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MIS 2501

Flash Research #3, Virtualization

Our company stands to save 9.2 million dollars over the next three years by moving to server virtualization. The life cycle of our current servers is over. We can consolidate our current servers onto virtual servers to maximize the utilization of our hardware. The savings will be generated by maximizing our server utilization.

The place that our company will see the greatest savings in virtualization will be the improved efficiency of our server technology. Virtualization offers a much higher rate of utilization than does traditional server technology. Traditionally server utilization is only about 5%; virtual server utilization can be upwards of 80%. Virtual servers allow you to use multiple operating systems on one machine instead of just one on traditional servers, reducing the physical amount of machines that are required. We will see additional savings in power and cooling because we will have less hardware to power and cool.

The clear benefits of virtualization include reduced purchase costs and lower maintenance costs. We can cut the total amount of servers we require from 1000 to 280 by upgrading to virtual servers. The initial cost of these new servers is $16,000 as opposed to the $8,000 for the old ones. The cost of maintaining the new servers is $3000 a year while the old ones cost $2000. The cost of replacing all our servers with the technology we currently use would cost us eight million dollars, and two million more in maintenance just the first year, and another 2 million in upkeep each year after that. If we upgrade to virtual servers our first year cost of the hardware would be reduced to 2.88 million, and service on those servers would be reduced to $640,000 a year. The total cost of keeping the technology we have is $14 million over three years, as opposed to $4.8 million with virtualization. The total savings from this upgrade will be $9.2 million over a three year period.

Works cited

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