

IBM New Application Solution introduces consumption-based pricing for new IBM z/OS-based applications

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At a glance

When deploying new applications to highly virtualized environments such as IBM^(R) z/OS^(R), it can be difficult to predict how much capacity those new applications will consume and how they will contribute to overall costs.

To address this challenge, IBM delivers the new Solution Consumption License Charges (SCLC) metric for a number of Monthly License Charge (MLC) software programs. For qualified new z/OS-based application solutions, this new metric offers:

- Pay-as-you-go pricing for the actual consumption of the solution, with no minimum financial commitment
- Savings of 20% over pay-as-you-go prices, for a low, minimum monthly commitment

SCLC pricing is available for z/OS, and the majority of z/OS-based, MLC sub-capacity programs.

Overview

Understanding the cost of deploying new applications into production can be a challenge. This can be further complicated in a highly virtualized environment, where traditionally, the cost of adding new applications could impact the costs of other unrelated workloads that run in the same environment.

To address this challenge, the IBM New Application Solution (NewApp Solution) was introduced in Software Announcement [JP17-0617](#), dated November 14, 2017. In conjunction with the Container Pricing for IBM Z^(R) infrastructure, qualified new applications do not directly impact the cost of unrelated workloads, even when they execute colocated in the same logical partition (LPAR). However, even with predictable pricing, understanding the actual cost of deploying new applications can still be dependent on forecasted sizings. This is further complicated when there is little or no data available to assist with estimating future usage.

To further improve predictability of costs for qualified new z/OS applications, the Solution Consumption License Charges (SCLC) metric is introduced in the NewApp Solution offering. The SCLC metric delivers additional transparency and simplicity, while minimizing upfront financial risks as clients bring new applications to the z/OS platform.

SCLC

SCLC is a new type of Monthly License Charge (MLC) metric. It delivers a true metered usage model, where the million service units (MSUs) that are consumed are charged at the same per-MSU rate, regardless of hourly peaks and spikes. This can deliver exceptional levels of pricing predictability.

Combined with the extensive monitoring and statistics that are available on the z/OS platform, a per-MSU metric delivers unprecedented levels of price transparency. The cost per MSU can be compared with the processing work done per MSU to directly relate costs to business value.

There are two variations of SCLC for qualified new applications:

- The SCLC pay-as-you-go option offers a low priced, per-MSU model for software programs within the NewApp Solution, with no minimum financial commitment.
- The SCLC-committed MSU option offers a saving of 20% over the pay-as-you-go price points, with a monthly minimum MSU commitment of just 25,000 MSUs.

With SCLC, clients can now launch new applications to their end users with a predictable, transparent cost structure that relates directly to business value.

Key prerequisites

The New Application Solution requires:

- Deployment of a new z/OS application that is not currently running on any IBM Z server. Growth in existing applications or re-architecting of existing applications does not qualify. IBM must approve that the application qualifies as a new application.
- IBM z13^(R), IBM z13s^(R), IBM z14TM, IBM z14 ZR1, or later models with IBM sub-capacity pricing implemented.
- For the separate LPAR solution, z/OS V2.1, or later, operating system.
- For the colocated solution, z/OS V2.2 or V2.3, or later, operating system, with the following PTFs that are applied for APARs:
 - OA52312, for Workload Manager (WLM)
 - OA52694, for Resource Management Facility (RMFTM)
 - OA53033, for System Management Facilities (SMF)
 - PI82528, for System Display and Search Facility (SDSF)

These and any other related PTFs are associated with fix category, IBM.Function.PricingInfrastructure.

- Sub-Capacity Reporting Tool (SCRT¹) V26.1.0, or later, according to the requirements and guidelines in the *SCRT Users Guide*.
- SCRT, to be run for each sub-capacity reporting period, and the resulting sub-capacity report to be submitted to IBM on a monthly basis.
- RMF Monitor I gatherer option VMGUEST to be specified, where the New Application Solution is deployed to a z/OS system that runs as a z/VM^(R) guest.
- A unique solution ID that is provided through the IBM License Management Support (LMS) website.

¹ SCRT V26.1.0 will be available for download on October 10, 2018, from the [IBM Z software pricing](#) website or with the PTF for APAR OA56092 on z/OS V2.3.

Planned availability date

November 23, 2018

Description

As announced in Software Announcement [JP17-0617](#), dated November 14, 2017, the NewApp Solution enables qualified, new applications to be tightly integrated with colocated workloads, with the price predictability of a dedicated environment. The NewApp Solution utilizes the Container Pricing for IBM Z infrastructure to define and meter the new application solution separately from other production workloads.

The introduction of the new SCLC metric greatly enhances the NewApp Solution, by delivering a predictable, transparent cost structure that can be directly correlated to MSU usage. SCLC pricing is available for z/OS, and the majority of z/OS-based, MLC sub-capacity programs, when deployed as part of an approved NewApp Solution. Supported programs include:

- IBM CICS^(R) Transaction Server for z/OS
- IBM Db2^(R) for z/OS
- IBM IMSTM for z/OS
- IBM MQ for z/OS
- IBM z/OS

For a complete list of supported programs, see the following Programs eligible for SCLC section.

Understanding SCLC

IBM rates each IBM Z server based on the number of MSUs that a server can perform in one hour. For example, the IBM z14 Model 3906-701 is rated at 227 MSUs. This means that particular model can process 227 MSUs of work in any given hour.

Typical MLC metrics are based on either the total number of MSUs that are available (full capacity) or on a rolling four-hour average (R4HA) peak of the number of MSUs that are used in any given monthly period (sub-capacity).

On the above z14 model 3906-701, the full capacity value would be 227 MSUs and the sub-capacity value would be either 227 MSUs or less, depending on the peak hourly usage.

SCLC differs from existing full capacity and sub-capacity charging metrics in that costs are charged per-MSU consumed. MSUs in each individual hourly period are calculated, reported, and aggregated over the entire month.

Under the SCLC metric, if a new application solution consumed 50 MSUs in the first hour, 100 MSUs in the second hour and 50 MSUs in the third hour, the total number of chargeable MSUs for that 3-hour period would be 200 MSUs. Hourly periods continue to be calculated this way over the entire month, providing a true, usage-based cost model.

SCLC comes in two variations for qualified new applications:

- The SCLC pay-as-you-go option
- The SCLC committed MSU option

Pay-as-you-go option for SCLC

- Offers a low price per-MSU for each SCLC-based software program within the NewApp Solution.
- Enables clients to deploy new applications to production, with a true cost-per unit pricing structure. This avoids the need for complex and often unreliable capacity planning exercises.
- There is no minimum financial commitment with the SCLC pay-as-you-go pricing option. The SCLC costs depend on the total number of MSUs consumed over the month.

Committed MSU option for SCLC

- Offers savings of 20% over the pay-as-you-go price points for new application solutions.
- Enables clients to achieve savings as new applications grow, while retaining a single price per MSU cost structure for predictability.
- Defines the monthly minimum MSU commitment as 25,000 MSUs consumed per month, per NewApp Solution.

Example of SCLC

A business deploys a new application into production under the SCLC pay-as-you-go option. The cumulative MSUs that are consumed over the first month is 15,000. The charges for that month are calculated based on the price per MSU x 15,000 MSUs.

After a few months, the usage of the new application grew, and the business decided to move to the SCLC-committed MSU option. The minimum monthly commitment is 25,000 MSUs.

The month after moving to the SCLC committed MSU option, the cumulative MSUs that are consumed over the month was 23,500. Because this is below the minimum commitment of 25,000 MSUs, the charges for that month are calculated based on the 20% lower price per MSU multiplied by the minimum commitment of 25,000 MSUs.

The following month, the usage of the new application grew to 25,500 MSUs. Because this is above the minimum commitment, the charges for that month are calculated based on the 20% lower price per MSU, multiplied by the actual usage of 25,500 MSUs.

In this example, the client moved from the SCLC pay-as-you-go pricing option to the SCLC committed MSU option. Changes in the other direction, from the SCLC committed MSU option to the SCLC pay-as-you-go option are also permitted.

Ability to move between SCLC options

Clients can move between SCLC options within a NewApp Solution by sending 30-days' written notice to IBM and signing a contract amendment. Clients can move:

- From the pay-as-you-go option to the committed MSU option
- From the committed MSU option to the pay-as-you-go option

There is no limit to the number of a times a client can move between SCLC pricing options within a contracted NewApp Solution.

Ability to cancel the NewApp Solution

Clients may completely cancel their NewApp Solution and terminate the contract addendum for any reason by sending 30-days' written notice to IBM. Following cancellation, the client may not initiate a replacement NewApp Solution for the same application for a period of at least six months.

Programs that are eligible for SCLC

Note: Program eligibility is subject to product availability, which includes new programs that become eligible for SCLC.

Product ID	Entitlement Entity (EE)	Description
5655-Y04	S0172DF	CICS TS for z/OS V5
5615-DB2	S0171R2	Db2 11 for z/OS
5615-DB2	S018852	Db2 11 for z/OS- Enterprise Advisor for Db2 z
5615-DB2	S0171R3	Db2 11 for z/OS-QMF™ Classic Edition V11
5615-DB2	S0181TL	Db2 11 for z/OS-QMF Classic Edition V12
5615-DB2	S0171R4	Db2 11 for z/OS-QMF Enterprise Edition V11
5615-DB2	S0181TM	Db2 11 for z/OS-QMF Enterprise Edition V12
5650-DB2	S017GWJ	Db2 12 for z/OS
5650-DB2	S018851	Db2 12 for z/OS- Enterprise Advisor Db2 z
5650-DB2	S01822F	Db2 12 for z/OS-QMF Classic Ed 12
5650-DB2	S01822D	Db2 12 for z/OS-QMF Enterprise Ed 12
5635-A05	S017K88	IMS V14 -IMS Database Mgr V14
5635-A05	S017K89	IMS V14 -IMS DB-Lvl Tracking V14
5635-A05	S017K8B	IMS V14 -IMS ETO V14
5635-A05	S017K8C	IMS V14 -IMS Recov Lvl Track V14
5635-A05	S017K8D	IMS V14 -IMS Transaction Mgr V14
5635-A06	S018214	IMS V15 -IMS DB Mgr V15
5635-A06	S018212	IMS V15 -IMS ETO 15
5635-A06	S018211	IMS V15 -IMS TM V15
5655-W97	S017F7P	MQ for z/OS V8
5655-MQ9	S017ZPX	MQ for z/OS V9
5697-NV6	S016RPV	NetView ^(R) for z/OS V6
5697-NV6	S016RPM	NetView for z/OS V6 - TEMA
5650-ZOS	S01728S	z/OS-z/OS V2 Alternate Base
5650-ZOS	S01728T	z/OS-z/OS V2 Base
5650-ZOS	S01728V	z/OS-z/OS V2 BDT FTF
5650-ZOS	S01728W	z/OS-z/OS V2 BDT SNA NJE
5650-ZOS	S01728X	z/OS-z/OS V2 BookManager ^(R) Build
5650-ZOS	S017290	z/OS-z/OS V2 DFSMS dss
5650-ZOS	S017291	z/OS-z/OS V2 DFSMS dsshsm
5650-ZOS	S017292	z/OS-z/OS V2 DFSMS rmm
5650-ZOS	S017293	z/OS-z/OS V2 DFSMStvs
5650-ZOS	S017294	z/OS-z/OS V2 DFSORT
5650-ZOS	S017295	z/OS-z/OS V2 GDDM-PGF
5650-ZOS	S017296	z/OS-z/OS V2 GDDM- REXX
5650-ZOS	S017297	z/OS-z/OS V2 HCM
5650-ZOS	S017298	z/OS-z/OS V2 HLASM Toolkit

Product ID	Entitlement Entity (EE)	Description
5650-ZOS	S017299	z/OS-z/OS V2 Infoprint Server
5650-ZOS	S01729B	z/OS-z/OS V2 JES3
5650-ZOS	S01729C	z/OS-z/OS V2 RMF
5650-ZOS	S01729D	z/OS-z/OS V2 SDSF
5650-ZOS	S01729F	z/OS-z/OS V2 Security Server
5650-ZOS	S01728Z	z/OS-z/OS V2 XL C/C++
5650-ZOS	S01780D	z/OS-z/OS V2 zEDC

Terms and conditions

- The previously announced Multi-Version Measurement (MVM) licensing terms that replaced Single Version Charging (SVC) and Migration Pricing Option for MLC programs, and the Migration Grace Period for zIPLA programs, also apply to programs in the NewApp Solution.
- Non-capacity-based MLC programs, which include Flat Workload License Charges (FWLC) and Tiered Workload License Charges (TWLC) programs, continue to be licensed per their announced pricing metric and terms. There are no additional charges associated with use of these programs within a NewApp Solution on an already entitled machine.
- IBM International Program License Agreement (IPLA) software must be licensed with reference to the peak rolling four-hour average of the NewApp Solution. License entitlement is only required up to the total physical MSU capacity available within the enterprise.
- zNALC is incompatible with SCLC and is not available under SCLC.

Reference information

For additional information on the IBM New Application Solution, and Container Pricing for IBM Z, see Software Announcement [JP17-0617](#), dated November 14, 2017.

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Corrections

(Corrected on October 17, 2018)

The Description section is revised.