

IBM Alleviates a Problem by Buying Platform Solutions Inc.

John R. Phelps, Rakesh Kumar

IBM's acquisition of Platform Solutions Inc., a manufacturer of IBM-compatible mainframes, will end legal actions on patent and antitrust violations. But this won't resolve the lawsuit with PSI reseller T3 Technologies.

NEWS ANALYSIS

Event

On 2 July 2008, IBM announced that it had acquired Platform Solutions Inc. (PSI), a small, privately held company founded in 1999. PSI's technologies, intellectual property and employees will become part of the IBM System z business unit of the IBM Systems and Technology Group. Financial terms of the deal were not disclosed.

Analysis

Based on Intel Itanium 2 technology, PSI's System64 Server in theory provided IBM mainframe customers with an alternative for less-expensive hardware. PSI claimed the server was compatible with IBM z/OS, z/Linux and associated independent software vendor and customer applications. But IBM refused to license z/OS on the PSI system. In 2006, IBM sued PSI for alleged patent violations. PSI later countersued, claiming antitrust violations on IBM's part. PSI already had few large or well-known users and the litigation with IBM further helped to dissuade many organizations from adopting its offerings. Nevertheless, PSI established relationships with T3 Technologies, NEC and HP.

The acquisition has removed the threat of continuing litigation by PSI. Although it is unclear which way legal proceedings would have gone, this move has provided a more expedient and possibly a cheaper solution for IBM. A win by PSI would have benefited HP in particular, as it is the largest advocate of Itanium and would have been able to offer HP/UX, Linux, Windows and z/OS on the same system using Integrity Virtual Machine. IBM's move will prevent this potential scenario. However, Gartner expects T3 — which had filed suit in conjunction with the PSI suit — to continue its litigation, possibly through courts in the European Union, which have a history of championing anticompetitive suits.

IBM claims the purchase was motivated by its need to bring in new technology ideas to the System z development team. As IBM looks toward the coming world of virtualization in a heterogeneous environment, it will likely find value in technology that PSI has under development, especially in the area of virtualization of I/O across heterogeneous platforms. Gartner believes that IBM does not intend to promote Itanium mainframe systems, but could use PSI's engineering knowledge to develop a low-end Power-based mainframe offering.

RECOMMENDATIONS

- **Mainframe users:** If you are under budgetary constraints, look to the secondary market for IBM mainframes as an alternative for lower-cost hardware solutions.
- **PSI users:** Plan for the discontinuance of the Itanium mainframe system. Clarify what IBM's intentions are regarding support and maintenance, and push hard to secure the best terms if you migrate to System z.

RECOMMENDED READING

- "Platform Solutions' Mainframe Debut Is Noteworthy" — In 2005, Gartner said that PSI's mainframe solution looked promising, but needed to prove itself on several points to be competitive with IBM's zSeries. **By John Phelps, Mike Chuba and Dale Vecchio**

- "IBM's z9 BC: A 12-Month Report Card" — Despite successful product sales of the z9 Business Class, Gartner expects IBM to follow more aggressive strategies during the second year of the product cycle. **By John Phelps and Mike Chuba**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509