



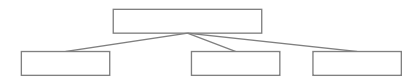
## IBM Mainframe Software Licensing Structure Overview

Munich, July 2012

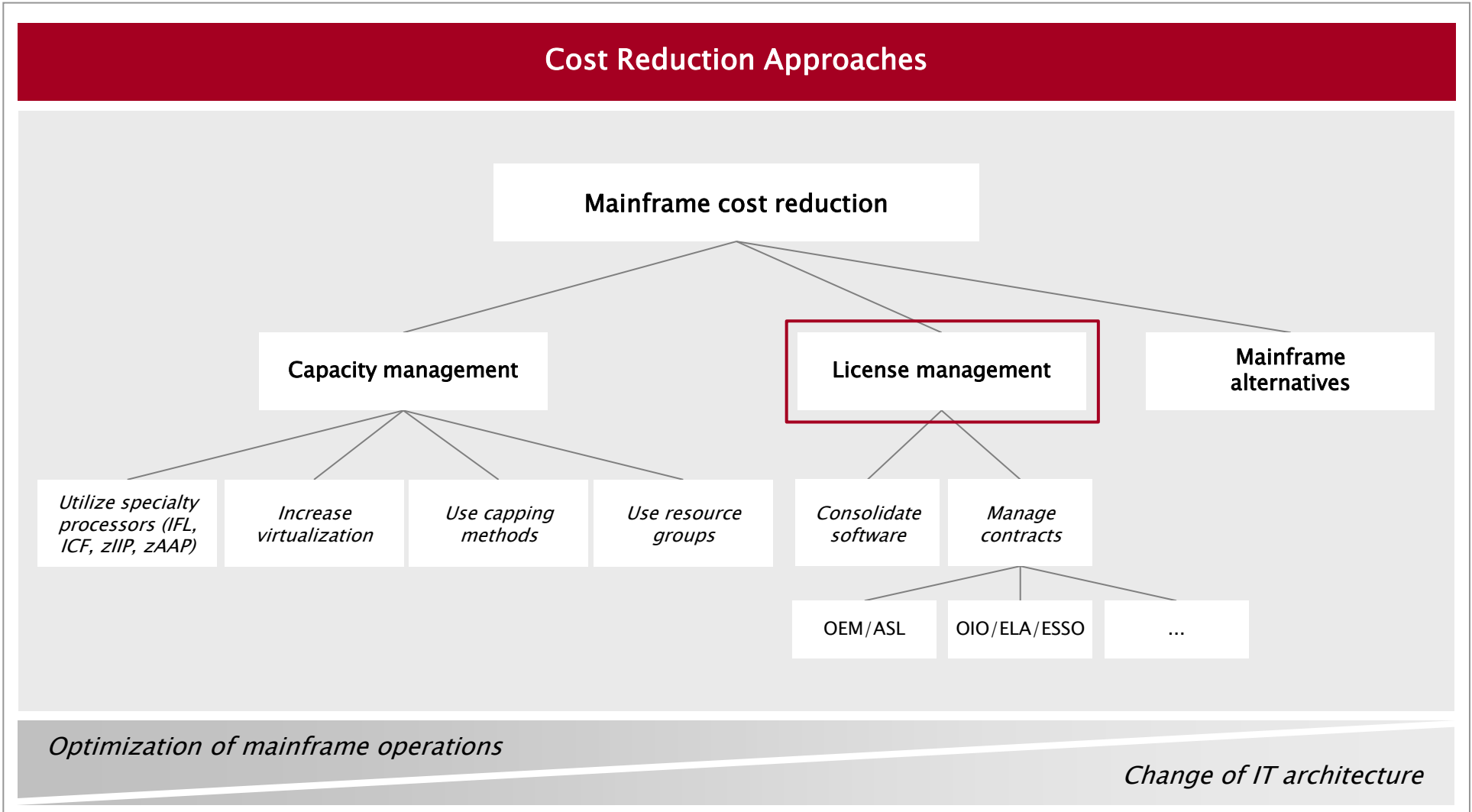
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# Mainframe costs are traditionally controlled by capacity or license management while mainframe alternatives constitute a more fundamental approach



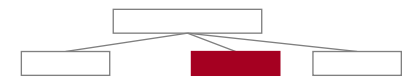
Source: METIS Analysis



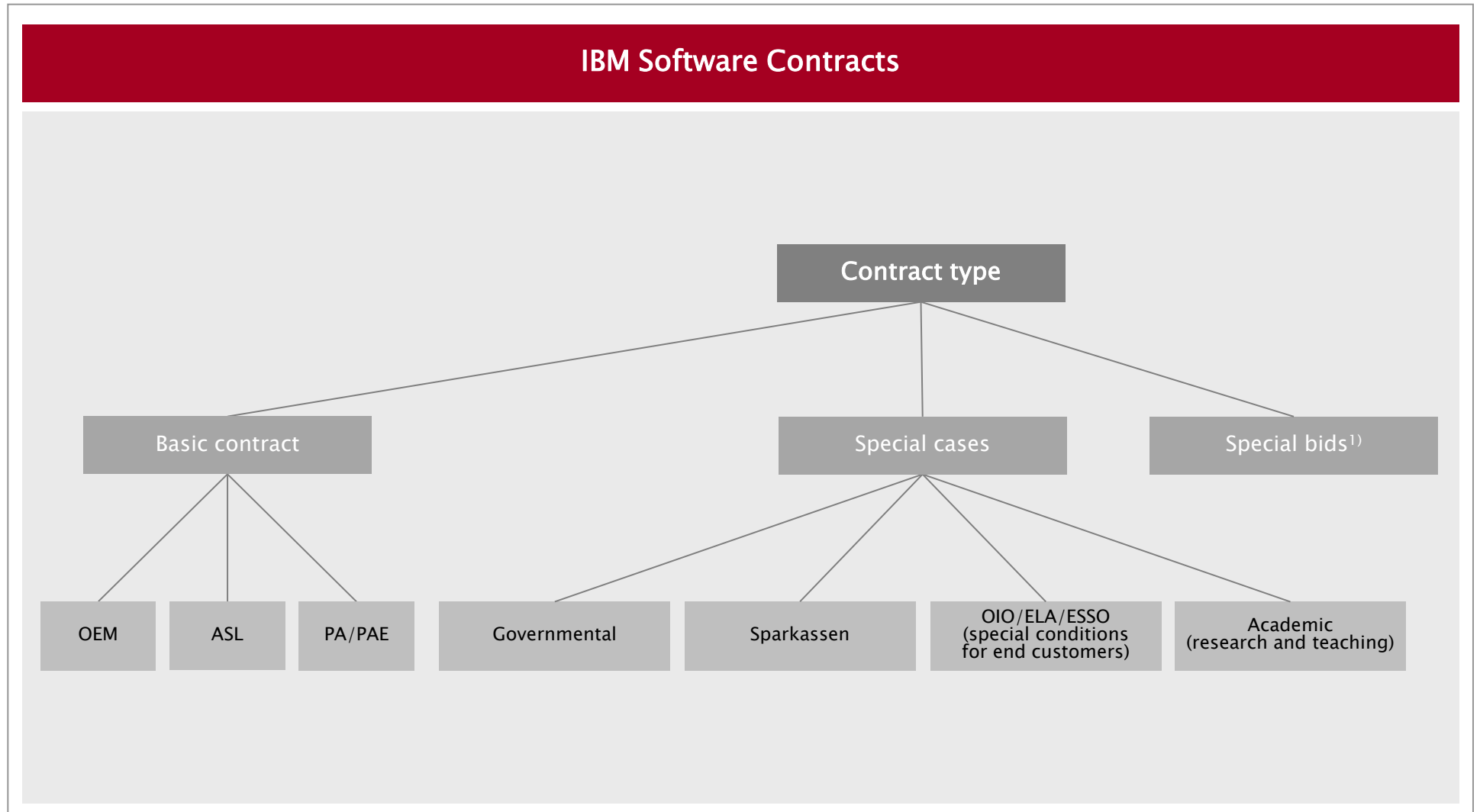
## “Mainframe software licensing of IBM is transparent and easily understood”

### Quote from IBM's System z Software Pricing Guidelines

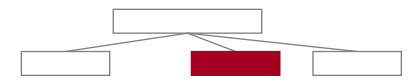
*“Customers may only select the VWLC-pricing model for a z196 system, in case the z196 is part of a VWLC-Sysplex, for which the business conditions of AWLC Transition Charges for Sysplexes must be applied and at least one of the following systems is in place (z10 EC, z10 BC, z9 EC, z9 BC).”*



# A professional license management needs to consider the various conceivable contract types



Source: AVNET (2011), METIS Analysis; Note: OEM = Original equipment manufacturers; ASL = Application-specific licensing; PA(E) = Passport advantage (express); OIO = Open infrastructure offering; ELA = Enterprise licensing agreement; ESSO = Enterprise software & service option; <sup>1)</sup>Beside basic contracts, IBM has "special bid" contracts where customers can agree upon special arrangements.

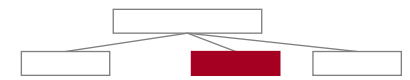


# Number and complexity of available contract types and licensing models is specific for mainframe environments

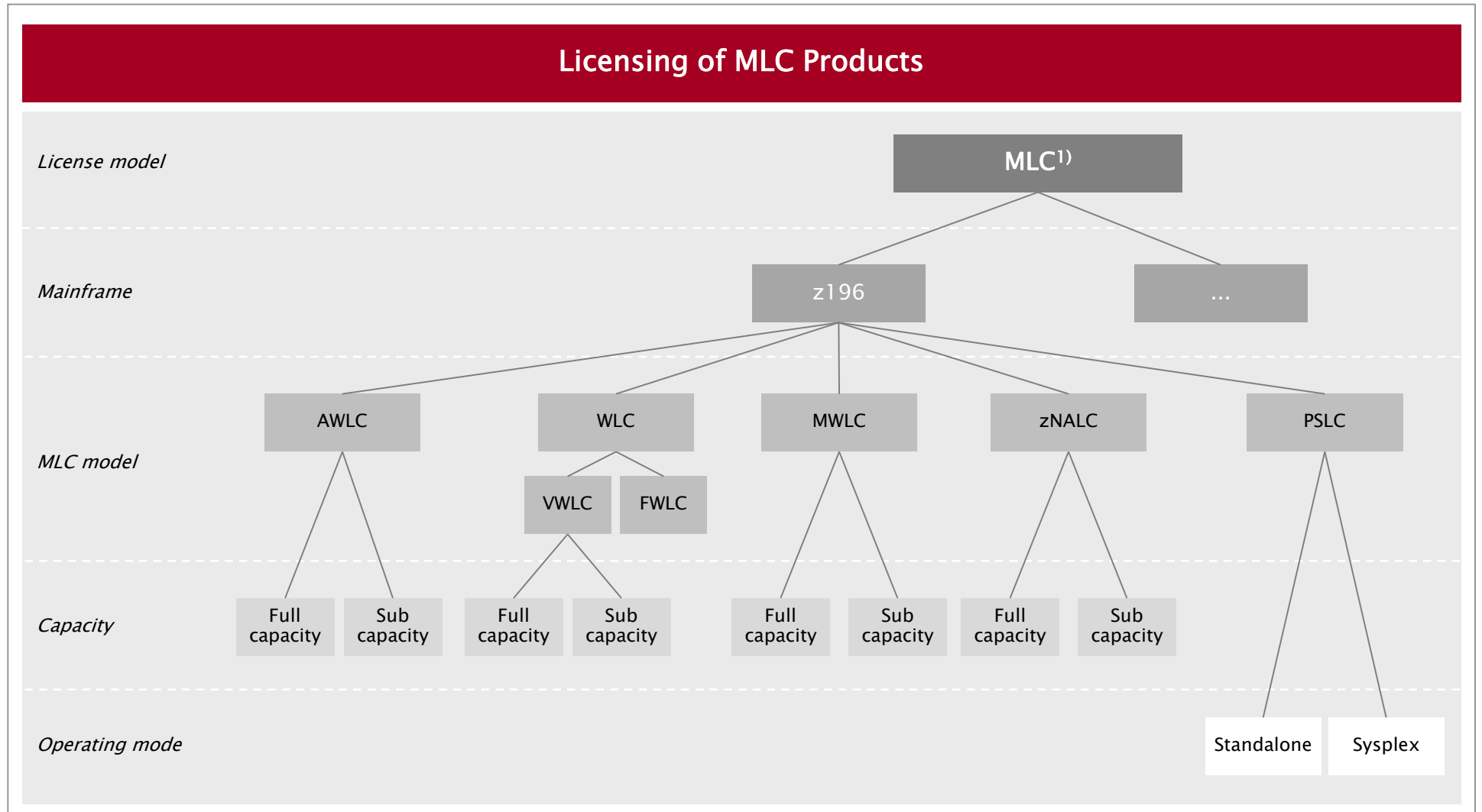
## System z Licensing Models

	Product driven		Structure driven
<i>License model</i>	<b>MLC</b>	<b>IPLA/OTC</b>	<b>IPAA</b>
<i>Relevant criteria</i>	<ul style="list-style-type: none"> <li>▪ Mainframe model</li> <li>▪ MLC model</li> <li>▪ Capacity</li> <li>▪ Operating mode</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pricing model</li> <li>▪ Capacity</li> <li>▪ Basis for calculation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Company's size, multi-nationality</li> </ul>

Source: IBM System z Software Pricing Guidelines (2011), METIS Analysis; Note: MLC = Monthly license charge; IPLA = International product license agreement; OTC = One time charge; IPAA = International passport advantage agreement.

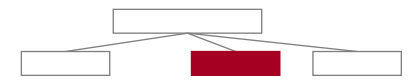


# An inappropriate license agreement for mainframe software can lead to suboptimal cost structures (1)

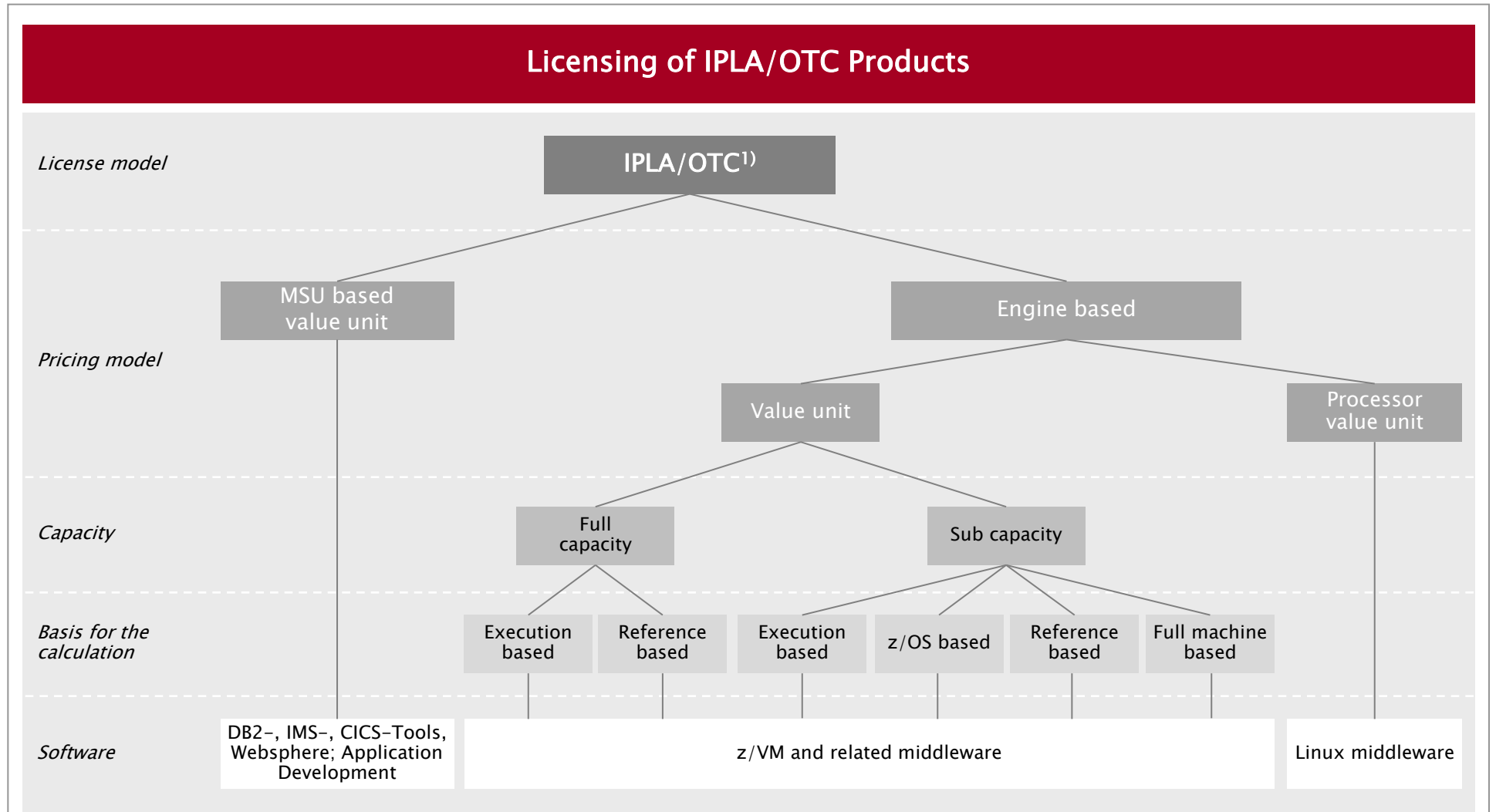


Source: IBM System z Software Pricing Guidelines (2011), METIS Analysis

<sup>1)</sup>MLC software includes license fees and support costs. Basis for the calculation are the MSU.

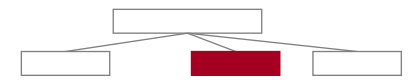


# An inappropriate license agreement for mainframe software can lead to suboptimal cost structures (2)

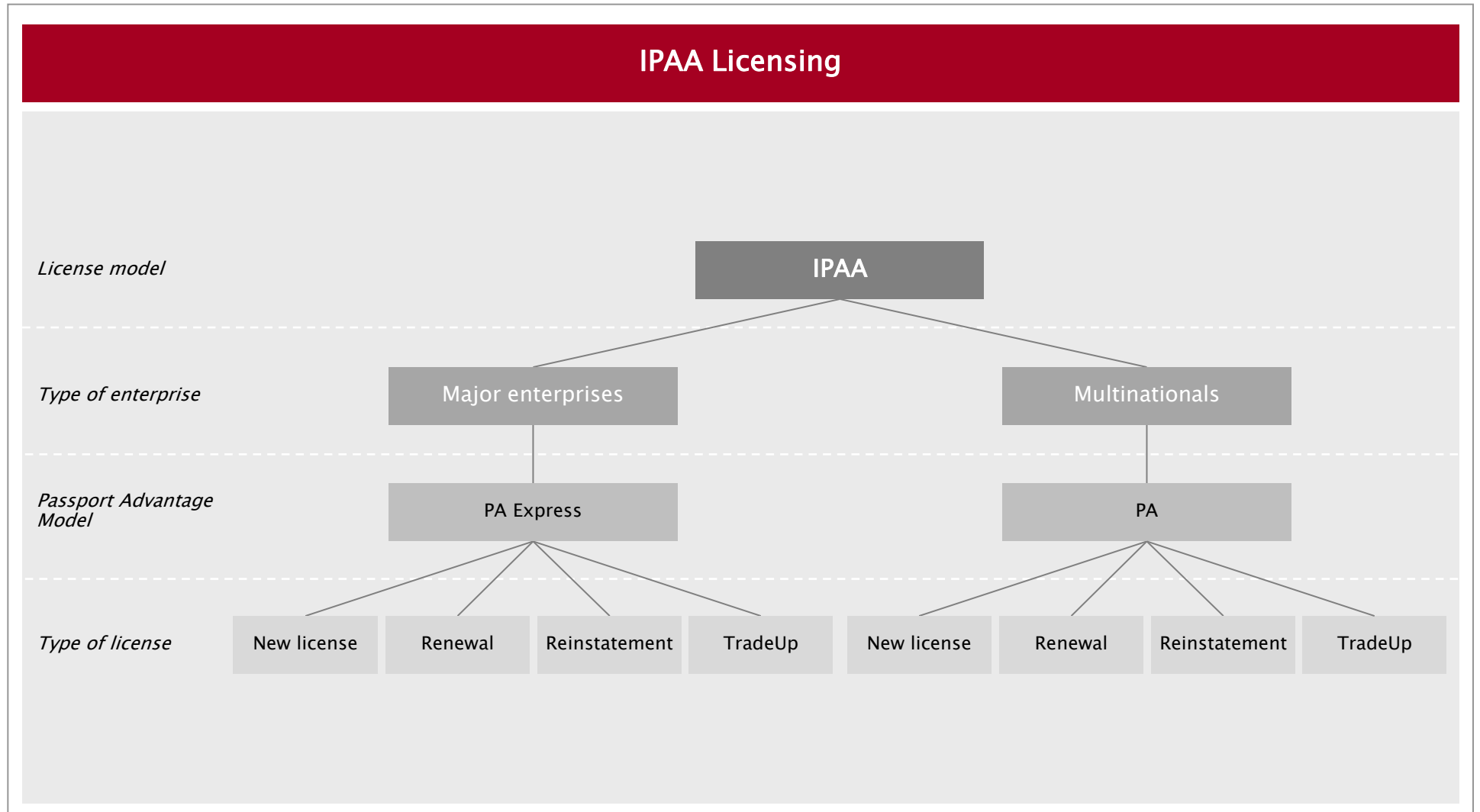


Source: IBM System z Software Pricing Guidelines (2011), METIS Analysis

<sup>1</sup>IPLA software requires up-front, one time license fee and ongoing, optional, annual subscription and support charges. Basis for the calculation is the value unit.



# An inappropriate license agreement for mainframe software can lead to suboptimal cost structures (3)



Source: AVNET (2011), METIS Analysis