HostNickel Virtualization Cost/Benefit Analysis Executive Summary

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Brief Project Overview
- We currently own/operate 2000 physical servers in our data center, these servers are responsible for supporting various applications and services. In order to reduce annual costs and improve overall efficiency, I have suggested that we adapt our infrastructure to utilize virtualization. More specifically, I have suggested that we consolidate our total number of physical servers from 2000 to 200, which is a 10:1 consolidation ratio.

Calculations Summary
- I have crunched the numbers and prepared (5) year cost projections for both our current infrastructure configuration, as well as my proposed virtualized infrastructure configuration. The summary of these results is as follows:

  Current Infrastructure Costs
    - (5) Year Hard Costs Total: $25,548,488.52
    - (5) Year Soft Costs Total: $353,677,953.11
        - Total (5) Year Cost: $379,226,441.63

  Proposed Infrastructure Costs
    - (5) Year Hard Costs Total: $16,358,010.47
    - (5) Year Soft Costs Total: $231,935,613.37
        - Total (5) Year Cost: $248,293,623.84

  Total Cost Savings with Virtualized Implementation:
    - Total (5) Year Hard Costs Savings: $9,190,478.05
    - Total (5) Year Hard Costs Savings: $121,742,339.74
        - Total Overall (5) Year Savings: $130,932,817.79

Recommendation
- Based on the results of my (5) year cost projections, the answer is clear that we should move forward with this virtualization project. The overall annual cost savings incurred will allow us to dedicate more funds to other projects which can create sources of revenue for the organization. Additionally, the virtualized infrastructure will allow for more centralized administration and increased server hardware efficiency. With virtualization, we can ensure our extremely powerful and expensive servers are not only being used at less than half their maximum loads, as they currently are. Overall, I strongly recommend that we move forward with this virtualized infrastructure implementation.