IBM Announces System i Express Models 515 and 525

By Clay Ryder

IBM announced today new System i offerings targeted at small and midsized organizations including a System i Express solution targeting organizations with five to forty users as well as a second system optimized for the mid-market. As part of the announcement, a new scalable, per-user approach to software licensing was released. Under the new licensing scheme, one i5/OS license entitlement is required for each employee or internal system user, and a fixed price covers all external i5/OS access users. Access that does not directly touch i5/OS, such as through Web clients, requires no license, and there are no longer any CPW or 5250 licensing charges. Key features of the new System i Express models are summarized below:

◇ Model 515 Express

  ♦ POWER5+ 1.9 GHz L3 Cache

  ♦ Base software maintenance of three months, upgradeable to one or three years

  ♦ Base hardware maintenance 9x5 next business day, upgradeable to 24x7

  ♦ Microsoft Windows Server Integration through iSCSI

  ♦ Virtualization for i5/OS, AIX, and Linux LPARs available as an option

  ♦ Configure to order with twenty of the most popular options

  ♦ Upgradeable from one-way to two-way processor

◇ Model 525 Express

  ♦ POWER5+ 1.9 GHz L3 Cache

  ♦ Base software maintenance of one year, upgradeable to three years

  ♦ Base hardware maintenance 24x7 same day

  ♦ Microsoft Windows Server Integration through iSCSI

  ♦ Virtualization for i5/OS, AIX, and Linux LPARs standard feature

  ♦ Configure to order with a full range of options

  ♦ Upgradeable from iSeries 810 and System i 520

  ♦ Upgradeable to two-way processor through Capacity on Demand

IBM indicated that there are now more than 5,800 applications available from 2,500+ ISVs available for the System i. The System i Initiative for Innovation has delivered more than 1,100 new and/or enhanced i5/OS solutions during the past two years. As part of the Initiative for Innovation, IBM announced the System i Vertical Industry Program (VIP) in January, which is designed to serve customers in select sub-verticals by working with local ISVs and business partners with specific industry specialization.

In addition, IBM announced the i5/OS Application Server option that is designed for application serving and infrastructure workloads in partitions that do not require DB2 or access to DB2 in other partitions. This application server option offers a reduced i5/OS entitlement charge for additional processors on System i models 550, 570, and 595.

Pricing/Availability

Both of the new System i offerings will be available through IBM Express Advantage.

The System i Express offerings, the model 515 and model 525, are scheduled to be available in late April. The System i 515 Express, designed for five to forty users, is priced starting at $7, 995 with five user licenses. Additional user licenses cost $ $1,250 per five users.

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This announcement is important for several reasons, but perhaps the most important is the shift in pricing and licensing policies that bring the new System i offerings in line with the standard pricing models in effect for the Windows Server marketplace. Under the new scheme, smaller organizations will have the same straightforward licensing approach to which they are accustomed, namely the cost of the hardware, a license for each system user, and no additional cost for external Web users. Given the portfolio of applications that most SMBs run today or plan to deploy, the notion of CPW or 5250 is largely an historic anachronism. Removing this from the product discussion brings the discussion more in line with what today's SMBs understand and expect. Further, by reducing the number of entry level-focused solutions into two basic models, the inherent simplicity of the System i is more demonstrable to a market that is accustomed to off-the-shelf purchasing as opposed to custom configuration and design of server solutions.

The model 515 provides a compelling alternative to Windows Server -based solutions for small organizations that are considering deployment of a new application furnished through an ISV deployment. The sub-$8,000 price point represents a first for the System i for initial acquisition cost, but this lower price also brings reduced operational and management cost over the lifetime of the server, which is an important consideration for SMBs. The substantial number of updated or completely revamped ISV applications for the System i illustrates the considerable investment made by IBM and its ISV partners in the platform and demonstrates that a viable ecosystem around System i exists today. Since so many SMBs have minimal if any onsite IT staff, the availability of third-party support is essential to their organization and for the platform itself. We believe that this level of commitment by the industry for the platform will be well received by the target SMB market.

The model 525 is clearly positioned for the midsized organization, as witnessed by its impressive array of technology capabilities and options. Although the server is more capable than the 515, it maintains the straightforward licensing approach and is not overly bundled with features that are not in the forefront of customer thinking. The model 525 offers a convincing array of capabilities with room to grow, but with clarity of mission that demonstrates more than ample value for the money. With the elimination of CPW and 5250 charges, all of the power of the 525's 1.9GHz processor is available for state-of-the-art applications including Java and Web-based solutions that typify the workloads of the future. The very capable processor can support multi-OS mixed workloads in partitions that offer not only a viable platform for new workload deployments, but one on which incremental consolidation of existing workloads can take place over time. The ability to keep adding and redeploying workloads on the server offers organizations an instant solution to the pressing need to house a new application, and also the opportunity to leverage the operational efficiency of the platform to migrate/consolidate other workloads as time permits.

Overall, we are pleased with the scope and nature of this announcement from Big Blue. The System i remains unique in the marketplace and its existing customer base exudes loyalty that would be the envy of any platform. With today's announcement we see the System i being redefined as more relevant than ever to a marketplace that is crying out for the operational and management ease of use typified by the platform. By changing its pricing and licensing models, IBM has overcome one of the larger obstacles it faced in engaging potential customers for the platform. Given the renewed vigor in support of the platform from Big Blue and its legions of partners, we believe the System i is well positioned to resonate with new customers, ones who have become acclimated to the high operational expense of Windows Server-based solutions, but who would cherish the opportunity to experience a more cost-effective and less stressful computing solution.