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Strategic Snapshot

A to z9 for System Integrators

Opportunities for Business Success

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A to z9 for System Integrators: Opportunities for Business Success

ABSTRACT

Systems Integrators play a vital role in matching the capabilities of vendors with end customers by acquiring a level of customer knowledge that surpasses all but the largest direct vendor engagements. SIs act as customer advocates for multiple vendors, and can aggregate customer demands to garner vendor attention and resources. SIs can also reverse the process by identifying opportunities for vendors with the integrator's customers.

Systems vendors, such as IBM, derive a great deal of opportunity and business value from SIs through their geographic, business, or technological expertise and benefit their suppliers by delivering specialized knowledge of real-world customer needs across several demographics.

In this paper, we examine the role of Systems Integrators in helping organizations benefit from their technology investments. We also examine the capabilities of IBM's mainframe products, the System z9 and eServer zSeries, and reflect on how this platform provides opportunity not only for the end customer, but also for the Systems Integrators who play an invaluable role in delivering IT solutions in the marketplace.

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The State of IBM's Mainframe in the Marketplace

The IBM System z9 and its antecedents are a mainstay of corporate IT. No other platform can claim the breadth of information stored, longevity, and strategic value to organizations worldwide and is still in demand. For example, IBM indicates that during 2004 the IBM eServer zSeries gained about five points of marketshare in the $250,000+ server segment. A community of over 1,300 ISVs and business partners together with 1,700 IBM IT professionals in more than twenty centers worldwide provide pre- and post-sales technical support covering solutions architecture, installation, maintenance, and critical situations.

This broad support for the new System z9 allows integrators to leverage the skills and value of multiple developers and customers within the ecosystem. It provides the basis for developing highly integrated solutions while offering flexibility that is attractive to new generations of developers who never previously considered the mainframe. This trend is real. IBM estimates that 75% of Q1 2005 zSeries MIPS shipped were for new workloads, up four points over a year earlier. Business resiliency and consolidation MIPS grew 500% year over year, with a CAGR of 60% during the past two years. In support of the rapidly evolving open source opportunity Linux MIPS have grown at a CAGR of 30% during the past two years, reflective of the 240 software developers with 640 Linux on System z9 applications. These figures suggest that developers and end users view the zSeries and now the System z9 not only as a tried, tested, and trued mainstay of IT but also as a state-of-the-art platform worthy of consideration. The System z9 is by no means the stodgy mainframe of 1964; it remains technologically current and is a forerunner of future technology directions.

A Driver of Technology across the Systems Portfolio

IT computing has come full circle and it is once again hip to be a mainframe. Rather than relegating the mainframe to niche status, IBM has wisely taken a different tack, one that recognizes the holistic system design philosophy that mainframe servers exemplify and applies it to IBM's entire product portfolio. Thus, it is not surprising to find that technology originally developed on System z9 finds its way to other IBM platforms. Some examples of this include the previously mentioned partitioning and virtualization, as well as on/off capacity and the very nature of on demand computing.

IBM System z9 and the Leading Edge of Computing

Given its undisputed position in the majority of worldwide enterprises, the mainframe is well positioned to drive the future of computing, not only at the top, but also throughout the IT market. Ideas that were once only feasible at the high end are now becoming the realization of the wider market.

The IBM System z9 and the zSeries family of servers offers SIs and users unique capabilities and/or approaches to solving many of the pressing IT issues organizations are facing today. In particular, consider the following:

- On demand: No other platform typifies on demand more than the mainframe. The IBM System z9 provides high security and resiliency, intelligent workload management, and business integration, all on an open and virtualized platform. This is an opportunity for an SI to offer new services focused on moving customers from existing, inflexible solutions toward a more dynamic and responsive business-process focused IT solution.
- IT virtualization and simplification: IBM mainframe virtualization technology represents over thirty-five years of innovation. It offers the features and functions necessary to help

consolidate tens (even hundreds) of independent distributed servers and their networks onto one larger server. SIs can integrate mainframe virtualization into their client IT systems to help reduce management complexity, facilitate efficient use of system resources, respond more quickly to changing business needs, and provide higher security all while potentially requiring less hardware.

- Linux: Built on open standards, Linux running on System z9 and zSeries servers offers freedom of choice in middleware. Mainframe solutions incorporate workload management technology that can enable your client's Linux applications to share computing resources and to allocate them dynamically as needed.
- Integration: With its holistic system design the mainframe may be the ideal hub of the enterprise infrastructure. Applications running WebSphere MQ for z/OS or Linux can be consistently, securely, and reliably connected to applications and services residing across over thirty-five platforms, providing a solid foundation for enterprise-wide integration. With full support for SOA, Web services, J2EE, Linux, and Open Standards, SIs will likely find the mainframe to be an attractive platform of choice for deploying and integrating new applications with existing applications and data.
- Security: In an on demand era the IT infrastructure can be a tangible manifestation of your client's brand image and therefore, security is critical. The mainframe has decades of experience in securing applications and their systems context. SIs can feel confident in recommending the System z9 and zSeries to their clients who have made IT a strategic part of their business strategy and who will not accept anything less than enterprise-class operations.

How Systems Integrators Can Benefit from Deploying System z9

The System z9 serves the same target market as the integrator community, i.e., enterprise clients who seek to invest in highly reliable, available, and secure solutions. Such strategic investments will not accept anything less than a “don’t go down” operating philosophy, often looking past “expensive” MIPS and seeing the value in the effective use of the mainframe investment. In reality, these “expensive” MIPS are actually not so costly, especially when considering the reduced staffing necessary to support multiple workloads on a consolidated platform with the highest level of security and operational integrity. This is much more than a traditional UNIX solution with some high-end capabilities. The System z9 through its heritage of deployments continues to influence how IT is designed and deployed.

Consultants and integrators need not worry about platform obsolescence as System z9 continues to have new applications/solutions ported to the platform. IBM’s continued investment in innovation means that System z9 is well positioned to remain on the leading edge of computing and ahead of all comers in the marketplace. Besides professional services, IBM’s numerous partner programs such as PartnerWorld and PartnerWorld for Developers equip SIs with the tools necessary to help identify, close, and deliver solutions to their customers. Beyond technology is the availability of IBM’s sales force and technical support organizations, financial services, and the largess of IBM’s promotion of the System z9 brand. All of this provides SIs with tools and opportunities to deliver their own value on top of a trusted platform which can be invaluable in driving new sales and business development.

A Proven Platform that Addresses New Opportunity

The long histories of zSeries, and now System z9, have proven technology, which can substantially mitigate deployment risk for SIs and their customers. The continued evolution of the platform demonstrates vendor stability and commitment: its architecture is well understood,

and many best practices are established from it. This continues to attract known ISVs and developers to the platform. Proven performance and dependability improves the overall chance of a successful deployment. Integrators benefit not only from lowered risk, but also from decreased implementation time. Once in place, the platform affords SIs the opportunity to drive incremental revenue as the solution is scalable and technologically current. As a result, more client engagements can be ultimately delivered on the same solution, thus leveraging all past deployments with the customer; this implies improved operating margins.

SIs can also reduce their own infrastructure costs and the cost of developing and testing solutions, and offer services to help their customers reduce cost and complexity by deploying System z9 solutions. In particular, customers that are seeking to simplify their infrastructure, take advantage of the Virtualization Engine, and/or transform into an on demand business, provide integrators the opportunity to cultivate an additional line of business. System z9 can also leverage Java and WebSphere to modernize existing applications and provide a platform for new Java applications whose underlying data already resides on System z9. Alternatively, new Java workloads from new customers can be deployed on System z9, thus allowing SIs to sell new solutions to new customers. The combination of proven reliability, state-of-the-art capabilities, and improved price performance offers benefits to integrators and their customers alike.

Sample Opportunities for Systems Integrators in Vertical Markets

Given all that has been said, one could not be faulted for asking for proof points of SI and customer benefits. Here are some sample industry opportunities that are particularly well suited for System z9 deployment through SIs.

Finance and On Demand Banking

In this scenario, contact center service agents could not access account activity online, and financial consultants had no knowledge of transactions customers made through the contact center. The bank wanted to improve customer satisfaction, increase the customer base, and sell more services. It needed a system that would deliver aggregated customer information to all customer service representatives. Given IBM's longstanding leadership in the banking and financial communities, the choice of an IBM platform was an easy one for the customer.

The SI provided integration, implementation, banking transformation services, and software running on pSeries front end and System z9 back end. This resulted in a single view CRM for branch office and multi-channel transformation, while complying with regulatory requirements. Because of this SI engagement, the bank now has a $6 million bank account database with the capability to execute more than 300 transactions per second. Service representatives are more responsive in satisfying customers and are effective at cross- and up-selling bank products based on recent customer activity. This engagement highlighted the SI's industry expertise and technological prowess by delivering new value to the bank and its account holders. The customer can now effectively up-sell its customer base, and the SI positioned itself for growth by increasing the bank's revenue per customer.

Industrial and Construction

In this engagement, the challenge was to replace disparate applications and custom-built interfaces with a standard, group-wide ERP system, for improved efficiency and reliability. The existing, obsolete, IT infrastructure, operating cost was high, reliability was affecting internal efficiency, and the lack of scalability was crimping company growth.

The SI handled the functional implementation of SAP, and IBM Global Services provided technology consulting and architectural design for an xSeries front end and a mainframe back

end with DB2. Both teams worked closely with construction company experts, to ensure knowledge transfer, which provided the SI with valuable, replicable expertise that could be leveraged in future engagements in this industry. Because of this SI engagement, the company now has improved integration, lower IT costs, faster reporting, and the capacity for improved decision-making and future growth. A blend of mainframe systems and data management tools with well established business processes and existing skills meant that this company could deliver more services and growth with the same personnel resources. This customer took many steps towards becoming an on demand business while providing the SI with industry specific expertise as well as a customer that was positioned for growth and future service engagements.

Healthcare

Nobody likes inefficiency, but in a hospital, it can mean all the difference to patient care. This hospital needed to deliver critical medical information such as lab results, patient records, prescriptions, and clinical notes to thousands of allied health care professionals accurately and within seconds to improve workflow, increase efficiency, and balance costs with the business value, ultimately increasing patient safety. This was impossible with a paper-based system.

The SI provided hardware, software, and consulting services for healthcare solutions and deployed them on a mainframe that would house mission-critical clinical documentation, ordering, results viewing, patient management, and patient accounting applications. As a result, the hospital is now nearly 100% paperless, and health care personnel have rapid access to patient information. This hospital has moved closer to being an on demand business; the SI developed a marketable solution for the mainframe. Deploying mainframes as a centralized hub for electronic medical records provides the means for future growth and services opportunities. The SI now has a record of accomplishment in delivering the paperless workplace and is well positioned to meet a burgeoning need in the marketplace.

Government

This scenario is a common one: citizens and businesses want convenient access to local government services without having to navigate the complex path between multiple agencies.

With the help of an SI, the government developed an e-government solution that transformed the way services are offered. The old system had departmental information silos whereas the new solution bridges these silos to allow new Web-based access to information from multiple resources within a single user context. The government's open, rapid-integration capability allows it to deploy new services more rapidly. The ability to create common elements and reuse them allowed the government to respond to a 50% increase in visits to its portal, and process over 60,000 electronic payments totaling more than $4 million. This is all accomplished on a consolidated infrastructure that has reduced the server count from 200 to three. For an SI, this is an opportunity to offer to deploy additional services without service disruption. Integrating Web Services and the legacy system reduced management costs more than 25%; the SI has a happy customer with spare monies on its hands. The solution provided the SI with a sale, laid a foundation for future enhancements, and uncovered potential funding for these future endeavors.

Retail

Retail sales represent the bulk of economic activity in most economies. These sales not only require massive data handling of stock and inventories, but also generate a great deal of customer information. The mainframe is a strong player in the Retail sector. Its integration abilities can address improvements in supply chain management, stocking, and logistics as well as helping retail establishments to better understand trends in customer behavior in a more realtime

fashion. This is especially important given the emergence of large global retailers with a multi-channel presence (click and mortar) who may interact with a given customer in many different contexts. Overall, this is all part of the drive to improve customer experiences across the board.

Manufacturing and Automotive

Manufacturing and automotive manufacturing in particular have become global enterprises as parts and labor are being sourced from throughout the world as part of just-in-time manufacturing scenarios. Thus the challenge is to link an increasingly complex and global supply chain consisting of myriad suppliers. The mainframe as a master of the datacenter has extensive experience in interconnecting information systems. Interesting opportunities for the industry include making better use of technology to drive improved CRM since add-on services such as credit and financing typically drive more profit than vehicle or manufactured goods sales.

Telecom and Utilities

Telecom and other utilities have long garnered tremendous amounts of customer data in the form of billing records, services delivered, account status, etc. Given the utilitarian nature of their services, the scale of these enterprises tends to be very high and demands the most from the IT environment. The mainframe has long played in this market segment and has helped utilities focus on operational efficiency through server and system consolidation, support for open systems, and system interoperability. Given the spate of mergers in recent years, the importance of consolidating CRM systems into a streamlined customer support environment is paramount to maintaining customer loyalty while seeking to drive per customer revenue generation. As a number of formerly discrete utility services are increasingly being offered by a single service provider, federation of information into a single view of the customer is essential.

IBM System z9: Leveraging a Legacy for Business Success

The IBM System z9 leverages four decades of IBM mainframe presence and commitment to performance that has culminated in unsurpassed technical leadership. This long-established aptitude combined with state-of-the-art capabilities including partitioning, virtualization, and support for Linux and Java, among others, positions the System z9 as an ideal migration or consolidation platform for most any mid- to large-sized customer. As zSeries and now System z9 is a globally recognized IT platform, SIs can leverage IBM's trusted offerings on a worldwide basis. SIs can also leverage the skilled ecosystem of technical support, ISVs, and partners to provide solutions that will meet — even exceed — the needs of most any vertical in any geography.

IBM's Linux leadership and enhanced capabilities of Linux means System z9 can exploit Open Source opportunities while delivering an execution environment with unparalleled stability, manageability, and operational efficiency.

IBM's System z9 solutions provide SIs numerous methods by which to improve their offerings solidify or enhance relationships with existing customers, and drive new business worldwide. The improved TCO offered by System z9 can potentially free up budgets for further engagements with the SI, who now holds the incumbent position with proven economic and business value.

The IBM System z9 is the latest iteration of a known, proven, dependable, continually evolving computing architecture. This achievement and commitment to the future lowers recommendation and implementation risks for the SI when positioning System z9 as a viable solution base to its customers. The System z9's outright leadership in numerous applications and industries, and its growing influence in many others make System z9 the gold standard by which IT is measured.