

A Forrester Total Economic Impact™
Study Commissioned By VMware
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The Total Economic Impact™ Of VMware Technical Account Manager Service

Cost Savings And Improved IT Operations

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Benefits And Costs



VMware-related internal effort reduction:

10%



Technology related benefits:

Improved uptime, performance, and futureproofing



Total capex savings (PV):

\$2.5 million

Executive Summary

VMware provides a Technical Account Manager (TAM) Service as part of its Professional Services portfolio that helps customers get the most value out of their VMware investments and improve IT performance. VMware commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the ROI enterprises may realize by utilizing the TAM Service. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the TAM Service on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed multiple customers using TAMs. TAMs were viewed as an integral part of the IT organization. They contributed to projects that saved organizations capex and opex expenses. TAMs also provided best practices and advocacy back into VMware, which improved IT operations and system performance.

Prior to adopting the TAM Service, customers were working on various VMware-related projects using in-house resources and professional services organizations. However, neither the internal nor external resources had the level of expertise and access to other VMware resources that the TAM Service had. This meant that projects were taking too long to complete and hardware and software systems were not optimized in terms of size and performance.

Key Findings

Key challenges. The interviewed organizations experienced the following challenges which led to them adopting TAM Services:

- › **IT operations were always in reactive mode.** Too much time was being spent managing systems and too little time on strategic projects.
- › **There were unplanned system outages and performance issues.** VMware solutions were not regularly optimized to meet changing requirements and growth.
- › **Business objectives could not be fully supported.** A lack of the IT team's time and inflexible systems resulted in a slower time-to-market and efficiency disruptions that negatively affected business users and customers.

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Infrastructure-related projects were completed faster and better, savings millions of dollars.** All interviewees provided numerous examples of how their TAM's deep knowledge of VMware solutions made projects possible. These resulted in significant capex savings and reduced effort. A typical road map of projects saved the composite organization nearly \$3.2 million over three years.



ROI
301%



Benefits PV
\$3.8 million



NPV
\$2.8 million



Payback
<6 months

- › **IT operations were made more effective and efficient.** The TAM was an integral part of the team and made many recommendations on how to improve operations with regard to VMware solutions and the infrastructure in general. The TAM insights and guidance covered topics that would have otherwise been very difficult if not impossible to obtain. This freed up the IT organization to work on higher value activities. The savings for the cloud infrastructure team over three years totaled \$602,440.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

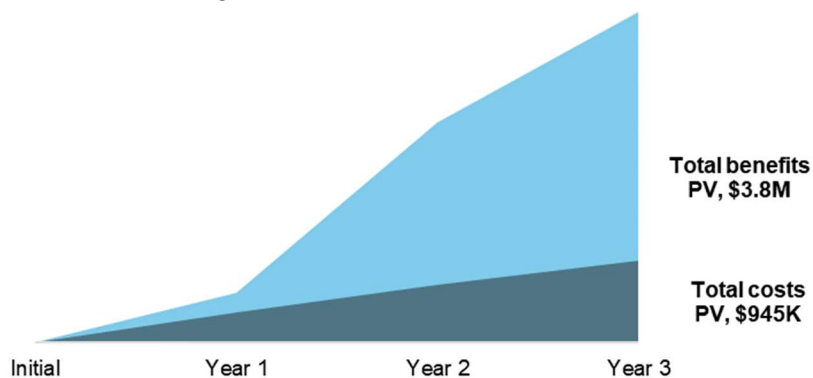
- › **Better access to VMware resources.** The TAM Service acted as an advocate and was able to provide information and resources that would have otherwise not been available. From the advocacy perspective, TAM escalated trouble tickets, found the right people to address problems, and fed feature requests into the product road map. From a training perspective, TAM arranged many educational opportunities including visits from product managers, lunch and learn sessions, and participation in customer-only TAM events at VMware conferences.
- › **More strategic view.** Due to the TAM's deep knowledge of VMware solutions, and the visibility the solution has into product road maps, organizations can now make better long-term plans that are based on their specific business needs being more closely aligned to VMware's product road maps. This improved decision making reduces future costs and effort by disabling rework.
- › **Better VMware solution usage and performance.** One of the main goals of the TAM solution is to look at how existing investments in VMware are being used. This includes making sure that licenses are put to use and that systems are optimized for peak performance.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

- › **A dedicated TAM costs \$380,000 per year.** The composite organization included a full-time TAM in their enterprise agreement with VMware. Interviewees said that there were no additional, incremental costs related to the TAM program.

Forrester's interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of \$3.8 million over three years versus costs of \$945,000, adding up to a net present value (NPV) of \$2.8 million and an ROI of 301%.

Financial Summary



TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering utilizing the VMware TAM Service

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that the VMware TAM Service can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.



DUE DILIGENCE

Interviewed VMware stakeholders and Forrester analysts to gather data relative to the TAM Service.



CUSTOMER INTERVIEWS

Interviewed four organizations using the TAM Service to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling VMware TAM Service's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by VMware and delivered by Forrester Consulting. It is not meant to be used as 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 the VMware TAM Service.

VMware reviewed and provided feedback to Forrester, but 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 of the study.

VMware provided the customer names for the interviews but did not participate in the interviews.

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