

3 TIPS TO CONSIDER WHEN MOVING FROM R4HA MLC TO TAILORED FIT PRICING



Steve Solomon, Cost Optimization Product Manager and I recently recorded a podcast about the value of the mainframe and new mainframe cost options like Tailored Fit Pricing released by IBM. The podcast finishes with Steve providing some sage advice about how you can best prepare for Tailored Fit Pricing. I've summarized and added some additional context to his advice below.

If you haven't already heard, IBM recently released two new licensing models under their Tailored Fit Pricing for IBM Z[®] pricing model. They introduced the Enterprise Consumption Solution and the Enterprise Capacity Solution adding to the already very popular Development and Test Solution and New Application Solution options. These options will provide more flexibility and simplicity than the current Rolling Four Hour Average (R4HA) Monthly License Charge (MLC) pricing model and we are hearing from our customers they value the discounted growth, simplicity in the pricing and opportunities to no longer cap their development or test LPARS. These new models are shifting the focus from the R4HA to a consumption-based model, and if you are considering moving, here are three tips from Steve to ensure you get the best pricing deal going forward!

1. Prepare and Optimize your Entire Mainframe Environment

The Enterprise Consumption Solution is a usage-based pricing model. This means that instead of paying for only your highest peak Rolling 4 Hour Average, you are paying for every MSU consumed in a year. You will commit to a baseline consumption of MSUs per year and then add on growth MSUs at a discounted rate. The baseline consumption of MSUs is determined by a 12-month look back of your mainframe environment. This means that getting your environment optimized is essential to locking in a good baseline and then adding growth on top of that. In the past, you likely

focused heavily on minimizing your peak (with good reason!) but that might mean you have “rogue” workloads running outside the peak. You didn't need to worry about these workloads because even if they took up twice the capacity they should, it didn't affect your price. However, now that you will be committing to an MSU baseline, every MSU is valuable. That is why you should take steps now to optimize your environment before you make the move to Tailored Fit Pricing. In the podcast, Steve recommends taking a holistic approach across your systems, data, cost and [security](#) to ensure you have optimized your environment. A few options to consider that will help optimize your mainframe environment both in and out of the peak:

- Tune your SQL statements
- Offload work to zIIPs
- Use an efficient monitor
- Reorganize your databases with the most efficient tools
- Right-size and monitor your capacity

2. Optimize Your Current Costs

In addition to optimizing your mainframe environment, you need to optimize your current costs. In the 12-month lookback, IBM is going to review your MSU usage as well as the price you paid for all those MSUs. They are going to average out the price you paid for the year over the amount of MSUs consumed in the year and come to a per MSU price that will be your baseline going forward. To get the best deal, you need to negotiate the lowest per MSU rate, as your contracts will only increase from here on out. If you don't get your costs and current peaks as low as they can be, then you risk paying a higher premium than necessary for the rest of your mainframe life! If you don't optimize now, you are not going to have the chance to lower your costs in the future. Since under the R4HA MLC model, your monthly payment is based on the 4HRA peak for that month, the best way to optimize your cost is going to be to lower that. A few options to consider when trying to optimize your costs:

- Capping of your peak workloads
- Moving workloads out of the peak
- Rescheduling batch jobs out of the peak
- Gaining visibility into your heavy-hitter workloads to make capping or rescheduling decisions

3. Talk to your mainframe software vendors

The last piece of advice is to have a conversation with your mainframe software vendors about what you want to do with your mainframe environment. When IBM announced Tailored Fit Pricing, they were joined on stage by the big names in mainframe software including BMC who committed their support of the new pricing models. These vendors are willing to support your move to Tailored Fit Pricing and will likely work with you on a case by case basis to ensure you get the best deal. The key is going to be starting these conversations early. In his podcast, Steve talks about how BMC has a long tradition of delivering mainframe pricing that is well-suited to our customers' needs and how BMC is proud to extend our pricing models to meet customer needs. I know BMC is looking forward to working with each of our accounts to help you run and reinvent your business.