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## Flash Research Paper #2 – Virtualization and Cloud Computing

We must upgrade to virtualized servers to reduce costs and gain a net benefit of \$9,200,000 over a three-year period. VMware server virtualization can also greatly reduce physical space and number of servers while reducing TCO, operating and maintenance costs. Virtualization is a must if this company wants to rake in bigger profits.

Server virtualization can increase efficiency and improve server hardware utilization and decrease hardware costs. We can greatly reduce the number of servers from 1,000 to just 280 with VMware since we can consolidate 10 physical servers into 1 virtual machine server. Many of these servers are running few applications so consolidating multiple servers into one can efficiently use its system resources.

With VMware virtualization, we can gain a net benefit of \$9,200,000 over a three-year period. Less servers mean less TCO. With 1,000 servers it cost us \$14,000,000 over the last three years but with 280 servers, those costs come down to \$4,800,000 over a three-year period. The initial hardware purchase cost for these servers will also be lower. Rather than paying \$8,000,000 for 1,000 servers, that initial purchase price can be drastically reduced to only \$2,880,000, saving the company \$5,120,000 on the initial hardware investment on top of the annual benefits.

## **References**

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