

On/Off Capacity on Demand (CoD)

On/Off Capacity on Demand (CoD) from IBM allows customer to enable and disable hardware engines to meet temporary peak business needs. On the z Systems platform, this hardware offering has been made available exclusively on supported z Systems servers. Charges related to both hardware and software are tied to the duration of the temporary enablement and the capacity enabled.

Daily On/Off Capacity on Demand (CoD) Software Charges for IPLA Software

IBM offers daily software charges for select products to complement our On/Off CoD server offering. In a z Systems environment, the daily On/Off CoD charges may apply to eligible products running on the z Systems server where customers activate the On/Off CoD server offering to enable temporary capacity above the permanent model of their server.

Daily On/Off CoD software charges apply to select z Systems software products licensed under the International Product License Agreement (IPLA). IPLA software generally describes a category of IBM software products with a license fee at the time of purchase and an annual maintenance charge, known as Subscription & Support.

When ordering a z Systems server with On/Off CoD capability, customers sign the "Attachment for IBM z Systems On/Off Capacity on Demand" (Z125-7883) which requires customers to provide IBM with a list of the program numbers and descriptions of the IPLA programs (and their parent programs, if applicable) which are licensed on that server.

For On/Off CoD on z Systems, software charges are calculated based upon the amount of temporary capacity (e.g. MSUs) and the duration the temporary capacity is available (in days). Here is an example:

- Amount of temporary capacity will be determined by evaluating the difference between the customer's permanent server capacity compared with the customer's (permanent + temporary) server capacity. For example, if a customer has a 6 engine zEC12-706 server (957 MSUs) and adds two engines, making it temporarily an 8 engine zEC12-708 server (1224 MSUs), the temporary capacity will be 1224 MSUs - 957 MSUs for a total of 267 MSUs.
- Duration will be judged in days, where a day is any contiguous 24-hour period. For example, an activation period that begins on September 15th at 1pm and lasts until September 16th at 3pm is 26 hours, which counts as 2 days in the context of On/Off CoD.
- Most software products with On/Off CoD charges have published prices in terms per "MSU-day" (though some z/VM products have On/Off CoD charges in terms per "Processor-day"). To determine the total number of MSU-days, multiply the amount of temporary capacity by the number of days. In the example, above, this would be 267 MSUs multiplied by 2 days for a total of 534 MSU-days.

As of the 27 April 2006 [announcement\(PDF, 85KB\)](#), customers who signed the "Attachment for Customer Initiated Upgrade and IBM eServer On/Off Capacity on Demand" (Z125-6611) and sign the "Amendment for On/Off CoD Software Charges" (Z125-7391) may apply excess entitled license capacity for individual products towards On/Off CoD events, thus potentially avoiding daily On/Off CoD software charges on those products. Customers who have signed the "Attachment for IBM z Systems On/Off

Capacity on Demand" (Z125-7883) are not required to also sign the "Amendment for On/Off CoD Software Charges" (Z125-7391).

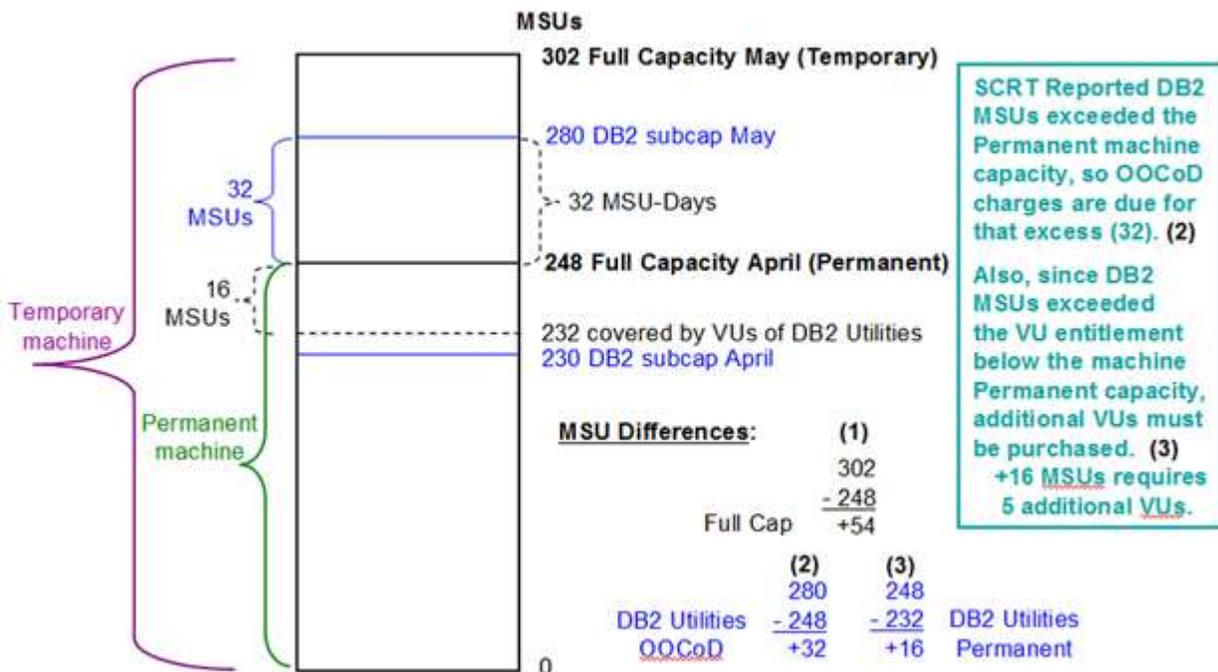
- For example, if a customer has installed one z9 BC capacity setting S04 (111 MSUs) and he wants to use On/Off CoD to add temporary capacity, he could temporarily upgrade to a z9 BC capacity setting T04 (124 MSUs). He plans to keep this temporary capacity installed for less than 24 hours, which would result in 13 MSU-days. The 13 MSU-days result is calculated by multiplying one day (one 24 hour period) times the amount of additional capacity (111 MSUs increasing to 124 MSUs).
- If a daily On/Off CoD eligible program such as WebSphere® Application Server executes on this server, the customer would previously have had to pay a daily On/Off CoD charge of 13 MSU-days for WebSphere Application Server. Now, under the new terms, if the customer has an excess entitled license capacity for WebSphere Application Server, and his total entitled license capacity is large enough to support a server with 124 MSUs, then he will not incur any On/Off CoD charges for WebSphere Application Server for this On/Off CoD event. Note: These calculations are done individually for each product since a machine may have multiple IPLA products for which the customer has excess entitlements while other products do not.
- Customers who are interested in taking advantage of these new terms must sign the "Amendment for On/Off CoD for Software Charges" (Z125-7391) or the "Attachment for IBM z Systems On/Off Capacity on Demand" (Z125-7883) as appropriate. Customers must explicitly request that IBM apply any excess entitlements, and they must inform IBM of any updates to their IPLA product(s) usage on all their machines. All requests must be sent by email to the appropriate [email contact address](#).
- Since the calculations of Daily On/Off CoD charges and determination of excess entitlements are done each month covering all On/Off CoD events which happened the previous month, excess IPLA entitlements will be taken into account in each subsequent month as long as they exist.

Customers may choose to have their IBM Business Partner perform the invoicing of Daily On/Off CoD charges instead of being invoiced directly by IBM. If the IBM Business Partner agrees to perform this invoicing, the customer and the IBM Business Partner must notify IBM of this arrangement by the end of the month during which On/Off CoD was used by sending an email to the appropriate [email contact address](#).

On/Off Capacity on Demand Impact on Sub-Capacity IPLA Software Charges

The On/Off CoD MSU-day charges for temporary use are only available for software use above the permanent server capacity. This offering does not alter the standard Sub-Capacity IPLA terms and conditions. Any software activity up to and including the permanent server capacity must be covered by standard Value Unit software licensing entitlement. The following example shows the software charges due for a sample OOCOD event in a sample Sub-Capacity IPLA scenario.

OOCoD event happens in May: 1 additional engine turned on for 1 Day
Machine is eligible for Sub-Capacity IPLA licensing



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On/Off Capacity on Demand Impact on Monthly Software Charges

The On/Off CoD Offering only encompasses hardware and IPLA software. In other words, it provides a daily fee for items which a customer would otherwise have had to purchase permanently. The On/Off CoD Offering does not offer any special terms for monthly license charge (MLC) software. Hence, MLC under OOCOD is considered "business as usual".

Here's an examination of the On/Off CoD impacts on the MLC metrics:

- **for Full Capacity MLC machines** - Under IBM's policy of "Full Month Billing" any changes to the full capacity rating of a machine from the 2nd day of month A through the 1st day of the following month B will be reflected in the invoiced charges for month B. So, for example, if a customer adds an On/Off CoD engine on March 12th for two days then March MLC is not affected, but April MLC is charged at (permanent capacity + one temporary engine) due to Full-Month Billing. If a customer adds an On/Off CoD engine on April 1st for 2 days then April MLC will be affected due to the additional engine present on April 1st, and also May MLC will be affected due to the additional engine present on April 2nd.
- **for Sub-Capacity MLC machines or machines with Usage License Charges or Select Application License Charges** - IBM business rules state that customers must collect required SMF records and send the required Sub-Capacity report by the deadline (monthly Sub-Capacity Report for Sub-Cap pricing and yearly IFAURP Report for ULC or SALC). There is no manual adjustment to the reports permitted if a temporary engine is added under On/Off CoD. Therefore, an On/Off CoD event that occurs in March may a) affect May's billing under Sub-Capacity pricing or b) affect next

year's billing under ULC or SALC -- assuming that the ULC or SALC reporting window is set to the calendar year.

On/Off CoD Software News

- On 24 April 2006, IBM [announced \(PDF, 85KB\)](#) an enhancement to the way On/Off Capacity on Demand software charges may be calculated for customers with excess IPLA product entitlements.
- On 13 January 2004, IBM [announced \(PDF, 24.5KB\)](#) Price Changes: IBM IPLA Software for On/Off Capacity on Demand.
- On 12 August 2003, IBM [announced \(PDF, 57.7KB\)](#) Daily On/Off Capacity on demand software charges for select IPLA products.