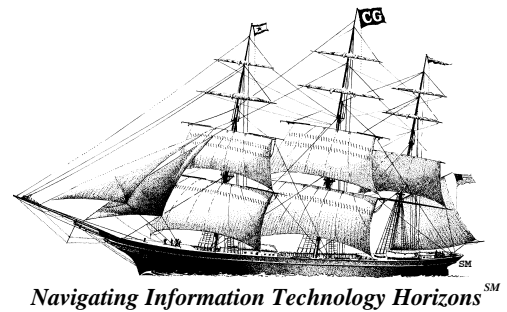


THE CLIPPER GROUP

Captain's Log™



Published Since 2001

January 25, 2002

Dealing with the Aggravation of Aggregation — IBM Grabs the Linux Bull by Its Horns

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IBM's Server Group has grabbed the Linux bull by its horns. It's about time that IBM took its stellar, but generally obscure, platforms — the zSeries (a.k.a. the “mainframe”) and iSeries (a.k.a. AS/400) — and aimed each server's exceptional properties at new customers. Yes, you could have bought a Linux solution on the highly-manageable zSeries or easy-to-use iSeries-based before this latest round of announcements, but it may have seemed like an unnatural act, because these platforms were being marketed largely to the family of established owners. This all has changed.

Linux has been a linchpin of IBM's strategy for several years. IBM correctly realized that Linux could bring applications to these platforms far more easily than ISV arm-twisting. While that would solve a serious problem for IBM, it would ultimately take customer acceptance of Linux to make this really work — and this has happened. While this is not news, **the scale of Linux-based applications that need to be managed has given IT organizations many new challenges.** Most enterprises were attracted to Linux apps for their simplicity and apparent low cost (not to mention their “open” status). As Linux applications have grown in the enterprise, so have the operational aggravation and the cost of deployment. Simply put, on a large scale Linux is neither cheap nor simple, at least on a total-cost-of-ownership (TCO) basis. **The driving economic factors are neither the hardware nor the software, but the cost of managing and supporting them to meet enterprise goals.** This is where IBM's zSeries and iSeries Linux-only solutions begin to make economic sense.

By aggregating the Linux workloads into within-the-box-scaleable, high-performance, and highly-available Linux servers, many of the aggravations of managing tens-to-hundreds-or-more single-purpose Linux servers are ameliorated. Of course the new IBM hardware does not appear to be “cheap”, at least by commodity-priced Linux-server standards. But the issue is the TCO, not the price of the server. **In reality, it is the pricing that makes these IBM servers interesting, especially to enterprises that have not been users of zSeries or iSeries.** The revenue from established zSeries and iSeries customers is important to IBM, and it has been reticent to cut into this cash flow in order to bring in new customers. **IBM's new servers change all of that. They are priced as a TCO bargain on a Linux scale, allowing new customers (and new applications at established customers) to gain the benefits without disrupting IBM's traditional revenue.**

If you are doing Linux processing on a large order or are looking into significant Linux application growth, you need to give IBM's new Linux processors serious review and consideration.



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Mike Kahn is Chairman and a cofounder of The Clipper Group. Mr. Kahn is a thirty-year veteran of the computer industry. For the vendor community, Mr. Kahn specializes on strategic marketing issues, especially for new and costly technologies and services, competitive analysis, and sales support. For the end-user community, he focuses on mission-critical information management decisions. Prior positions held by Mr. Kahn include: at International Data Corporation — Director of the Competitive Resource Center, Director of Consulting for the Software Research Group, and Director of the Systems Integration Program; President of Power Factor Corporation, a Boston-based electronics firm; at Honeywell Bull — Director of International Marketing and Support; at Honeywell Information Systems — Director of Marketing and Director of Strategy, Technology and Research; with Arthur D. Little, Inc. — a consultant specializing in database management systems and information resource management; and, for Intel Corporation, Mr. Kahn served in a variety of field and home office marketing management positions. Earlier, he founded and managed PRISM Associates of Ann Arbor, Michigan, a systems consulting firm specializing in data management products and applications. Mr. Kahn also managed a relational DBMS development group at The University of Michigan where he earned B.S.E. and M.S.E. degrees in industrial engineering.

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