



# System z Strategy Update

*Jim Stallings*  
*General Manager, System z*



2006 System z Premier Event

# A New Era for Business

24x7

Global

Highly networked



# Key Drivers

Innovation explosion

Collaboration requirement

India, China

Trust





## Do you suffer from these symptoms?

Increasing complexity

Rising labor costs

Security threats





IBM System z9

# Mainframe Security

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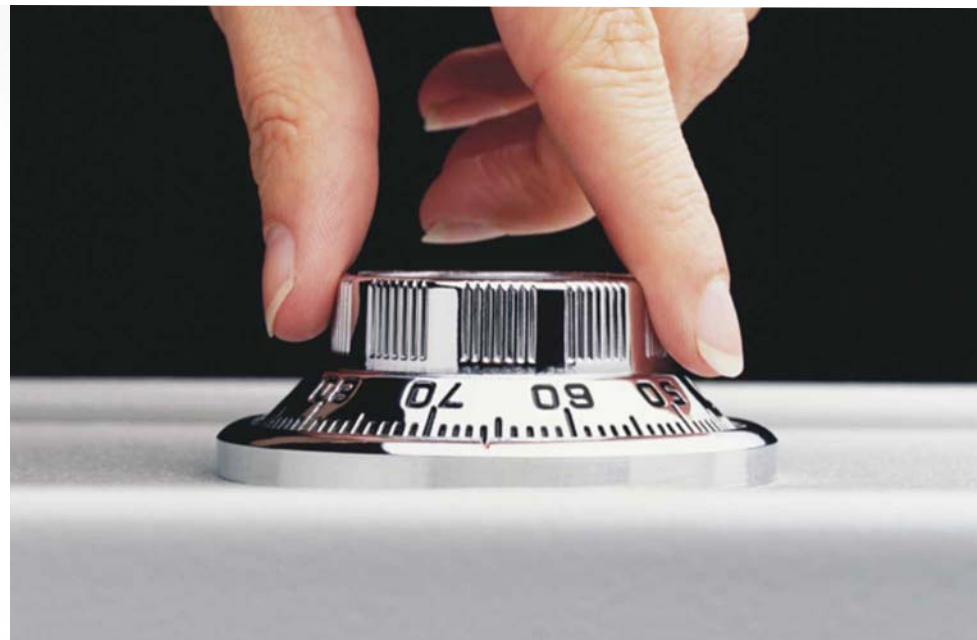
# Integrated Security

ID Management

EAL5

Encryption Facility

Key Management



# Hoplon Infotainment



**HOPLON**  
Infotainment



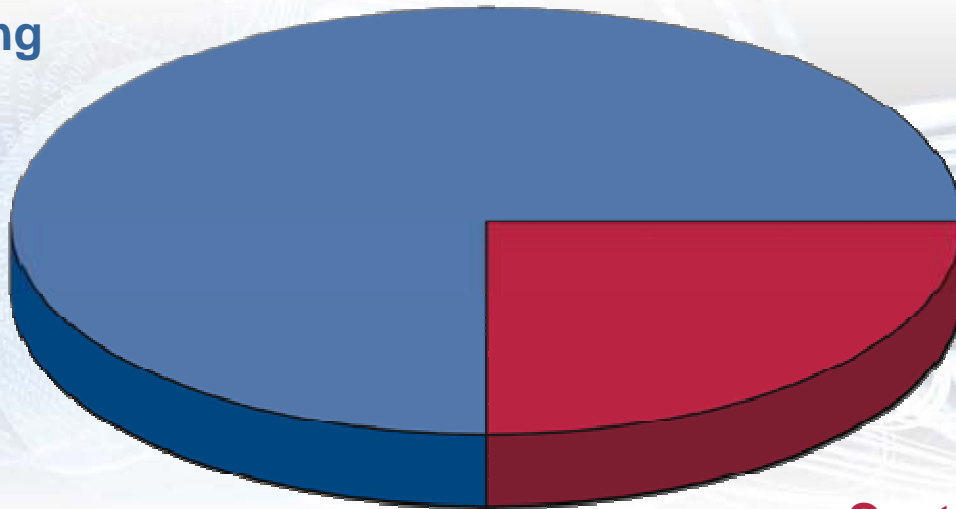
The image features a blue-toned background with a vertical binary code pattern (0s and 1s). On the left, there is a photograph of an IBM System z9 mainframe server rack. The rack is dark blue with several vertical slots. The IBM logo is visible on the left side of the rack, and the text "System z9" is printed on the top right of the rack. A white horizontal bar is positioned at the top of the image, and another white horizontal bar is at the bottom right.

# Mainframe Economics

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# The cost of complexity . . . 15 years ago

New HW / SW  
spending

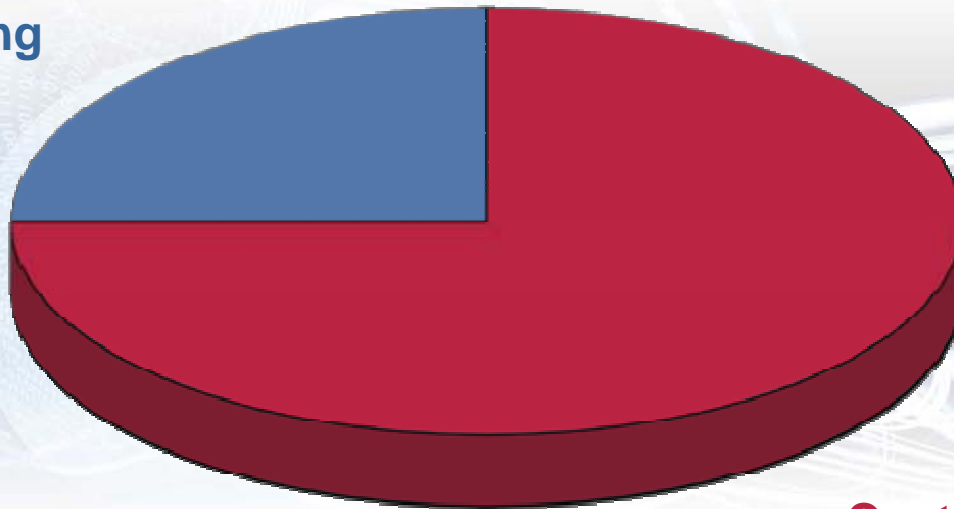


Cost of management  
& administration

Source: Steve Milunovich, Analyst, Merrill Lynch

# The cost of complexity . . . Today

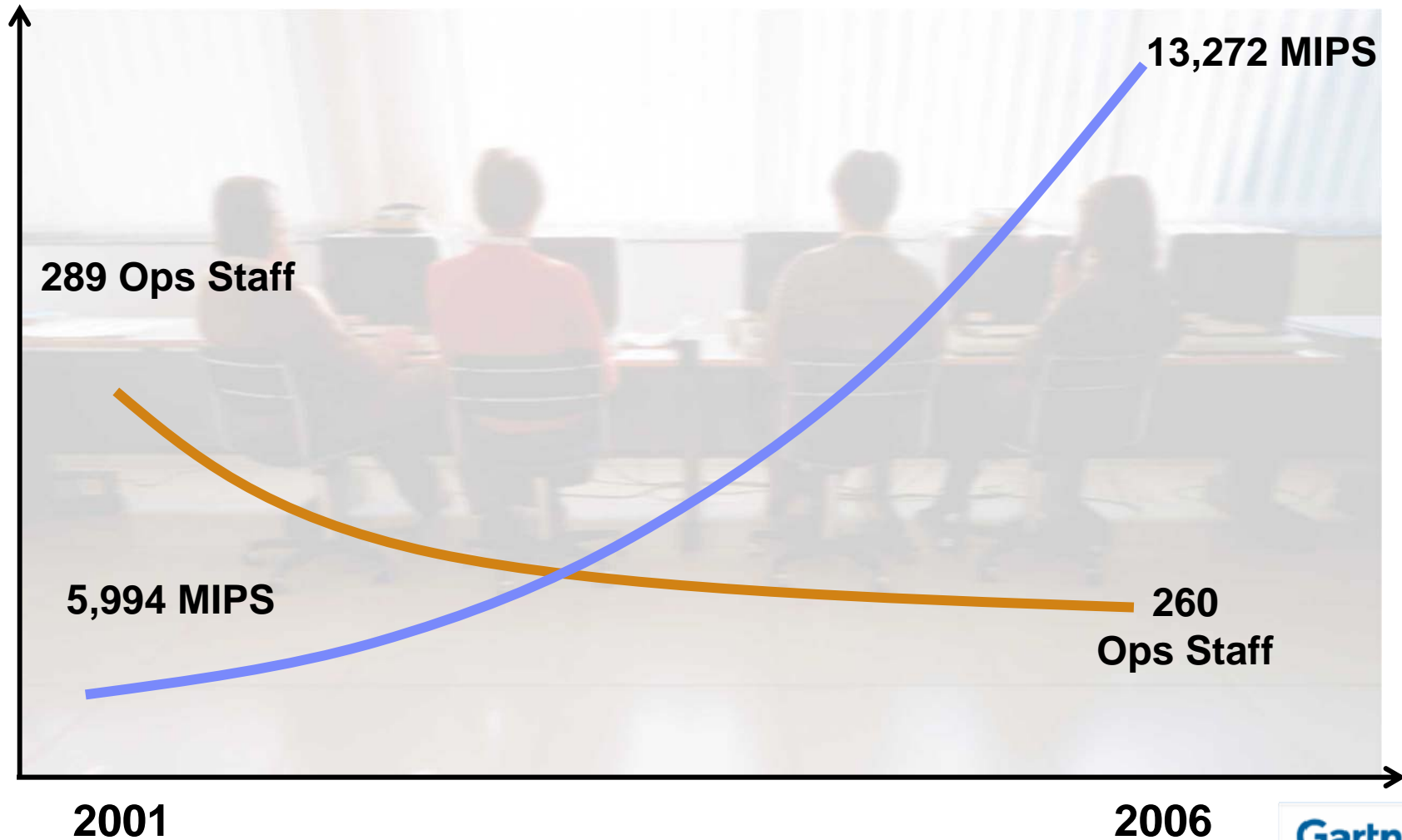
New HW / SW  
spending



Cost of management  
& administration

Source: Steve Milunovich, Analyst, Merrill Lynch

# System z9 – Managing Growth and Complexity



# System z9 Business Class

Lowest entry price point ever

Perfect fit for a growing business

Runs Java, Linux, DB2, WebSphere

*Shanghai*

# Breakthrough Economics

## FNBO consolidated on a single IBM mainframe

- 30 UNIX servers
- 500 applications
- 560 Windows servers

### Results:

- 70% improvement in HW utilization
- Savings: \$2 million/yr average

*“It’s revolutionary. It paid for itself in a year.”*

Ken Kucera, Senior Vice President



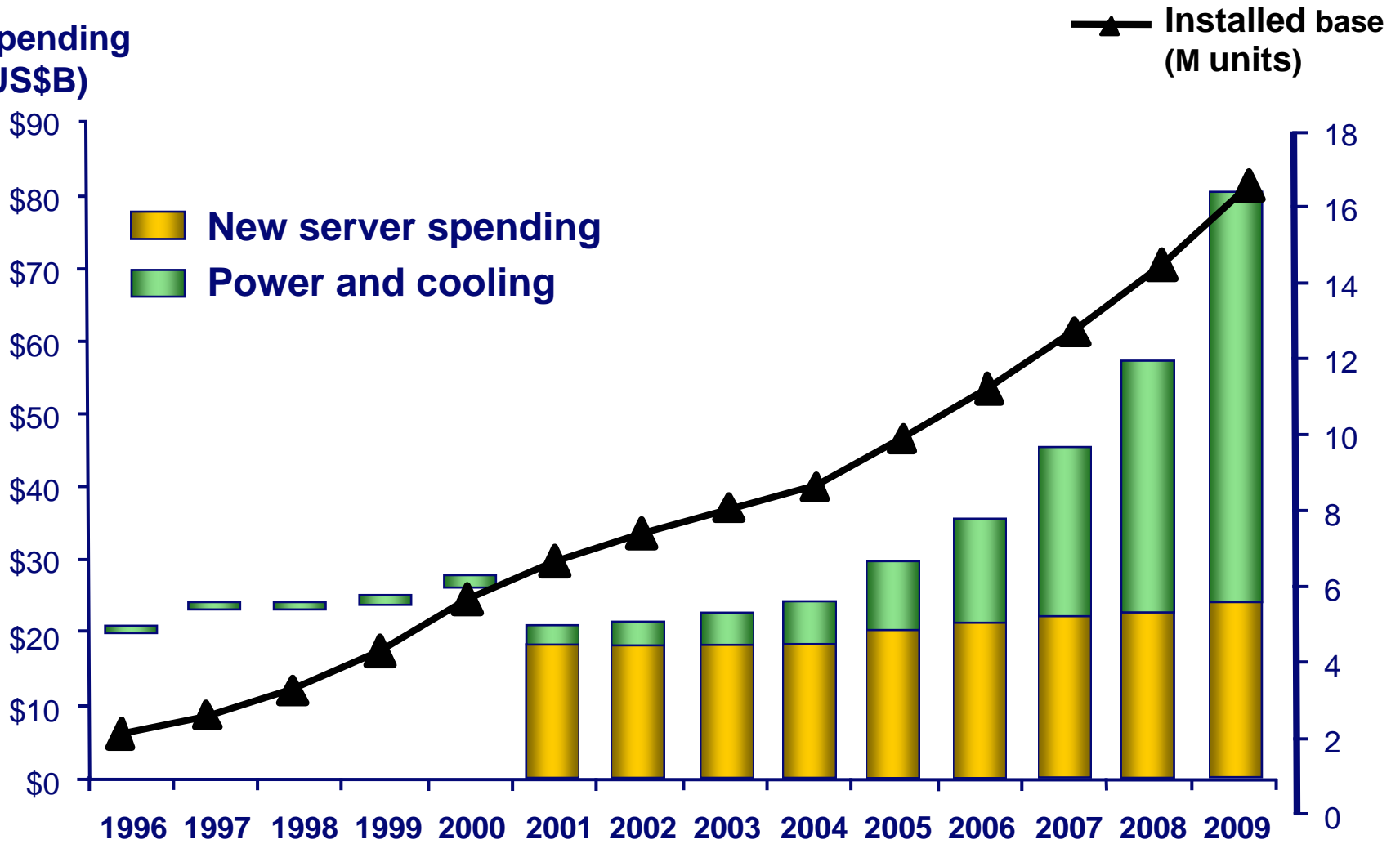
The image shows a blue server rack with multiple bays. The top of the rack is labeled "System z9". The IBM logo is visible on the front of the server units. The background is a dark blue gradient with vertical lines and faint binary code (0s and 1s) scattered throughout. There are two white horizontal bars: one at the top left and one at the bottom right.

# Mainframe Energy Efficiency

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# Power and Cooling Costs

Spending  
(US\$B)



Source: IDC



## Energy Efficiency

RFG analyst case study: Retailer consolidated 600 x86 servers onto a single mainframe

eliminated an **entire floor** of servers

reduced the administrative staff by 10

**cut power and cooling costs by 80%**

ROBERT  
FRANCES  
GROUP

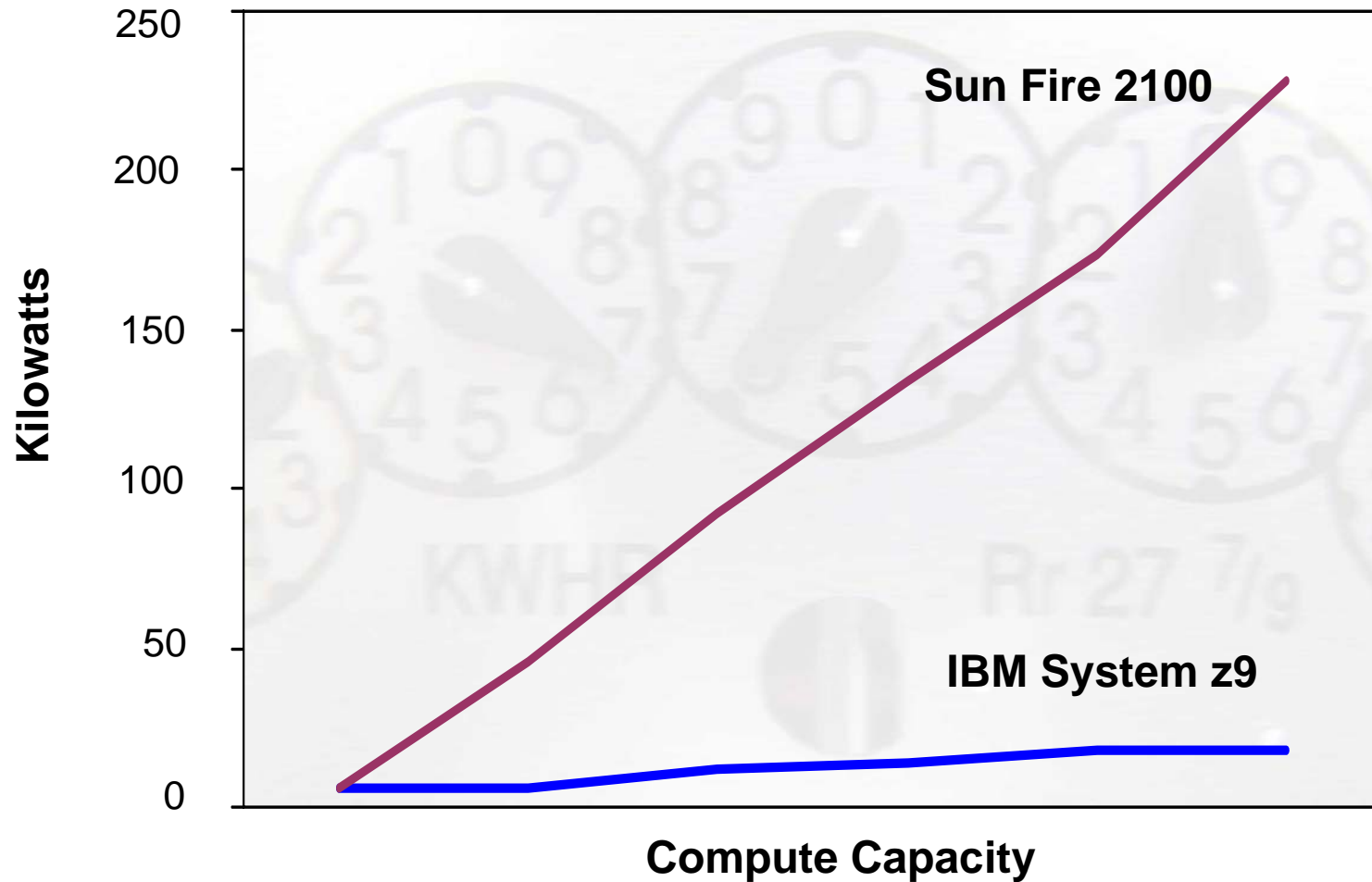


*“Mainframe is the coolest place in the datacenter”*



# Energy Efficiency

*Four times the work, one-twelfth the power*



# Nationwide saves \$15M with System z

## TCO: \$15M savings over 3 years

80% reduction in data center floor space needs;  
power conservation

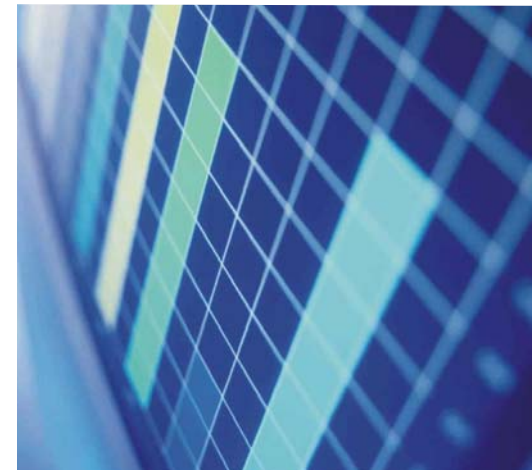
50% reduction in hardware & OS support efforts

70% average CPU utilization

## Dynamic allocation of compute power

Capacity on demand

Tested 22 times capacity for Super Bowl 2006  
Ad blitz traffic



# Today's mainframe

*Designed for data serving and SOA*

Architecturally compatible

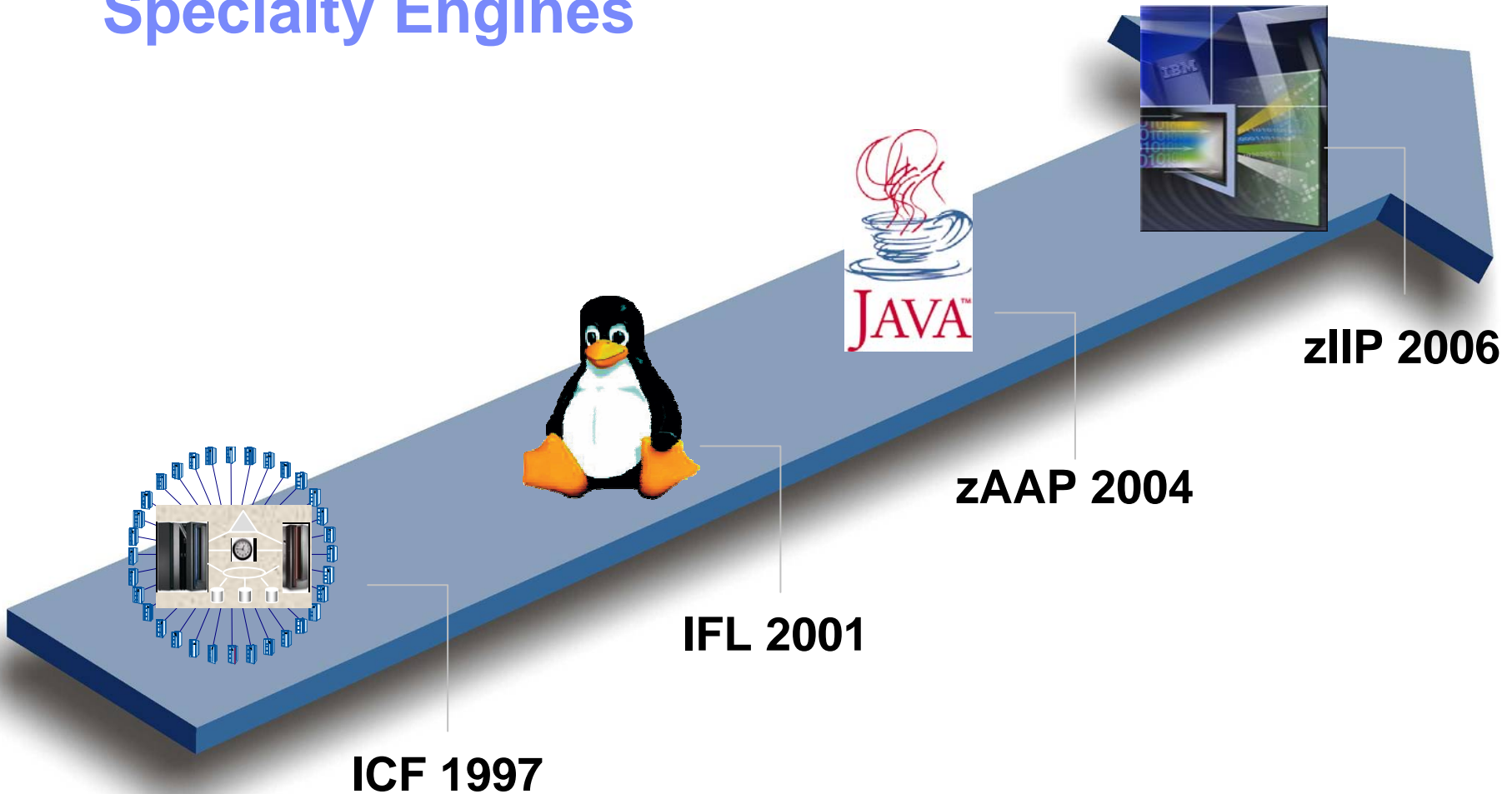
Operationally superior

*If data is the life blood of the business . . .*

*then your data server is the heart of your SOA*



# Mainframe Innovation: Specialty Engines



# Strategic Investment

## System z9-109

- \$1.2 billion
- 5,000 tech professionals

**\$40M**



**\$100M simplification**



# Mainframe Ecosystem

## Customer councils

## IBM Academic Initiative

- 266 colleges and universities
- 700 students in 1<sup>st</sup> contest

## Partners

- 750 ISVs
- 1,500 mainframe partners



# Mainframe Headlines

**THE WALL STREET JOURNAL.**

**“IBM Touts Security of New Mainframe”**

**The New York Times**

**“IBM has done a remarkable job of renewing the mainframe”**

**REUTERS**

**“IBM announces mainframe virtual-tape offering ”**

**BusinessWeek**

**“the mainframe is heading towards a much larger potential market”**

**AP Associated Press**

**“IBM offers new mainframe software”**



A photograph of an IBM System z9 server rack, showing multiple vertical server modules. The IBM logo is visible on the front panels of the modules. The text "System z9" is printed on the top of the rack. The background is a dark blue gradient with faint binary code (0s and 1s) and a white horizontal bar at the top.

**Thank you**

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A solid white horizontal bar located at the bottom right of the slide.