Reduce your IT costs with IBM LinuxONE

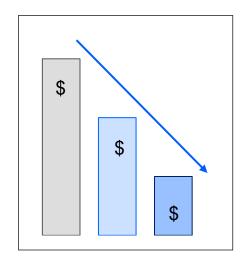
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Lower the cost of IT

As your enterprise grows and IT requirements increase, IT spend continues to rise

Some significant IT costs are...

- Software
- Hardware
- Disaster recovery
- Server administration
- Facility costs (energy, floor space)



Understanding your organization's IT charges can help you lower costs and optimize IT operations

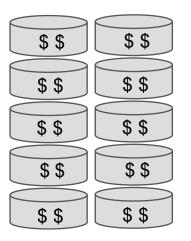
Why software tends to be a major cost driver

Many software offerings are sold by core

The amount of charged cores is determined by the server's maximum number of physical cores, whether activated or used by the software

x86 to LinuxONE core ratios vary per workload but x86 will invariably require more cores than LinuxONE servers

The same WebSphere workload on **x86** that requires **10 - 12 cores** may require only one linuxONF core¹

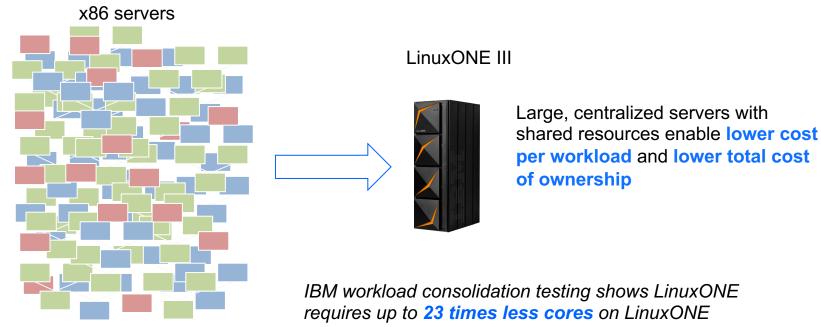




120 IT Economics assessments involving analysis of x86 workloads for consolidation onto IFLs on IBM Z or LinuxONE were selected from diverse industries (35% financial, 25% government, 5% healthcare, 10% technology, 10% transport, 5% utilities), and different geographies (5% North America, 15% Latin America, 30% Europe, 20% Asia Pacific, and 30% Greater China Group). The assessments involving analysis of x86 workloads turning in production and non-production environments. The workloads targeted for consolidation from x86 and distributed servers were IBM and third party proprietal and one source databases, applications server middleware and industry specific solutions unknown and one source databases, application server middleware and industry specific solutions on your distributed servers were IBM and third party proprietal and one source databases, application server middleware and industry specific solutions and executions and execution, analyzed the IE Economics team to evaluate the distributed workloads. Consolidation hased on execution, analyzed to execution and executions and execution and exe

Mitigate software costs through choice of hardware

Consolidation of workloads onto fewer physical servers reduces core usage



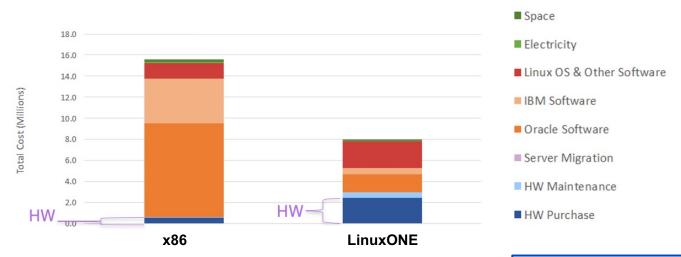
IBM workload consolidation testing shows LinuxONE requires up to 23 times less cores on LinuxONE compared to x86 servers1

^{*} This is an IBM internal study designed to replicate a typical IBM customer workload usage in the marketplace. Results may vary. The workloads consisted of an airline flight reservation system (running MongoDB and node.js) and a transactional core banking application (running WAS and Db2). Four instances of the airline system were run, one instance simulating a Dev/QA environment, and three instances simulating a Production environment. Seven instances of the core banking application were run, one instances of the core banking application were run. utilization per IT Economics data. For the x86 environment, the applications ran on a range of standard model, 2-processor x86 system, with speeds ranging from 2.4-3.2 GHz. The total number of cores needed to deliver the workloads on the x86 servers was 648. On z15, the airline system ran on Ubuntu 16.04 in an LPAR with z/VM 7.1, 4ĞB-8GB memory and 4 virtual CPs. The banking application ran on RHEL 7.6 in an LPAR with 2/VM 7.1, with 4GB-16 GB memory and 4 virtual CPs. The total number of IBM Z cores needed to deliver the workloads was 28. Both the x86 and z15 environments had access to the same storage array. Total Cost of Ownership is defined here to include hardware, software, labor, networking, floor space and energy costs over a period of 5 years. IBM internal hardware list prices were used. x86 server prices were acquired from IDC. IBM software pricing was standard list prices with 20% discount applied.

LinuxONE server efficiencies lower overall total cost of ownership

In some cases, server acquisition cost can be higher, but overall TCO will be lower

5-year TCO accumulated cost comparison of x86 versus LinuxONE for a U.S. federal government agency



- Server data based on customer specific actuals
- Pricing based on vendor published numbers and/or customer data
- Projections provided by IBM
- Contact <u>IT.Economics@us.ibm.com</u> for additional information

Disaster recovery for x86 production workloads can be 2x or more the cost for LinuxONE workloads

x86

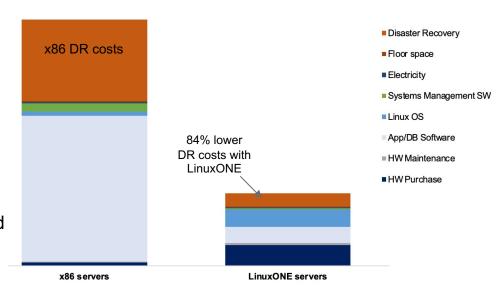
DR environment¹ requires replication of all production SW and HW

LinuxONE

CBU offers lower LinuxONE hardware and z/VM pricing, ranging from 25% for smaller systems to 40% for larger systems

LinuxONE DR server can have only one active core², and SW charges are applied for only one core of per core priced software

5-year Total Cost of Ownership for WebSphere Application Server workloads with disaster recovery³



- ¹ Assumes a hot DR environment to achieve an RTO of one hour or less
- ² Assumes a warm DR environment to achieve an RTO of one hour or less
- ³ Preliminary TCO based on customer costs

- Server data based on customer specific actuals
- Pricing based on vendor published numbers and/or customer data
- Projections provided by IBM
- Contact <u>IT.Economics@us.ibm.com</u> for additional information

Administration of x86 servers can be 2x greater than LinuxONE

Data from client assessments show that labor efforts¹ to manage **x86 environments** can be **twice** that of LinuxONE environments

- HW and SW procurement
- Server deployment
- Maintenance (patching, repairs)
- Networking
- Server refreshes
- Server disposal



¹ Labor costs do not include application support, development or test effort

Labor observations for LinuxONE

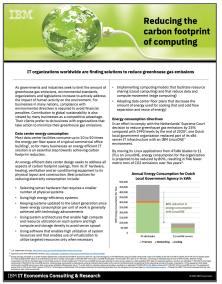
LinuxONE lowers energy costs and green house gas emissions

An IBM LinuxONE III LT2 can save

on average 59% per year

in power consumption than compared x86 systems running workloads with the same throughput¹

Energy savings can be as high as $80\%^1$ depending on your infrastructure, workloads and energy costs





Carbon Footprint Requirements
Video 2:06 min

Reducing the carbon footprint of computing

¹ Compared LinuxONE III LT2 model consists of two CPC drawers containing 64 IFLs, and one I/O drawer to support both network and external storage versus 49 x86 systems with a total of 1,080 cores. LinuxONE III LT2 power consumption was based on 40 power draw samples for workloads on 64 IFLs running at 90% CPU utilization. x86 CPU utilization. x86 power consumption was based on 45 power draw samples for three workload types running from 10.6% to 15.4% CPU utilization. x86 CPU utilization rates were based on data from 15 customer surveys representing Development, Test, Quality Assurance, and Production levels of CPU utilization and throughput.

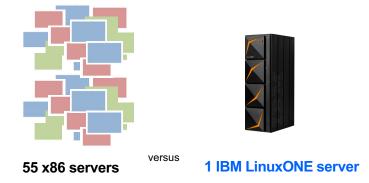
Each workload ran at the same throughput and SLA response time on LinuxONE and x86. Power consumption on x86 was measured while each system was under load. LinuxONE III LT2 performance, a 3% lower throughput and slad response time on LinuxONE and x86. Power consumption on x86 was measured while each system was under load. LinuxONE III LT2 performance, a 3% lower throughput and 14-core Xeon x86 processors. External storage is common to bit platforms and is not included in power consumption. Assumes LinuxONE and x86 are running 24x7x365 with 42 Development, Test, Quality Assurance, and Production servers and 9 High Availability servers. Power consumption may vary depending on factors including configuration, workloads, etc. Energy cost savings are based on a U.S. national average commercial power rate of \$0.10 per KWh based on U.S Energy Information Administration (EIA) data, https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a. Individual rates may vary. Savings assumes a power usage effectiveness (PUE) ratio of 1.66 to calculate additional power for data center cooling. PUE is based on IBM and the Environment - Climatory efficiency data center energy. which monthly/epm_table_grapher.php?toglin_mate/data.energer_energy.shirm.

2 80% savings anticipated for Dutch government agency, https://www.ibm.com/downloads/cas/GYR3MWQN

LinuxONE can reduce facility costs using less floor space

75% less floor space than compared x86 2U servers in racks, running the same workloads and throughput¹

For a large insurance company in Asia Pacific consolidating workloads onto LinuxONE resulted in 86% less floor space²



Data Center Requirements	x86	LinuxONE	Savings	
Floor space	42.57 meters ²	6.11 meters ²	86%	

¹ Actual floor space covered by the systems includes doors and covers. The LinuxONE III LT2 consists of two CPC drawers containing 64 IFLs, and one I/O drawer containing 7 FCP and 3 OSA adapters versus 4 x86 racks, each occupying 16 2U slots to run the comparable workloads, consisting of a mix of databases and application servers. Each workload ran at the same throughput and SLA response time on LinuxONE and x86.

x86 systems ran at various CPU utilizations according to 15 customer surveys, representing Development, Test, Quality Assurance, and Production levels of CPU utilization and throughput. 16 x86 2U form factor servers populated a standard 32U rack. Other 10 2U slots contained PDU, network switches, SAN switches and allowed space for air circulation. External storage floor space is not included.

LinuxONE III LT2 performance data and number of IFLs was projected from actual LinuxONE Rockhopper II performance data including a 3% lower throughput using MIPS ratio on LinuxONE III LT2 versus LinuxONE Rockhopper II with high availability. Assumes LinuxONE and x86 are running 24x7x365 with 42 Development, Test, Quality Assurance, and Production servers and 9 High Availability servers. Compared x86 models were all 2-socket servers containing a mix of 8-core, 12-core and 14-core and 15-core an

² 86% savings in floor space, https://www.ibm.com/downloads/cas/GYR3MWQN

How much can you save with LinuxONE?

See how LinuxONE can reduce costs for your organization

IBM LinuxONE TCO Calculator

- Tool on ibm.com
- Provides preliminary view of potential savings



IBM LinuxONE TCO Calculator

IBM IT Economics Assessment

- No-charge custom analysis based on client data
- Conducted by IBM IT Economics consultants

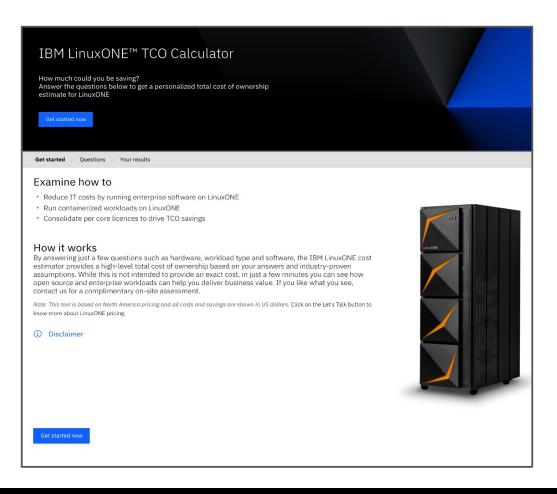


LinuxONE TCO calculator on ibm.com

LinuxONE TCO calculator on ibm.com

Examine the savings of LinuxONE and LinuxONE III Express

https://ibm.biz/linuxone-tco-calc



Savings estimate for x86 workloads on LinuxONE in five simple steps

User inputs

- 1. New or existing workloads
- 2. Workload type (db, app, open source, mix)
- 3. x86 servers (quantity, type, processors and cores)
- 4. Environment (production, disaster recovery)
- 5. Time period (3, 4 or 5 years)

Results

Output page

- Key savings areas (SW, energy, floor space)
- TCO, ROI, payback period, IRR
- Bar chart and graph
- Platform sizing (required production and nonproduction cores)

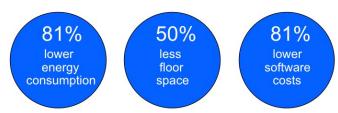
Detailed report

- All costs by category, platform and year
- Break out of workload costs
- Advantages of IBM LinuxONE

Output page without registration

Your Results

Based on your inputs when comparing to x86, LinuxONE could lower the cost of your workloads with



Based on your inputs when comparing LinuxONE to x86:

5 Year Category Cost Comparison

Cost Category	x86 Solution	LinuxONE Solution
Application/Database SW	\$21,155,904	\$1,864,364
Linux OS SW	\$477,400	\$2,433,750
Systems Management and Virtualization SW	\$1,381,968	\$151,474
Electricity	\$254,390	\$49,216
Space	\$100,000	\$50,000

LinuxONE could lower the cost of your workloads over five years by \$17.56M with

- Investment payback in 1 month
- TCO reduced by 70.1% in 5 years
- IRR = 311.0%
- ROI = 549.0%

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Your x86 server inputs

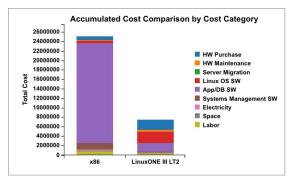
Servers	Type of servers	Workload	Processors per server	Cores per x86 server	# of physical production servers	# of physical non-production servers ¹	Total DR servers ²	Total x86 servers	Total x86 cores
1 year old	Rack	Application	2	24	20	20	0	40	960

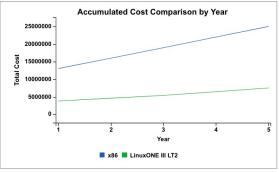
^{1.} For each set of production workloads is an additional 100% of corresponding physical servers for the DevTest and Quality Assurance non-production environment. A production workload environment of 100 cores, for example, is assumed to require another 100 cores for supporting non-production DevTest and QA work.

LinuxONE alternative

IBM LinuxONE model	Type of servers	Workload	# of LinuxONE servers	# of LinuxONE production cores	# of LinuxONE non- production cores ¹	Total DR servers ²	Total DR cores ²	Total LinuxONE servers	Total LinuxONE cores ³
LinuxONE III LT2	Frame	Application	1	34	25	0	0	1	59

^{1.} For each set of production workloads are an additional 75% corresponding DevTest and Quality Assurance non-production environments that can reside within the same physical LinuxONE server. A production workload environment of 10 cores, for example, is assumed to require another 7.5 cores for supporting non-production DevTest and QA work.



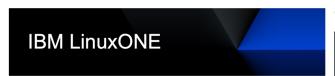


^{2.} The DR environment is assumed to replicate the production environment only, so corresponding non-production workloads are not included for DR.

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^{3.} Total required LinuxONE cores are rounded up to the next whole number of cores.

Detailed report with registration



This report includes your detailed total cost of ownership (TCO) comparison between running workloads on IBM LinuxONE versus compared x86 servers. The data in the report is an estimate™ based on inputs you provided in the LinuxONE TCO calculator.

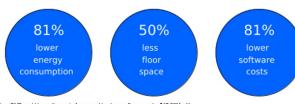
The savings documented here in your report are just part of the story. In addition to better economics, LinuxONE is a highly secure, scalable data serving platform available for Linux® workloads:

- . Independently certified with EAL5+ and FIPS 140.2 Level 4 security certifications
- . Designed for 99.999 percent availability with minimum latency
- Vertical scalability for uninterrupted growth

After reviewing your report, if you're ready for a no-charge onsite assessment or would like more information, please email <u>IT.</u>
<u>Economics@us.ibm.com</u> and we will contact you.

Your Results

Based on your inputs when comparing to x86, LinuxONE could lower the cost of your workloads with



LinuxONE could lower the cost of your workloads over five years by \$17.56M with

- · Investment payback in 1 month
- . TCO reduced by 70.1% in 5 years
- IRR = 311%
- ROI = 549%

Your x86 server inputs

Servers	Type of servers	Workload	Processors per server	Cores per x86 server	# of physical production servers	# of physical non- production servers ¹	Total DR servers 2	Total DR cores 2	Total x86 servers	Total x86 cores
New	Rack	Application	2	24	10	10	0	20	20	480

For each set of production workloads are corresponding Devilect and Quality Assurance non-production environments. A production workload environment of 1
example, is assumed to require another 100 cores for supporting non-production work -50% of production cores for DeVTest and 50% of production cores for QA.
 The DR environment is assumed to replicate the production environment only, so corresponding non-production workloads are not included for DR.

LinuxONE alternative

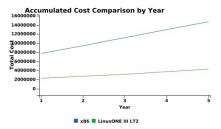
IBM LinuxONE model	Type of servers	Workload	# of LinuxONE systems	# of LinuxONE production cores	# of LinuxONE non- production cores ¹	Total DR servers	Total DR cores 2	Total LinuxONE servers	Total LinuxONE cores ³
LinuxONE III LT2	Frame	Application	1	17	13	0	0	1	30

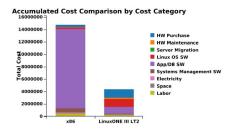
1. For each set of production workloads are an additional 75% corresponding DevTest and Quality Assurance non-production environments that can reside within the same physical LinuxONE server. A production workload environment of 10 cores, for example, is assurand to require another 7.5 cores for supporting non-production DevTest and

The DR environment is assumed to replicate the production environment only, so corresponding non-production workloads are not included for DR
 Total required LinuxONE cores are rounded up to the next whole number of cores.

5 Year Cost Comparison

Cost Category	x86 Solution	LinuxONE Solution
App/DB SW	\$12,773,376	\$1,125,780
Linux OS SW	\$238,700	\$1,237,500
Systems Management SW	\$690,984	\$102,301
Electricity	\$127,195	\$26,668





Detailed report with registration

Year 1 Year 2 Year 3 Year 4 Year 5 Total Savings x86 Solution \$7,741,479 \$9,469,098 \$11,196,717 \$12,961,506 \$14,726,295 Linux/ONE Solution \$2,297,519 \$2,725,439 \$3,153,360 \$3,734,176 \$4,314,991 \$10,411,304

5 Year Category Cost Comparison

x86 solution	LinuxONE solution
\$371,700	\$1,369,252
\$74,340	\$203,490
\$0	\$0
\$12,773,376	\$1,125,780
\$238,700	\$1,237,500
\$690,984	\$102,301
\$127,195	\$26,668
\$50,000	\$50,000
\$400,000	\$200,000
\$14,726,295	\$4,314,991
	\$371,700 \$74,340 \$0 \$12,773,376 \$238,700 \$660,984 \$127,195 \$50,000 \$400,000

x86 Costs By Year

	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total Cost
HW purchase	\$371,700	\$0	\$0	\$0	\$0	\$371,700
HW maintenance	\$0	\$0	\$0	\$37,170	\$37,170	\$74,340
Server migration	\$0	\$0	\$0	\$0	\$0	\$0
Application/Database SW	\$7,096,320	\$1,419,264	\$1,419,264	\$1,419,264	\$1,419,264	\$12,773,376
Linux OS SW	\$47,740	\$47,740	\$47,740	\$47,740	\$47,740	\$238,700
Systems Management and Virtualization SW	\$110,280	\$145,176	\$145,176	\$145,176	\$145,176	\$690,984
Electricity	\$25,439	\$25,439	\$25,439	\$25,439	\$25,439	\$127,195
Space	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Labor	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$400,000
Totals	\$7,741,479	\$1,727,619	\$1,727,619	\$1,764,789	\$1,764,789	\$14,726,295

LinuxONE Costs By Year

	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total Cost
HW purchase	\$1,369,252	\$0	\$0	\$0	\$0	\$1,369,252
HW maintenance	\$0	\$0	\$0	\$101,745	\$101,745	\$203,490
Server migration	\$0	\$0	\$0	\$0	\$0	\$0
Application/Database SW	\$625,434	\$125,087	\$125,087	\$125,087	\$125,087	\$1,125,780
Linux OS SW	\$247,500	\$247,500	\$247,500	\$247,500	\$247,500	\$1,237,500
Systems Management and Virtualization SW	\$0	\$0	\$0	\$51,151	\$51,151	\$102,301
Electricity	\$5,334	\$5,334	\$5,334	\$5,334	\$5,334	\$26,668
Space	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Labor	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$200,000
Totals	\$2,297,519	\$427,920	\$427,920	\$580,816	\$580,816	\$4,314,991

x86 Application/Database SW

App/DB SW	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total Cost
Commercial Application OTC	\$7,096,320	\$0	\$0	\$0	\$0	\$7,096,320
Commercial Application S&S	\$0	\$1,419,264	\$1,419,264	\$1,419,264	\$1,419,264	\$5,677,056

LinuxONE Application/Database SW

App/DB SW	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total Cost
Commercial Application OTC	\$625,434	\$0	\$0	\$0	\$0	\$625,434
Commercial Application S&S	\$0	\$125,087	\$125,087	\$125,087	\$125,087	\$500,347

No-charge IT Economics Assessments

IT Economics Assessments

Use an assessment to quantify business values, technical requirements and financials

Total Cost of Ownership (TCO)



Workload Placement

Consolidate, offload, and place workloads on LinuxONE, IBM Z. Power Systems and x86 both on-prem and in the cloud

Leverage fit for purpose to determine platform requirements for workloads



Oracle consolidation

Examine Oracle cost reduction through workload consolidation on highly scalable enterprise servers (IBM Z. LinuxONE or Power Systems)

Evaluate on-prem versus in the cloud options



Hybrid Multicloud

Analyze enterprise requirements for hybrid and multi-cloud solutions Compare existing environments to IBM and vendor cloud solutions



SAP HANA

Analyze requirements to move traditional SAP landscapes to SAP HANA on Power and Cloud



IBM LinuxONE

Assess Linux workload requirements with LinuxONE platform attributes Find savings for Linux x86 workloads



Carbon Footprint Optimization and Corporate Responsibility

Determine current infrastructure carbon footprint and identify sustainability improvements



Power Systems

Assess x86 Linux workload requirements for Linux on Power Optimize efficiencies for AIX and IBM i



IT Best Practices **Benchmarking**

Compare actual IT environment with best practices in the IT industry



Cloud Paks ROI

Evaluate business efficiencies from the adoption of containerized software Quantify business value and ROI



Business Value Assessment (BVA)

SW Portfolio Analysis and Application Rationalization

Review software currency and examine potential replacement with other products to optimize SW license costs



Tailored Fit Pricing for Z software pricing optimization

Develop Tailored Fit Pricing cost forecast based on historical data Evaluate IBM Z partition usage to optimize costs



Cloud, Data and Al Solutions

Business value assessments for Data and Al, Integration, Automation SW Solutions that quantify ROI and benefits



Chargeback Analysis

Align chargeback policies to actual IT costs Increase deployment flexibility



Enterprise Modernization

Business value assessments for a hybrid multicloud enterprise



Security and Confidential Computing

Evaluate pervasive encryption, Hyper Protect, Data Privacy Passports and other security features to minimize risk

Use risk analysis to calculate value and exposure of assets



Enterprise DevOps

Analyze challenges in existing application development and delivery practices (CD/CI)

Map DevOps capabilities to business outcomes by quantifying financial impact

Contact the IBM IT Economics Team IT.Economics@us.ibm.com

IT Economics studies are available at no-charge to IBM clients and Ecosystem Partners Visit www.ibm.com/iteconomics or https://www.ibm.com/partnerworld/iteconomics

How an IT Economics assessment works

Use a no-charge assessment to increase IT efficiencies and reduce costs



Request

- Ask your IBM focal, IBM Business Partner or contact us at: IT.Economics@us.ibm.com
- A local IT Economics consultant will contact you to discuss your situation

Workshop

- Participate in a two-hour meeting with stakeholders from your organization to define your objectives and business metrics for the assessment
- Your consultant will gather information about your IT environment and share best practices

Findings

- Analysis and report preparation are usually complete in two to four weeks
- Your IT Economics consultant will meet with you to discuss findings and provide recommendations
- You will receive a report with detailed analysis, a business case, and an executive summary

More IT Economics information

Papers, videos and more on ibm.com http://www.ibm.com/iteconomics



No-charge IT Economics assessments on ibm.com https://www.ibm.com/it-infrastructure/services/it-economics/assessments

