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Project Two: Executive Summary

As ITCorp prepares to expand its horizons our server infrastructure should evolve along with it. Soft costs of our physical servers are costing ITCorp more than 12 times as much as its hard costs.

**Costs and Savings of Virtualization Upgrades**

Adjusted for increasing costs per year ITCorp will spend around $7.8 million maintaining its server infrastructure. Of that amount, slightly over $7.2 million will be spent on soft costs like machine administration from employees and backups. This number is high because of the amount of attention required from our physical servers; having more servers equates to spending more time administering them and creating backups. The amount of servers ITCorp has is too high compared to the utilization of the servers. Updating to newer servers will allow an increase in efficiency of hardware and provide highly reduced soft cost expenditures.

Our new virtualization plan cuts the amount of servers by 75%: going from 40 physical servers down to 10. We will also increase the utilization of hardware, moving from 65% usability to 90% on system-critical servers. While updating to new servers will be costly in the short term, leveling out at about $5.23 million, over the course of five years ITCorp will save slightly over $1.5 million, adjusted for increasing costs. This savings mainly comes from the reduced attention required from newer servers. Compared to the $7.2 million spent on soft costs for our current infrastructure our virtualization infrastructure will require only $303,160.

**Conclusion**

A large part of ITCorp’s expenditures of server infrastructure is from its soft costs. By updating to newer servers, ITCorp will save a projected $1.5 million over the course of five years. These servers require less attention from administration and will run more effectively, saving on power and manpower alike.