VMware Cloud On AWS Enables Cloud-Native Capabilities Without Increasing IT Budget

Cloud computing is an attractive strategy for many organizations maintaining legacy on-premises environments. They can eliminate costs associated with maintenance and management of hardware, improve organizational flexibility and responsiveness, and support new business initiatives. However, for many, attaining a true cloud deployment proves too costly and time-consuming due to required application rearchitecture and new skill sets.

VMware Cloud on AWS is an integrated cloud offering jointly developed by AWS and VMware, and it provides organizations with a scalable solution to migrate and extend their on-premises environments to the public cloud while mitigating migration challenges.

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 four decision-makers at organizations using VMWare Cloud on AWS.

> **"A transformational migration to VMware on AWS with our server workloads has allowed us to free ourselves from the constraints and delays of data center computing and has allowed us to focus on value added business capabilities."**
>
> *IT director, GuideOne*
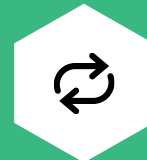
Reduction in on-premises footprint and power consumption
40%

Avoided QA during migration
10 hours per server

In addition to the original interviews, Forrester conducted more interviews to highlight the experiences of additional organizations. The following highlights the experiences and benefits for an organization that was not included in the original study.

For this spotlight, Forrester conducted interviews with decision-makers at GuideOne, an insurance firm in the United States with over 600 employees and more than $500 million in annual revenue. The organization maintains an environment of 16 ESXi hosts and 800 virtual machines (VMs).

INVESTMENT DRIVERS

The interviewees' organization faced several challenges that prompted its investment in VMware Cloud on AWS:

- **It did not want to be in the hardware business.** Prior to investing in VMware on AWS, the organization supported workloads with on-

READ THE FULL STUDY →

premises hardware. The organization wanted to move to the cloud in order to avoid the headaches and costs associated with managing its on-premises deployment, and a larger portion of storage and server units coming up for renewal prompted an analysis of alternatives. The IT director explained: "We were trying to get out of the hardware business. Every CIO handbook says you have to go cloud-native in order to get the right mix of expense and capability."

- **It wanted to limit the risk profile of a migration.** The organization wanted the cost and capability benefits of cloud computing, but it wanted to minimize the likelihood of outages, delays, and cost overruns that could occur when migrating legacy workloads to the public cloud. The CTO detailed: "One key component to the decision-making was to limit our risk profile by staying within the VM hemisphere. We had worked over the year to go to 99% virtualized. We already had that foundation, we already had the skill sets, and we had already crossed all of the hurdles to get our environment and our compute and storage running virtually."

> **"[VMware on AWS] is a quick way of getting into the cloud. You don't have to do as much QA when it comes to switching over the workloads because you are doing it at the hypervisor level, and you're really only worried about performance and latency."**
>
> *IT director, GuideOne*

KEY RESULTS

VMware Cloud on AWS enabled the organization to completely migrate its on-premises virtualized server workloads in 90 days with minimal disruptions. Since completing the migration the organization has:

- **Eliminated 40% of its data-center footprint and reduced power costs.** By moving workloads to the cloud, the organization eliminated the need for on-premises infrastructure in its colocation center. Along with discontinuing upkeep of hardware, the organization saved $6,343 a month in power costs. The IT director explained: "We reduced power and square footage from our colocation. But ultimately, when we went into this, it wasn't to save money. It was about flattening our costs while improving capabilities. We reduced the risk of having our own data center, even if it was [collocated] — which was not something we wanted to manage or deal with the hardware and software refresh cycle."

- **Reallocated resources to strategic IT initiatives.** The organization's VMware Cloud on AWS deployment requires less management than its prior on-premises environment. The organization used this opportunity to reassign infrastructure management resources to its security operations team. The IT director stated: "The focus of managing cloud infrastructure is far reduced, especially when it comes to all the security patching that needs to go on. That has allowed us to pivot a majority of the resources that we once had in infrastructure handling basic maintenance to our security operations team in order to respond to the growing needs there."

- **Invested in its own employees and avoided costs of recruiting cloud-native skills.** Prior to deploying VMware on AWS, the organization already possessed extensive VMware skills. However, its IT team lacked the public cloud skills required to refactor workloads for a public cloud platform. With VMware on AWS, the team could use existing skills and utilize reduced infrastructure management time to train for future cloud-native initiatives. The CTO explained: "VMware on AWS has allowed us to invest in our own employees and give them the ability to not

have to jump in with both feet to learn the cloud. It's definitely given us a longer runway for us to build up the skill sets we need to be a more cloud-native company. We already have three or four individuals now with AWS certification, and it's allowed them to grow into that versus us having to go out and hire expertise."

> **"During and after the move, we have kept our commitment to provide an ongoing stable and secure environment with the added flexibility and benefits of adjacency to the innovative strengths of cloud computing."**
>
> *IT director, GuideOne*

- **Avoided hardware expansion and refresh costs.** At the time of migration, the organization had a substantial amount of hardware up for renewal. To achieve the same capabilities it now has with VMware Cloud on AWS, the organization would have had to make significant investment in expanding its hardware footprint and replace existing technology. Over a three-year period, this proposed investment was valued at $3 million.

- **Avoided costly application rearchitecture.** With VMware Cloud on AWS, the organization could lift and shift its existing virtualized environment to the cloud without retooling existing applications. The CTO detailed: "It's way more expensive to rearchitect some of our applications to get them to run natively. There's a big cost there with people having to go down into the code and make changes at the heart of the application to get it to run natively. Just from the QA perspective alone, we would have a minimum of 10 hours per server at $100 per hour."

- **Flattened IT budget while providing business with new capabilities.** With VMware Cloud on AWS, the organization has the full capabilities of

a cloud-native deployment and achieved it without expanding its IT budget. The organization is exploring how to best harness cloud capabilities for its data strategy in the future. The CTO explained: "We did not increase our IT budget because now we're building all these apps natively having defects and whatnot, and we know the backups, restore, disaster recovery, and business continuity plans don't have to change or be retested."

- **Enabled a more responsive and compliant security environment.** VMware Cloud on AWS automates many tasks that would require manual intervention in an on-premises deployment. The IT director said: "[With VMware Cloud on AWS,] we were notified before we knew that a risk existed, and it was already patched. From that perspective, [VMware Cloud on AWS] has made us more responsive and more compliant with any emerging risk in the security environment."

> **"This balanced strategy has allowed us to continue making best-fit technology decisions to meet evolving demands of a growing and demanding business climate."**
>
> *IT director, GuideOne*

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 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 $2.7 million.

- Reduced labor hours for operations, saving $1.2 million.

- Reduction in data center operating costs, totaling $1.4 million.

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.

FORRESTER®