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Flash Research Assignment: Virtualization and Cloud Computing

Our company can realize a net benefit of \$9.2 million by switching to an 80% cloud based data center using VMware. By implementing VMware, we can consolidate our current 1000 current physical servers to just 200 with an additional 80 virtual servers, saving us \$1.36 million annually.

Virtualization is the practice of using a virtual network to host data in a third party site, allowing people and organizations to store their information remotely. Additionally, this method of data storage would allow our company to consolidate 800 of our physical servers into 80 virtual ones, keeping just 200 physical servers as backup. By utilizing this technology, we would be able to reduce the amount of space and servers our datacenter takes up by 72%.

The upfront costs of this change would be just \$2.88 million, compared to the \$8 million our current datacenter has cost us. Additionally, we would be able to save \$1.36 million per year on maintenance due to the fact that we only need 280 servers instead of 1000. That's a savings of \$4.08 million over three years on just upkeep of machines. Couple that with the \$5.12 million we would save building the servers, and our company would see a net benefit of \$9.2 million over the next three years by investing in virtualization.

Works Referenced

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- "What Is Cloud Hosting? - Definition from Techopedia." *Techopedia.com*, Techopedia Inc., www.techopedia.com/definition/29018/cloud-hosting.
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