There are five major needs of virtualization which are described below:

**1. ENHANCED PERFORMANCE-**  
Currently, the end user system i.e. PC is sufficiently powerful to fulfill all the basic computation requirements of the user, with various additional capabilities which are rarely used by the user. Most of their systems have sufficient resources which can host a virtual machine manager and can perform a virtual machine with acceptable performance so far.

**2. LIMITED USE OF HARDWARE AND SOFTWARE RESOURCES-**  
The limited use of the resources leads to under-utilization of hardware and software resources. As all the PCs of the user are sufficiently capable to fulfill their regular computational needs that’s why many of their computers are used often which can be used 24/7 continuously without any interruption. The efficiency of IT infrastructure could be increase by using these resources after hours for other purposes. This environment is possible to attain with the help of Virtualization.

**3. SHORTAGE OF SPACE-**  
The regular requirement for additional capacity, whether memory storage or compute power, leads data centers raise rapidly. Companies like Google, Microsoft and Amazon develop their infrastructure by building data centers as per their needs. Mostly, enterprises unable to pay to build any other data center to accommodate additional resource capacity. This heads to the diffusion of a technique which is known as server consolidation.

**4. ECO-FRIENDLY INITIATIVES-**  
At this time, corporations are actively seeking for various methods to minimize their expenditures on power which is consumed by their systems. Data centers are main power consumers and maintaining a data center operations needs a continuous power supply as well as a good amount of energy is needed to keep them cool for well-functioning. Therefore, server consolidation drops the power consumed and cooling impact by having a fall in number of servers. Virtualization can provide a sophisticated method of **server consolidation.**

**5. ADMINISTRATIVE COSTS-**  
Furthermore, the rise in demand for capacity surplus, that convert into more servers in a data center, accountable for a significant increase in administrative costs. Hardware monitoring, server setup and updates, defective hardware replacement, server resources monitoring, and backups are included in common system administration tasks. These are personnel-intensive operations. The administrative costs is increased as per the number of servers. Virtualization decreases number of required servers for a given workload, hence reduces the cost of administrative employees.

**DROWBACK OF PARA-VIRTUALIZATION -**

1. Any OS that is to be used on a Virtual machines has to be modified
2. Para-virtualization does not seem appealing to large vendors including Microsoft because of the need to change default configuration
3. The para-virtualization setup will not work if there is any update in version of the guest OS