

# ANNEX BULLETIN

Annex Bulletin 2006-09

February 15, 2006

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## **IBM HARDWARE**

Updated 2/15/06, 1:30PM MST

### ***Analysis of IBM Product Announcements***

# pSeries Adds Muscle, Trims Prices

## ***POWER5+ Chips Extend Performance, Boost Price/Performance, Lower Prices***

SCOTTSDALE, Feb 15 - IBM pSeries folks let their actions do the talking, hoping the customers' finger will do the walking - to their check books. The Power5+ Valentine's Day love message to customers, big and small, was a set of announcements that added muscle to the midrange systems, drastically improved the price/performance across the product line with the new industry first "quad core" servers, and lowered the prices of entry systems.

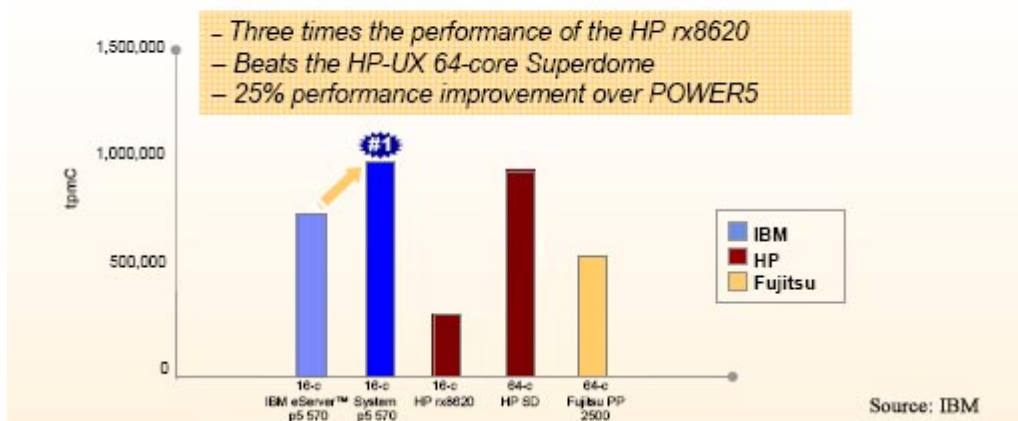
"With these new products, we have widened the competitive gap even further, deliver more computing power for the money for our clients and making it easier than ever to switch to IBM," said Karl Freund, vice

president, pSeries. In a teleconference with analysts, Freund added that the new pSeries products deliver "absolutely blazing performances, the best price/performance and just great prices."

In a (Unix) world that's dominated by benchmarks, Freund said the pSeries boasts the No. 1 record in 70 of them. The latest record-setting result was that of the new midrange product p5-570 that has surpassed the one million mark in a TPC-C (commercial applications) benchmark.

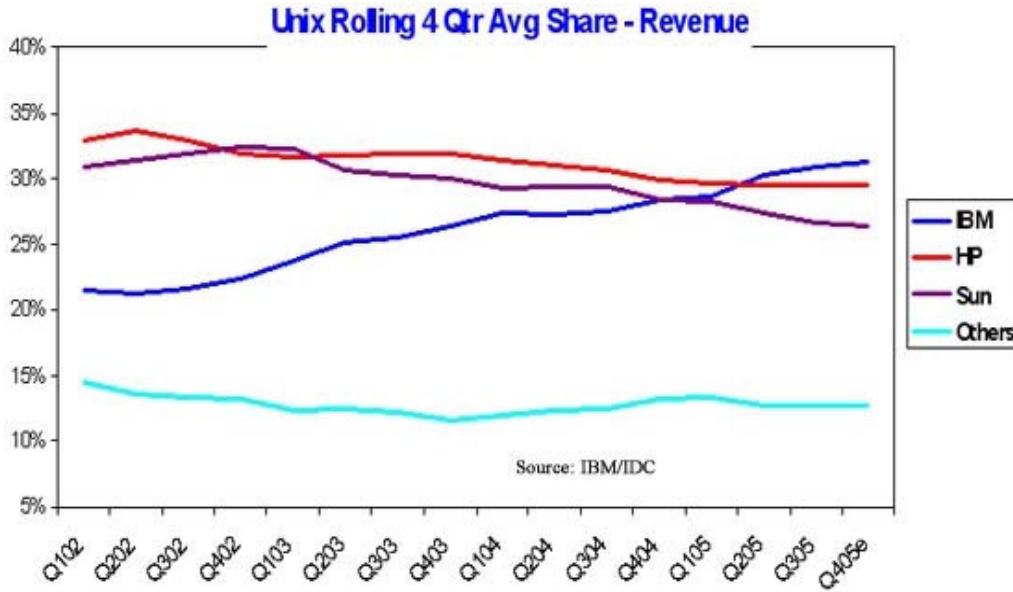
## p5-570 trumps its own hand!

**16-core tpmC results with the System p5 570 break the 1 mil mark\*!**

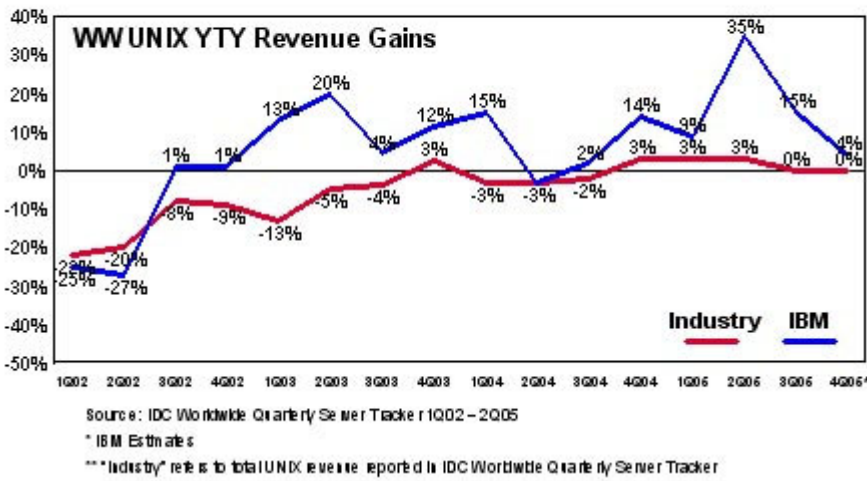


A 16-core System p5 570 with 2.2 GHz POWER 5+ outperformed a 64-core HP Superdome with Itanium2, IBM said (see the chart). And it bettered its own prior performance of a POWER5-driven 570 server by 25%.

Results such as these put the pSeries on top for the full year growth among all IBM servers (up 14% in 2005), as you saw in our "[IBM: Smaller Is Better](#)" (Jan 2006) report on IBM's fourth quarter results.



**IBM Performance vs. Industry**



In an industry segment (Unix) that's been basically flat-lining, the pSeries has managed eke out a double digit growth. Which means that 2005 will have been the fourth consecutive year of revenue market share gains for the IBM Unix servers (see the above chart).

"We've enjoyed very impressive growth, especially in the small and medium business segment," said Freund. And since SMB is key to IBM's overall growth, that means the the pSeries is an important contributor to Big Blue's strategic objectives.

The key to such success has been the "i" word - innovation. When the industry was struggling to extend its performance range with traditional

chips, IBM's pSeries developers came up with the "dual core" concept. Now that the competitors are starting to creep up with their own dual core technology, IBM is pioneering with the "quad core" approach. Which is setting a new high water mark for the competitors to try to reach.

The p5-550Q model, for example, has been "phenomenally successful" in its first quarter of shipments (4Q05), IBM said. "We anticipate a lot of demand for these quad core models," Freund said.

That's how a winning game is played in technology businesses... faster, denser, cheaper = better. We have a feeling the customers' fingers may be doing the walking to those check books as we write this.

*Happy bargain hunting!*


*Bob Djurdjevic*

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Volume XXII, Annex Bulletin 2006-09  
February 15, 2006

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