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Virtualization & Cloud Computing

Our company needs to invest in virtualization, which will reduce the number of servers and result in a net benefit of \$9,200,000. Virtualization consolidates servers because virtualization allows a single server to run 10 different servers. This improves efficiency and saves money for the company.

VMware will allow about 80% of our current servers to run as virtual machines. Virtual machines allow multiple applications to run on one single server. VMware consolidates 10 servers onto one machine; our company would reduce the number of servers from 1,000 to 280. Consolidation will reduce costs and the amount of maintenance. Virtualization maximizes every server and results in savings for our company.

Virtualization will result in a net benefit of \$9,200,000 over three years. The three-year cost of implementing virtualization is 4,800,000, which includes installation and maintenance. The total benefit over three years is 14,000,000 due to the reduction in the number of servers. Virtualization results in millions of savings and will improve our company.

Costs	Year 1	Year 2	Year 3	Total
New Vm Servers	1,280,000	0	0	1,280,000
Maintenance	240,000	240,000	240,000	720,000
Physical machines	1,600,000	0	0	1,600,000
Maintenance	400,000	400,000	400,000	1,200,000
Total Costs	3,520,000	640,000	640,000	4,800,000

Benefits	Year 1	Year 2	Year 3	Total
Cost of Physical Servers	8,000,000	0	0	8,000,000
Cost of Physical Server Maintenance	2,000,000	2,000,000	2,000,000	6,000,000
Total Benefits	10,000,000	2,000,000	2,000,000	14,000,000
	Year 1	Year 2	Year 3	Total
Net Benefits	6,480,000	1,360,000	1,360,000	9,200,000

Work Cited

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