



What is BMC's M/F Survey telling us?

BMC has been doing mainframe surveys for the past 8 years. They deserve congratulations for the depth, quality and longevity of their data collection efforts. They completed the 2013 effort¹ with a total of 1184 global responses predominantly from a technical, professional and managerial audience. 60% of the respondents were from North America, 31% from Europe and the balance from Asia-Pacific. 62% of the companies represented had over \$1 billion in revenue. Industry respondents broke down into 45% financial and insurance, 20% government, 12% technology, and 23% other industries, a broad and representative sample by any measure.



BMC Software, Inc.
 2101 CityWest Blvd.
 Houston, Texas 77042
 713-918-8800
 800-841-2031

www.bmc.com

Survey Results

The survey seeks to answer key questions about the mainframe. After all, the mainframe is a bit of an oddity in the technology world. IBM announced the System/360 in 1964, 50 years ago. Other companies have been in the mainframe hardware business over the years, such as Amdahl, Fujitsu and Hitachi, but only IBM remains today. Let's examine some of the questions raised and answered in the current BMC survey.

A natural question is: what is the mainframe's future? This represents a key question in BMC's survey. The answer is interesting (and somewhat ambiguous). Here is the question asked: "What is your perception of the industry wide future of the mainframe?" Note that the respondent is being asked to comment on the "industry wide future of the mainframe".

Some 93% of the 2013 respondents believe the mainframe remains a long-term strategy for the industry as a whole. 50% believe the mainframe will attract new workloads. 43% believe it will continue as a legacy platform. Only 5% believe it has no future, while 2% have some other (unspecified) response.

	2012 Results	2013 Results
Mainframe will grow.	49%	50%
It continues as a legacy.	41%	43%
Mainframe has a future: Total	90%	93%
Not viable—users should think about leaving	6%	5%
Other	4%	2%

Table 1

Note: over 1,000 respondents in both 2012 and 2013 answered this question².

¹ http://go.bmc.com/forms/MCO_DMSDB2_MainframeSurveyResults_8thAnnual_BMCcom?emailsource=press.

You can see the demographics of the respondents in the BMC charts. All data are from the BMC charts.

² BMC told us that an analysis of the data shows no statistical difference between the 2012 and 2013 results.



This appears to be a ringing endorsement of the mainframe since over 90% of the respondents saw a future for the mainframe. However, combined with other results in the survey, a somewhat different picture emerges. For example, the table below addresses the question: Which of the following most closely describes the general purpose capacity outlook for your mainframe?

	2012	2013
MIPS Growth thru legacy +new Apps	32%	33%
MIPS growth thru Legacy	19%	17%
MIPS growth thru new Apps	9%	7%
MIPS installed remain steady	22%	23%
MIPS Installed decline	11%	13%
Mainframe will be eliminated	7%	7%

Table 2

Again, in both years over 1,000 respondents answered. These results show 20% (13% +7%) in 2013 (vs. 18% in 2012) believe that installed MIPS will decline and/or the mainframe will be eliminated.

Table 3 below describes the “general purpose capacity outlook for your mainframe.” It is broken down by small, medium and large installations³.

		2012	2013
Small	Growing	39%	38%
	Steady	34%	32%
	Declining/Eliminating	27%	30%
Medium	Growing	67%	59%
	Steady	15%	21%
	Declining/eliminating	18%	20%
Large	Growing	72%	76%
	Steady	17%	16%
	Declining ⁴	11%	8%

Table 3

These responses indicate that 30% of the small accounts and 20% of the medium accounts say that the MIPS currently installed are either declining or will be eliminated.

Unfortunately, we do not have any further breakdown of this data. The data that we do have shows the Declining/Eliminating category growing from 2012 to 2013 for both the small and

³ The definitions of small, medium and large are: small 1-1K MIPS, medium 1K-10K MIPS, large 10K MIPS or more.

⁴ BMC told me that no large customer was planning to eliminate their mainframe.



medium accounts. However, the change between the two years is not statistically significant; so we do not put any emphasis on this increase.

However, based on the data in table 2 we know that 7% of all respondents said that their mainframe will be eliminated. Since none of the large accounts saw their mainframe being eliminated, it is logical to assume that more than 7% of the other two categories say that their mainframe will be eliminated.

Finally, let's examine another piece of data. Table 4 below records answers to the question: What is your company's response to mainframe skill shortages or needs?

	2012	2013
Train internally	52%	52%
Hire Experienced external	41%	39%
Outsource	37%	36%
Automation	30%	29%
Migrate off the mainframe	23%	26%
Utilize more software tools	25%	25%

Table 4

Notice that again more than 1,000 responses were recorded in both years. We highlight a key takeaway that 26% in 2013 say that their response to a possible mainframe skills shortage is to move applications off the mainframe. This point increases in importance since there is a widespread belief that many mainframe skilled people will be retiring in the next several years and this will lead to a shortage of mainframe skills.

Analysis of results

Combining the data from several charts indicates that a sizeable number of small & medium sized mainframe accounts (30% of small and 20% of medium) either have a plan to leave the mainframe or their MIPS usage is declining, making it easier for them to leave the mainframe in the future. We need to say more about the declining usage category. BMC points out that some in this category have used BMC tools to reduce their MIPS usage. Such customers, whose MIPS are declining may still be good long term mainframe customers. There may be other reasons for a temporary MIPS decline, as well.

Nevertheless, we think that declining MIPS is not a good sign for the health of the mainframe. The overall data suggests that the long term position of the mainframe may be problematic. If many small and medium accounts are decreasing, not growing, then replacing and increasing the number of large mainframe accounts will be difficult. Over time there will be some attrition of the mainframes in the large accounts. M&A activity and the natural turnover of large companies will accomplish this even though none of the current large accounts plan to eliminate their mainframe.



Observations and Suggested Actions

Regaining a customer who has left the mainframe is very difficult. It is also true that it is far cheaper to keep a customer than it is to recruit a new one. Therefore, we suggest that the following actions would be appropriate for the mainframe industry as a whole.

- 1) Confirm the BMC survey results before going further. In particular, the reasons for the number of small and medium customers with declining MIPS usage needs to be understood.
- 2) Assuming that these results stand up, investigate the small and medium customers leaving the mainframe and those with declining MIPS usage. What is causing their departure? Is it a cost or pricing problem or something else?
- 3) With the reasons for the departure or the decline known, move on to identifying possible solutions for the departures/declines.
- 4) The final step is to identify customers who have left the mainframe and validate that the possible solutions would have caused them to change their plans regarding the mainframe.

The Final Word

We examined the results of BMC's survey of its mainframe accounts. We noted an apparent paradox. The respondents looking into the mainframe's future across industries were optimistic about its future. However, looking at mainframes in their own organizations, respondents were considerably less optimistic.

Looking deeper into the numbers, it is clear that there exists a clear split between large customers and small and medium customers. Mainframes in large accounts are growing. No large customer is planning to remove their mainframe. Small and medium customers appear far more likely to remove their mainframe or, to say their mainframe usage was declining.

Finally, we suggested some questions to research with small and medium customers to determine the reasons for their willingness to leave the mainframe behind with the intention of identifying what steps might be taken to keep them as mainframe customers.



Publication Date: February 21, 2014

This document is subject to copyright. No part of this publication may be reproduced by any method whatsoever without the prior written consent of Ptak Associates LLC.

To obtain reprint rights contact associates@ptakassociates.com

All trademarks are the property of their respective owners.

While every care has been taken during the preparation of this document to ensure accurate information, the publishers cannot accept responsibility for any errors or omissions. Hyperlinks included in this paper were available at publication time.

About Ptak Associates LLC

Our analysts cover a breadth of areas that are ideal to bring you the "Big picture" on new technology trends across the industry. Whether it's Cloud computing, Mobile (BYOD), the Internet of Things, DevOps, Big Data, IT Operational Analytics, Workload Optimized systems or other new trends, Ptak Associates analysts cover these trends with a unique perspective that is both deep and broad.

Our clients include both industry leaders and dynamic newcomers. We help IT organizations understand and prioritize their needs within the context of present and near-future IT trends, enabling them to use IT technology effectively in solving business problems. We help technology vendors refine their strategies, and provide them with both market insight and deliverables that communicate the business values of their products and services. We provide all clients with an understanding of how their competitors are playing in their market space, and deliver actionable recommendations.

www.ptakassociates.com