

Small Is Beautiful: Remaking the IBM zSeries for SMEs

By Charles King

Traditional mainframe customers know who they are: the vast majority of the Global 1000, and other large enterprises that require the highest levels of IT reliability, flexibility, and security. However, over the past eighteen months IBM has created a number of new technical, licensing, and financing options for its eServer zSeries products that make mainframe solutions viable and compelling options for smaller enterprises.

All Business is Small Business

Practically and strategically, larger and smaller enterprises have more in common than they might expect. Building close relationships with customers and strategic partners is vital to maintaining and growing company success. Reducing expenses is as critical an issue to bottom line results as increasing revenues. A business solution's effectiveness is best measured by its ability to satisfy today's requirements and evolve to meet the needs of tomorrow. Cutting operational costs and growing market share are not mutually exclusive exercises.

The IT concerns of large enterprises and SMEs are also similar. Technology consolidation efforts represent a desire to simplify and quantify IT business solutions. The impact of staffing, management, and maintenance costs on TCO is clearly understood across a broad spectrum of businesses and industries. Enterprises want IT solutions that are simple, scalable, resilient, and secure, and are demanding that vendors offer measurable proof of their products' value before signing on the dotted line.

While enterprises of every size and kind share many interests, most believe that "enterprise class" IT solutions such as mainframe computers are unnecessary or unaffordable for all but the largest firms. This may have been true at one time, but today's reality is vastly different due to fundamental changes IBM has made in its eServer zSeries product line.

Reinventing the Mainframe for SMEs

So what has IBM done to make mainframes attractive and affordable for SMEs?

eServer z800 "Mini" Mainframe

Announced in February 2002, the z800 is as an entry-level mainframe solution for mid-market applications including consolidating sizable server workloads through IBM's z/VM virtualization technology. IBM also introduced z/OS.e, a specially priced operating environment optimized for new Web-based eBusiness applications, as well as dedicated Linux and mixed z/OS/Linux environments for the z800. Along with scaling down, the z800 can also scale up to a z900's raw capacity through hardware upgrades, and scale out through additional Linux virtual servers to handle future workload demands. The z800's entry-level threshold for computational performance has been reduced to 40MIPS, making the new offering especially attractive to smaller businesses. Additionally, the z800 Entry Level Charging (Zelc) model provides older model (G2-6) mainframe customers an attractive migration path to the z800 that offers significant savings over existing solutions or modestly priced performance boosts.

On/Off Capacity Upgrade on Demand

IBM offers zSeries customers the flexibility of powering on and powering off available processing engines as needed. This allows businesses with variable or seasonal computing requirements to maximize IT efficiency while controlling IT expenses. The On/Off CUoD feature is currently available for the eServer z990 and Standard CPs. IBM is planning to offer similar on/off features for IPLA/ OTC mainframe software solutions in the future.

On Demand Mainframe Access

IBM will provide utility-modeled Linux mainframe solutions through its On Demand Data Centers through hosted Linux Virtual Services (LVS). The benefits for SMEs are three-fold. First, the utility model provides easy, rapid, and cost effective access to zSeries' capabilities and benefits. Second, On Demand Data Centers offer potential zSeries customers the chance to test drive mainframe environments with no disruption to their existing applications, data, or IT infrastructure. Third, the fully integrated zSeries environment allows customers to easily and securely transfer data from IBM facilities to company datacenters at any time.

New Global Financing Options

IBM has significantly revised its eServer zSeries financing models to support both traditional financing options and new variable components. IBM Global Financing is offering a range of options to support On/Off CUoD services, including a Total Usage model designed to create finance contracts that best fit customers' cyclical business requirements.

Translating Mainframe Features into SME Business Value

What do these changes in IBM's zSeries product family mean to SMEs?

IBM has not created an entry-level mainframe solution that is merely "good enough" for SME customers. The z800 may be smaller than the z900 and z990, but it provides the mainframe class performance, flexibility, dependability, scalability, security, and self-healing and self-management capabilities customers have come to expect from IBM. Additionally, the company's new On/Off CUoD and On Demand initiatives have increased the flexibility and affordability of mainframe alternatives so that the zSeries is now a viable option for enterprises that historically have found mainframe solutions beyond their reach. IBM is also planning to offer a z/OS promotion that will make the migration to an eServer z900 or z990 increasingly affordable for traditional mainframe (G2-6 on OS/390) customers in the 235 to 1500 MIPS range. This new migration offer aims to significantly lower software and maintenance expenses, helping to defray new hardware costs.

Overall, IBM is continuing its strategy of bringing zSeries capabilities to broader markets and numbers of enterprises, making its flagship mainframe solutions increasingly available, relevant, and affordable to SMEs. Today, SMEs can reasonably consider the zSeries for IT consolidation and eBusiness initiatives, gaining the performance, dependability, and security inherent in mainframe solutions. For those considering an infrastructure refresh, IBM's eServer zSeries can dramatically simplify IT management efforts while leading to decreased staffing requirements.

At a time of increasingly fierce competition across all business sectors, enterprises large and small need every advantage they can muster. IBM's approach to 21st century mainframe computing is helping to ensure that SMEs have access to the same powerful IT solutions enjoyed by large global enterprises. SMEs will find it worthwhile to consider the eServer zSeries' value proposition for their businesses in light of IBM's commitment to improving IT solutions for enterprises of all sizes.