



IBM System z New Application License Charges

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At a glance

- Offers a reduced price for z/OS to encourage Qualified Applications on the platform
- Allows LPAR-level granularity
- Provides criteria for identifying a Qualified Application
- Is available when Qualified Applications are running under z/OS on IBM z/Architecture™ servers
- Can aggregate across servers belonging to a qualified Parallel Sysplex

For ordering, contact:

Your IBM representative, an IBM Business Partner, or the Americas Call Centers at

800-IBM-CALL Reference: YE001

Overview

System z™ New Application License Charges (zNALC) offers a reduced price for the z/OS® operating system on LPARs where you are running a qualified "new workload" application (Qualified Application) such as Java™ language business applications running under WebSphere® Application Server, Domino®, SAP, PeopleSoft, and Siebel. The zNALC offering extends the IBM commitment to sub-capacity pricing, allowing customers with a Qualified Application to obtain a reduced price for z/OS where charges are based on the size of the LPAR(s) executing a Qualified Application, assuming all applicable terms and conditions are met.

z/OS with zNALC provides many benefits over previous "new workload" pricing offers. It provides a strategic pricing model available on the full range of System z servers for simplified application planning and deployment. zNALC provides similar pricing benefits to both z/OS.e pricing and z/OS with NALC pricing. zNALC allows for aggregation across a qualified Parallel Sysplex®, which can provide a lower cost for incremental growth across "new workloads" that span a Parallel Sysplex. zNALC is the IBM strategy, replacing the z/OS.e operating system and the NALC pricing metric.

Key prerequisites

Refer to the Description section.

Planned availability date

March 16, 2007

zNALC is a monthly license charge price metric available on IBM z/Architecture servers running z/OS and offers a reduced price for z/OS on LPARs where Qualified Applications are running. zNALC applies to the z/OS base feature and z/OS priced features, with the exception of HCM and HLASM Toolkit. zNALC is available for z/OS on LPARs running Qualified Applications, among other requirements. For more information, refer to the Qualified Applications topic below. Similar to Workload License Charges and Entry Workload License Charges, customers may implement zNALC in either full-capacity or sub-capacity mode.

Prerequisites

zNALC is available only on IBM z/Architecture servers (z900, z990, z9 EC, z800, z890, z9 BC, or later) running the z/OS (5694-A01) operating system. z/OS middleware running on the IBM z/Architecture server which qualifies for Workload License Charges (WLC) or Entry Workload License Charges (EWLC) must be priced WLC/EWLC in order for z/OS to be eligible for zNALC charges. Any Logical Partition (LPAR) that is designated as a zNALC LPAR must follow the naming convention "ZNALxxxx" where xxxx may be any letters or numbers. Alternatively, customers who prefer not to change LPAR names to qualify for zNALC (and are running z/OS Version 1 Release 6, or later) may set the LICENSE = "ZNALC" IPL parameter to indicate a zNALC LPAR. The zNALC IPL parameter will be available via APAR OA20314, expected in third quarter 2007.

Qualified Applications

zNALC is available only on LPARs where a Qualified Application is present, among other requirements. In general, Qualified Applications are those that IBM considers "new workload," such as Java language business applications running under WebSphere Application Server, Domino, SAP, PeopleSoft, or Siebel.

IBM has established the following criteria to determine which applications are Qualified Applications:

1. An "Application" is a computer program that is used to accomplish specific business tasks (such as Customer Relationship Management [CRM], Enterprise Resource Planning [ERP], Supply Chain Management [SCM], business information warehouse, accounting, and inventory control programs), including the database server used for that task. In this definition, an Application is not a stand-alone database management system or systems management tool (that is, related to the management or operation of the computer itself or of other computer programs). Examples of software that are not considered applications are operating system software, database products (except those qualifying as described in section [b] below), transaction managers, tools, utilities, and games.
2. An application may be considered a Qualified Application if:
 - (a) It is currently generally commercially available, supported by its manufacturer, and enabled to run under z/OS, and that same Application (with substantially the same functionality) is simultaneously generally commercially available, supported by its manufacturer on, and enabled to run under a UNIX® operating system (for example, AIX®, HP-UX, Linux™, or Solaris), or Microsoft™ Windows™ (collectively "Distributed Platforms");
 - or
 - (b) It is a database server running under z/OS and it is operating solely in support of a software program that is currently generally commercially available, supported by its manufacturer, and running in a client/server environment where the business logic (for example, application server) is running on a Distributed Platform;
 - or
 - (c) It is a Java language business application running under WebSphere Application Server (or equivalent). These do not include systems management tools.
3. z/OS is eligible for zNALC pricing when running in an LPAR where the Qualified Application is executing. The only other products that may execute in this LPAR are those products that support the Qualified Application. The LPAR must be used exclusively for the Qualified Application and for programs that support the Qualified Application and for no other purpose.

4. IBM will determine whether a particular program is a Qualified Application.

For additional information and a few examples of approved zNALC Qualified Applications, visit

<http://ibm.com/zseries/swprice/znalc.html>

In the event you want to check if another application can qualify, contact your IBM sales representative or IBM Business Partner.

Limitations and restrictions

zNALC is not available:

- On any server where OS/390® or z/OS.e is licensed or running
- On any server where the pricing metric for z/OS is NALC
- On any z890 capacity setting 110 server, where zSeries Entry License Charges is the only available pricing
- On any z9 BC capacity setting A01 server, where zSeries Entry License Charges is the only available pricing

Sub-capacity zNALC is not available:

- On any LPARs where z/OS is running as a guest of z/VM®

Full-capacity and sub-capacity

Full-capacity: Servers with full-capacity zNALC pricing must license and pay for z/OS with zNALC charges based on the IBM rated capacity of the server. IBM rates hardware capacity for software pricing activities in terms of Millions of Service Units (MSUs). To view IBM's MSU ratings for our servers, visit

<http://ibm.com/zseries/library/swpriceinfo/hardware.html>

Sub-capacity: Servers with sub-capacity zNALC pricing may license and pay for z/OS with zNALC charges based on the utilization of the LPAR where z/OS and the Qualified Application are running and all other terms are met. In a sub-capacity zNALC environment, LPAR utilization will be measured based on the highest observed rolling 4-hour average utilization. LPAR utilization will be reported each month using the Sub-Capacity Reporting Tool (SCRT) and pricing will be adjusted monthly based upon the Sub-Capacity Report. If you elect sub-capacity zNALC, you must use the SCRT to generate Sub-Capacity Reports that must be submitted to IBM each month, among other requirements.

In the event that a machine has both zNALC LPARs and non-zNALC LPARs, then the product summary section of the Sub-Capacity Report will be adjusted to describe this situation. In the product summary section, there will be three rows of information about z/OS:

- (a) z/OS — The highest observed rolling 4-hour average of all z/OS LPARs
- (b) z/OS (Traditional) — The highest observed rolling 4-hour average of all z/OS LPARs that are non-zNALC LPARs
- (c) z/OS zNALC — The highest observed rolling 4-hour average of all z/OS LPARs that are zNALC LPARs

In the event that the sum of z/OS Traditional MSUs plus z/OS zNALC MSUs exceeds the z/OS MSUs, then the z/OS zNALC MSUs will be reduced such that the total billable MSUs does not exceed the reported z/OS MSUs.

Billing effective dates

- Full-capacity billing effective dates

Full-capacity z/OS with zNALC licenses may be ordered and installed starting on March 16, 2007. Due to the current Full Month Billing rules, the billing effective date for any

new license will occur on the first day of the month after the license is ordered. For example, a z/OS with zNALC order that is placed on March 16, 2007, will have a billing effective date of April 1, 2007. Therefore, the earliest possible billing effective date for full-capacity z/OS with zNALC charges is April 1, 2007.

- Sub-capacity billing effective dates

Sub-capacity z/OS licenses with zNALC charges cannot be ordered or installed until customers submit an initial Sub-Capacity Report containing z/OS zNALC MSUs. In order to report on z/OS zNALC MSUs, a new version of the SCRT is required. IBM expects this new version of the SCRT to become generally available on April 10, 2007. The earliest a customer may collect z/OS zNALC SMF data is April 2, 2007. Assuming the new version of the SCRT is available on April 10, 2007, the customer may generate their first Sub-Capacity Report containing z/OS zNALC MSUs on May 2, 2007; and they may submit this initial z/OS with zNALC Sub-Capacity Report between May 2 and May 9, 2007. The April Sub-Capacity Report submitted to IBM in early May would have a billing effective date of June 1, 2007. Therefore, the earliest possible billing effective date for sub-capacity z/OS zNALC is June 1, 2007. However, if the new version of the SCRT is generally available after April 10, 2007, this date may be later.

Pricing structure

z/OS (and z/OS priced features) is the only program eligible for zNALC charges. In the IBM enterprise software billing and fulfillment system, IBM uses the term "Basic License" to indicate licenses which are billable. When software is licensed to a stand-alone server, IBM places basic (billable) licenses on that stand-alone server. When software is licensed to multiple machines in a qualified Parallel Sysplex, IBM places basic (billable) licenses on an entity representing the sysplex and places registration (no-charge) licenses on each licensed machine belonging to the Parallel Sysplex. Therefore, z/OS with zNALC charges will have the following monthly license charge price structure:

Basic license structure

Basic license structure	MSUs	Pricing
Base zNALC	3 MSUs	\$xxx
Level 0 zNALC	4 – 45 MSUs	\$xxx/MSU
Level 1 zNALC	46 – 175 MSUs	\$xxx/MSU
Level 2 zNALC	176 – 315 MSUs	\$xxx/MSU
Level 3 zNALC	316 – 575 MSUs	\$xxx/MSU
Level 4 zNALC	576 – 875 MSUs	\$xxx/MSU
Level 5 zNALC	876 – 1315 MSUs	\$xxx/MSU
Level 6 zNALC	1316 – 1975 MSUs	\$xxx/MSU
Level 7 zNALC	1976+ MSUs	\$xxx/MSU

z/OS with zNALC charges can aggregate across servers that participate in a fully qualified Parallel Sysplex. For more information on Parallel Sysplex, visit

<http://ibm.com/zseries/swprice/sysplex>

In the case that there are multiple servers with z/OS with zNALC charges participating in qualified Parallel Sysplex and you request aggregated pricing, then IBM will apply the zNALC basic license structure to the Sysplex and apply zNALC no-charge registration licenses to each of the individual servers that comprise the Sysplex. The no-charge registration licenses follow this structure:

Registration license structure

Registration license structure	MSUs	Pricing
Base zNALC	3 MSUs	\$0
Level 0 zNALC	4 – 45 MSUs	\$0/MSU
Level 1 zNALC	46 – 175 MSUs	\$0/MSU
Level 2 zNALC	176 – 315 MSUs	\$0/MSU
Level 3 zNALC	316 – 575 MSUs	\$0/MSU
Level 4 zNALC	576 – 875 MSUs	\$0/MSU
Level 5 zNALC	876 – 1315 MSUs	\$0/MSU
Level 6 zNALC	1316 – 1975 MSUs	\$0/MSU

Programs not eligible for zNALC charges

zNALC pricing applies only to the z/OS operating system. All other z/OS middleware programs will be priced according to WLC or EWLC, if applicable. In the event that WLC or EWLC pricing is not available for a particular z/OS middleware program, other applicable pricing metrics may be used.

Annual certification and compliance

IBM has established a certification process whereby customers must complete a form when they establish zNALC charges and which must be renewed each year to maintain zNALC charges. This form requires customers to certify that they meet all the requirements to be eligible for z/OS with zNALC charges. IBM may cancel zNALC charging if a customer fails to submit an annual self-certification form, among other reasons.

IBM has the right to audit servers with z/OS with zNALC charges to ensure compliance with all zNALC terms and conditions.

Applicable contracts

Software pricing for zNALC is subject to all applicable terms and conditions. For detailed terms and conditions, refer to:

- Attachment for zNALC License Charges on IBM System z™ (Z125-7454)
- Exhibit for zNALC License Charges on IBM System z (Z125-7455)
- zNALC Annual Eligibility Certification Form (Z125-7465)

Statement of general direction

In 2007, IBM intends:

- For z/OS.e Version 1 Release 8 to be the final release of the z/OS.e operating system. Previously announced marketing, ordering, support, and service for z/OS (5694-A01) remain unaffected.
- To allow ordering of z/OS.e V1.8 until the planned withdrawal from marketing in October 2007. In accordance with IBM program service policy, IBM intends to provide service for z/OS.e V1.8 until its planned end of service in September 2009.
- To continue marketing of the NALC pricing metric until fourth quarter 2007. After fourth quarter 2007, you cannot request NALC pricing for any OS/390 or z/OS license, but you may keep your existing z/OS licenses with NALC charges or OS/390 licenses with NALC charges.
- To replace both the z/OS.e operating system and the NALC pricing metric with the zNALC pricing metric, which is available on both IBM z/Architecture high-end and midrange systems.

All statements regarding IBM's plans, directions, and intent are subject to change or withdrawal without notice.

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Type and model

5694-A01

Affected programs

Software Offering (SWO)	Entitlement Entity (EE)	Description
5694-A01	S00T4FR	zNALC z/OS(R) Base
	S00T4FS	zNALC z/OS V1 Alternate Base
	S00T4FT	zNALC z/OS V1 BDT FTF
	S00T4FV	zNALC z/OS V1 BDT SNA NJE
	S00T4FW	zNALC z/OS V1 BookManager(R) Build
	S00T4FX	zNALC z/OS V1 C/C++ with Debug
	S00T4FZ	zNALC z/OS V1 C/C++ without Debug
	S00T4G0	zNALC z/OS V1 DFSMS dsshsm
	S00T4G1	zNALC z/OS V1 DFSMS rmm
	S00T4G2	zNALC z/OS V1 DFSMS dss
	S00T4G3	zNALC z/OS V1 DFSORT(TM)
	S00T4G4	zNALC z/OS V1 GDDM(R) - PGF
	S00T4G5	zNALC z/OS V1 GDDM-REXX
	S00T4G8	zNALC z/OS V1 Infoprint(R) Server
	S00T4G9	zNALC z/OS V1 JES3
	S00T4GB	zNALC z/OS V1 RMF(TM)
	S00T4GC	zNALC z/OS V1 SDSF
	S00T4GD	zNALC z/OS V1 SOMobjects(TM) ADE
	S00T4GF	zNALC z/OS V1 Security Server
	S010776	zNALC z/OS V1 DFSMStvs

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