

George J Raymond

Virtualization and Cloud Computing

Switching from traditional datacenters to VMware virtualization, our company has an opportunity to generate a 3-year net benefit of 9.2 million. VMware will increase operational efficiency by running multiple machines on a single physical machine. Increasing efficiency, we will increase profits by reducing operating expenses.

Server consolidation is proven to improve computing efficiency, lower power and cooling cost while at the same time eliminating hardware in the work areas. VMware enables 10 servers to run on one virtual machine server by transferring 800 standard servers to run 80 virtual machines offering us the highest efficiency for doing business. By using VMware, we will decrease the total number of servers from 1000 standard to 280 virtual machines improving operational effectiveness allowing us to hold a competitive advantage.

If we acquire the traditional datacenters, over a three-year period our cost for sever acquisition, maintenance and support will be \$14M. VMware allows us to consolidate our system for \$4.8M offering a net-benefit of \$9.2M by avoiding the \$14M cost for the traditional datacenter.

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Implement New VMware Data Server

Cost	Year 1	Year 2	Year 3	Total
200 Standard Servers	\$ 1,600,000			\$ 1,600,000
80 Virtual Machines	\$ 1,280,000			\$ 1,280,000
Maintenance VM	\$ 240,000	\$ 240,000	\$ 240,000	\$ 720,000
Maintenance Stnd.	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,200,000
Total Cost	\$ 3,520,000	\$ 640,000	\$ 640,000	\$ 4,800,000

Comparison	Year 1	Year 2	Year 3	Total
Standard Servers 1000	\$ 8,000,000			\$ 8,000,000
Stnd. Maintenance 1000	\$ 2,000,000	2000000	2000000	\$ 6,000,000
Total Cost	\$ 10,000,000	2000000	2000000	\$ 14,000,000
New VMware				
Total Cost	\$ 3,520,000	\$ 640,000	\$ 640,000	\$ 4,800,000
New VMware Benefits	\$ 6,480,000	\$ 1,360,000	\$ 1,360,000	\$ 9,200,000