

VMware Cloud On AWS Enables IT Organizations To Focus On Core Business Applications

Many businesses are seeking to decommission on-premises environments and avoid the expensive systems maintenance, hardware refreshes, real estate, and energy costs that come with them. However, there are significant barriers to making this transition including business disruptions, application rearchitecture, and the need to hire and train for new skills.

VMware Cloud on Amazon Web Services (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 this investment, Forrester interviewed several customers using VMware Cloud on AWS.

In addition to the original four customers interviewed, Forrester has conducted more interviews with customers to highlight their experiences. The following highlights the experience and benefits of a customer not included in the original study.

“The time it would take, amount of change required, and amount of new skills required, all of that [was] in favor of VMware Cloud.”

Senior managing director, security and technology services



Reallocation of annual IT spend that had gone toward the physical data center
10%



Reduction in application incidents
50%

For this spotlight, Forrester conducted an interview with a decision-maker at a regional bank headquartered in the US with more than 2,000 employees and more than \$1 billion in annual revenue. The organization maintained two physical data centers that supported 350 applications and 500 virtual machines (VMs) prior to adopting VMware Cloud on AWS.

INVESTMENT DRIVERS

The regional bank faced several challenges that prompted its investment in VMware Cloud on AWS:

- **Streamlining infrastructure management.** Prior to investing in VMware on AWS, the organization maintained two on-premises data centers. It aimed to eliminate its physical footprint and the costs associated with maintaining it: tooling, patching, upgrades, hardware refreshes, and configuration change management.



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The senior managing director of security and technology services explained, “[We hoped] to move closer to the applications, managing the configuration of applications and monitoring applications rather than the infrastructure.”

- **Enabling the creation of technology that furthers business development.** The financial services firm sought to develop and grow through additional capabilities that could only be built in a modern environment. IT resources were dedicated to managing physical infrastructure that could not rapidly scale with changing organizational needs.

“We needed the enabler of a solid foundation to deploy all those additional capabilities. We have to have the trust in the infrastructure stability and the operation as well as the ability for it to scale more easily as opposed to having to roll more physical racks in our data center.”

Senior managing director, security and technology services

KEY RESULTS

VMware on AWS enabled the organization to move from on-premises software-defined data centers (SDDCs) to the cloud quickly and efficiently with minimal business disruptions. Since completing this migration, the interviewee has:

- **Retired on-premises data centers and reallocated 10% of annual IT budget.** Prior to retiring its on-premises SDDCs, the organization worked with contractors and a managed services provider to run its data centers. By moving to the cloud, it saves hundreds of thousands of dollars on power, cooling, and upkeep, which accounted for 10% of the organization’s technology budget. The organization reallocates these savings to

digital services offerings that drive business growth and improve customer experience.

- **Enabled business transformation.** Instead of managing infrastructure, the organization administers the configuration and monitoring applications to further business development. Moving to the cloud also facilitates the creation of purely digital services like a conversation AI for its contact center — an investment that requires reliable infrastructure that will scale easily.

The interviewee detailed, “We use [VMware on AWS] as a solid foundation for further business development and investment in technology that is closer to the business.”

“We can do more changes, faster and with less business disruption. The number of changes we’ve done in the environment has doubled. ... The number of requests has doubled as well, which is another indicator of business demands. I’m asking more from IT. That’s more demand, but we haven’t increased the staff.”

Senior managing director, security and technology services

- **Refocused IT resources and improved application stability and business resilience.** IT resources no longer manage infrastructure and can focus on application stability and change requests. This results in better application performance and fewer incidents. Furthermore, the organization processes two times more change requests with the same headcount.

The interviewee explained: “[The team is] more focused on application stability than infrastructure stability, and the number of incidents has gone down significantly in the past year.”

- **Avoided consulting services cost and business disruption for application redesign.**

The organization completed its cloud migration in one year with minimal business disruption by using VMware Cloud on AWS. The interviewee from the financial services organization estimates that without VMware Cloud on AWS, this process would have taken twice the time to implement at double the cost in professional services. This in turn would have increased consulting services costs by more than \$1 million.

- **Reduced its risk profile.** The organization has redeployed some resources from infrastructure management to critical tasks such as testing for and patching vulnerabilities, which it did not always have bandwidth to complete with its existing headcount. After migration, the organization had the capacity to reduce the average number of unpatched vulnerabilities from 10% to 5%. The interviewee explained: “We’ve seen the results in our external penetration testing. With the last annual test, we improved significantly and had no critical findings.”

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, August 2019.

STUDY FINDINGS

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

- Avoided application redesign, saving \$2.7M.
- Reduced labor hours for operations, saving \$1.2M.
- Reduction in data center operating costs, totaling \$1.4M.



Return on investment (ROI)
108%



Net present value (NPV)
\$4.5 million

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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