



zSeries Servers



Software Licensing for Computing on Demand

Guide/SHARE Europe



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Agenda

- On Demand definition and implications
- Characteristics of a good on demand metric
- Compare various metrics to these characteristics
- Framework for evaluation

- Expect more questions than specific answers
- Discussion encouraged!

This presentation is an industry view of issues related to on-demand software licensing on the mainframe. It is not an IBM trends and directions presentation. The concepts discussed may or may not be offered by IBM now or in the future. **ON DEMAND BUSINESS**

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On Demand Business

“An enterprise whose business processes are integrated, end-to-end, across the company and with key partners, suppliers and customers, and can respond with flexibility and speed to any customer demand, market opportunity or external threat.”

What does this mean for:  
Hardware provisioning?  
Software licensing?

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### Characteristics of a good On Demand metric

- Tied to value received from the software
  - Responds equally to up/down to changes in business value
  - Remains constant if business value is constant
  - Uses a good proxy
- "Responsiveness"
  - How quickly are changes in demand reflected in the charges?
  - Is that in sync with your business cycles?
- Ease of administration
  - Frequency and difficulty of required reporting
  - Compliance mechanisms
- Pricing transparency and predictability
  - Budgets
  - Price x Quantity (PxQ)
  - How do you know you got a fair price (P)?

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### Payment scheme

- Is independent of licensing metric.
- But, may have significant impact on "responsiveness" of metric
- One Time charge
- Annual charge
- Monthly charge
- Prepaid "draw down" (see: Vardi, zJournal, Oct/Nov03)

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### Machine Capacity – monthly usage fee

Software product X supports workload A

Wkld A  
B/C/D...  
zSeries

- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

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## Machine Capacity – OTC plus annual Mtce

Software product X supports workload A

Wkld A  
B/C/D...  
zSeries

- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

•What if X supports all workloads?  
•"prepaid phone card" model

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## LPAR Capacity – Monthly / OTC / Prepaid

Software product X supports workload A

Wkld A  
B/C/D...  
zSeries

- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

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## IT metric – annual true-up

Software product X supports workload A

Wkld A  
B/C/D...  
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- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

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## Business metric – annual true-up

Software product X supports workload A

Wkld A  
B/C/D...  
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- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

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## Flat charge per system regardless of capacity

Software product X supports workload A

Wkld A  
B/C/D...  
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- What is the proxy?
- Tied to business value?
- "Responsiveness"?
  - Up/down equally with changes in demand
  - Time frame
- Ease of administration?
- Transparency & predictability?

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## Summary

- Determine the underlying proxy being used
- Is it tied to business value? Does it matter based upon the charging mechanism?
- Can unrelated workloads grow or be consolidated without impact?
- Does the metric react equally to up/down changes in demand?
- Does the metric react with acceptable timeliness?
- How transparent and predictable is the resulting pricing?
- What is the administrative burden?

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# Metric Evaluation Worksheet

	Vendor / model	Vendor / model	Vendor / model	Vendor / model
Underlying Proxy				
Grow/consolidate unrelated workload with no impact?				
“Responsiveness” – time frame				
“Responsiveness” – up/down equally				
Pricing transparency				
Pricing predictability				
Ease of administration				