



Mainframe cost optimisation

Identify and develop new ways to manage and reduce Mainframe costs



Your IBM mainframe is central to your business operations, and its associated costs are probably amongst the largest expense items in your IT budget. You know that the mainframe is likely to be less expensive to run than some of your other “distributed” platforms but because mainframe costs can be readily consolidated they are subject to greater scrutiny. You have to demonstrate that you’re getting the best possible value from your mainframe.

Evaluate your Mainframe Usage ...

IBM often changes and introduces new licensing options for the mainframe environment in order to improve the platforms overall value proposition. However, without a detailed assessment of how those changes can be leveraged for your use cases, its difficult to work out whether, and how, to implement them.

Examples of changes to licensing options include:

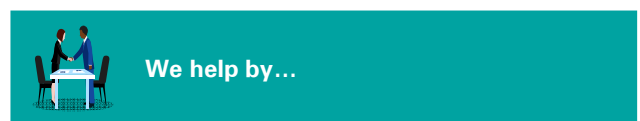
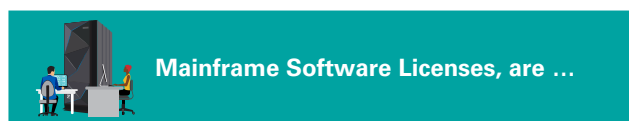
- **Monthly/perpetual license swap.** IBM’s widely used mainframe middleware products (CICS, IMS, DB2) tend to be licensed on a monthly subscription basis, but they are also available to purchase on a perpetual license. Flipping these licences can help reduce OpEx expenditure.
- **Reduced charges for Development activities.** IBM offers reduced pricing for Development and Test activities on mainframes, ensuring proper assignment of Test and Dev environments can reduce usage charges.
- **Right size future maintenance.** If you are licensing mainframe software under perpetual terms (a base license with annual maintenance and support) you should work to forecast future requirements as its possible to part maintain providing you agree specific volumes up front with IBM.
- **Hardware related savings.** New hardware is often more efficient and mainframe workload specific processors like ZIIPs, ZAAPs, and IFLs can further reduce usage charges.


... to identify and achieve untapped cost savings.


Our services can be tailored to your exact requirements, encompassing one or more areas of investigation. In all cases our over arching aim will be to save you money and make best use of your existing assets by comprehensively reviewing usage and licensing.

What we can do:


- **Prepare an ‘Effective License Position’**, finding areas of overspend for **immediate spend reduction**, and then looking deeper at how you could change operations to **optimise and reduce spend further**.
- **Reduce the risk of being non-compliant** (and the associated risk of unplanned costs), by detailing any occurrences of under spend, and explaining how to resolve.
- **Enhance your understanding** of the different IBM license options based on usage.
- **Inform strategic initiatives** such as mainframe platform transformation, by improving software delivery and testing through better integration with existing DevOps activities, and even looking at options for migrating workload off the mainframe.
- **Facilitate the negotiation of a more favourable contract** by using the enhanced understanding of your software use provided by our suite of services.





 **Costly.** Approximately 49% of mainframe annual charge is software related, with the biggest piece being IBM Monthly License Charges (MLC).

 **Assessing your license position** with our tried and tested methodologies to identify risks and opportunities, and provide you with insight.

 **Subject to restrictions.** Many of the more cost effective contracts have strict criteria for eligibility, which have to be re-certified annually.

 **Designing processes** to enable you to monitor and manage mainframe software licenses on a monthly basis.

 **Specialist.** There are many different license metrics, and hundreds of acronyms, used only with mainframe software.

 **Applying expertise and knowledge** to link your use cases to available license models so that you can negotiate the best commercial position.



Challenge: Our client wanted to reduce mainframe costs and mitigate the risk arising from license compliance reviews undertaken by mainframe software vendors like IBM, CA and BMC.

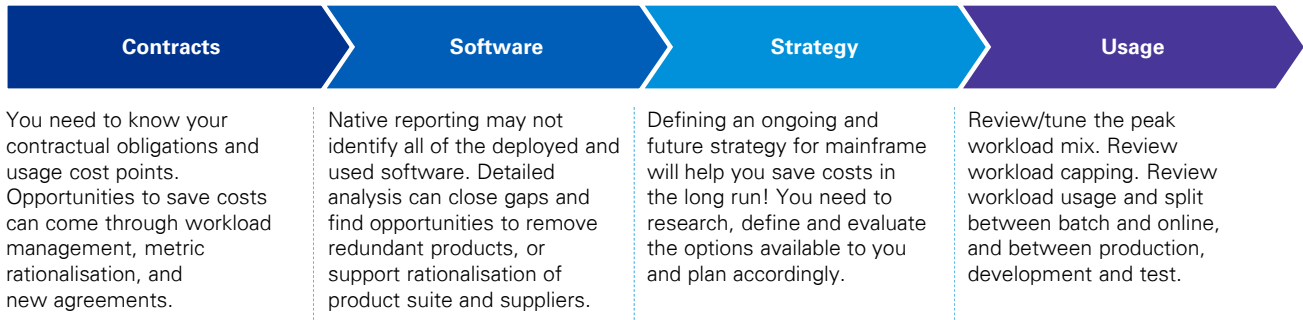
Response: Applying our comprehensive mainframe assessment, we reviewed existing contracts and charges, held a series of workshops and interviews with Mainframe stakeholders, and gathered relevant data from existing reports and mainframe tools. Our work culminated in an "Effective License Position" showing overspend and possible non-compliance, and steps for remediation.

Result: Our work resulted in a combination of 'Hard' and 'Soft' savings:

Hard savings. We found that our client had been paying for a number of monthly licensed products which were not installed (cost out) and we also found that they were paying premium monthly charges for another set of products where they exceeded the agreed limits (cost reduction). In total, \$1.2m savings per year.

Soft savings. In total, \$3m of savings related to reduced risk of non-compliance and avoidance of associated penalties.

Day to day mainframe management is a wide ranging discipline



Things to think about

	Yes	No
Do you regularly baseline your mainframe deployments against entitlements?		
Do you take advantage of IBM licensing options to minimise costs for development & test activities?		
Have you scheduled your batch workloads to manage peaks and reduce costs?		
Are you using CICS, IMS or DB2, and have you considered IBM IPLA based licensing for these products?		
Are you making the most use of IBM Specialist Processors (ZAAPs, ZIIPs, IFLs), and investigated new hardware?		
Have you considered using Mainframe Containers to optimise the cost of new workloads?		

Did you respond 'no' to any of these questions? Would you like to turn them into 'yes'?

Our mainframe services are just one part of our SAM suite of services, all designed to help you connect your SAM capability across your IT and business functions. Our expert SAM consultants are on hand now to help you achieve and exceed your SAM ambitions. Get in touch to discuss more ways we can support your journey, such as:

SAM as a service
End to end SAM, delivered by KPMG, powered by Flexera.

SAM as a service

Software is a major part of IT spend, but it's difficult to track and manage. KPMG has teamed up with Flexera to provide an end to end, SAM managed service. It combines Flexera's market leading tooling for technology asset management and KPMG's expertise in software licencing. We offer a customised service which will evolve with your business.

How mature is your SAM?
Assess and develop your ISO/IEC 19770 management systems

State assessment

ISO 19770 has been updated. Now classified as a management standard, it has a wider remit – going beyond software asset management ('SAM') into full IT asset management ('ITAM'). We can help you assess, understand, and adapt your IT management systems in line with the updated ISO 19770.

kpmg.com/uk



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