (one Power Processing Element plus eight Synergistic Processing Elements for a total of nine cores per processor), 3.2 GHz Cell BE processors directly mounted to the planar board.



Focus areas for

the future Processor Roadmap

New "architecture" elements

Continued development of the on demand capabilities

z/OS and PR/SM co-operation to further reduce N-way cost



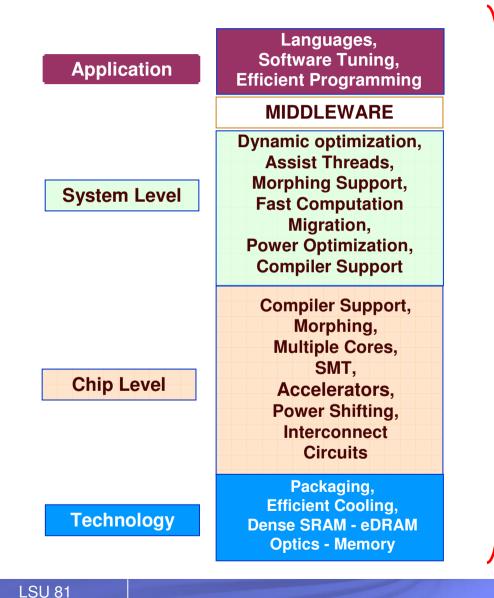
System z

Focus areas for the future Roadmap Technology



Systems Performance

Future improvements in systems performance will require an integrated design approach



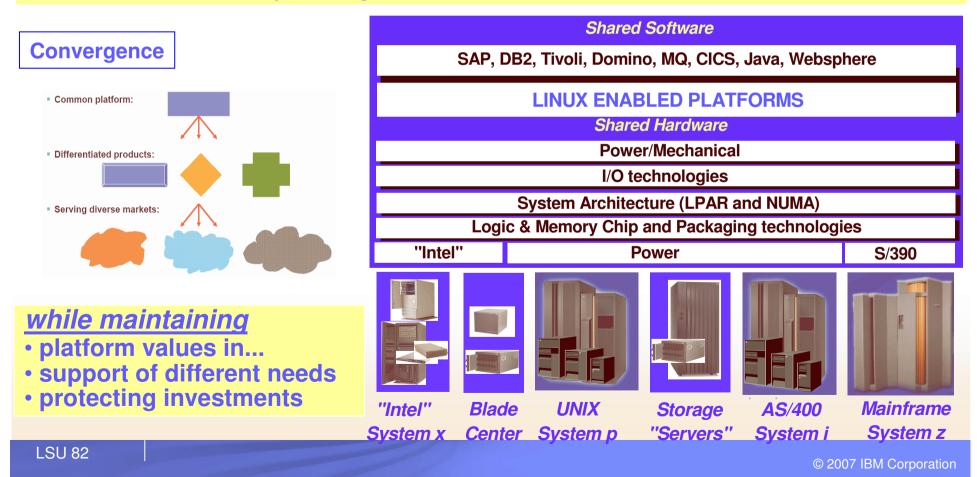
- Microprocessor frequency will no longer be the dominant driver of system level performance
- Integration over the entire stack, from semiconductor technology to end-user applications, will replace scaling as the major driver of increased system performance
- Workload variability will be a characteristic of the future transaction profile
- Systems will increasingly rely on modular pluggable components continued performance leadership
- Systems will be designed with the ability to dynamically manage and optimize power

IBM

IBM "Server" convergence - reduced cost & increased functionality

to ensure

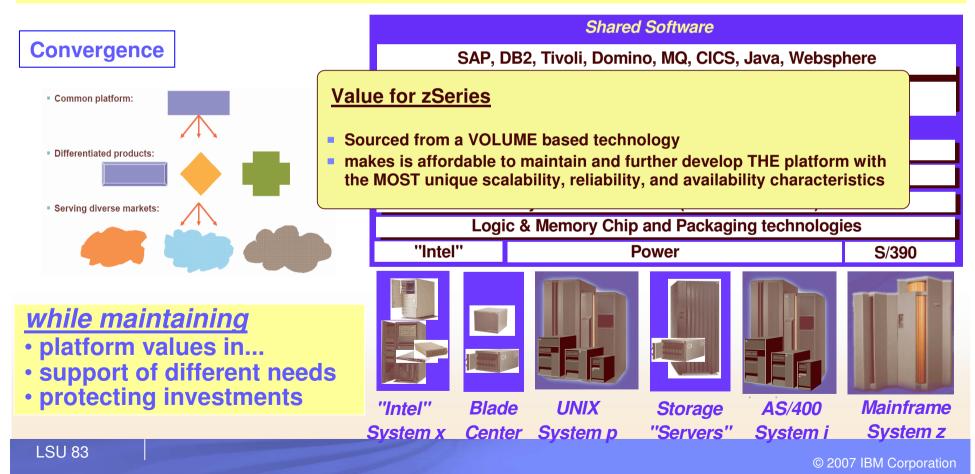
- building of high quality platform solutions to a very competitive hardware cost
- transfer of mainframe inspired technologies to enhance QoS and Flexibility
- system management convergence "identical" functional interfaces to "attack" people cost issues
- and increase the ability to integrate end-to-end



IBM "Server" convergence - reduced cost & increased functionality

to ensure

- building of high quality platform solutions to a very competitive hardware cost
- transfer of mainframe inspired technologies to enhance QoS and Flexibility
- system management convergence "identical" functional interfaces to "attack" people cost issues
- and increase the ability to integrate end-to-end





z/Architecture vs POWER architecture.....

- NO TRUTH TO RUMORS THAT System z WILL BECOME POWER BASED
- POWER is not a technology but a an architecture
- We do not plan to converge the microprocessors for Power and System z to the point that we will have a common chip
- This is due to inherent differences in the architecture of the microprocessors.

For example, the System z software stack includes customer-written and ISV applications built with the assumption that memory accesses from multiple microprocessors are sequenced by the microprocessor hardware.

In the Power architecture, the software handles this explicitly.

As a result, convergence at the microprocessor architecture level will result in reduced performance for Power or rewriting all the software that has been written for S/390.

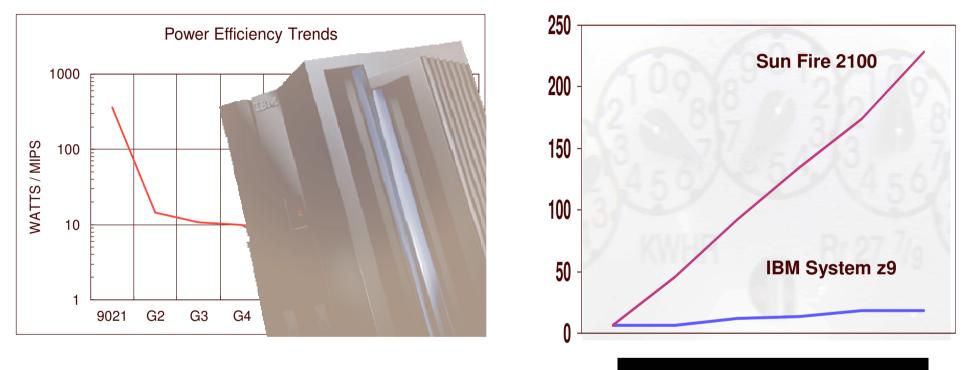
• As a result of this, most of the current firmware for System z will remain unique.

This includes PR/SM or LPAR that provides virtualization, the microprocessor microcode, the I/O microcode, and the service subsystem code that provides the error recovery and fault-tolerant capabilities.

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Energy Management



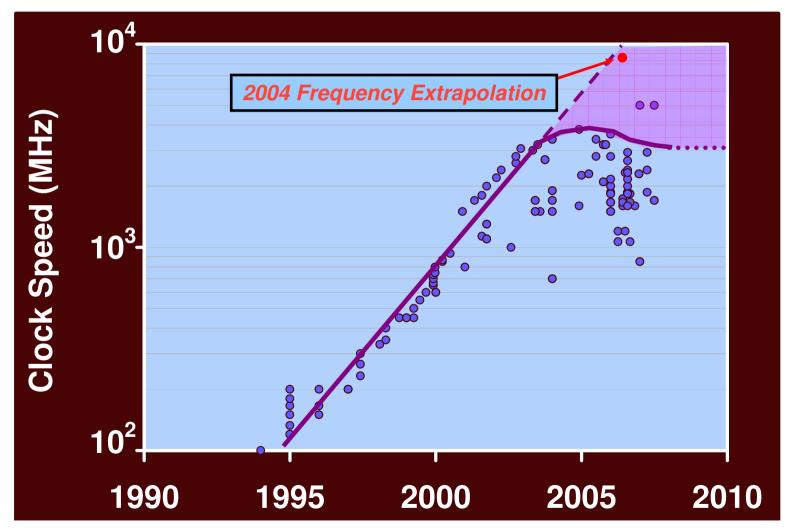
Compute Capacity

- ✓ Configuration Based Power Planning Tools
- ✓ Power Monitoring Tools
- **✓** Power Management Policies



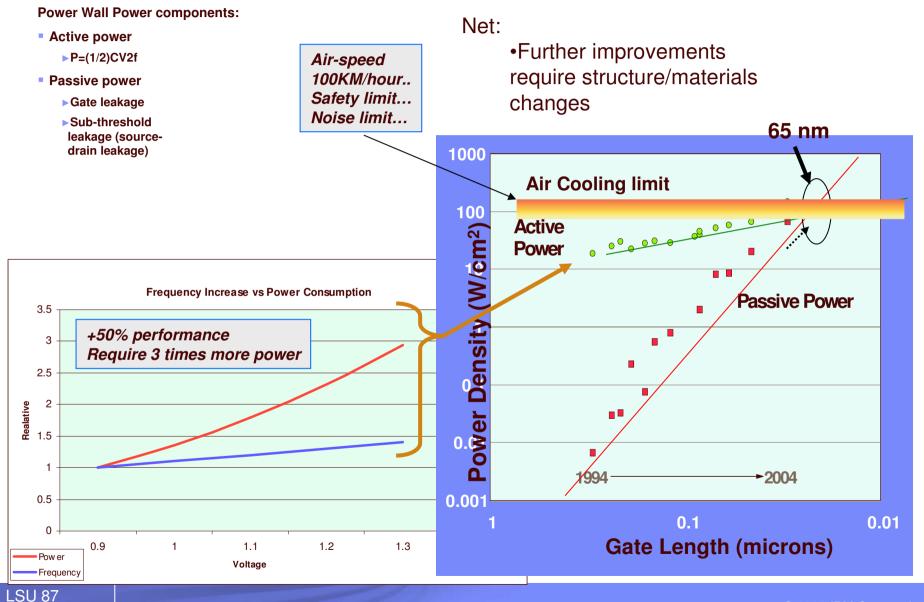
Microprocessor Clock Speed Trends

Managing power dissipation is limiting clock speed increases



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What's Causing The Problem?



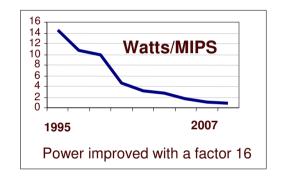


Water cooling WILL be re-introduced in the data center

Distributed server farms may generate as much as 3800 watts per sq foot (was 250 in 1992) The z9 mainframe generate from 100 to 300 watts per sq foot The mainframe is generally superior by respect to environmental compared to other platforms

S/370 model 168 - mid 1970s - 3 MIPS



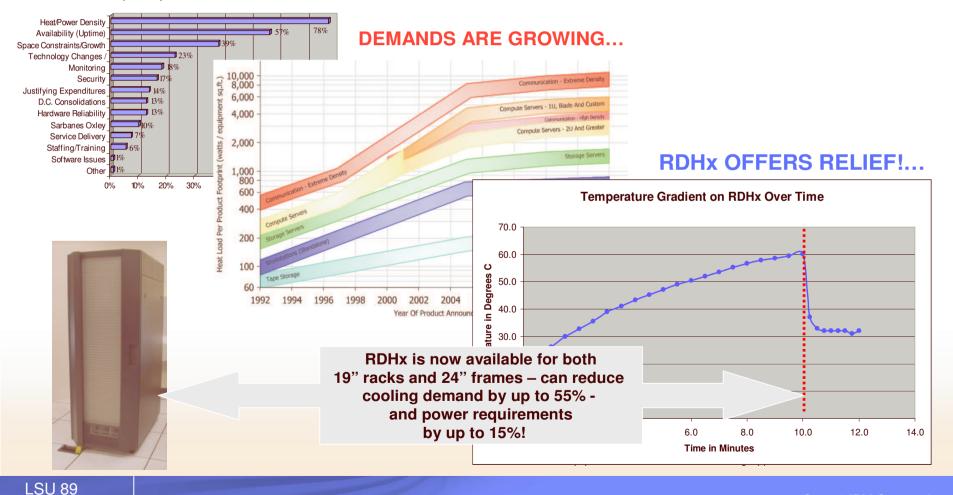


Water cooling will be re-introduced in the Data Center (technology need)

- chip modules (boards)...heat generation density is rising sharply with increased density
- frame doors (rear-door exchanger, may reduce cooling need, power need)
- Intelligent power management of server/storage infrastructure....

NEW: Rear Door Heat Exchanger (RDHx) for Power Architecture systems INSTALLATION HEAT AND POWER LEVELS ARE MAJOR ISSUES...

Top Facility / Network Concerns





System z

Focus area for future Roadmap zFuture

Pain Points - all platforms

- Infrastructure complexity Management costs Application integration costs
- Growing SW cost challenges for the "good enough computing" trend
- Skills shortage and Application shortage inhibit timely support of new business requirements
- Performance issues for new emerging industry workloads on all platforms like "growing path-lengths" and "latency challenges caused by lack of data proximity"
- Service availability pressures, caused by competitive treats and globalization trends, which extends the geographical delivery scope
- Ever increasing compliance, audit and security requirements
- Environmental challenges (power, facility,...)



System z

Focus areas for the future Roadmap Application focus areas

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System z as the enterprise data server

Transactional DB Data Warehouse	Data Analysis Content Management Infrastructure DB	Online Data Analytics Web/collaboration content DB
 OLTP/ERP Scalability Enhancements (v9) DB2 Fast Load 		 OLTP/ERP Scalability Enhancements (v10)
Warehousing Data Warehouse Tools for z DataQuant on z/OS AlphaBlox for Linux 	Data Warehouse Tools for z DataQuant on z/OS • Warehouse Acceleration Kit	
Enterprise Archiving • Content Management WebServices • Records Mgt for CM for z/OS • Enterprise Tape Management • Record Mgr for Linux	 Enterprise Archiving ImagePlus Performance Full Text Search for Linux for z 	Enterprise Archiving Policy Based Archiving with OAM Full Text Search on Linux for z
	Threat & Fraud Global Name Recognition	Threat & Fraud Entity Analytics for z/OS
	 Information Extract-Transform-Load for II Quality Stage for z/OS Legacy to RDBMS replication Information Services Director for Linux 	 Information Information Integration connectors (ICEE) Information Analyzer Information Services Director
Master Data Management WebSphere Customer Center on z 	Master Data Management WebSphere Product Center z	
 Extended zIIP and zAAP exploitation SAP BI Accelerator Data Serving Bundle Large Memory z/OS and DB2 	 Content Manager Full Text Search NFS v4 Client enhanced performance & Security Warehousing pre-configured Stacks (BCU) Network Latency reduction via new IO interfaces Control Unit Software Disk Encryption 	 Cell Processor accelerator Premier System z Data Serving processor Storage Data Accelerator DB2 for z/OS Oracle Compatibility System z Low-End Disk 20% data serving performance improvements NFS v4 Security and Performance Archiving Virtual Tape System (VTS) Enhancement

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SOA, Consolidation and Enterprise Wide Role

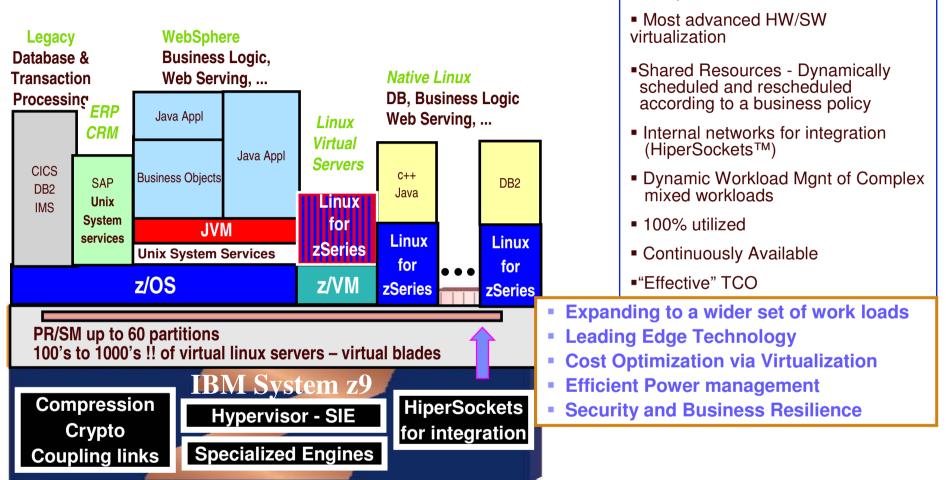
Business Process Apps	System Mgt	Gaming & Interactive Virtualization	
Application Accelerators	Web Serving / Proxy Caching	Networking IMS/VOIP	
 Enterprise SOA Java Accelerator Web 2.0 on Linux onRamp XML on zAAP and zIIP 	• Enterprise SOA • WebSphere Process Server Batch • High Performance WebServing • Ported Linux tools for z/OS • DataPower Security Integration • Shared MQ Revitalization • WebSphere Presence Server DB2 z/OS	 Enterprise SOA DataPower Physical Integration Modern and Integrated Web Server Shared MQ Revitalization WebSphere Presence Server on z 	
 Virtualization Large Memory Linux Dynamic Memory Upgrade Director Virtualization Mgt Linux Data Mirroring 	 Virtualization GPFS on Linux Live Guest Migration Pre-Configured Linux Solutions 	Virtualization EWLM Integration ITCAM/EWLM Integration Linux 'Non-Stop' (Coupling exploitation) PD Workbench for Linux Active Storage Management	
 Enterprise Security E2E Reporting and Compliance Key Management Simplification (TKE) IPSEC on zIIP 	 Enterprise Security Autonomic Compliance and Defense Application Intrusion Detection Svcs New Crypto Cipher Keys (ECC) System z Key Mgt 	 Enterprise Security Open Standard Access Control (XACML) H/W & S/W Cryptography FIPS Certified Crypto E2E Privacy and Governance 	
 Enterprise Business Continuity Enterprise Topology (RDS Next) XRC/zGM use of zIIP 	• Enterprise Business Continuity • Multi-Platform TSA/GDPS • CCMDB use of DB2 for z/OS • Active-Active e2e Solution (Confirm)	Enterprise Business Continuity CMDB on z/OS Coupling Enhancements Network Hosting on z/OS	
• Specialty Engines • zIIP, zAAP	Appliance DataPowerother	Accelerators Cell, x86, Javaother Appliance DB2, File, Messaging Architectures integration	
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Open platform for integration of

multiple variable workloads

System z – the IT infrastructure in a box....



The future system z-architecture will be a natural development using the UNIQUE z-technologies like Virtualization & Hypervisors – Clustering – Fast Low Latency Interconnects Attached or Integrated Accelerators and Co-processors

in new innovative way

LSU 95 * All statements regarding IBM's future direction and intent are subject to change or withdrawal without notice, and represent goals and objectives only.