

VMware ThinApp : Total Cost of Ownership FAQ

What is TCO?

TCO or Total Cost of Ownership, a concept developed and popularized by Gartner, is a methodology for analyzing IT or other enterprise costs. In the application management context, it is the total cost of packaging, maintaining, delivering, and supporting the enterprise applications over a defined period of time.

Why does TCO matter?

Every business, no matter what industry they are in, has a process for evaluating technology investment. TCO/ROI analysis gives the customers an estimate of *quantifiable business benefits* that can be expected from an investment.

Who uses TCO?

Anyone who wants to understand the cost structure of a specific environment/investment

For VMware ThinApp, the likely profiles of TCO users are:

- CIOs or IT Directors/Managers – looking for the lowest-cost IT solution to application management
- CFOs – to confirm that the most cost-effective application management solution is adopted

How do IT Users Utilize TCO?

- For creating a baseline line cost, that is often used as a benchmark to track actual costs
- For running “what-if scenarios” prior to implementation, to select the best possible route
- For understanding future costs estimates

What’s driving VMware ThinApp adoption?

Based on a IDC research commissioned by VMware, the following are the key drivers for VMware ThinApp adoption:

- Reducing enterprise application deployment costs
- Improving application delivery time.
- Streamlining application updates and patches without interrupting end users.
- Avoiding remediation efforts for core legacy applications
- Minimizing application test cycle
- Ensuring application compatibility with Windows 7
- Lowering support calls and user downtime

How does TCO/ROI analysis help me in the sales cycle?

A thorough understanding of VMware ThinApp TCO will allow you to connect with the decision makers, especially in the upper management, at a level that matters the most to them. These are

- 1) The quality of the investment
 - a. How much will it cost them
 - b. What kind of return is expected on their investment
 - c. When will they start seeing positive return
- 2) Strategic relevance
 - a. How does the investment compliment the strategic goals of the company

Being able to speak in business terms will also get you out of the lengthy tactical discussions and transactional deals, and make you a key contributor to the customers’ decision making process. With a TCO/ROI-based approach you can present the technological benefits of VMware ThinApp as financial and strategic incentives that are attractive to management.

VMware ThinApp TCO FAQ

How do I build a successful strategic business case?

The process of building a successful strategic business case starts with in-depth customer engagements. The goal of these interactions is to build a solid long-term relationship with the customer, identify the allies and develop internal champions, and leverage their influence to access senior management, and finally present the business case to upper management.

A successful strategic, value-based business case will:

- Increase the sense of urgency and convince the decision-makers that VMware ThinApp investment is a priority.
- Have business stakeholders as internal champions.
- Show a long-lasting, predictable, and positive business impact

To accomplish the above, the business case for VMware ThinApp also needs to:

- Be built on a trusted financial model
- Use standard industry terminology that everybody understands
- Use customer actual data and metrics
- Presented in an easy to understand format

Is there a separate standalone TCO/ROI calculator for VMware ThinApp?

We are currently in the process of developing a standalone TCO/ROI calculator for ThinApp. This will be available in Q2, 2010.

Is VMware TCO/ROI calculator credible?

The VMware TCO/ROI calculator was developed jointly by VMware and ex-Gartner TCO/ROI experts from Alinean, Inc. The Calculator uses a proven financial model, industry research, VMware field and customer data, and user-provided metrics to quantify and compare the savings, required investments, and business benefits of implementing VMware View and ThinApp solution.

The relationship with Alinean is significant because customers today are extremely conscious of cost and want to know they're making good investments. In some cases you will be asking companies to make a significant investment in a new technology and they will want to see proof points and numbers they can trust. In other cases you will be asking current customers to increase their spend with VMware and they will want to see the value you've already brought them.

Alinean has 15-years of experience in developing TCO/ROI and IT valuation tools. The principals created the TCO Manager and Analyst software for Gartner Group. They have exclusive partnership with IDC for research as well as research sharing and go-to-market relationships with Ziff Davis. So the models and the baseline data included in the model come from independent, reputable sources. During the TCO/ROI analysis process customers can see exactly how the models are built and can modify many of the values you're using to suit their specific business situation, so every cost element is transparent.

Bottom line is: The calculators and baseline data have been independently created and verified by a trusted source, so customers can trust the output, and you. The calculator was updated recently to incorporate the latest findings/research from IDC.

How do I use the ROI/TCO calculator?

We have developed several training modules on how to use the ROI/TCO calculator. Please check mylearn for the details on these modules.

What should I lead with – CapEx or OpEx?

VMware ThinApp TCO FAQ

You should lead with the Total Cost of Ownership which, by definition, includes both; It is important to discuss the CapEx and then move to OpEx. This is the area where we can clearly demonstrate the business value of VMware ThinApp.

Depending on your audience you may also include softer benefits such as business continuity, user productivity loss avoidance. This will appeal to the audience who is looking for the strategic benefits of VMware ThinApp.

What are the savings areas and percentages for VMware ThinApp?

On average, our customers have reported the following level of savings

| IT Tasks/Labor | Percentage savings |
|---|--------------------|
| Application Testing & Provisioning | 50% |
| Packaging and deploying applications | 78% |
| Patching, upgrading and supporting applications | 58% |
| Application-related helpdesk calls | 60% |

Per IDC report, ThinApp saves our customers an average of \$104 per year per user.

What value does ThinApp add to Windows 7 migration?

ThinApp helps our customers with their Windows 7 migration in the following areas:

- Compatibility with Windows 7 :
 - Virtualizing core applications with ThinApp ensures application compatibility with Windows 7
- Minimized business interruption:
 - Virtualizing core applications with ThinApp ensures application availability in windows 7 environment
- Application remediation and regression testing:
 - Virtualizing core applications with ThinApp enables customers to avoid application remediation or replacement costs for non-compatible packaged and custom applications.

Based on Gartner's cost of migration toolkit, our analysis shows that with ThinApp customers can migrate to Windows 7 40% faster compared to traditional migration methods. This approach helps customers significantly reduce their migration cost.

What exact activities are included in the OpEx for ThinApp? And how do customers measure these?

| Operational Expense considered for Application Management |
|--|
| Application Testing/Provisioning – This refers to time spent in ensuring compatibility of application through the test matrix across devices with varying form-factor, OS, drivers, and potentially conflicting applications. <i>Metrics:</i> Volume and time spent on <ul style="list-style-type: none">• Testing and packaging applications |
| Application remediation and regression tests – This refers to time spent in re-coding non-compliant applications (e.g. for Windows 7 migration), and regression testing. <i>Metrics:</i> Volume and/or time spent on <ul style="list-style-type: none">• Application development/re-coding• Regression testing |
| OS and Software deployment – This refers to installing core apps, AV, printer drivers, etc and business client applications such as Oracle apps, SAP or business analytics tools. It also involves the pre-work of deciding what apps a user needs, ex. OS, Service pack and deciding what the “approved applications” for a user or business unit are, and then the actual deployment. |

VMware ThinApp TCO FAQ

Metrics: Volume and time spent on

- Testing, packaging and deploying new software or operating system

Application Management – Once appropriate applications are selected for production use those applications need to be managed. This management includes software license management, patch management etc.

Metrics: Volume and time spent on

- Application updates (patches)
- Application upgrades
- Application de-installations
- Break-fix management of the operating system (including registry) and applications.

Service Desk (Tier 0/1) – This is the cost of X number of support FTEs divided by Y number of managed desktop PCs per year.

Metrics: Volume and time spent on

- Dispatched support (application related)
- Application conflict resolution

IT Administration – This represents the costs of miscellaneous IT administration. An example might be the costs associated with maintaining a helpdesk ticketing system.

Metrics: Volume and time spent on

- Procurement
- Asset management
- Software tracking
- License management
- Lease and lifecycle management