System z Update

Florence Hudson
VP Marketing and Strategy
IBM System z

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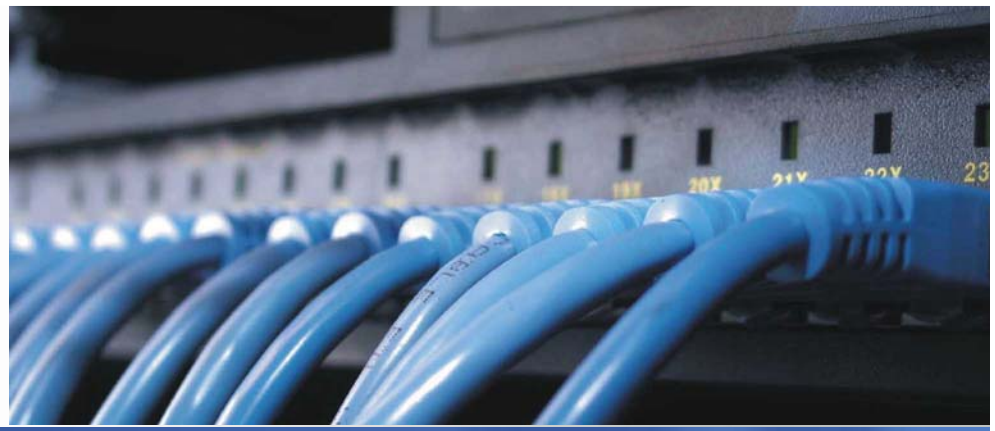
A New Era for Business

24x7

Global

Highly networked



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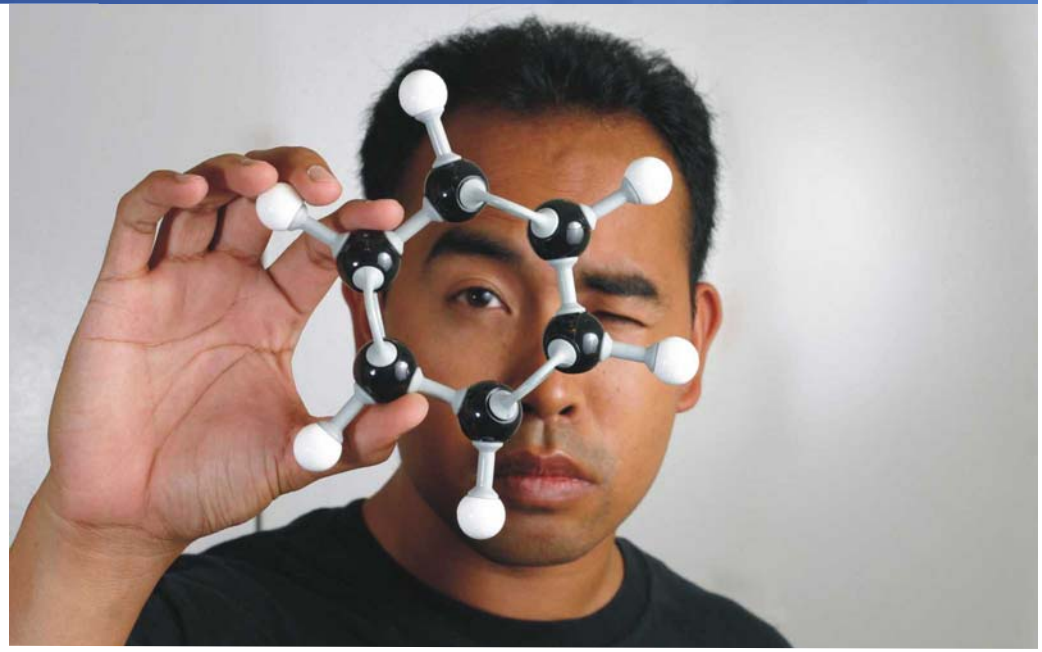
Key Drivers

Innovation explosion

Collaboration requirement

India, China

Trust



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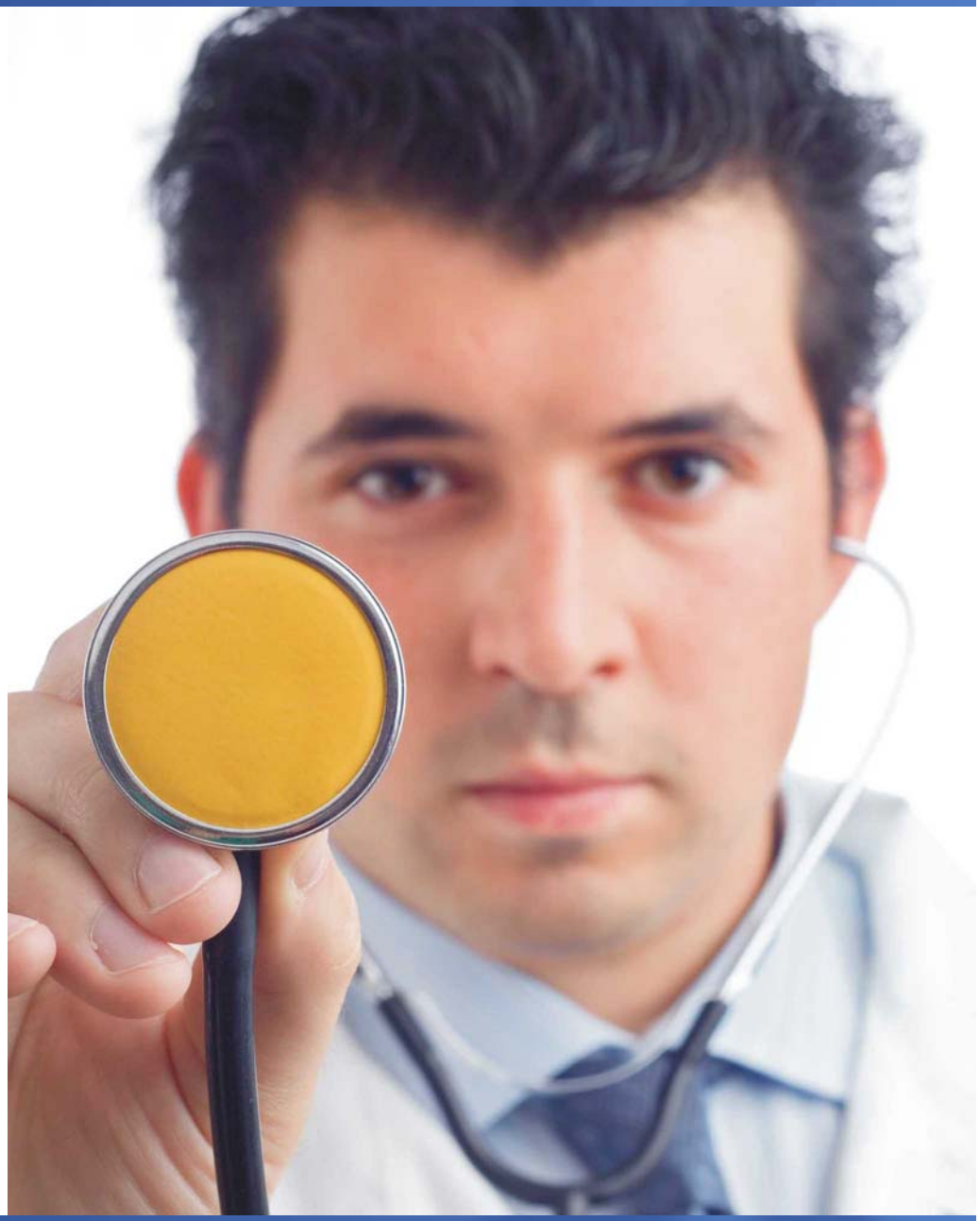
Do you suffer from these symptoms?

Increasing complexity

Rising costs

Security threats



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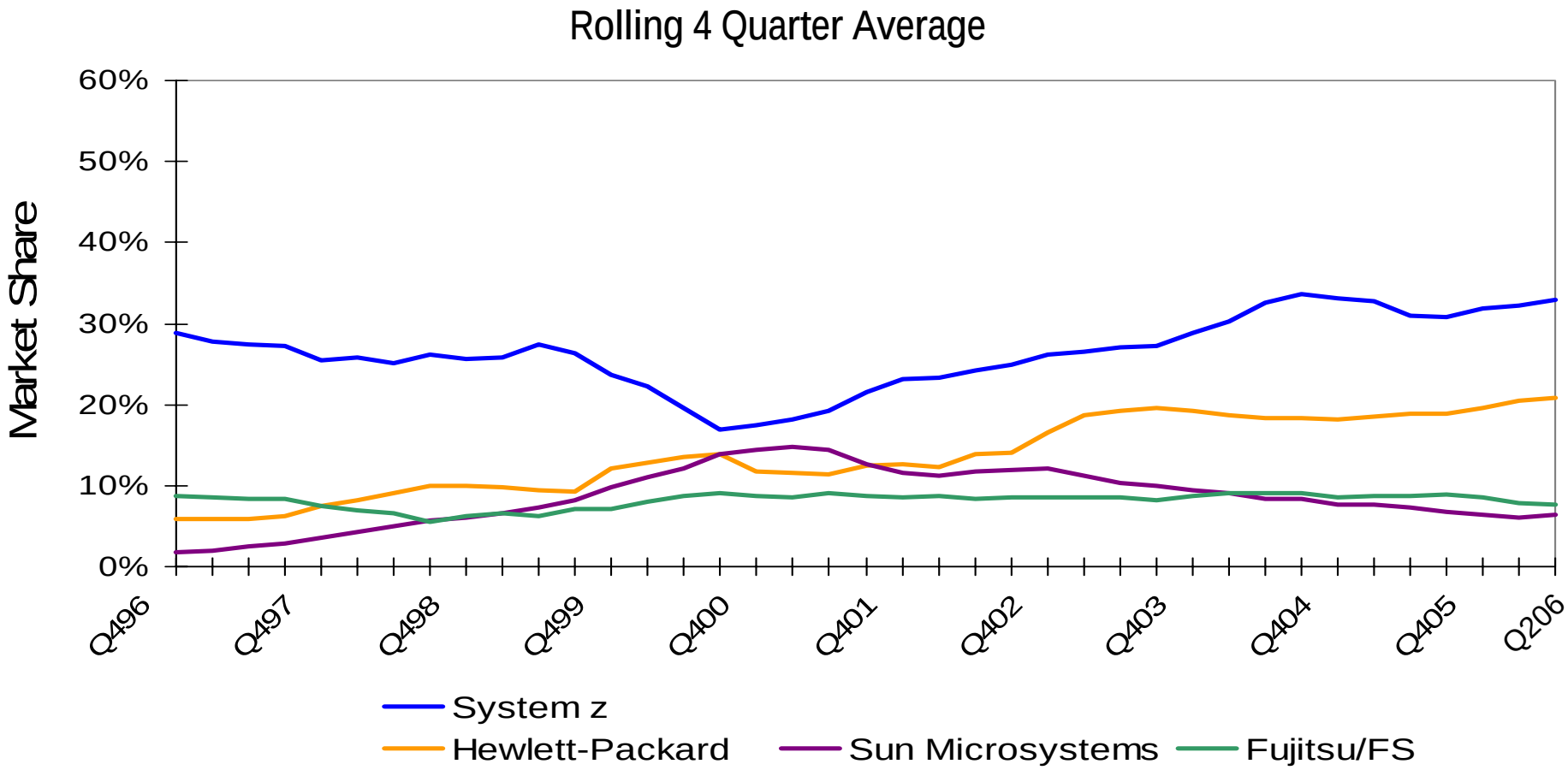
Market Momentum



$250K+ server market share
Source: IDC 2Q06 Server Tracker

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System z9
Mainframe Security

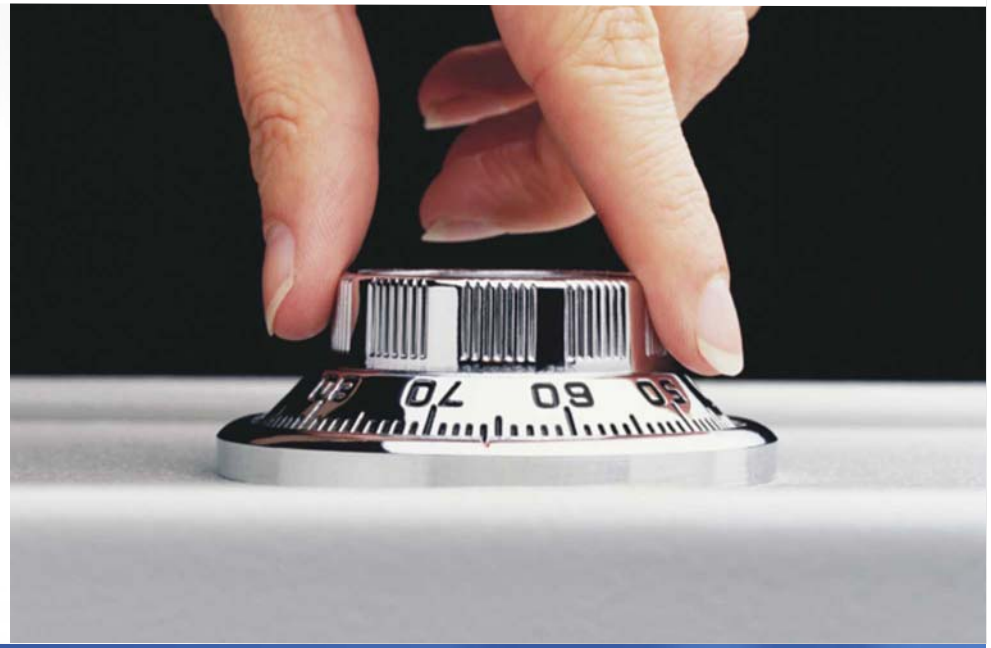
Integrated Security

ID Management

EAL5

Encryption Facility

Key Management



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Hoplon Infotainment

HOPLON
Infotainment

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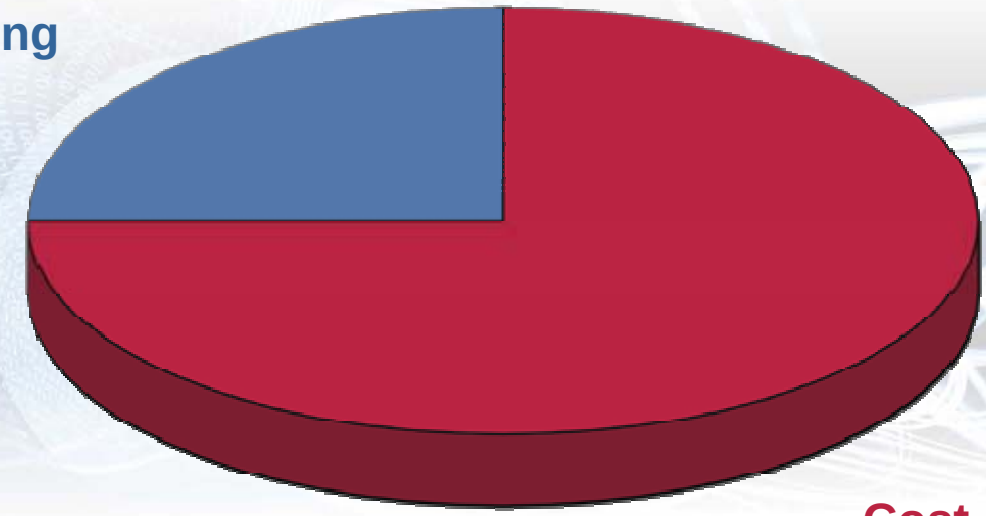
Mainframe Economics

The cost of complexity . . . Today vs 15 years ago



Source: Steve Milunovich, Analyst, Merrill Lynch

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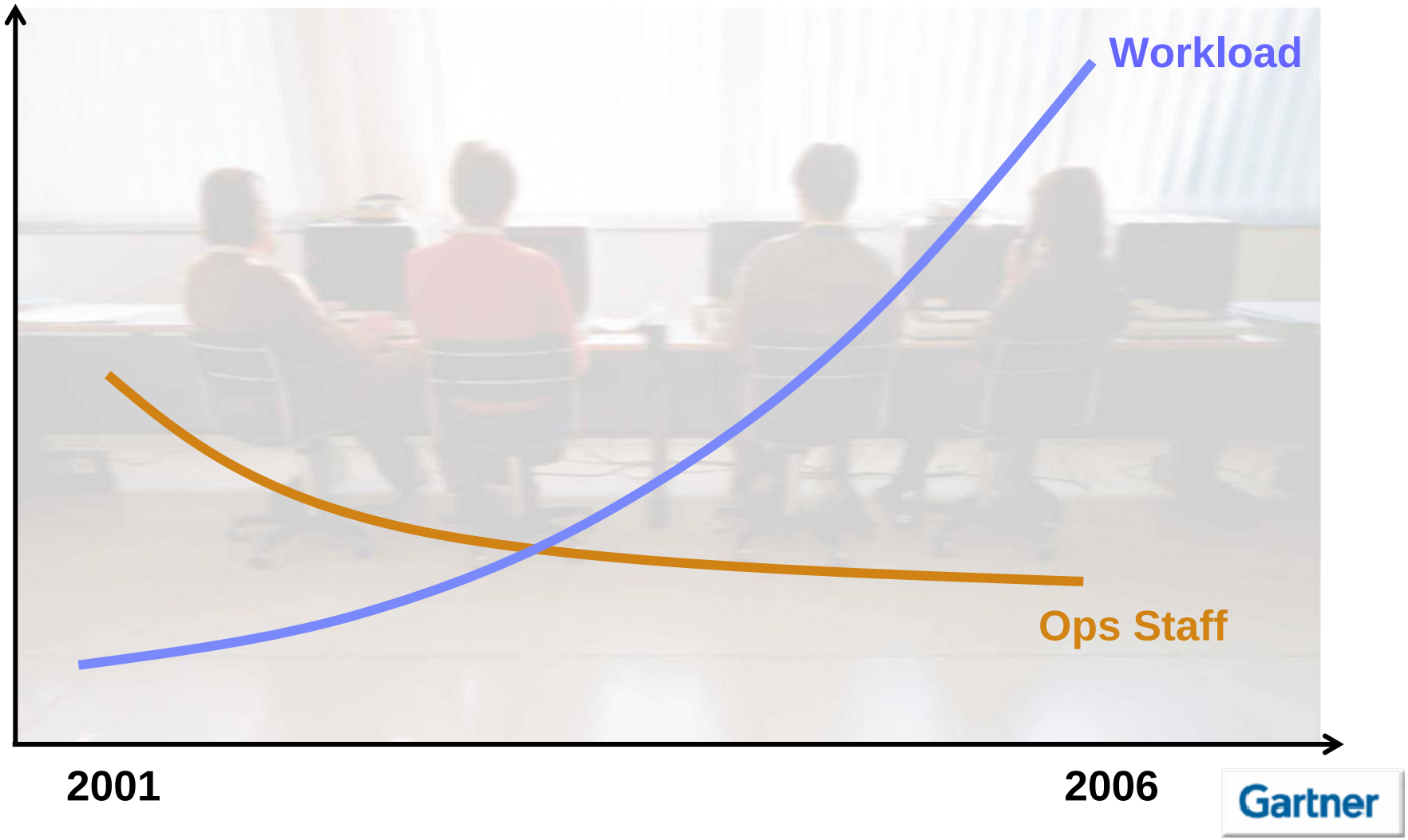
System z9 – Managing Growth and Complexity



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System z9 Business Class

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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

First National Bank
Omaha

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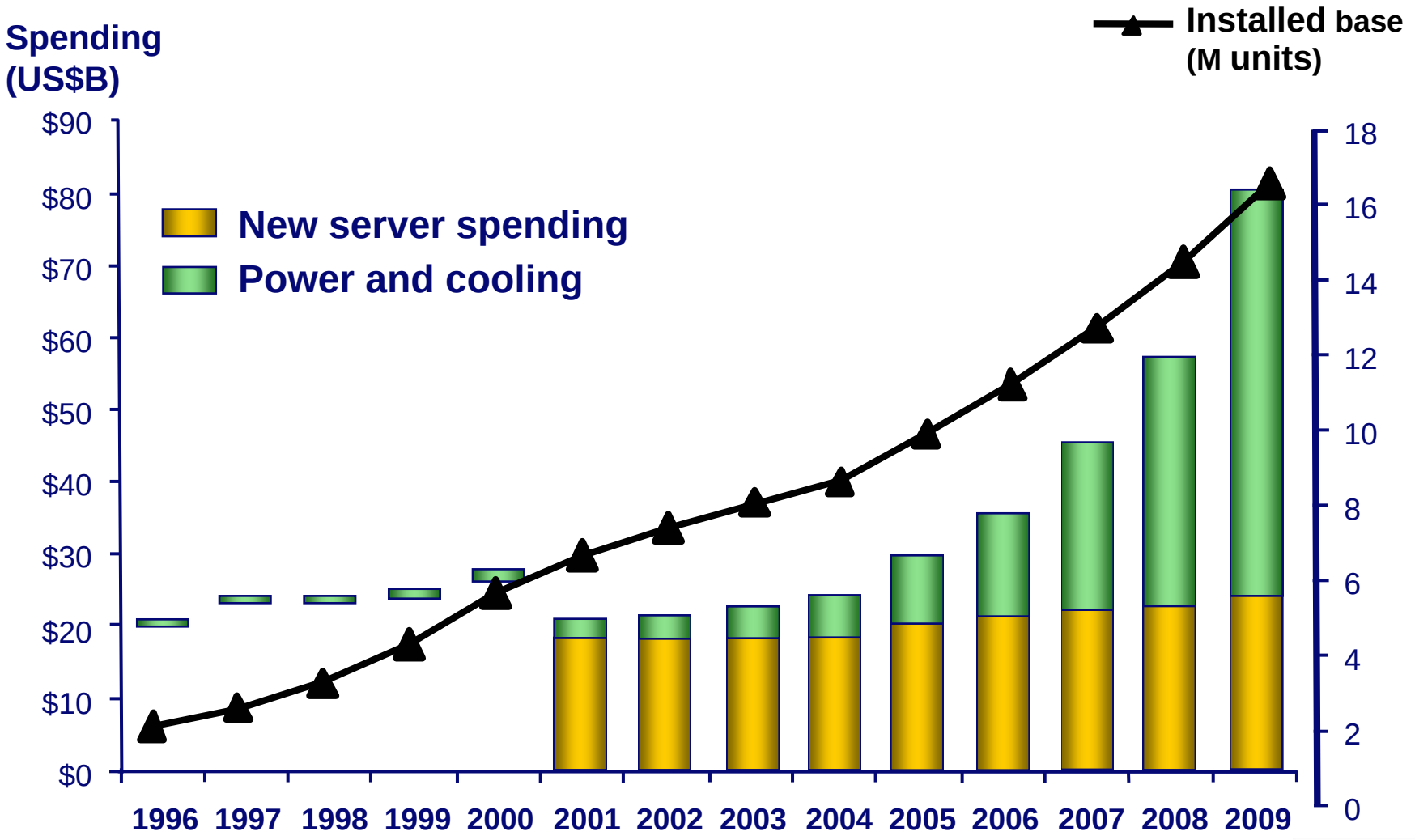
Mainframe Energy Efficiency

Power and Cooling Costs



Source: IDC

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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"

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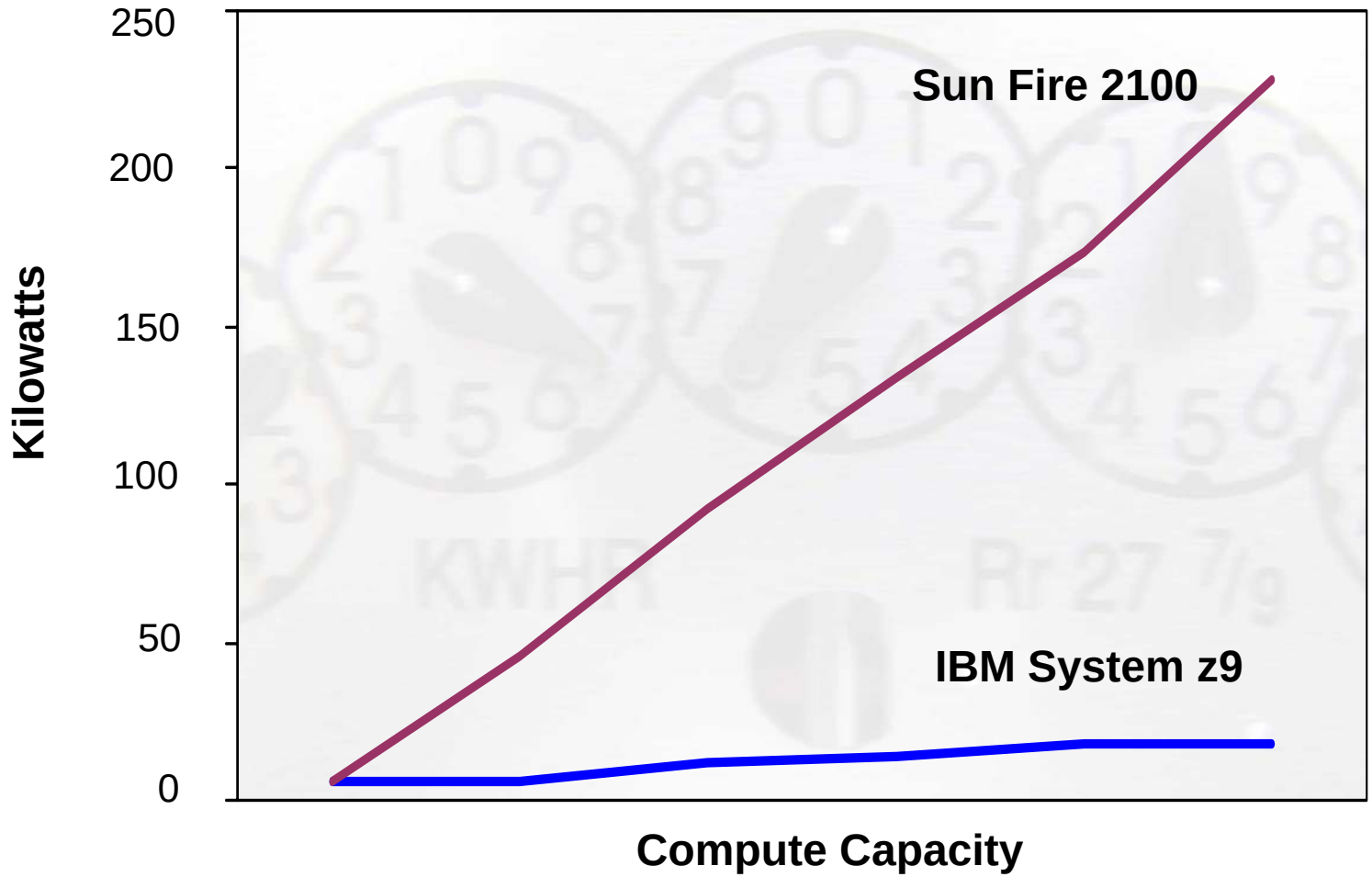
Energy Efficiency

Four times the work, one-twelfth the power



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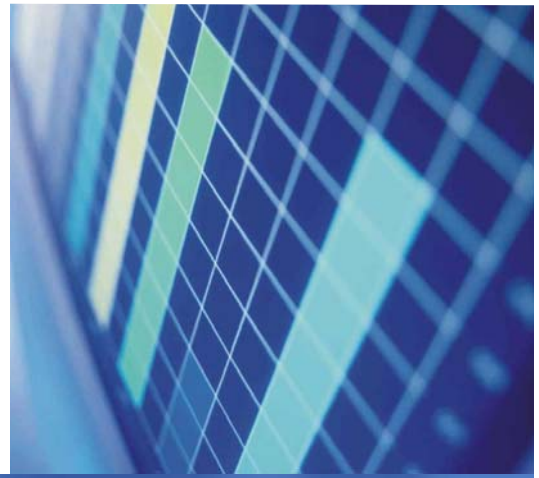
Nationwide saves $15M with System z



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

Source: Guru Vasudeva, AVP & Chief Architect, Nationwide Insurance
LinuxWorld August 2006 presentation

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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

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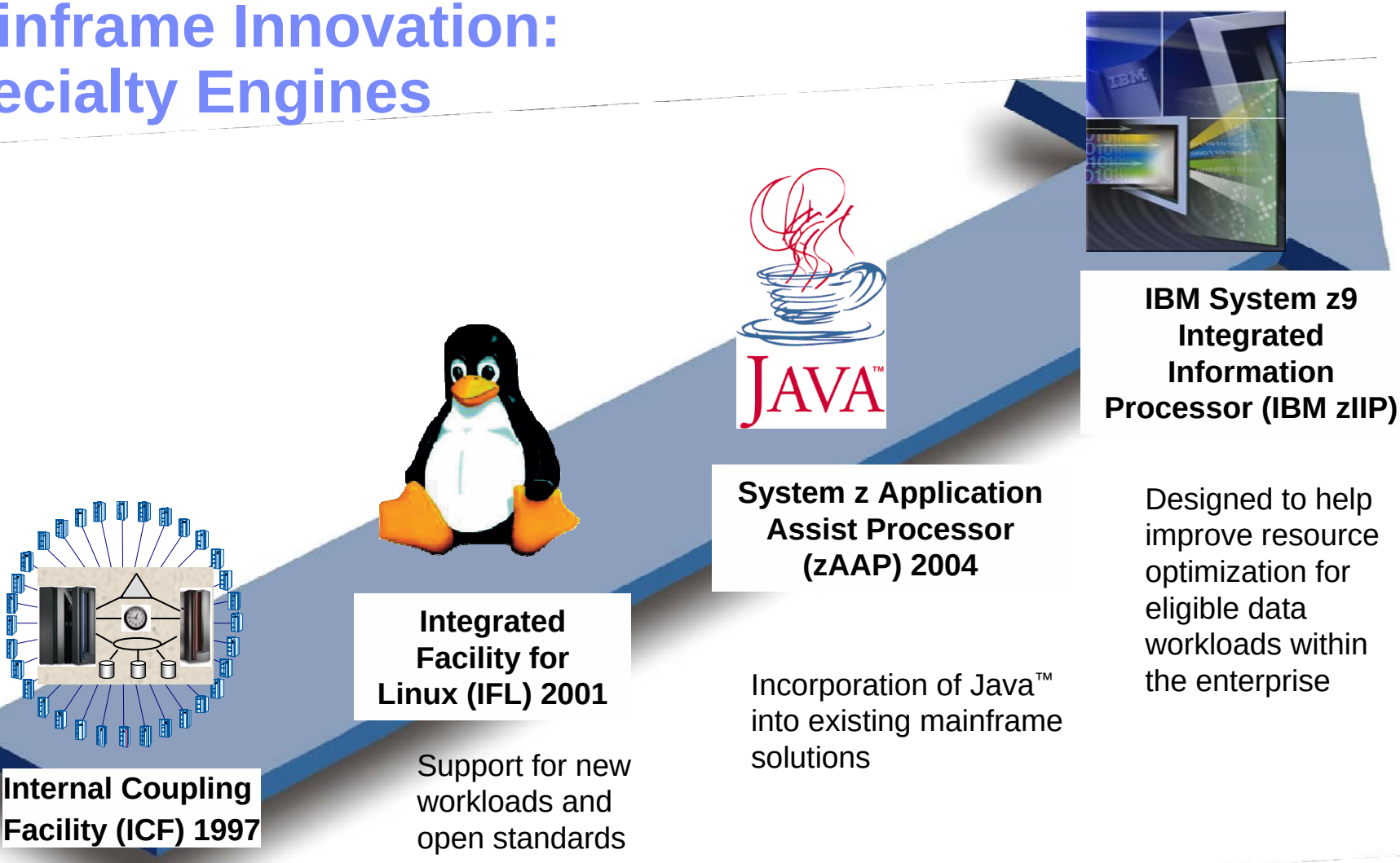
Mainframe Innovation: Specialty Engines



Internal Coupling Facility (ICF) 1997

Centralized data sharing across mainframes

Integrated Facility for Linux (IFL) 2001

Support for new workloads and open standards

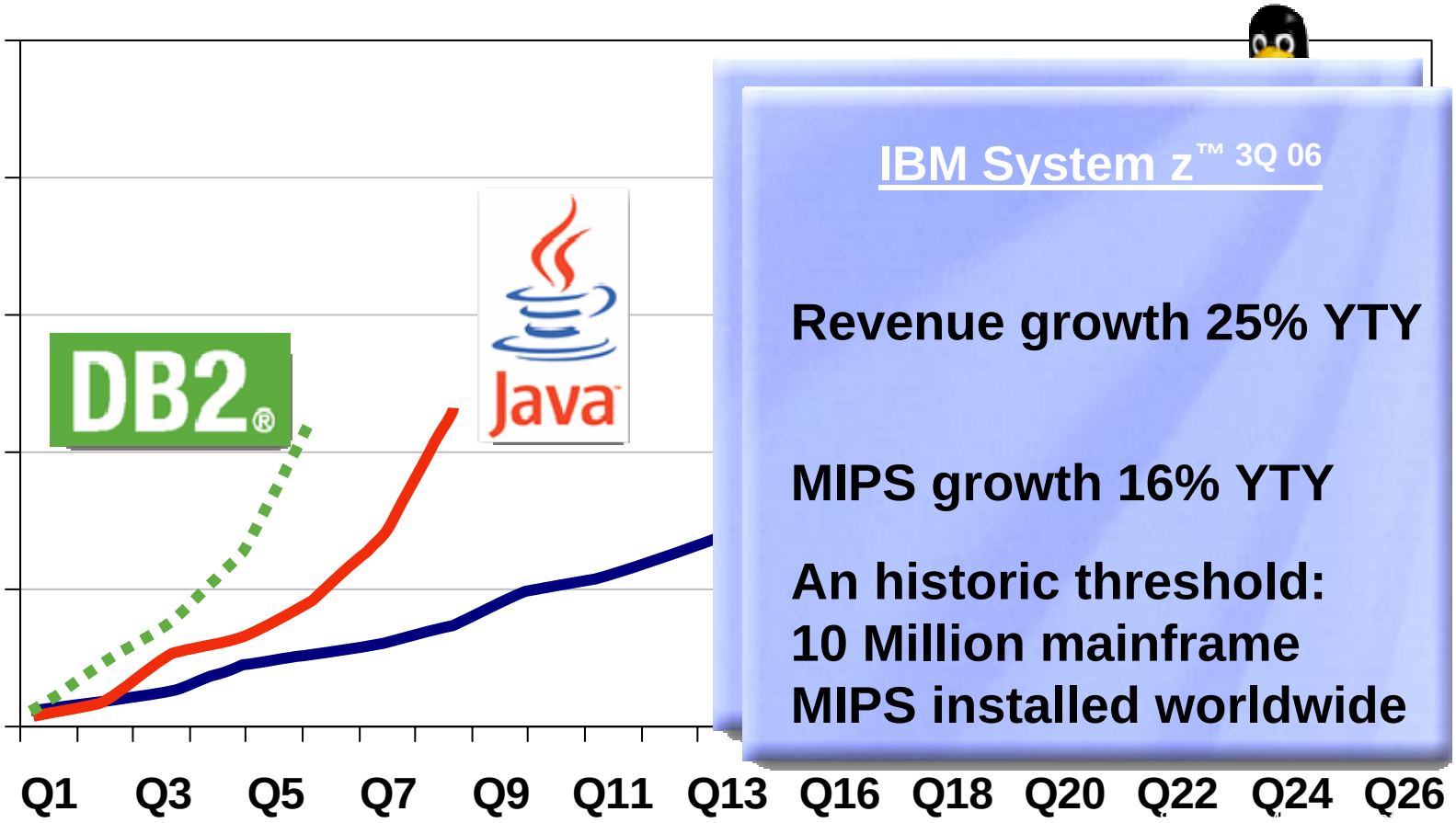
System z Application Assist Processor (zAAP) 2004

Incorporation of Java™ into existing mainframe solutions

IBM System z9 Integrated Information Processor (IBM zIIP)

Designed to help improve resource optimization for eligible data workloads within the enterprise

Dynamic Growth in New Workloads



IBM System z™ 3Q 06

Revenue growth 25% YTY

MIPS growth 16% YTY

An historic threshold:
10 Million mainframe MIPS installed worldwide

Mainframe Ecosystem

Customer councils

IBM Academic Initiative

- 266 colleges and universities – 400 by YE
- 10,000 students educated already

Partners

- 1,350 ISVs
- 1,500 mainframe partners

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Mainframe Headlines

“IBM Touts Security of New Mainframe”

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

“IBM announces mainframe virtual-tape offering ”

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

“IBM offers new mainframe software”

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Strategic Investment

System z9

- **$1.2 billion**
- **5,000 tech professionals**

$40M

$100M simplification

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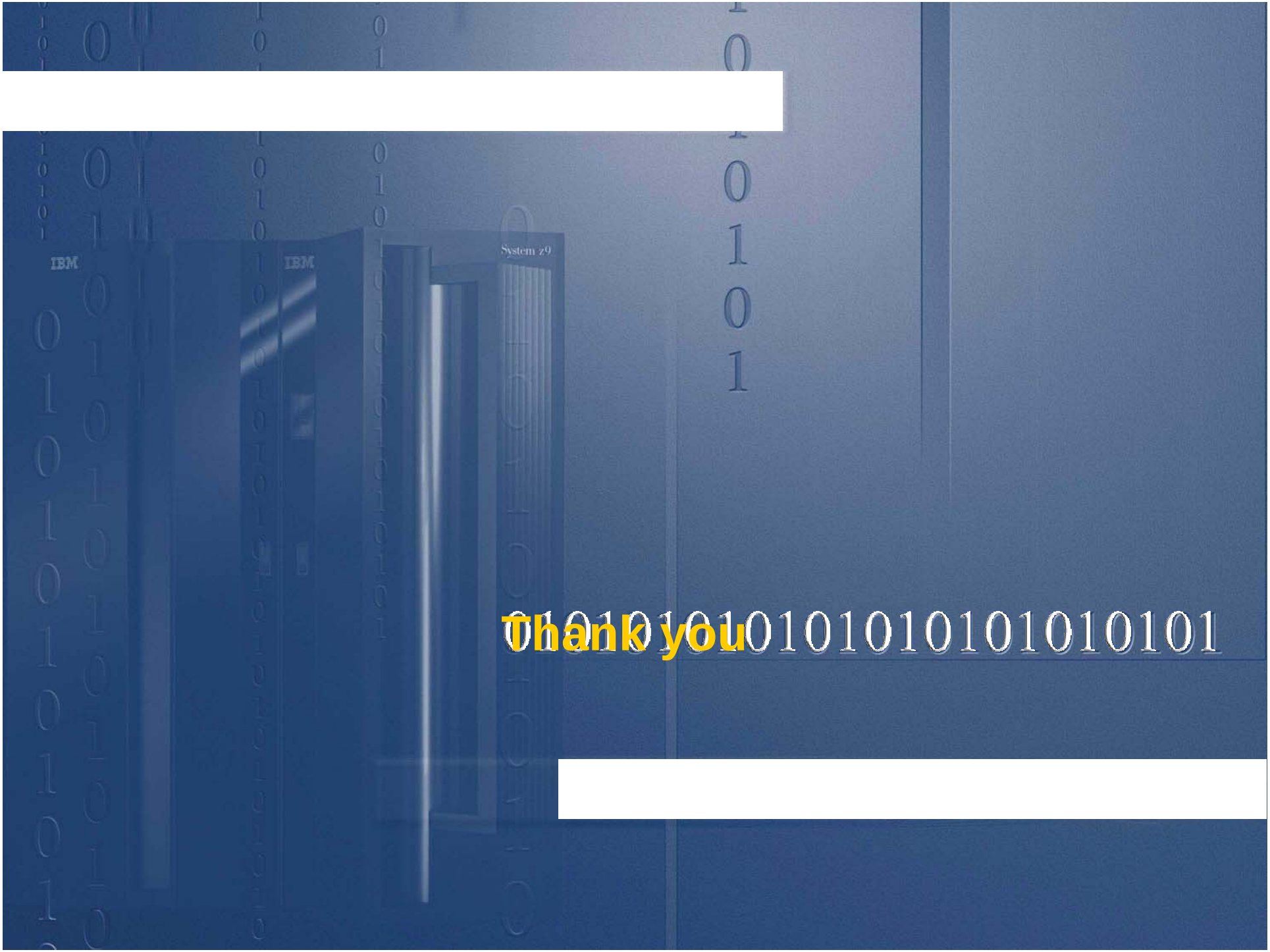
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Thank you