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Flash Paper 2

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**Flash Research Assignment:** Virtualization and Cloud Computing

If our company revises our server consolidation efforts by investing in virtualization of servers under VMware we can realize a three-year net benefit of $9,200,000. This will also decrease our on-site server space from 1000 servers to only 200 by converting 80% of our servers to virtual machines. This will allow us to see a yearly savings of $1,360,000 in just software maintenance cost.

VMware is a company that provides virtualization software which will allow us to have one server that can simultaneously run multiple operating systems. We can do this by installing VMware’s software on any of our workstations. For example, we can have up to ten on-site servers consolidated on one virtual machine. Switching to virtualization will enable our fast-growing company to reduce hardware cost by having one physical server run multiple virtual machines. Decreasing the number of physical servers will allow us to increase productivity by having fewer servers to maintain and manage.

To implement VMware’s software, the three-year total cost is $4,800,000 which includes cost of eighty virtual servers and twenty onsite servers and includes software, hardware, and maintenance. After we have purchased the servers we will only be paying a yearly maintenance fee of $640,000. Compared to our current server process which will cost us $14,000,000 for three years and a yearly maintenance cost of $2,000,000. We can realize a total three year net benefit of $9,200,000. It is evident that switching to virtualization will positively impact our financial statements.



References:

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