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We have the opportunity to save $9,200,000 over the next three years by investing in virtualization to consolidate server workloads. Virtualization gives physical servers the ability to host multiple virtual servers. In all, the number of physical servers needed would be cut by 72%. This would in turn reduce purchasing, hardware maintenance, software maintenance, technical support, power, and cooling costs.

Server virtualization is the division of a physical server into virtual servers to help maximize server resources. Physical servers only use about 10% of their optimal capacity. Virtualization gives physical servers the ability to host multiple virtual servers, allowing for the complete utilization of their server workloads. These virtual servers can exist independently on and operate just as physical servers. About 80% of our physical servers can be transformed into

virtual servers. Since ten physical servers are equivalent to one virtual server machine, the number of servers needed would be cut to 280 from 1,000.

The net benefit from investing in virtualization over a span of three years is $9,200,000. The total cost of purchasing and then maintaining virtual machine servers over a 3 year period would be $4,800,000. Adversely, the benefit from using virtual machines would be eliminating the $14,000,000 in purchasing and maintenance costs for physical servers over a three year period. Thus, the difference between the cost and benefit of virtualizing our servers on virtual machines is what we’ll save: $9,200,000.

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