

## z Systems New Application License Charges (zNALC)

z Systems 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 for z/OS, 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 z Systems 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.

For information about zNALC in a [Country Multiplex Pricing](#) environment, see the [CMLC and MzNALC](#) page.

### z Systems New Application License Charges Structure

(cumulative monthly pricing)

<b>Base zNALC</b>	3 MSUs
<b>Level 0</b>	4 - 45 MSUs
<b>Level 1</b>	46 - 175 MSUs
<b>Level 2</b>	176 - 315 MSUs
<b>Level 3</b>	316 - 575 MSUs
<b>Level 4</b>	576 - 875 MSUs
<b>Level 5</b>	876 - 1315 MSUs
<b>Level 6</b>	1316 - 1975 MSUs
<b>Level 7</b>	1976+ MSUs

Customers may choose to implement zNALC in one of two ways:

- Full-Capacity zNALC - charges are based on the full z Systems server capacity where each zNALC product executes
- Sub-Capacity zNALC - charges are based on the utilization of the LPAR or LPARs where a zNALC product executes

### Prerequisites, Restrictions, and Annual Certification Requirement

zNALC is available only on IBM z/Architecture servers (z14, z13, z13s, zEC12, zBC12, z196, z114, z10 EC, z10 BC, z9 EC, z9 BC, z990, z890, z900, z800, or later) running the z/OS (5650-ZOS or 5694-A01) operating system. z/OS middleware running on an IBM z/Architecture server which qualifies for Advanced Workload License Charges (AWLC), Advanced Entry Workload License Charges (AEWLC),

Workload License Charges (WLC), or Entry Workload License Charges (EWLC) must be priced AWLC/AEWLC/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 identify itself in one of two ways:

- By using the naming convention "ZNALxxxx" where xxxx may be any letters or numbers.
- By using the "LICENSE=ZNALC" IPL parameter. This IPL parameter is available on z/OS Version 1 Release 6 or later systems which have APAR OA20314 applied.

zNALC is not available on any server where OS/390 or z/OS.e is licensed or running, or on any server where the pricing metric for z/OS is NALC.

Sub-Capacity zNALC is not available on any LPARs where z/OS is running as a guest of z/VM unless z/OS APAR OA20314 was applied to the z/OS guest system before it was IPLed and SCRT V14.2.0 or higher is used to create the SCRT report.

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

The "zNALC Annual Eligibility Certification Form" is document number Z125-7465 / INTC-7465. Customers should request a new form annually from IBM Customer Fulfillment and submit it prior to their zNALC anniversary.

## **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 for z/OS, Domino, SAP, PeopleSoft, or Siebel. IBM has established the following three criteria to determine which applications are Qualified Applications, all three criteria must be met:

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 (i.e., 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 (e.g., application server) is running on a Distributed Platform.

**or**

c. It is a Java language business application running under WebSphere Application Server for z/OS (or equivalent on the z/OS platform). 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.

IBM will determine whether a particular program is a qualified application.

In the event you want to check if another application can qualify, see "How to Qualify Applications" below.

### **Examples of Qualified Applications**

You may already have an application that has been previously approved. This is a list of examples of approved Qualified Applications:

- DB2 for z/OS in support of SAP from SAP AG
- DB2 for z/OS in support of PeopleSoft from Oracle
- DB2 for z/OS in support of Siebel from Oracle
- Lotus Domino for z/OS
- BASE24-eps from ACI Worldwide

If you already have one of these applications, then just contact your IBM representative to see what your z Systems New Application License Charge (zNALC) charges for z/OS will be for that application. In the future additional applications, such as those above, may also be approved.

SAP is a trademark or registered trademark of SAP AG in Germany and in other countries.

Oracle, PeopleSoft, and Siebel are trademarks or registered trademarks of Oracle Corporation in the United States and in other countries.

BASE24-eps is a trademark or registered trademark of ACI Worldwide in the United States and in other countries.

### **How to Qualify Applications**

If your application is not on the above list (for example a Java language business application running under WebSphere Application Server for z/OS), then you will need to provide some information in order to get it qualified.

Please describe your application and submit it to IBM for review via your IBM sales representative or Business Partner. Specifically, in an email or on company letterhead please provide the following information:

1. Name of the application/workload and a short description of its business purpose
2. a) If the business application is commercially available from a vendor, please supply:
  - o Vendor name
  - o Application website
  - o Short description of the application, specifically is it:
    - a commercially available application that is supported on z/OS, UNIX, Microsoft Windows, and/or Linux, and is currently running on z/OS; or is it
    - a commercially available application running on z/OS, UNIX, Windows, and/or Linux that accesses data on z/OS (for example DB2 for z/OS over DRDA via TCP/IP connection)

- OR -

  - b) If the business application is developed in-house, please supply:
    - o What the business function implemented by this application is
    - o Whether the application is currently running on z/OS, otherwise where it is running now
    - o What application development tools were used (for example WebSphere Application Server for z/OS, or equivalent running on the z/OS platform)
    - o What application languages were used
  3. In all cases, confirm that the application (or the database server in support of the application) is running in a z/OS LPAR that contains only programs related to the proposed new workload.

Your IBM sales representative or Business Partner will contact you with the status of your application qualification and provide information about your z/OS pricing.

### **zNALC and Traditional Workloads on the Same Machine**

In a [Country Multiplex Pricing \(CMP\)](#) environment the MSUs on the Multiplex report for z/OS zNALC are billed as reported using the [MzNALC](#) price metric.

In a non-CMP environment, when z/OS is licensed for both zNALC and Traditional (non-zNALC) LPARs on the same machine, then under most circumstances IBM will not bill for more MSUs than the reported z/OS Peak (the highest simultaneous rolling 4 hour average of all z/OS LPARs). Here are the mechanics:

When Traditional MSUs + zNALC MSUs Equal the z/OS Peak MSUs:

- Traditional MSUs and zNALC MSUs are billed as reported on the SCRT Report, except that in no case will the Traditional nor zNALC MSUs be billed below the minimum of 3 MSUs.

When Traditional MSUs + zNALC MSUs Exceed the z/OS Peak MSUs:

- Traditional MSUs are billed as reported on the SCRT Report and zNALC MSUs will be reduced such that the sum of the Traditional MSUs plus the zNALC MSUs equals the z/OS Peak MSUs, except that in no case will the Traditional nor zNALC MSUs be billed below the minimum of 3 MSUs.

When Traditional MSUs + zNALC MSUs Exceed the Full Capacity MSUs of the Machine:

- If zNALC MSUs are reduced to the announced 3 MSU minimum, but the sum of the Traditional MSUs plus the zNALC MSUs still exceeds the full capacity MSUs of the machine, then the Traditional MSUs will be reduced such that the sum of the Traditional MSUs plus the 3 MSUs for zNALC equals the full capacity MSUs of the machine, except that in no case will the Traditional MSUs be billed below the minimum of 3 MSUs.

In a qualified parallel sysplex environment the 3 MSU minimum must be met across the aggregated sysplex. For example: 1 MSU on box1, 1 MSU on box2, and 1 MSU on box3; or perhaps 2 MSUs on box1, 1 MSU on box2, and 0 MSUs on box3, etc.

### **New Application License Charges (NALC)**

Prior to the announcement of zNALC there was another price metric called New Application License Charges (NALC). In the [zNALC announcement](#) IBM released a Statement of General Direction stating: IBM intends 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. The NALC price metric was [formally withdrawn from marketing](#) effective 31 March 2008.

The [z/OS V2 announcement](#) explains that z/OS V2 will only be offered with NALC pricing for customers using NALC for z/OS V1 who are using PSLC for their middleware programs. z/OS V2 customers using AWLC, WLC, AEWLC, or EWLC pricing for their middleware programs must migrate from NALC to zNALC pricing. All z/OS V1 customers using NALC pricing are encouraged to migrate to zNALC pricing to obtain the zNALC advantages such as sub-capacity pricing for z/OS with zNALC supported by the SCRT reports, lower prices above 45 MSUs, and aggregated pricing across qualified Parallel Sysplexes.

NALC remains available to z/OS V1 customers who acquired NALC prior to its withdrawal. NALC customers must dedicate an entire mainframe server to a qualifying e-business workload, such as WebSphere Application Server for z/OS or a qualifying enterprise application workload such as SAP or PeopleSoft. For a product with the NALC pricing metric, there is a single low price per MSU per product and software charges are based upon the capacity of the machine where the product executes. NALC is available to PSLC and WLC customers of z/OS V1. NALC provides lower price points for certain features of z/OS, OS/390 and Domino Version 5.

NALC is available on a dedicated e-business mainframe that participates in a Parallel Sysplex environment. While NALC-priced products are not eligible for aggregation, other non-NALC middleware on the NALC machine may aggregate with middleware across the Parallel Sysplex environment, if all terms are met. In the case that a machine is dedicated to e-business, and also Sub-Capacity Workload License Charges, then the billable z/OS V1 MSUs and/or Domino NALC MSUs will be based on the values that appear in the monthly Sub-Capacity Reports. This is the only time when IBM terms permit NALC MSUs to be less than full-machine-capacity.

For a list of NALC qualifying applications, please visit the [NALC section of the IBM z Systems Software Contracts website](#).

**With the introduction of zNALC pricing it is suggested that customers interested in running new workloads on the z Systems platform no longer rely on NALC or z/OS.e but rather upon zNALC to obtain reduced price points for environments with new workload applications.**

#### **zNALC News**

On 28 July 2015 IBM [announced](#) Country Multiplex Pricing (CMP) for z/OS and z/TPF. CMP is implemented using the Country Multiplex License Charges (CMLC) and Multiplex zNALC (MzNALC) price metrics.

On 10 July 2007 IBM made Sub-Capacity Reporting Tool (SCRT) Version 14 Release 1.0 available for [download](#). In order to take advantage of the new SCRT V14.1.0 support for z Systems New Application License Charges (zNALC) in an LPAR which does not use the ZNALxxxx naming convention customers must also have the BCP APAR OA20314 applied to their z/OS system prior to collecting SMF data. This APAR allows customers to use a "LICENSE=ZNALC" IPL parameter in place of the zNALC LPAR naming convention originally announced on 9 January.

On 9 January 2007, IBM [announced](#) z Systems New Application License Charges, a reduced price for the z/OS operating system on LPARs where customers are running a qualified 'new workload' application.