

ANNEX BULLETIN

Annex Bulletin 2007-29

August 2, 2007

An OPEN CLIENT edition

Recent... HEADLINES

[The Greening of Big Blue, Part 2](#) (IBM to save \$250M in mainframe consolidation)

[IBM Beats the Street](#) (Analysis of IBM 2Q07 business results)



INDUSTRY TRENDS



Updated 8/02/07, 7:30AM PDT

IBM Hoping for Global Warming of Its Customers to Energy Savings

The Greening of Big Blue, Part 2

IBM to Save \$250 Million Using 80% Less Energy in World's Largest Mainframe Server Consolidation

ATLANTA, Aug 2, 2007 - Last May, we told you about Big Blue going green on the back of a \$1 billion investment in energy saving hardware and software (see "[The Greening of Big Blue](#)," May 2007). Dubbed "Project Big Green," the IBM initiative targeted corporate datacenters, including its own, with a hope of achieving a 40% or higher reduction in energy consumption (click on thumbnail image to enlarge).



Well, IBM's latest greening announcement is likely to cause a flurry of veritable clichés... "Big Blue puts its money where its mouth is;" or "IBM practices what it preaches;" or "some cobblers' kids *don't* go barefoot;" or "IBM likes the taste of its own medicine;" or "Big Blue eats its own dog food" - a comment one analyst offered in the July 26 preannouncement briefing. But our favorite would be - "IBM leads by example."

Pick whichever cliché suits your taste and fancy, the fact is that Big Blue is deadly serious about "going green." And for very good business reasons.

"We expect to save \$250 million over five years in energy, software and system support costs," said Florence Hudson, IBM's vice president of System z (mainframe) marketing, in the July 26 teleconference about the world's largest server consolidation project in history.

IBM is planning to consolidate 3,900 servers (OS images) onto 30 mainframe. As a result, the company expects **IBM's Ongoing Consolidation** to save on energy usage by

IBM Metrics 1997 Today

Also check out...



[IBM Beats the Street](#) (Analysis of IBM 2Q07 business results)

[Adios, Microsoft Vista!](#) (How I Failed Twice in Trying to Scale Mt. Vista)

[Burning the Track - Firing on all cylinders](#), Accenture raises forecast [[Annex clients click here](#)]

[New Broom Sweeps Clean - Analysis of CSC's 4Q07 business results](#) [[Annex clients click here](#)]

[The Last of the \(PC\) Mohicans - Analysis of Dell's strategy changes; Linux, Wal-Mart](#)

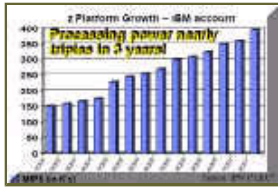
[BRIC by BRIC... to Top Line Growth - Echoes from IBM meeting for fin analysts](#) [[Annex clients click here](#)]

[Per Ardua Ad Astra - Analysis of HP's 2Q07 business results](#) [[Annex clients click here](#)]

[The Greening of Big Blue - IBM to spend \\$1 billion on "going green"](#)

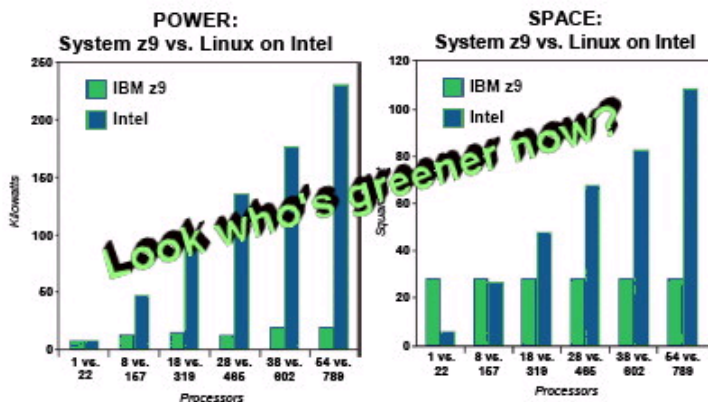
80%, and reduce the data center floor space by 85% for an overall cost savings of 40%, according to Hudson.

As as you can see from the IBM chart on the right, the latest move is a part of ongoing data center consolidations that have been going on for the last 10 years. The result has been phenomenal reductions in resources - human, material (energy, space) and financial.



The process was driven in part by enormous increases in demand for processing power. The 76 System z mainframes that IBM uses internally, for example, experienced a near tripling in installed MIPS capacity (a measure of data processing power on mainframes) in the last three years. And that's before the latest major consolidation phase, announced today.

Charts like the one above are clearly something that many large IBM customers can relate to, based on our discussions with IT executives around the world. And now they can also see that there is a light at the end of the tunnel; that the "mission impossible" their CEOs demand can be done. And that it can be achieved while saving money and resources. Which is why our favorite cliché was, "IBM leads by example."



The Linux on Intel servers selected in this example are functionally eligible servers considered for consolidation to a System z running at low utilization such that the composite utilization is approximately 5%. The utilization rate assumed for System z EC is 90%. This is for illustration only, actual power and space reductions, if any, will vary according to the actual servers selected for consolidation.

Source: IBM (7/25/07)

But some habits die hard, especially if the company gets to be known as Big Blue. The above IBM chart shows how much "greener" its mainframes are compared to the Intel-based servers' usage of energy and space. Yet in the original IBM design, the IBM bars were colored blue and Intel's were shown as green. So we switched them around, to fit in better with "The Greening of Big Blue" ... :-)

Happy bargain hunting!

Bob Djurdjevic

[Click here for PDF \(print\) version](#)

For additional Annex Research reports, check out... [Annex Bulletin Index](#)

[Are We in "Buyback Bubble?" - Analysis of corporate stock buyback trends](#)

[IBM: Lowering Center of Gravity - Highlights of Partnerworld 2007, with Detailed Reports for clients](#)

[Growth Accelerating - Analysis of Capgemini's 1Q07 business results \[Annex clients click here\]](#)

[To Buy \(back shares\) or Not to Buy? - Analysis of stock buybacks in corporate America](#)

[No Surprises in Good Opening Quarter - Analysis of IBM 1Q business results \[Annex clients click here\]](#)

[IBM Stock Still Grossly Undervalued \(A preview of IBM first quarter business results\)](#)

[Accenture Beats Forecasts, Again \(Analysis of Accenture's 2QFY07 results\)](#)

[HPS, Capgemini Tie for "Gold" - Results of Octathlon 2007 \[Annex clients click here\]](#)

[The Value of pi \(π\) - Analysis of IBM System p and System i market and product strategies](#)

[IBM Profit to Grow Faster Than Revenue - Update to 5-yr IBM forecast \[Annex clients click here\]](#)

[The \(T\)ides of March Sink Markets Again - Analysis of global economic & investment trends](#)

[IGS: Growth Slows, Profit Surges - Analysis of IGS 2006 business results](#)

[2007](#) (including all prior years' indexes)



Or just click on [SEARCH](#) and use "company or topic name" keywords.

Volume XXIII, Annex Bulletin 2007-29
August 2, 2007

Bob Djurdjevic, Editor
(c) Copyright 2007 by Annex Research, Inc. All rights reserved.
e-mail: annex@djurdjevic.com

8183 E Mountain Spring Rd, Scottsdale, Arizona 85255
Tel/Fax: +1-602-532-7789

The copyright-protected information contained in the ANNEX BULLETINS is part of the Comprehensive Market Service (CMS). It is intended for the exclusive use by those who have contracted for the entire CMS service.

[Home](#) | [Headlines](#) | [Annex Bulletins](#) | [Index 1993-2007](#) | [Special Reports](#) | [About Founder](#) | [Search](#)
| [Feedback](#) | [Clips](#) | [Activism](#) | [Client quotes](#) | [Speeches](#) | [Columns](#) | [Subscribe](#)

[\[Annex clients click here\]](#)

[HP: Toward New Highs?](#)
(Excerpts from analysis of HP's 1Q07 business results)
[\[Annex clients click here\]](#)

[Cappgemini Caps Great Year, Saves Best for Last](#) (Analysis of Cappgemini's fourth quarter business results)

[EDS: On Sunny Side of Street](#) (Analysis of EDS' fourth quarter business results)

[CSC: Where Less Seems More](#) (Analysis of CSC's third quarter fiscal 2007 business results)

[Fujitsu: Sales Up, Profit Down](#) (Analysis of Fujitsu's third quarter fiscal 2007 business results)

[IBM Shatters Records](#) (Analysis of IBM's fourth quarter business results)

[IBM Stock Passes Century Mark](#) (Analysis of Big Blue's Stock Performance)

[Happy Days Are Here Again](#) (Analysis of Top 20 IT leaders' latest stock market and business performances)

["Excellenture" Excels Again](#) (Analysis of Accenture's first quarter fiscal 2007 business results) [\[Annex clients click here\]](#)

[Hedging the Bets](#) (Analysis of latest institutional shareholdings of leading IT companies: IBM, HP, Accenture, EDS, CSC, BearingPoint, ACS, Perot) [\[Annex clients click here\]](#)

[Globalization Accelerates](#) (Analysis of United Nation's annual survey of global investments)