Jacqueline Henry
Flash Paper 2

$9.2 million net benefit can be achieved over 3 years if the company invests in VMware Virtualization for our datacenter. Virtualization consolidates the amount of servers needed from 1,000 servers to 280, while saving on cooling and power costs.

The current datacenter has 1,000 servers that are being underutilized. ~~We could have 280 servers,~~ which saves us power and cooling costs if we switch to 80% VMware. With VMware virtualization, a single physical server is sliced into ten subset servers, allowing different applications and operating systems to be used at the same time. These subset servers are called virtual machines which act independently on the same physical hardware, fully utilizing the physical server. With one VMware server being able to host 10 virtual machines, it will save space and maximize utilization.

Over the 3 years of the implementation the cost of the VMware servers is $4.8 million which includes 3 years worth of maintenance and the initial cost of installation. There will be a net benefit of $9.2 million because there are less servers to maintenance over three years of implementation. Reinstalling the 1,000 servers would be expensive, the cost avoidance benefit is $14 million over three years.

Works Cited

Kleyman, Bill. "Virtualization – A Look to the Future." *Data Center Knowledge*. Penton, 15 May 2015. Web.

Onisick, Joe. "Data Center Virtualization." *Define The Cloud*. N.p., 6 Sept. 2010. Web.

"What Is Cloud Computing? A Beginner's Guide | Microsoft Azure." *A Beginner's Guide | Microsoft Azure*. Microsoft, n.d. Web.

Current	Year 1	Year2	Year 3	Total Cost
Server cost	$8,000,000	$0	$0	$8,000,000
Maitenance	$2,000,000	$2,000,000	$2,000,000	$6,000,000
Total	$10,000,000	$2,000,000	$2,000,000	$14,000,000

New	Year 1	Year 2	Year 3	Total Cost
VM Servers	$1,280,000	$0	$0	$1,280,000
Current 200	$1,600,000	$0	$0	$1,600,000
Maitenance VM	$240,000	$240,000	$240,000	$720,000
Maitenance Current	$400,000	$400,000	$400,000	$1,200,000
Total	$3,520,000	$640,000	$640,000	$4,800,000
Net Benefits	$6,480,000	$1,360,000	$1,360,000	$9,200,000