

VMware Cloud On AWS Reduces Operational Costs While Maintaining Compliance

Organizations with on-premises environments are migrating workloads to the cloud as they push to retire aging infrastructure, cut down maintenance costs, and enable their business to effectively scale with operations. However, adopting cloud infrastructure can be a long and expensive process as legacy applications can require significant reconfiguration, and existing IT teams may lack the skills required to work in new environments.

VMware Cloud on AWS is an integrated cloud offering jointly developed by AWS and VMware. VMware Cloud on AWS provides customers with a scalable solution to migrate and extend their on-premises vSphere-based environments to the public cloud.

Forrester Consulting previously conducted a Total Economic Impact™ (TEI) study to provide readers with a framework to evaluate the potential financial impact of VMware Cloud on AWS on their organizations.¹ To better understand the benefits, costs, and risks associated with the investment, Forrester interviewed five decision-makers at organizations using VMware Cloud on AWS.

After the original study, Forrester conducted additional interviews to highlight the experiences of representatives from additional organizations. The following highlights the experiences and benefits for an interviewee whose organization was not included in the original study.

For this spotlight, Forrester conducted an interview with the CEO of a technology services firm based in Europe. The organization has been using VMware Cloud on AWS since 2019. Prior to using VMware



Metric description

30-35% operational savings



Metric description

200-300 additional billable hours

Cloud on AWS, the company maintained its own on-premises infrastructure. The organization currently has one six-node cluster, which supports roughly 150 virtual machines (VMs).

INVESTMENT DRIVERS

The interviewees' organizations adopted VMware Cloud on AWS to:

- **Focus efforts on core business.** The organization aimed to redirect internal efforts from managing on-premises infrastructure to core business activities. The CEO explained: "For us, every minute, every hour is aimed to be billable. So, from an IT perspective, we want to operate as slim as possible because we do not want to waste time operating infrastructure."
- **Reduce infrastructure footprint for difficult-to-move workloads.** The organization moved as many applications as possible to software-as-a-service (SaaS) offerings, but still relied on some legacy applications that required infrastructure.



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The CEO explained: “Even if you try to get rid of as many applications as possible, there will always be some legacy stuff left. No matter what, we will always end up having some infrastructure. That was where [VMware Cloud on AWS] came into play, because we wanted to get rid of the data center piece.”

- **Attain benefits of cloud computing while adhering to strict regulatory guidelines.** The organization wished to decommission as much infrastructure as possible, but it had to maintain some legacy applications to meet regulatory guidelines. Therefore, the organization needed to find a way reduce the costs associated with operating legacy applications without violating regulations. The CEO detailed: “One of the challenges that we deal with is that we have very strict financial audits and compliance rules. They require that you have most of your IT systems up and ready until six or 10 years after the last tax declaration on that system.”

“With VMware Cloud on AWS, I have the clear advantage that VMware maintains my infrastructure, while — on the other side — AWS managed hardware and networking. I totally believe that VMware is very capable of managing its own applications, while AWS really knows what it is doing.”

CEO, technology services

KEY RESULTS

VMware Cloud on AWS enabled the interviewee’s organization to quickly migrate legacy applications off of on-premises infrastructure. The organization’s investment allowed it to:

- **Reduced overall operational costs by 30% to 35%.** After moving workloads to VMware Cloud on AWS, the technology services firm was able to

retire its on-premises infrastructure — eliminating hardware investments and internal maintenance costs. Additionally, when moving to VMware Cloud on AWS, the organization took advantage of more efficient hosts to streamline its infrastructure use and recognize additional savings. The CEO explained: “With the infrastructure we have at [VMware Cloud on AWS], the hosts are much bigger than what we had before for ourselves internally. We could easily reduce the number of hosts, and that, in the end, actually reduced overall costs then as well.”

- **Improved resiliency.** VMware Cloud on AWS improved the organization’s resiliency and disaster preparedness without any additional cost. The CEO explained: “When we were on-premises, we never had a second data center. What we did with [VMware Cloud on AWS] is position it in a two data center setup — so even if one fails, we still have the other up and running.”
- **Recognized an additional 200 to 300 billable hours of revenue.** Prior to its investment in VMware Cloud on AWS, the organization had internal resources performing patching, upgrades, and maintenance of its on-premises infrastructure. With VMware Cloud on AWS, the organization no longer needed to perform these tasks, and it redirected the highly skilled resources to billable, external client work.
- **Maintained compliance.** The organization wanted to reduce costs associated with maintaining legacy applications, but it also needed to adhere to financial guidelines. VMware Cloud on AWS allowed the organization to eliminate physical infrastructure and reduce operating costs while maintaining legacy systems in a state that met compliance rules. Moving to VMware Cloud on AWS also allowed the organization to quickly eliminate unnecessary systems once it was allowed to do so. The CEO

explained: “Moving into cloud native or something completely different would have been much more effort for us than just maintaining a VMware stack, and we will get rid of certain systems as soon as we can. VMware Cloud on AWS is the cleanest and safest way to move out of the data center.”

- **Facilitated future growth and business decisions.** The CEO highlighted that being on VMware Cloud on AWS positioned their technology services organization to grow in the future without having to worry about the physical constraints of a data center or sourcing necessary hardware. The CEO stated: “For us, it makes future growth easier because we don’t have to worry about any kind of space from a data center perspective. We also don’t have to worry about hardware availability or anything else, which has become a major issue in the last two years. If we were to do an acquisition of another company, we can easily integrate it into our infrastructure by just adding more hosts. We could more or less just get more hosts in VMC, migrate its workloads over and close its data center. This also allows us to move if we decided to change where our business was located, instead of making reinvestments in hardware in a new location.”

“I don’t have many sleepless nights anymore as a company owner because I do not have to worry about everybody installing the latest patches on the VMware stack.”

CEO, technology services

TOTAL ECONOMIC IMPACT ANALYSIS

For more information, download the full study: “The Total Economic Impact™ Of VMware Cloud On AWS,” a commissioned study conducted by Forrester Consulting on behalf of VMware, October 2022.

STUDY FINDINGS

Forrester interviewed five representatives at organizations with experience using VMware Cloud on AWS and combined the results into a three-year composite organization financial analysis. Risk-adjusted present value (PV) quantified benefits for the composite organization include:

- Avoided application redesign, saving \$1 million.
- Reduced labor hours for infrastructure operations by 50%.
- Saved time and money with 50% less downtime.



Return on investment (ROI)
99%



Net present value (NPV)
\$4.04M

Appendix A: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by VMware and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in VMware Cloud on AWS.
- VMware reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning.
- VMware provided the customer names for the interview(s) but did not participate in the interviews.

ABOUT TEI

Total Economic Impact™ (TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility.

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