

We have the opportunity to save \$9,200,000 over a three-year span by virtualizing our data center. Virtualization can enhance our business by enhancing our hardware utilization from 5% to upwards of 80%. Virtualization will also reduce floor space, power consumption, and air conditioning costs due to the lower amount of physical servers.

Virtualizing 80% of our physical servers can be extremely beneficial in terms of consolidation. Consolidating ten physical servers onto one virtual machine server will allow the virtual server to run several different operating systems. VMware virtualization will lower our hardware requirements by a 15:1 ratio. This will lessen the environmental impact of our current data center. VMware increases the efficiency of server resources and reduces the use of CPU resources. Virtualization allows several applications to run on one server. This eliminates any applications from shutting down a server when upgrades need to be made. VMware will increase utilization of our current business.

In three years, virtualization will save our company \$9,200,000 from unnecessary costs. We can reduce the number of physical servers from 1,000 to 280, which allows us to reduce our floor space and other variable costs. This opportunity will also save us \$4,080,000 in maintenance costs at the end of three years. Virtualization offers a cost effective solution for our company to become more efficient and more profitable.

	Fixed Costs	3-year Maintenance Costs	3-Year Total Costs
Current State	\$8,000,000	\$6,000,000	\$14,000,000
Virtualized Data Center	\$2,880,000	\$1,920,000	\$4,800,000
<b>Net Benefit</b>	<b>\$5,120,000</b>	<b>\$4,080,000</b>	<b>\$9,200,000</b>

## References

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