IT Key Metrics Data
Infrastructure Measures
Mainframe Analysis

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This presentation is built based on research and insights developed by Gartner analysts!
How Can the Mainframe Remain Relevant in Tomorrow's World?

- In 2016, 79.4% of server revenue will be x86-based
- In 2016, 98.8% of server shipments will be x86-based

Can the mainframe remain a viable platform in the face of these forces?
Gartner's ITKMD: Comprehensive Enterprise Cost & Staffing Database

ITKMD: IT Key Metrics Data

• In 2012, added data from 7,649 public and private enterprises (> 80 countries, 21 industry sectors).
• Collected directly IT leaders via surveys, polls, and benchmarking studies.
• Updated and published annually.
• Multi-leveled: From macro-statistics (such as IT expenditures per employee) to platform-level statistics (such as mainframe cost per MIPS).

Sample ITKMD Report
Mainframe Cost as a Percent of IT Cost, 2009—2012

Source: Gartner IT Key Metrics Data (December 2012)
Annual Mainframe Cost per Installed MIPS, 2009—2012

Source: Gartner IT Key Metrics Data (December 2012)
Installed MIPS per Mainframe FTE, 2009—2012

Source: Gartner IT Key Metrics Data (December 2012)
Distribution of Mainframe Costs, 2009—2012

Source: Gartner IT Key Metrics Data (December 2012)
**Cost Distribution — Unix, Windows, MF**

- **Mainframe**
  - Unallocated: 19%
  - Disaster Recovery: 31%
  - Facilities Occupancy: 44%
  - Connectivity: 18%
  - Personnel: 31%
  - Software: 53%

- **Unix**
  - Unallocated: 18%
  - Disaster Recovery: 31%
  - Facilities Occupancy: 40%
  - Connectivity: 17%
  - Personnel: 17%
  - Software: 44%

- **Wintel**
  - Unallocated: 20%
  - Disaster Recovery: 17%
  - Facilities Occupancy: 17%
  - Connectivity: 20%
  - Personnel: 20%
  - Software: 53%

Source: Gartner IT Key Metrics Data, 2010
Taking the Pulse of the Mainframe Market

The Positives:

- **Market Size:** 21+ million MIPS worldwide, doubled over the past five years
- **Market Growth:** MIPS per customer continues to grow
- **Market Dynamics:** "A" list of enterprises
- **IBM Commitment:** Sustained investment
- **Drivers:** Specialty engines, particularly IFLs
- **Skills:** Over 1,080 schools in Academic Initiative
- **ISVs:** Over 1,300

The Concerns:

- **Market Size:** Fewer mainframe shops than five years ago
- **Business Case:** TCO cases often don't reflect a consolidated environment
- **Inhibitors:** Small to midsize shops lag on strategic initiatives
- **Market Dynamics:** Competition is stronger
- **Skills:** Perceived as poster child for "skills crisis"

The Challenges:

- **x86:** Default hardware platform
- **Windows and Linux:** The "only" growth OSs
- **Management Perception:** Outdated and complex
- **Hyper-scale Data Center Presence:** MIA
- **Budget:** Centralized costs make it highly visible in a tight spending climate
Linux on System z Continues to Grow

More than 3,000 applications
More than 1,300 customers

Still largely an installed base play
Still largely an "enterprise class" play

Most growth is from existing customers rather than new users of Linux on the mainframe.
Is the Mainframe Part of Any of the Nexus of Forces Conversation?

The convergence of four powerful forces — cloud, social, mobile, and information — that are transforming the behavior of users and creating new business opportunities.

**Private Cloud**
- Technically capable
- Evolutionary within the base
- Business practice and pricing challenges

**Public Cloud**
- Scale up in a scale out world
- Limited references
- Linux would be the primary play

**Big Data**
- Analyzing z's transactional data (but big data is not just about volume)
- Benefits of proximity and sensitivity
- IDAA front end versus Pure
Mainframe in Your Data Center: What's the Decision Process?

**Information Gathering Phase**
- Quantify the size and complexity of the mainframe suite
- Assess and articulate the strategic and business criticality of applications
- Quantify the real financial cost of running the mainframe environment
- Assess and articulate the cultural opinion toward a mainframe

**Decision Making Phase**
- Assess the options. Decide upon both a long term strategic plan and a tactical plan
- Move to a fabric based architecture

**Suggested Possible Alternatives**
- Consolidate the mainframe environment
- For smaller firms, use a "milking" strategy: Where the system is untouched
- Move to a smaller business-class machine
- Consider a specialty engine
- Move onto the latest zEnterprise EC12 with renegotiated software license and maintenance contract
- Plan for an alternative platform
- Use partner with an established mainframe migration business
Recommendations

✓ Compare your costs with our ITKMD data. If higher, are cost-reductions implied?
✓ Pursue planning information on the pricing of z/OS V2.
✓ Realign contract dates for systems used as disaster recovery systems or capacity-on-demand systems with their remaining lease term or depreciation schedule.
✓ Revisit potential applicability of Linux on System z if it has been more than four years since the last evaluation.
✓ Decide whether IBM's strategic direction for its mainframe with an emphasis on this hybrid approach aligns with your organization's strategic plans for the mainframe — and, if not, what options you should explore.
Recommended Gartner Research

» IBM zEnterprise EC12 Offers Performance, Capacity and New Architectural Structures
  Mike Chuba, John R. Phelps (G00231466)

» IT Key Metrics Data 2013: Key Infrastructure Measures: Mainframe Analysis: Multiyear
  Jamie K. Guevara, Linda Hall, Eric Stegman (G00246747)

» IT Key Metrics Data 2013: Key Infrastructure Measures: Mainframe Analysis: Current Year
  Jamie K. Guevara, Linda Hall, Eric Stegman (G00246746)

» IBM zEnterprise EC12 Offers Performance, Capacity and New Architectural Structures
  Mike Chuba, John R. Phelps (G00231466)

» Changes in the z/OS Release Cycle Will Impact IBM Mainframe Users
  Mike Chuba, John R. Phelps (G00233203)

» Progress Report for IBM's zBX
  Mike Chuba, John R. Phelps (G00231027)

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