|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefit | 1 | 3 | 3 | Total |
| Elimination of 1000 servers | $8,000,000 | 0 | 0 | $8,000,000 |
| Maintenance | $2,000,000 | $2,000,000 | $2,000,000 | $6,000,000 |
|  |  |  | Total benefit:  | $14,000,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Installing VM servers | 1 | 2 | 3 | Total |
| Install 80 VM server | $1,280,000 | 0 | 0 | 1,280,000 |
| 80 VM maintenance | $240,000 | $240,000 | $240,000 | $720,000 |
| Install 200 Normal Server | $1,600,000 | 0 | 0 | $1,600,000 |
| 200 normal server maintenance | $400,000 | $400,000 | $400,000 | $1,200,000 |
| Cost | $3,520,000 | $640,000 | $640,000 | Total Cost: $4,800,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net benefit 3 years | 1 | 2 | 3 | Total |
| Benefit | $10,000,000 | $2,00,000 | $2,00,000 | $14,000,000 |
| Cost | $3,520,000 | $640,000 | $640,000 | $4,800,000 |
| Net Benefit | $6,480,000 | $1,360,000 | Net Benefit: | $9,200,000 |

Virtualization and cloud computing

Our company can save $9,200,000 over 3 years with just one change. If we make the change from the servers we have now into virtual machines through VMware our company will be able to save millions of dollars. This change will consolidate many virtual machines to run on one server which will dramatically shrink the amount of servers we have right now.

If our company utilizes this VMware we can shrink the amount of servers we have from 1000 to 280. By using the VMware and creating virtual machines, 10 virtual machines will be able to run on 1 server. Server consolidation through VMware will help us benefit in many ways such as reducing hardware and operating costs, reducing the downtime by having a built-in disaster recovery, and Delivering IT services on demand. An example of how the change from the traditional server to virtual machine can benefit us is that, if we want to install a new server we do not need to order a new hardware but we can create a new virtual machine which will saves a lot of time for the company.

Marking the change from the traditional servers to virtual machines through VMware will cost us $4,800,000 in the first 3 years. The costs come from installing the 200 traditional servers, maintenance required for the 200 servers, install 80 virtual machines, and the maintenance fee for the 80 virtual machines. However, eliminating the 1000 servers and the maintenance fee for those servers will benefit us $14,000,000 over 3 years. In conclusion the company will net benefit $9,200,000 in the first three years the VMware is used.

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