



The Red Hat Business Model and offerings for IBM System z10 BC

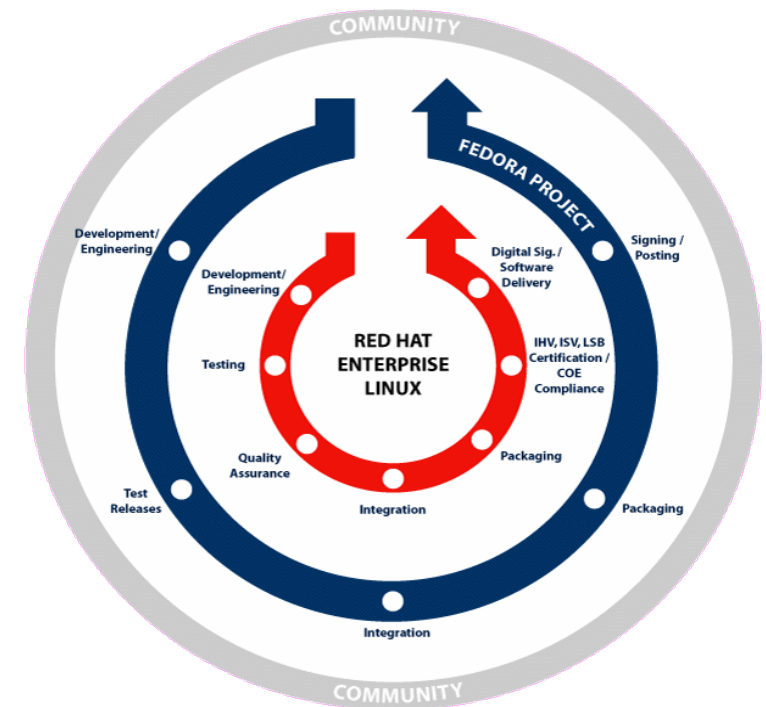
- Overview
- Development model
- Business model
 - Subscriptions (Elements, Support Contract)
- Relationship for System z
- Offerings for mainframes
- Special for IBM System z10 BC
- RHEL for IBM z10 BC Enterprise Linux Server (ELS)

Overview

- **Red Hat's strategy is broader than Linux**
 - Open Source is once again changing the dynamics of the IT industry
 - Red Hat's strategy is to deliver the value of open source to customers, *through...*
- **Continued dramatic savings in capital costs**
 - It started with Linux, but the savings are even more dramatic today.
 - Decrease acquisition, integration and maintenance costs of proprietary software.
- **A technology set that lowers operational costs**
 - Decreasing operational costs (like management, power, facilities, etc.), while actually *increasing* service levels.
- **Critical decisions: open standards eliminate lock-in**
 - Only source of economic leverage: now, mid-term and long-term
 - Only guarantee of vendor innovation.

Red Hat development model

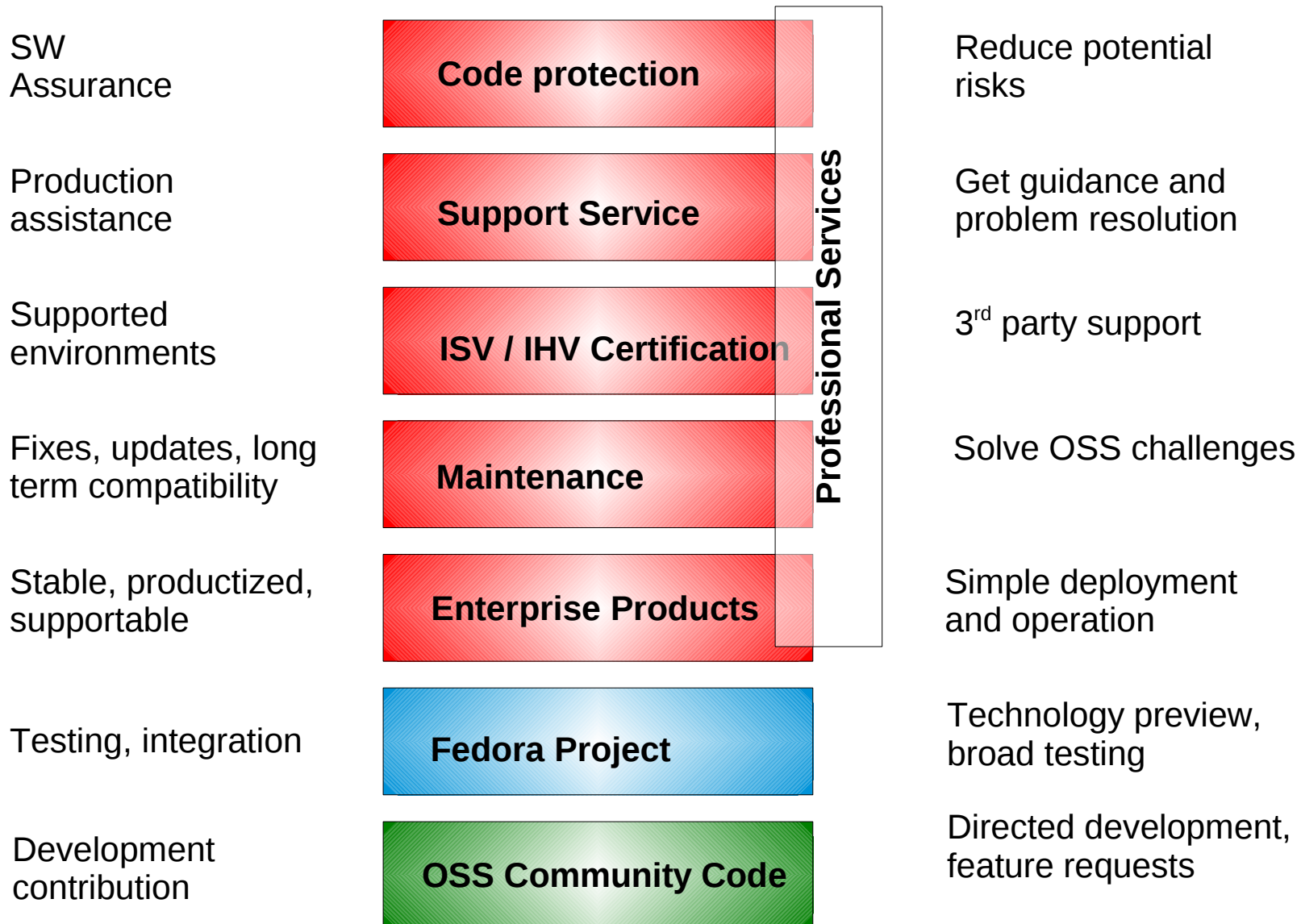
- Collaboration with partners and open source contributors to develop technology
- Deliver complete distributions in two stages for two users
 - First stage
 - Fedora: The development vehicle
 - New versions approximately twice each year
 - Unsupported
 - Fast moving, latest technology
 - **NOW: fedora for system z!
Linux community for sys z functionality**
 - Second stage
 - Red Hat Enterprise Linux
 - New versions approximately every 18 – 22 months
 - Supported and certified
 - Stable, mature, commercially focused technologies
 - Cross platform security. Certified against Common Criteria on System z, pSeries, xSeries, and the HS series blades



The Red Hat business model

- How is Red Hat's licensing model different than other software companies?
 - **No licensing fee** for the right to use Red Hat software.
 - For one **annual fee**, customers can take advantage of all the value Red Hat offers.
 - There is **no lock-in**, so when a subscription expires, customers are free to keep using the software.
 - The annual subscription model forces Red Hat to earn its **business year after year**.
 - If services don't live up to expectations, then **customers are free to choose** another vendor.

Red Hat's subscription components



Red Hat/ IBM Relationship for System z

- Cross platform relationship founded in the late 90s, when RH was incorporated
- System z relationship formalized & announced in 2007
(<http://www-03.ibm.com/press/us/en/pressrelease/21513.wss>)
- Red Hat has dedicated staff to System z
(we haven't done this for any other H/W platform)
- Exponential growth since

YEAR	% Red Hat Market Share
2004	1,34%
2005	8,13%
2006	12,06%
2007	18,58%
Mar 2009	38,00%

BugZilla	Severity	Priority	Summary
184770	high	high	LTC18425-62140: (big) xDR system Initialization for LPAR Clients
439479	high	high	LTC:5.3:201474:Include gcc 4.3 as Add-On for latest z10 instruction set support
439440	high	high	LTC:5.3:201160:Long Random Numbers Generation
439482	high	high	LTC:5.3:201542:FCP - Enhanced Trace Facility
447379	high	high	LTC:5.3:200994:Linux CPU Node Affinity
439461	high	high	LTC:5.3:201360:OSA 2 Ports per CHPID Support - Installer Enhancements
439484	high	high	LTC:5.3:201490:Libica Library: Integration of Icainfo

Red Hat offerings for Mainframes

- RHEL Subscriptions per LPAR or IFL
 - Include support for up to 1000 virtual RHEL servers per subscription
 - Standard (9x5) or Premium (24x7) subscriptions
- Red Hat Satellite
 - Manage all RHEL installations from notebook to mainframe
 - Full support on system z
- Jboss Enterprise Application Server
 - Full support on system z
- Third Party solutions available through our joint Eco system



New: RHEL for z10 BC Enterprise Linux Server offer

- System z10 BC ELS bundle
 - 2 IFLs
 - 64 GB
 - 3 y HW maintenance
 - 3 y z/VM support
 - Red Hat Subscriptions add to the package
- **Promo landing page:**
<http://www.redhat.com/rhel/server/mainframe/>
- **50% discount on list price for new System z10BC customers for the first period (1y or 3y) until 31. December 2009**



- From Red Hat:
 - Certified services for z10BC ELS customers
 - Subscriptions at the system z 10BC promo pricing
 - Standard Volume Discount applies
 - Ideal for consolidation from SUN, HP-UX or Windows (SAP, Domino, etc)

Top 3 reasons for RHEL on the Mainframe

- **1. Fedora for system z:**
 - Red Hat and IBM found an active community for Linux on system z.
 - Base for new people on zLinux at Universities
 - Continuous and better support for functionality with RHEL/system z
 - Customers can test and contribute to new versions.
 - Distribution of Linux on the Mainframe made easier.
- **2. Security:**
 - Red Hat has longtime experience and is active contributor to SE Linux
 - SE Linux on system z is in use o.a. at Dep. Of Defense, USA and many other customers for whom security is key.
 - Red Hat & IBM hold various security certifications o.a. EAL4+ with RHEL/system z
- **3. Red Hat Satellite for all RHEL:**
 - Red Hat Satellite manages, updates, monitors all RH Instances
 - From Desktop to Mainframe
 - Physical and virtual
 - Full support for Red Hat Satellite on Mainframe

Red Hat Network Satellite

Update



Manage



Provision

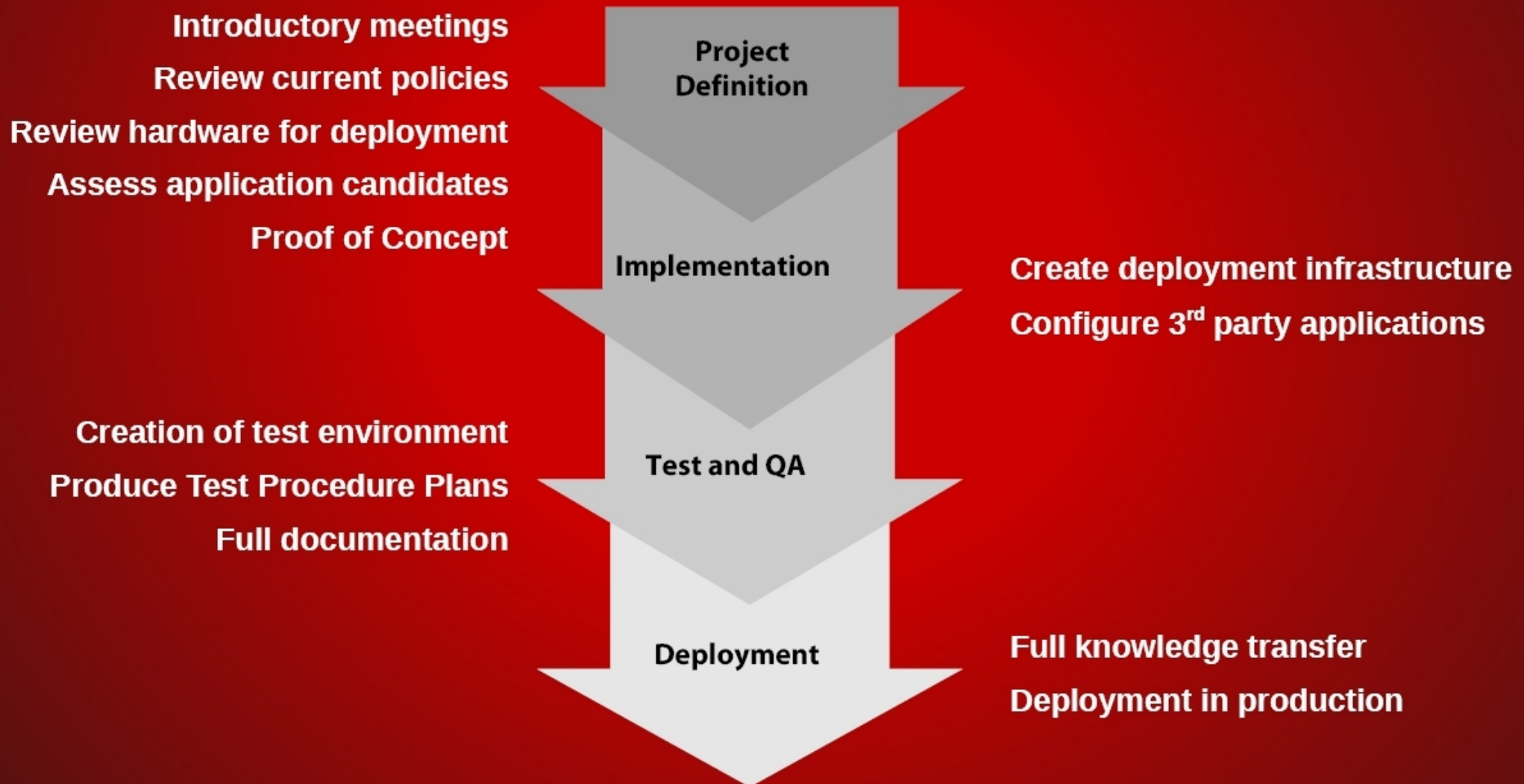


Monitor



A systems management platform designed to provide complete life cycle management of the operating system and its applications

Proof of Concept





Example Customer References

Running RHEL on System z

Salt River Project ...

Migrates to Red Hat Enterprise Linux on IBM Mainframes for Flexibility and Performance

Business need:

Searched for a replacement for proprietary software for its IBM mainframe servers that could provide greater flexibility, manageability, and utilization opportunities. Migration Path: HP-UX to Red Hat Enterprise Linux

Solution:

SRP decided it would prefer to use one reliable Linux distribution in both its mainframe and distributed environments.

Benefits:

Red Hat Enterprise Linux on IBM System z servers has provided SRP with a very stable and predictable solution that can be easily managed via Red Hat Network Satellite.



Delivering More Than Power.

"Since we were already leaning toward Red Hat in our distributed environment, choosing Red Hat on the mainframe coincided perfectly with our desire to have one corporate standard for Linux."

- Kevin Masaryk, Senior Linux/UNIX Administrator at SRP

Management of Roadway Police of St. Petersburg and Region



Business need

Needs to manage huge amounts of data, such as driver licenses and car registration data, which is growing by the day. The department wanted to secure this data and provide uninterrupted services. Existing server infrastructure was based on Sun Microsystems technology, which lacked the required reliability and security.

Solution

To manage its increasing data and ensure data security, Management of Roadway Police of St. Petersburg and Region deployed an IBM zSeries server running Red Hat Linux and IBM z/VM, as well as DB ADABAS, providing increased flexibility, helping to keep together structured and unstructured data, and ultra-high performance with transaction speeds of over 300,000 transactions per second. The department is also using the Red Hat Linux operating system on the System z platform as a consolidation environment for other applications.

Benefits

- Uninterrupted access to information services in the field of road safety
- Faster and more resilient
- Centralized processing and storage of key work information
- Lowered costs and enhanced stability for critical records

Banco Pastor reduces costs and improves scalability

Business need

With 4,500 employees and 650 branch offices and presence in Europe, Latin America and US, Banco Pastor needed to improve payroll and human resource systems management and achieve cost savings and performance improvements with an upgrade of the email infrastructure

Solution

From distributed platforms to Red Hat Enterprise Linux on IBM System z10 BC to run SAP NetWeaver, SAP ERP, and IBM Lotus Notes software. RHEL Server v5.3, SAP NetWeaver 7.0, SR3, SAP ERP 6.0 SR3, and IBM Lotus Notes for Collaboration 7.0.2. Two IBM ELS with 3 and 4 IFLs

Benefits:

- New email platform reduced recurrent costs by 30 percent
- Improved performance
- Strengthened ability to scale with continued business growth
- Ability to manage resources easily and with optimal performance



Banco Pastor

“Both Red Hat and IBM have clearly understood our project objectives, and together with Banco Pastor have been thoroughly committed to the proposal. We have built a very strong platform. We are delighted with what we have achieved.”

***Montserrat Torres,
computer systems
manager of Banco
Pastor***

Oracle on zLinux – a solution providing superior consolidation characteristics



NOMURA

“Nomura adopted solutions rebuilding the backend mission critical database servers by Linux, IBM mainframe, and Oracle Real Application Clusters...
...the system shows the performance to process 1,000 transactions per second now.”

Mr. Toru Kanazawa, Managing, Director, Group IT Strategy Department - *LinuxWorld Japan 2006*



Business need

Bank of New Zealand (BNZ) was close to reaching capacity in its datacenter and needed a new solution that could maximize space and resources while keeping costs down. With a heavy carbon-neutral focus as a core part of its corporate values, BNZ looked for ways to green its IT architecture and carve out costs.

Solution

In mid 2007, BNZ began overhauling its mission-critical front-end IT environment, including its Internet banking and bank teller functions, and its middleware layer providing connectivity through to its core back-end data. It migrated its systems to Red Hat Enterprise Linux 5 running under z/VM on the mainframe. Today, BNZ utilizes both IBM System z10 and z9 systems, exclusively running Red Hat Enterprise Linux 5, to power the bank's customer-facing banking systems, including Internet banking and teller platforms.

Benefits:

- Recovered 30 percent of datacenter floor space
- 33 percent reduction in heat output and a 39 percent reduction in carbon dioxide emissions for its front-end systems
- Reduced power consumption by 38 percent
- 20 percent return on investment (ROI) over the life of the platform
- The new virtualized platform has also boosted the speed and simplicity of new deployments.

“Deploying IBM mainframes with Red Hat Enterprise Linux to address our carbon footprint and cost savings concerns was a very big deal, especially at the senior management level.”

“We have also managed to substantially reduce our front-end power consumption by nearly 40 percent, which means we are well and truly on our way to becoming carbon-neutral by our 2010 goal,”

Lyle Johnston, infrastructure architect at BNZ

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What Open Source Brings



- Strategic Elimination of Vendor Lock-in
- Improved Security
- Auditability
- Cost Reduction in Multiple Dimensions
- Solution Ecosystem
- Technology
- Performance Maturity and Choice

What Red Hat Brings



- Risk Elimination
- Open Source Implementation Success
- Certifications, Consulting, Training & more