Renew with Confidence. Modernise with Purpose.

Why IBM renewals have become a resilience, optimisation and modernisation decision.

Introduction

When enterprises approach an IBM renewal today, they are no longer only reviewing support dates, licence quantities or commercial terms. They are testing whether the estate they have built is still resilient enough to support critical operations, transparent enough to govern properly, and efficient enough to justify future investment.

That is a materially different conversation from the one most organisations were having only a few years ago.

IBM and IDC research now frames contract decisions around resilience rather than administration. It notes that operational resiliency is a top priority for 76% of CIOs, links skills shortages to delayed releases[1] and lost revenue on a global scale, and cites an average data breach cost of US$4.45 million[2].

IDC also points to research showing that proactive and predictive support capabilities can reduce downtime by an average of 71 hours annually[3]. In practical terms, renewals sit at the point where cost, risk, uptime and governance all meet.

WHY THIS MATTERS

Most large IBM estates have expanded significantly in scope and complexity. Hybrid infrastructure, virtualisation, application sprawl, AI ambitions and growing regulatory expectations have changed the shape of the enterprise technology environment. Yet in many organisations, the commercial, licensing and governance controls around that estate have not matured at the same pace.

As a result, renewals often expose a wider problem: **the organisation may not fully know what it is using, what risk it is carrying, or where unnecessary cost is embedded.**

> In practical terms, renewals sit at the point where cost, risk, uptime and governance all meet.

76%

of CIOs see operational resilience as a top priority.

$4.45m

average cost of a data breach according to the IBM Security & Ponemon Institute report 2023.

71hrs

average annual reduction in downtime linked to proactive support.

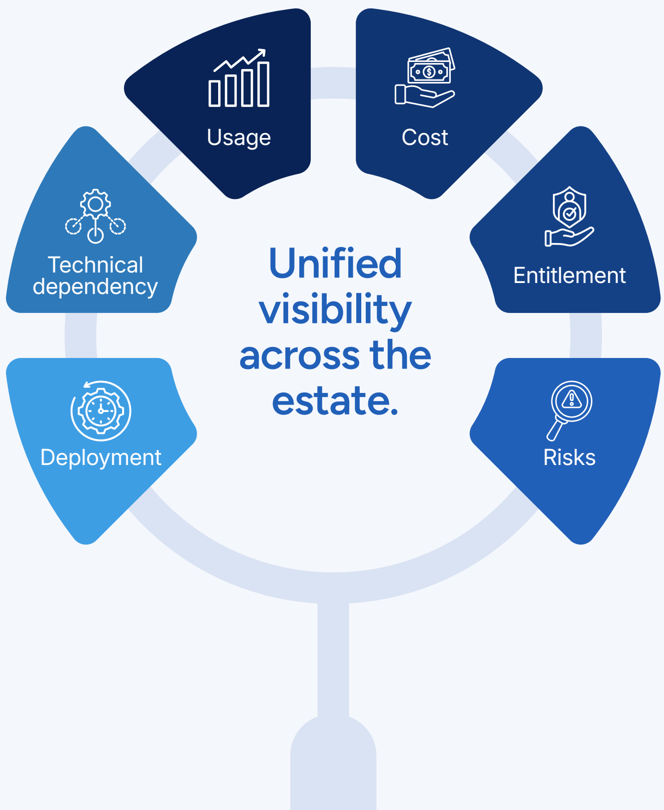
The Visibility to Value Approach

This paper introduces Bytes's visibility to value approach to IBM renewals.

Visibility means establishing a clear view of deployment, usage, entitlement, risk, cost and technical dependency. Value means using that insight to reduce exposure and optimise spend and governance whilst identifying modernisation opportunities aligned to long-term business objectives.

Bytes Software Services enables this transition by moving organisations away from fragmented renewal activity towards continuous lifecycle governance through Software Licence Reviews, IBM Licence Metric Tool (ILMT) oversight and managed IBM estate optimisation. This shifts the renewal conversation from what needs to be maintained to how the estate can be controlled and positioned to support future business priorities.

Continued Lifecycle Governance



Value realised

Value comes from seeing the estate together, not in silos.

- Reduced exposure
- Optimised spend
- Improved governance
- Better decisions

Renewals are a Resilience & Capability Decision

For many enterprises, IBM environments are woven into the operational fabric of the business. They sit behind integrations, data flows, middleware, analytics, observability and key business processes. They support front-office services, internal operations and regulated workloads. That level of dependency changes the purpose of renewals. A renewal is no longer only about maintaining entitlements; it is about safeguarding the business capabilities those entitlements enable.

IBM directly links the modern drive for digital transformation to a greater dependence on IT for front-office service delivery. As a result, outages increasingly disrupt customer and citizen-facing operations, and CIO offices face the strain of simultaneously managing resilience, regulation, security and resource constraints. At renewal, IT leaders must not only ask "What do we need to renew?", but also "What are we protecting? What are the risks? And what can this estate do for the future business?"

What do we need to renew?

What are we protecting?

What are the risks?

What can this estate do for the future business?

This shift is especially pronounced in highly regulated sectors, where downtime or weak governance can have immediate regulatory, operational and reputational repercussions.

The result is that large estate renewals have become a senior leadership issue.

Renewal discussions now involve CIOs, CTOs, IT and Procurement Leads. It is one of the few moments in the technology lifecycle when leadership should reassess cost, control, support, utilisation and future direction in a single decision window.

Done poorly, renewal locks in inefficiency. Done well, it creates the foundation for the next phase of modernisation.

The Cost of Approaching Renewals Without Optimisation

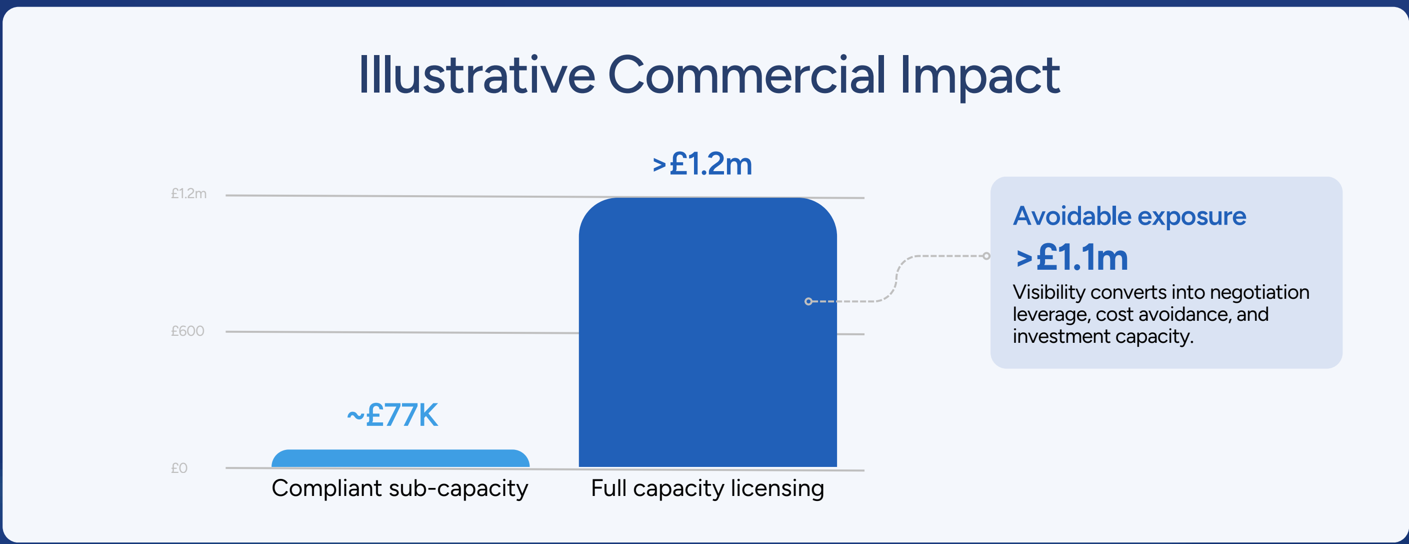
The most immediate consequence of an unoptimised IBM estate is financial exposure.

IBM's sub-capacity licensing model provides a clear illustration of this. When managed effectively through ILMT and associated governance controls, organisations can significantly reduce licensing costs. However, failure to maintain compliance with IBM's sub-capacity requirements can expose the organisation to full-capacity licensing claims.

THE COMMERCIAL IMPACT CAN BE SUBSTANTIAL

The cost differential is often significant. By way of illustration, under specific product, PVU and pricing assumptions, a single 64-core server may represent an annual cost increase from approximately **£77,000** under a compliant sub-capacity model to over **£1.2 million** under full-capacity licensing.

This represents avoidable financial exposure exceeding **£1.1 million.**



THE RISK GOES BEYOND LICENSING MODELS

In many estates, cost structures become misaligned with utilisation. IBM research describes cost savings as ***'in plain sight, yet out of reach'*** because optimisation efforts lack hard data and rely too heavily on instinct[4]. Without clear visibility across usage and entitlement, organisations tend to renew inherited positions in full, preserving cost rather than applying financial discipline.

This is where visibility to value becomes commercially actionable. Insight should convert into:

- Negotiation leverage
- Cost avoidance
- Investment capacity

By leveraging the renewal window, CFOs, CIOs and procurement can identify commercial inefficiencies before committing to the next term.

Cost, Visibility & Governance Pressure

Market pressures are intensifying the challenge. AI, SaaS and cloud consumption are driving rapid increases in technology spend, often with limited visibility and fragmented ownership across IT, finance and procurement teams.

Recent ITAM market research points to a widening visibility gap across software, SaaS, cloud and AI consumption. As organisations extend FinOps principles beyond cloud, they increasingly need shared data, accountability and governance across ITAM, finance and procurement. This fragmentation limits the ability to link cost to value and increases the risk of unmanaged growth.

As a result, **the alignment of IT asset management, FinOps and procurement is becoming critical,** combining shared data, accountability and governance to provide the visibility and control required to manage spend, reduce waste and make confident, value-driven decisions at enterprise scale.

> As highlighted by IBM, modern consumption models allow engineering teams to make real-time financial decisions, but finance teams struggle to maintain pace and control[5].

Why Bytes is Your Trusted Resilience Partner

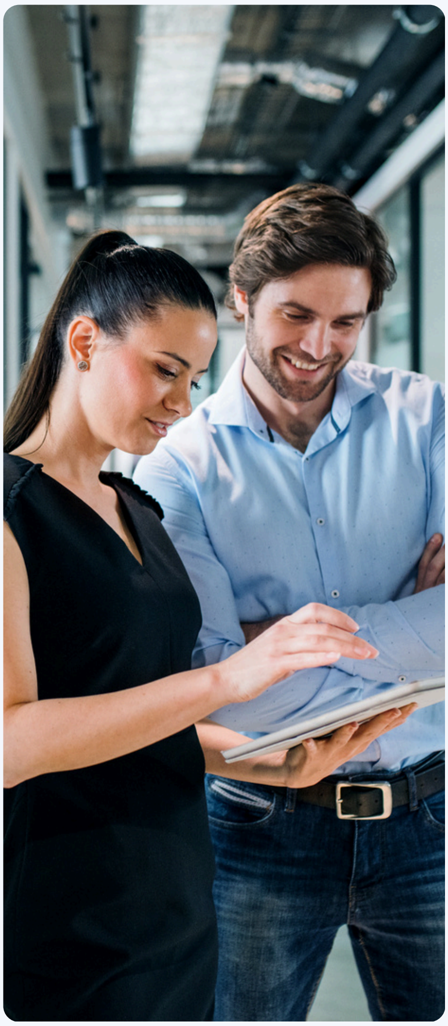
For IBM renewals, the challenge is not simply maintaining entitlement. It is about sustaining reliable operations, reducing risk and preserving the flexibility to modernise.

Bytes brings deep licensing, compliance and renewal-governance expertise aligned to the IBM portfolio, helping organisations bridge technical reality and commercial discipline by supporting:

- procurement teams with clearer understanding of why entitlement decisions matter to operations
- IT leaders with visibility of where licensing or support choices create downstream risk
- architecture and programming teams with insight into how today's renewal position affects tomorrow's modernisation options

With services built around control, auditability and optimisation, Bytes helps organisations treat renewals as part of a wider technology operating model - not just a contract event.

Bytes connects IBM licensing, compliance, operations and modernisation so renewal decisions are made with control, not guesswork.



The Bytes Managed Services

Enterprise organisations require more than transactional support for modernisation strategies. They need a partner capable of bridging technical complexity, commercial discipline and long-term strategic outcomes.

The Bytes approach is underpinned by a managed services model that embeds continuous oversight across the IBM estate. This includes Software Licence Reviews (SLRs), ILMT and sub-capacity compliance management, audit readiness, contract and entitlement analysis, licence governance and ongoing optimisation. The value is not simply producing reports. It is in creating a governed asset base that supports rational decision-making.

The ILMT-managed service is a particularly strong example, designed to help customers use IBM sub-capacity licensing correctly, safely and cost-effectively by deploying and operating ILMT in line with IBM's licensing rules.

This capability supports the wider managed service model. In enterprise terms, Bytes helps organisations maintain the controls needed to preserve cost advantage, reduce compliance exposure and improve audit readiness continuously rather than discovering issues at renewal.

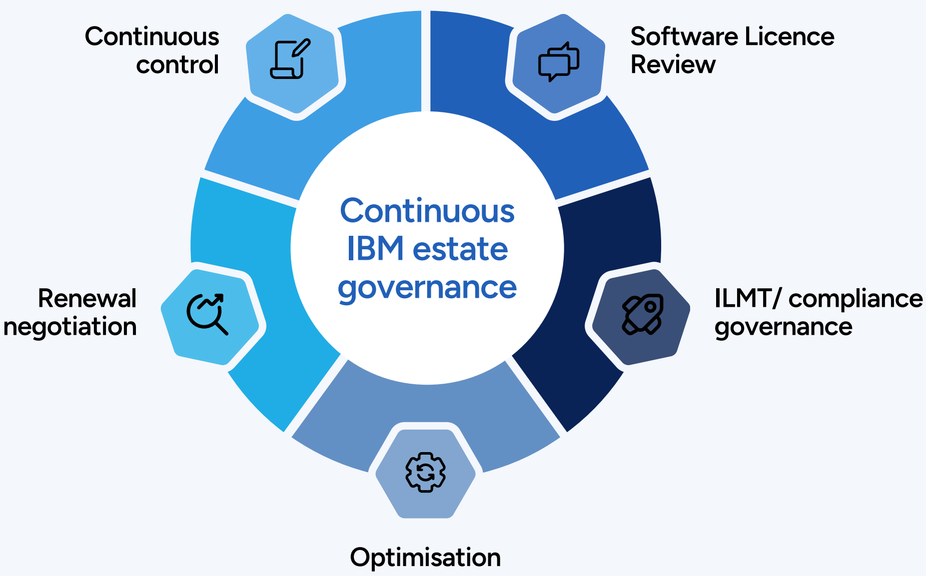
The same principle also frames the role of Bytes Software Licence Reviews. The value of an SLR is not that it produces another report. It re-establishes the baseline from which an enterprise can make rational decisions.

The Bytes managed services model creates a structured operational layer, turning the estate into a governed asset base.

An SLR helps answer your questions:

- Which IBM assets are deployed and in use.
- Where entitlements are misaligned to deployment.
- Where cost persists because workloads or platforms were never rationalised.
- Where compliance risks are rising.
- Where modernisation opportunities may exist.

The Bytes Managed Services Operating Model



Fragmentation, AI-enabled Complexity & Technical Debt

Fragmentation is the structural issue beneath cost exposure. Enterprise estates have expanded rapidly, often without matching governance or integration strategy. Research shows 86% of businesses grew their tech stacks substantially; 70% accumulated record levels of technical debt in the past year; and circa 50% invested heavily without an IT integration roadmap[6]. This creates a tangled operating environment across security, compliance, decision-making and competitiveness.

Enterprise estates rarely evolve in a controlled or linear manner. Acceleration through acquisition, rapid deployment cycles, cloud migration initiatives and decentralised decision-making introduces fragmentation across the estate. As a result, operational, financial, procurement and architectural views become misaligned.

THE IMPACT IS MATERIAL

Investigations show:

65% of organisations say IT complexity makes governance harder.

89% have experienced major disruptions due to technology issues.

69% of organisations have more disparate systems than two years ago.

80% believe their sprawling tech estate undercuts agility[7].

AI NEEDS A GOVERNED FOUNDATION

AI and automation increase the significance of this issue. AI-enabled transformation depends on trusted data, integration governance and resilient platforms. When licensing, support, data flows and operational dependencies are unclear, AI tools can increase complexity rather than reduce it. New AI and automation investments then sit on top of an estate that is already fragmented or commercially inefficient. This proves early intervention is necessary.

Technical complexity becomes technical debt. It slows delivery, delays remediation, increases security exposure and reduces confidence in change.

Assessing hybrid environments through a consistent governance lens enables technology leaders to determine whether future complexity can be supported.

How fragmentation can slow modernisation

Fragmentation
Acquisitions, cloud migration and decentralised decisions

Technical Debt
Unmatched governance and integration strategy

Risk
Security, compliance and operational disruption

Slower modernisation
Less confidence in AI, data and automation initiatives

Implications for Executive Leadership

Across large enterprises, the renewal cycle increasingly represents a convergence point for multiple leadership priorities.

These pressures are being intensified by broader market dynamics. Enterprise dependence on digital platforms continues to increase, while AI and automation initiatives introduce new complexity across data, integration and cost management.

However, the absence of trusted, unified visibility across the estate limits the ability to determine where value is being created, where risk is accumulating, and where modernisation can be funded through optimisation of existing investments.

CIO	Sustain service continuity while enabling transformation.
CFO	Ensure technology expenditure is controlled and aligned to value.
CTO	Rationalise complex architectures.
CISO	Confidence that operational dependencies and platform risks are understood.
Finance & Procurement	Clarity on licensing exposure and commercial risk.

USING RENEWAL TO REGAIN CONTROL

These renewal periods should be treated as an enterprise control point. They provide a defined opportunity to establish clarity across deployment, utilisation and entitlement, and align long-term strategic objectives. When approached in this way, renewals become a mechanism for improving control and enabling future transformation.

Proactivity Delivers an Opportunity for Modernisation

Bytes' managed services deliver a proactive approach through visibility, entitlement discipline and managed governance.

Organisations are no longer limited to asking how much needs to be renewed and by when, due to agile reporting. They can now ask which workloads are genuinely critical, which support choices align to actual risk and which can be supported by modernisation.

Maturity is no longer framed as a one-off project but as progression from adopting to scaling. Bytes understands enterprises only realise cloud and infrastructure value when they establish guardrails, common workflows and continuous control. Driving this analysis ahead of renewal periods shifts engagement from ad hoc management towards standardised governance.

Cloud value depends on:

- Guardrails
- Common workflows
- Continuous control

MANAGING INTEGRATION AND COMPLEXITY

IBM research supports the same conclusion from a different angle. It states that the benefits of new technology should outweigh the risks, but only when organisations adopt a clear approach to managing integration and complexity.[8]

It also states that enterprises need the right capabilities to:

- Integrate any data
- Improve observability and lineage
- Reduce effort spent rewriting pipelines
- Optimise cost and performance

CREATING THE CONDITIONS FOR MODERNISED VALUE

Bytes supports this change by creating the conditions in which IBM technology can deliver continuous, modernised value for organisations.

In practical terms that means:

- Driving renewal engagement to identify lifecycle issues early.
- Aligning managed services as outcome enablers.
- Redesigning processes for resilience and future innovation.

Establishing Control: Unlocking Modernisation Routes

Leading enterprises increasingly treat renewals as an opportunity to establish control and accelerate modernisation. **They do not wait until contract expiry.**

Baselining the estate early helps organisations form a clear position before commercial pressure increases. It also gives IT, procurement and finance teams the visibility they need to make renewal decisions based on evidence, not assumption.

Leading companies start the renewal process 12 to 24 months in advance to assess:

- What is deployed
- How it is used
- How it is licensed
- Where risk or waste is accumulating

VISIBILITY TO VALUE IN PRACTICE

This is where the visibility to value approach becomes practical. It realigns renewal from a reactive, contract-driven activity into a structured lifecycle review.

Bytes supports this early engagement through Software Licence Reviews and ongoing Managed Services, establishing a governed view of the estate and identifying where licensing positions or architectural constraints may restrict future change.

An early lifecycle review can reveal:

- Duplicated capabilities across IBM integration and data platforms.
- Misaligned entitlement.
- Workloads consuming more infrastructure than business value justifies.
- Areas where usage, support and business value are no longer aligned.

12-24 months in advance

Assess deployment usage, licensing and risk.

Baseline the estate

From a clear position before commercial pressure increases.

Lifecycle review

Identify constraints, duplication and misaligned entitlement.

Optimise and rationalise

Redirect investment towards core integration, data and AI-readiness.

3-5 year modernisation

Plan change with control.

Establishing clarity across entitlement, usage and reporting enables organisations to rationalise overlapping platforms, optimise infrastructure utilisation and redirect investment towards core integration, data and AI-readiness. **The outcome is greater control.**

The renewal moves from a one-off procurement event to a lifecycle checkpoint.

By adapting this discipline, organisations can align IBM integration platforms, such as API and middleware capabilities more effectively to business processes.

This creates a more coherent foundation for operational automation and future digital initiatives, while giving modernisation a clearer **three-to-five-year planning horizon.**

Conclusion

IBM renewals should now be treated as executive control points before they are treated as commercial events.

Estates are larger, more fragmented and harder to govern; technical debt is growing; and costs increase when usage, demand and entitlement are not actively managed. In this environment, renewals without optimisation carries material consequences: financial exposure becomes visible, compliance gaps become harder to defend, and modernisation becomes harder to justify.

Bytes provides a more controlled route. By establishing visibility, maintaining compliance, reducing audit and operational risk, and aligning technology decisions to long-term business objectives, Bytes helps organisations turn IBM renewal periods from a pressured contract event into a governed lifecycle checkpoint. The objective is not simply continuity - it is continuity with control, and a credible path from visibility to value.

SOURCES

1 IDC (2024) – IT Skills Shortage Expected to Impact 90% of Organizations by 2026, Costing $5.5 Trillion in Delays and Lost Business
2 IBM Security & Ponemon Institute (2023) – Cost of a Data Breach Report 2023
3 IDC (2023) – The Cost of Downtime in Datacenter Environments: Key Drivers and How Support Providers Can Help
4 IBM & Apptio (2024) – The CIO's Handbook for IT Cost Optimization
5 IBM & Apptio (2024) – FinOps: A New Approach to Cloud Financial Management
6 Software AG (2024) – Reality Check 2024 (survey of 1,500 IT leaders)
7 Software AG (2024) – 7 Numbers that Define the 'Chaos of Connectivity'
8 IBM Institute for Business Value (2023) – The Modern Integration Imperative

BYTES

Turn your IBM Renewal into a Strategic Advantage

Bytes can help you establish visibility, reduce risk and gain control of your IBM estate to unlock value before your next contract decision.

Contact us at tellmemore@bytes.co.uk

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