

To: Mart Doyle

From: Dan Kovacs

Subject: Virtualization

Our rapidly expanding business needs to eliminate unnecessary costs, and the solution is virtualization. Virtualization is the idea of running of multiple applications on one server, which reduces physical server space and drops our costs significantly. By transferring a majority of our servers onto virtual machines by utilizing VMware, we would save millions of dollars in just three years.

The key capability that virtualization has to offer is that it allows the user to have multiple applications working on a single server. For example, no longer would we need to have an individual server just to run Windows XP for that one computer in the company that needs it. Instead, we would combine it with other applications onto one, which means that virtual servers can be moved to any of the physical servers. This eliminates the amount of downtime in the company by having this flexibility ("Server Virtualization and Consolidation Solutions"). These features to virtualization also lead to immense savings and an overall improvement to the company.

There are many reasons why investing in virtualization is beneficial to our company, with increased savings and reduced installation times being the top two. Provisioning new physical servers can take weeks from the initial ordering to the final set up, but by using virtual machines the total installation time is cut down by 70% ("Server Consolidation"). On top of that, the savings are massive. Over the course of three years the company will save \$9.2 million by transferring 80% of the physical servers to virtual ones. By making this simple switch to VMware, the company can stay on track and continue to grow at a rapid rate.

	Cost of Physical Servers (100%)	Cost of Virtual (80%) and Physical (20%) Servers	Savings
Year 1	\$10,000,000	\$3,520,000	\$6,480,000
Year 2	\$2,000,000	\$640,000	\$1,360,000
Year 3	\$2,000,000	\$640,000	\$1,360,000
Total	\$14,000,000	\$4,800,000	\$9,200,000

References

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