

Power Systems Oracle Consolidation Assessments To Drive Revenue in Q2 and beyond

IBM Eagle Team – IT Economics Practice

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Agenda

1. Power Systems Oracle Consolidation Assessments to drive Q2 revenue
2. POWER8 TCO Estimator to quickly calculate Oracle cost savings
3. IT Economics Consultants in your IOT

Help your client reduce Oracle costs

Is your client...

- running more than **20 distributed servers** running Oracle SW?
- upset with Oracle due to a recent **audit**?
- worried that consolidating onto Power will increase its **Oracle bill**?
- concerned about using LPM out of **fear** its impact to Oracle licensing/costs?
- within 18 months of their ULA end date?



Use an **IT Economics Power Systems Oracle Consolidation Assessment** to help your client save money by **significantly reducing their Oracle costs**

Each assessment is

- Specifically **tailored** to your client's objectives and environment
- Built with your client's **information** and **costs**
- Shows your client's **TCO, ROI** and **pay back**
- A **Business Case** that allows your client to make a **financially based IT decision**

*Use an **IT Economics study** to **build a business case** for your client's IT strategy*

Oracle Licensing Grey Areas (FUD)

What is Black and White?

Oracle has a number of specific provisos that affect licensing cost

- HW Platform Effects
 - Multi-core factor
 - Recognized sub-capacity pricing
- License Types
 - Core based
 - Authorized User
 - Revenue based
- License Agreements
 - ULA
 - ELA
 - NUPs (Named User Plus) ... uncommon



Oracle Licensing Grey Areas

What isn't Black and White?

Oracle has a number of specific caveats that affect licensing provisos

– HW Platform Effects

- Sub-capacity pricing for converged systems such as Exadata may differ
- Sub-capacity pricing on Power when using LPM (Live Partition Mobility) may differ

– License Agreements

- ULA ... “free” unlimited only until true-up
 - Consolidate, and Negotiate early to significantly reduce cost and avoid audit
- ULA/ELAs can be better negotiated with specific terms for HA or maintenance

Unlimited License Agreement

An Unlimited License Agreement (ULA) is a time-based contract for unlimited use for a subset of Oracle products. At the end of the term, the customer may choose to renew the ULA or declare and certify usage to Oracle. If the customer chooses not to renew, licenses will be assigned based on the customer's current usage and certification at the end date of the ULA.

LPM is Grey when looking at Oracle Licensing

In 2013, Oracle modified their partitioning document adding language that specifically notes that LPM is not recognized as compliant for hard partitioning, and if used, all physical cores on the source and target systems need to be licensed.

- If hard partitioning is not recognized due to use of LPM
 - Customers must license all of the physical cores in a system
 - Regardless of whether Oracle SW is being used on those cores
 - Benefits of Hard Partitioning on Power are gone
- There are ways to mitigate the ‘possible’ penalty
 - Architect around LPM – Eagle team has done this successfully!
 - Don’ t use LPM
 - Negotiate the use of LPM for maintenance when negotiating contract

U.S. Financial Institution reduces Oracle workload costs by moving to POWER8

Client Situation

- A U.S. Financial Institution was due for a refresh of its Power HW for its Oracle applications but had concerns with its increasing SW costs.
- Moving to Exadata was also a consideration to reduce costs.

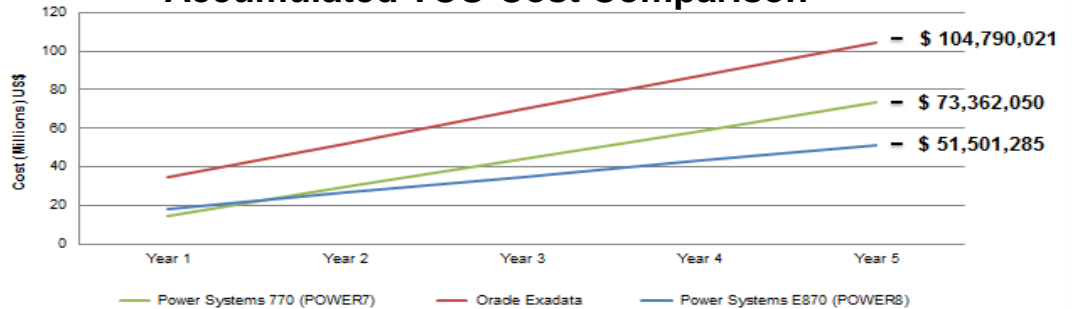
Benefit

- Moving to POWER8 lowers TCO by **30%** reducing IT costs by **\$21.8M**
- Moving to Oracle Exadata X5-2 solution increases TCO by **43%** driving up IT costs by **\$31.4M**
- Oracle SW costs are most dominant factor driven by x86 core proliferation

Solution

- Power Systems E870 + IBM FlashSystem 900 offers lowest five year TCO
- **POWER8** requires **76% fewer Oracle workload cores** than Exadata
- POWER8 requires 48% fewer Oracle workload cores than POWER7

Accumulated TCO Cost Comparison



	POWER7 (P770)	Oracle Exadata	POWER8 (E870)
Energy	599,553	742,359	248,198
Hosting	1,437,714	1,278,500	1,347,857
Networking	374,000	154,000	374,000
People	2,500,000	2,500,000	2,500,000
Software	64,159,150	71,658,056	33,362,758
Sys Software	1,098,428	20,614,160	2,094,908
Hardware	3,193,205	7,844,946	11,573,585

5-year TCO \$ 73,362,050 \$ 104,790,021 \$ 51,501,285

AP Newspaper Company determines POWER8 is most cost-effective solution for Oracle DB EE

Client Situation

- An Asian Pacific Newspaper Company was evaluating costs to expand its Oracle DB solution
- Platform choices under consideration were POWER8 and Exadata

Benefit

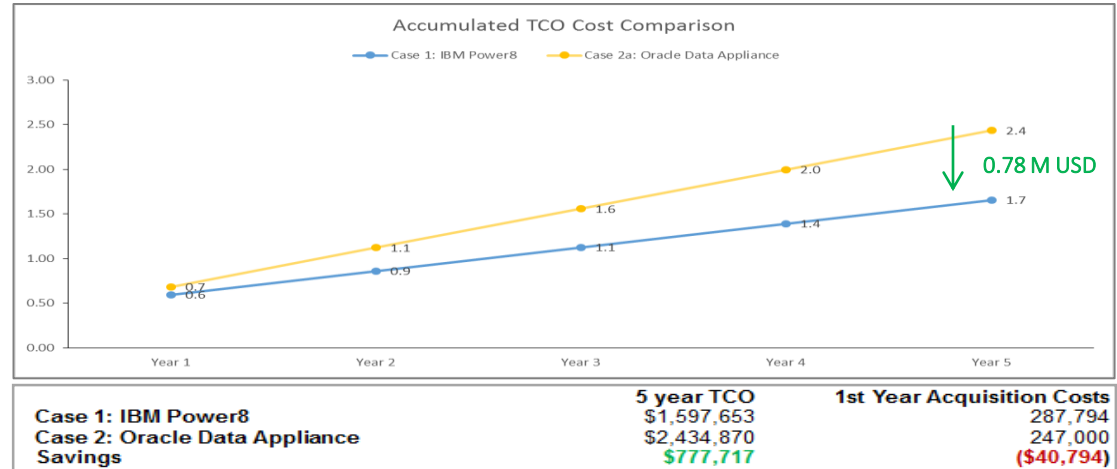
- Moving to POWER8 enables the company to **save \$0.78M** in Oracle Data Appliance costs

Assumptions

- IBM HW discounted at 30%; IBM SW discounted at 50%
- Oracle HW and SW discounted at 50%

Solution

- Run Oracle DB on **POWER8** based infrastructure for **lowest cost**
 - DC: New 2 Power 8 S822 Servers and IBM FlashStorage 900
 - DR: New 1 Power 8 S822 Server and IBM V5000 with SSD drives
- **Oracle Exadata** based infrastructure has **higher TCO**
 - DC: Use existing Exadata X3-2 1/8th Rack
 - DR: Procure new Oracle Database Appliance, ODA X5-2



European Govt. Agency resolves IT operating cost challenge by demonstrating savings of Power Systems over x86

Client Situation

- A government agency was under constant pressure to reduce costs. Other departments ran x86 based solutions.
- The agency received an Oracle Database Appliance (ODA) proposal and initiated an assessment of its Oracle on Power servers.

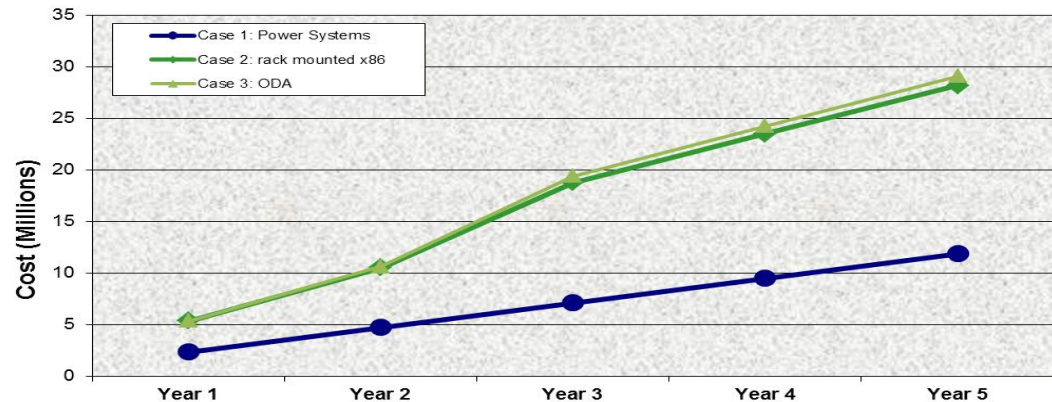
Benefit

By using Power for its Oracle applications the agency would avoid an incremental **\$16.3M** in expense over five years compared to the rack server proposal and **\$17.2M** compared to the ODA proposal.

Solution

- Run Oracle on Power for lowest TCO. Oracle proposal and x86 rack server alternative drove incremental SW, DR and migration costs resulting in a higher operating run rate.
- Renew environment to bring all servers to the same feature level (e.g. LPM) for further efficiencies.

Accumulated TCO Cost Comparison



How An Assessment Works

1 Request a study - Contact the IBM Eagle Team at IT.Economics@us.ibm.com

2 Initial Call - A senior IT Economics consultant will contact you to:

- Understand the client situation
- Identify where a study would best help your account
- Help you identify the executive sponsor
- Join a call with you and the executive sponsor to gain their commitment
- Determine the workshop date and meeting logistics with you and the client

3 On-site Workshop - Two hours

- Determine scope of study (objectives, challenges and environment)
- Define study scenarios
- Share best practices and benchmarks learned from hundreds of client studies
- Identify action owners, study time line and next steps

4 IT Economics Analysis - Two to four weeks

- Analysis and report preparation is performed by IT Economics consultant off-site
- Weekly checkpoint with you and the client's assigned focal

5 On-site Study Presentation - One to two hours

- IT Economics consultant presents findings and provides recommendations
- Client receives a detailed assessment based on their customized scenarios

IBM Eagle Team
IT Economics Practice



[Learn about Eagle Studies](#)

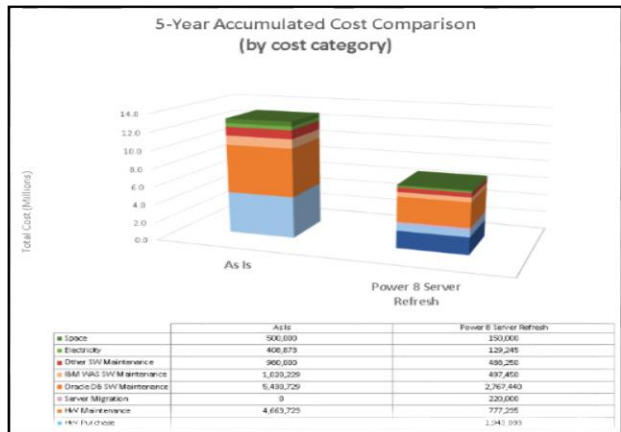
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POWER8 TCO Cost Savings Estimator for Oracle Workloads

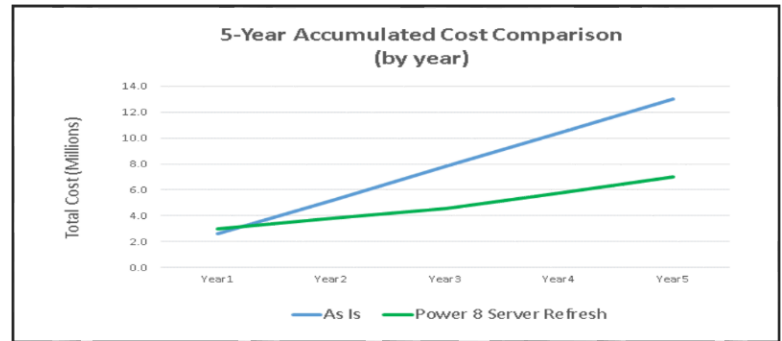
The Eagle team developed the *POWER8 TCO Cost Savings Estimator Tool* to enable YOU to show your client the *financial advantage from POWER8 core reductions of Oracle licenses*

The tool provides...

- **5 Year TCO** comparison charts between the client's existing environment and proposed target servers
- Existing servers can be compared to all or certain POWER8 servers (Scale-out and Enterprise models)
- **Return on Investment** and **payback** in number of months
- **Cost reduction** as a result of consolidation and/or refresh to POWER8
- Assumptions and results can be validated by Eagle Consultants and Power Sales team within 1 business day



ROI in 14.5 months
Cost reduction 46.4%



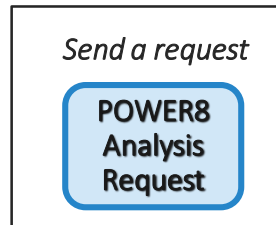
Benefits of the Estimator for Oracle Workloads

What benefits does the Tool provide?

- Quickly quantifies sales opportunities at your accounts
- Generates cost savings charts and financial details to share with your client
- Becomes a ‘door opener’ to talk with your client about POWER8 savings and Oracle costs
- Identifies new deals and maximizes POWER8 opportunities
- Accelerates your sales cycle
- Improves your opportunity win rate

Looking for a quick calculation? ... Questions about the tool?

- Contact the Eagle team (IT.Economics@us.ibm.com)



Eagle Team Resources to get you started today

Contact an IT Economics Consultant in your IOT

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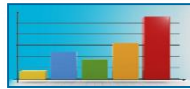
IT Economics Studies

Use a **business case** to make a **technically** and **financially based IT decision**



Cloud Assessment

Perform a Health Check to find the right private, public or hybrid cloud solution
Examine workload size and activity, SLA and provisioning requirements, and instance costs



Workload Placement Assessment

Consolidate, offload, and place new workloads on alternative platforms
Exploit and compare platform attributes to optimize workload performance and costs



Business Value Assessment (BVA)

Understand solution attributes and how business requirements are mapped
Quantify financial benefits and compare to alternatives to determine the most compelling case



Mobile Assessment

Mitigate high-volume, low-value mobile transaction costs
Evaluate the effects of throughput, response time and other KPIs in mobile topologies



Analytics Assessment

Determine the most cost-effective infrastructure for analytics solutions
Exploit platform attributes and efficient storage solutions for Analytics and Big Data



Chargeback Analysis

Align chargeback policies to actual IT costs
Identify and overcome chargeback policies that drive adverse IT decisions



IT Best Practice Benchmarking

Compare actual IT environment with best practices in the IT industry
Improve forecast and actual spend

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