

The Total Economic Impact™ Of VMware Technical Account Management Services

Business Benefits And Cost Savings Enabled By
VMware's Technical Account Management Services

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Executive Summary

VMware's Technical Account Management Services enable organizations to maximize and accelerate the value from their VMware investments through industry-specific strategic guidance, best practices, advocacy, and peer insights. This results in better alignment between IT and the business, yielding cost savings, productivity savings, and fewer instances of business disruption.

VMware's Technical Account Management Services, part of VMware's Customer Success portfolio, aim to help organizations maximize the value of their VMware investments while optimizing alignment between business objectives and IT performance.

VMware commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying VMware's Technical Account Management Services.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact that a VMware Technical Account Manager (TAM) can have on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed 13 representatives with experience using VMware's Technical Account Management Services. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) — an industry-agnostic organization with revenue of \$10 billion per year.

Prior to leveraging the advice of a VMware TAM, the interviewees' organizations faced challenges when it came to their VMware-related IT projects, strategic roadmap, and technology refresh and upgrade cadences. Interviewees noted anxiety around "going down the wrong path," especially within the context of their respective industries. In addition, IT complexity

KEY STATISTICS



Return on investment (ROI)

531%



Net present value (NPV)

\$3.19M USD

throughout their VMware environments — a symptom of growth — manifested in excessive costs, IT FTE requirements, and business disruption and/or downtime.

By working with a VMware TAM, the interviewees noted the benefit of a fully aligned strategic resource providing industry-specific knowledge, best practices, and ongoing guidance based on peer insights. The interviewees' organizations achieved cost savings, improved time-to-market for IT projects, and improved business continuity, in addition to the confidence instilled from more direct access to VMware's technical product teams and validation of their technical and strategic roadmap.

Our TAM provides guidance and visibility into strategies that similar companies have followed and the best practices that they learned along the way. That's invaluable to us.

— Director of IT infrastructure and cloud services, information management

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits (calculated in US Dollars for this study) for the composite organization include:

- **Improved infrastructure utilization by over 16%, saving hardware refresh and licensing costs valued at \$1.5 million.** The composite organization saves an average of \$616,000 annually in global infrastructure refreshes, 80% of which is attributable to infrastructure planning and consolidation activities led by the TAM.
- **Increased IT project velocity by 33% and associated productivity savings of nearly \$1.3 million.** Working with a TAM shortens IT project timeframes through TAM-led strategic guidance, industry expertise, and best practices gleaned through their TAMs, saving the composite organization nearly \$1.3 million over three years.
- **Reduced impact of business disruption by 50%, or nearly \$1 million.** TAM-led activities

such as proactive health checks, technology roadmap planning, readiness assessments, best practices, and industry insights help the composite organization to avoid both major and minor business disruption events annually. This saves the organization more than \$391,000 annually in lost revenues and user productivity.

Unquantified benefits and flexibility factors.

Benefits that are not quantified in this study include:

- **Access to VMware product teams and other resources.** TAMs serve as a conduit between organizations and product teams within VMware, enabling access to product roadmaps, additional product resources, and dialogue around product or functionality development.
- **Improved security posture.** TAMs can provide guidance around potential security vulnerabilities that need reinforcement or strengthening that may help organizations avoid security risk now and in the future.
- **Solution validation through ongoing technology planning.** TAM guidance goes

beyond the day-to-day management of the VMware environment and expands into longer-term discussions about the future of the environment and strategies around solution management and readiness.

- **A powerful advocate within VMware.** Every interviewee described the relationship with their TAM as a true professional partnership that deepens over time.
- **Avoiding technology or solution risk.** Guidance from a TAM may save an organization cost in the long run by avoiding the rework or costs associated with choosing the wrong technology solution or approach.
- **The iterative value of better strategic planning.** There may be additional value for organizations in the future from ongoing peer insights, improving technical maturity, and tighter alignment to IT's strategic goals resulting from guidance provided by their TAMs.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **VMware Technical Account Management Services fees.** Organizations pay a fee for VMware's Technical Account Management Services based on their region and number of business days of a TAM resource that their organization requires.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.80 million over three years versus costs of \$601,818, adding up to a net present value (NPV) of \$3.19 million and an ROI of 531%.

“Our most recent project would have been impossible without our TAM’s strategic guidance and advice. They also bring resources from VMware to sit down with our architects and engineers to hash out the technical details of it.”

— Director of cloud platforms, telecommunications



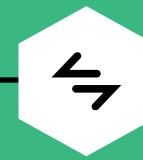
ROI
531%



BENEFITS PV
**\$3.80M
USD**

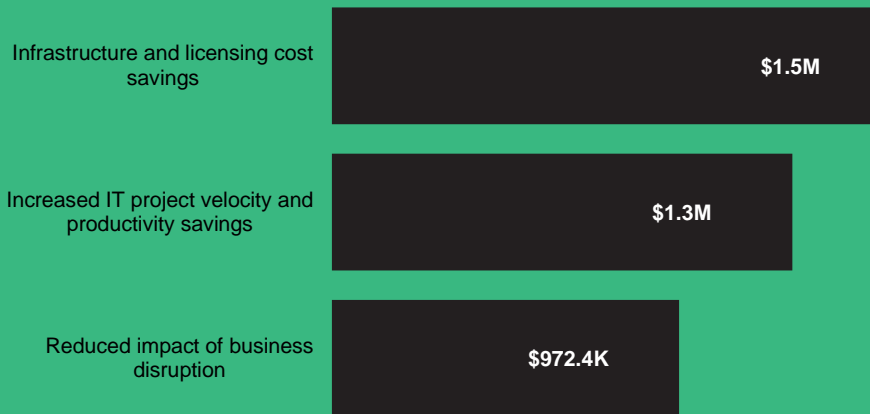


NPV
**\$3.19M
USD**



PAYBACK
3 to 12 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in VMware's Technical Account Management Services.

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 VMware's Technical Account Management Services can have on an organization.

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 study to determine the appropriateness of an investment in VMware's Technical Account Management Services.

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.



DUE DILIGENCE

Interviewed VMware stakeholders and Forrester analysts to gather data relative to VMware's Technical Account Management Services.



INTERVIEWS

Interviewed 13 representatives at organizations using VMware's Technical Account Management Services to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' 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 interviewees.



CASE STUDY

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

The VMware Technical Account Management Services Customer Journey

■ Drivers leading to the Technical Account Management Services investment

Interviews			
Role	Industry	TAM Region	Revenue
Manager, data center systems and cloud services	Airport	EMEA	~\$26 billion (economic impact)
Manager, infrastructure platforms	Automotive manufacturing	EMEA	~\$40 billion
Manager of IT infrastructure	Banking	Asia Pacific	~\$500 million
Regional IT manager	Commodities	Asia Pacific	~\$100 billion
Platform team leader	Education	Asia Pacific	~\$1 billion (budget)
Manager, operations, delivery, and risk controls	Financial services	Asia Pacific	~\$14 billion
Senior manager of infrastructure, operations, and data centers	Gaming	Asia Pacific	~\$5 billion
Director of IT infrastructure and cloud services	Information management	North America	~\$10 billion
Associate director, private cloud infrastructure	Information technology	Asia Pacific	~\$15 billion
Manager of hybrid cloud solution design and architecture	Pharmaceuticals	North America	~\$90 billion
Head of systems engineering	Retail	EMEA	~\$60 billion
Global delivery manager, worldwide infrastructure	Semiconductor manufacturing	Asia Pacific	~\$15 billion
Director of cloud platforms	Telecommunications	North America	~\$1 billion

KEY CHALLENGES

Before investing in VMware’s Technical Account Management Services, interviewees noted how their organizations struggled with common challenges, including:

- Time-to-market for VMware-adjacent strategic projects.** Interviewees noted that several projects related to VMware investments, such as solution deployments and updates, data center migrations, consolidations, and setup, modernization efforts, and other strategic initiatives, often took longer than necessary due to suboptimal planning, direction, and/or execution. The interviewee in the pharmaceutical

“With the [TAM Service], our project deployment times are a lot quicker. Our ability to recover from incidents is a lot quicker. It also helps with regular updates and maintenance, reducing that necessary planned downtime.”

Senior manager of infrastructure, operations, and data centers, gaming

industry noted to Forrester: “VMware’s TAM has been a great help to us, reducing the time we spend engineering solutions to overcome business challenges. They also help us address a lot of gaps that our operations teams have, further improving [time-to-market].”

- **A need to optimize infrastructure and license costs.** As organizations’ application portfolios expanded amid growth, the related virtual machine, infrastructure, and licensing cost to support this portfolio also increased. Interviewees noted that without guidance from their Technical Account Managers, infrastructure and licensing investments were often overprovisioned, resulting in extra cost initially and in the future to support and maintain these investments. The associate director, private cloud infrastructure at an information technology organization summarized to Forrester, “Back before we started with our TAM services, we would end up with more virtual machines than we actually needed.”
- **Unplanned business disruption.** Given the time and expertise limitations of the interviewees’ organizations’ IT administrators and operations teams, the resiliency of VMware-adjacent applications and infrastructure was often overlooked. This led to suboptimal performance, outages, and minor to major business disruption, representing significant cost. The head of systems engineering at a retail organization explained a more common form of disruption, affecting end-user effectiveness: “[Before we got our TAM], our teams were often complaining around poor latency and slowness in their applications.”

INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a support resource that could:

- Enable a proactive, rather than reactive, approach to VMware solution management.
- Assist in rightsizing and optimizing infrastructure, public cloud, and support costs adjacent to VMware solutions.
- Provide peer insights and best practices to instill confidence in current and future technology and strategic approaches.
- Offer a window into the work of VMware’s product teams to foster a collaborative approach to feature and functionality requests.

“VMware’s TAMs take ownership of what they do. [Ours] especially owns what he recommends and what he ultimately helps deliver. We know he’s invested. He’s a major factor in the success of the VMware [solutions] within our organization.”

Regional IT manager, commodities

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the 13 interviewees, and it is used to present the aggregate financial analysis in the next section.

Description of composite. The composite organization is a \$10 billion industry-agnostic global organization with 20,000 employees.

Deployment characteristics. The organization supports its application estate with approximately 12,000 virtual machines across three global data centers (based in North America, Europe, and Asia Pacific). The organization's VMware solutions include VMware vCloud, VMware Horizon, VMware Tanzu, and VMware NSX-T Data Center (migrated from VMware NSX for vSphere) with guidance from its TAM). The organization contracts with VMware for a Technical Account Manager for 2.5 days per week. The TAM works with the organization's 20 centralized IT administrators to support their VMware investments including cloud solutions (noted above), virtualized end-user computing, virtualization, and the related infrastructure. On average, the TAM assists with three VMware-related IT project per year, expanding to six by Years 2 and 3, while conducting weekly check-in calls and quarterly health checks to proactively support the organization.

“Given our constraints, sometimes we end up utilizing about 60% or 70% of what a VMware product has offer and we miss out on benefit. Our TAM is somebody who can push that from 60% to 70% to 90% and get us more ROI from our products.”

Data center manager, airport

Key Assumptions

- **\$10 billion industry-agnostic organization**
- **20,000 employees/end users**
- **3 to 6 VMware-related IT projects per year**
- **2.5 TAM days per week**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Infrastructure and licensing cost savings	\$616,250	\$616,250	\$616,250	\$1,848,750	\$1,532,523
Btr	Increased IT project velocity and productivity savings	\$357,000	\$612,000	\$612,000	\$1,581,000	\$1,290,135
Ctr	Reduced impact of business disruption	\$391,000	\$391,000	\$391,000	\$1,173,000	\$972,359
	Total benefits (risk-adjusted)	\$1,364,250	\$1,619,250	\$1,619,250	\$4,602,750	\$3,795,017

INFRASTRUCTURE AND LICENSING COST SAVINGS

Evidence and data. VMware's Technical Account Managers provide technical planning sessions, proactive health checks, roadmapping, benchmarking, and VMware-specific strategic project design with the organizations they support. Interviewees spoke to the benefits of this TAM-led planning and benchmarking, describing better visibility into future investments (for business case justification), as well as improved confidence in their technology roadmap, avoiding solution risk. Several interviewees told Forrester that their TAMs helped them rightsize spending and maximize the impact of their investments today, and in the near future. This yields significant and quantifiable cost savings for many of the interviewed companies.

- The global delivery manager, worldwide infrastructure at a semiconductor manufacturing organization noted that their TAM played a critical role in helping them improve their VM host densities; the organization saved \$2.7 million over the past two years, with more savings to come in the form of further server purchase avoidance, maintenance, and software/license savings. The interviewee summarized: "Our TAM has the expertise that we can leverage to meet

our business objectives in our environment. By 2023, we project our savings [in the data center] exceeding more than \$6 million. This is the beauty of taking advantage of the VMware TAM services."

"Our TAM is always working proactively and giving insights into products, features, and best practices. Whenever we are not sure on any topic, we have access to an additional voice with more knowledge from other customers. They help us prioritize projects and [approaches] specifically for our company. They don't talk us into the Ferrari when we only need the Fiat."

Manager, infrastructure platforms, automotive manufacturing

- The manager of IT infrastructure at a banking organization noted that their TAM assists with infrastructure planning for up to four years from now, helping the organization avoid overprovisioning and excessive cost while providing more certainty when budgeting for these investments.
- By working with their TAM to consistently evaluate their current VMware deployments and plan for the future, the regional IT manager at a commodities firm spoke of their organization's ability to reduce costs in the long run while increasing performance: "Some of the biggest benefits of the [TAM] would be the cost and performance optimization for our existing and future compute and memory resources in our hypervisors. With the TAM metrics reporting, we can find more performance in our current assets. In the future, we are replacing 12 servers from one vendor to eight from another vendor while also increasing performance."
- Amid a series of mergers, de-mergers, and consolidation activities in the data center, the senior manager of infrastructure, operations, and data centers at a gaming organization spoke to their TAM's ability to help them think about reallocating their licensing and costs across the now-consolidated organization. This helped the organization to save on net-new licenses while at the same time improving its VM consolidation ratios.
- Given a period of significant organic growth at the airport which resulted in several redundant data centers, the interviewed data center manager cited TAM-provided peer comparisons for storage costs and VM consolidation ratios which helped them navigate this growth strategically without overprovisioning or under-provisioning these resources.
- The director of IT infrastructure and cloud services at an information management

organization attributed a sizable savings in their public cloud spend to proactive guidance and planning with their TAM. The interviewee described a positive ROI for their TAM service on this project alone, noting: "We were able to get our [public cloud] costs down by nearly a factor of five. It's how we've cost-justified our TAM for Year 2 and beyond."

Forrester's Total Economic Impact benefit modelling assumptions:

Forrester sources the assumptions for the benefit calculation tables from the customer interviews, internal Forrester data, analyst expertise, and public sources (for salary information, etc.). For assumptions that drive the benefit calculations, Forrester takes a conservative approach, modelling lower figures than provided by the interviewees. Forrester also risk-adjusts each benefit category downward to account for factors that may cause variance in the magnitude of each among different organizations.

Modeling and assumptions. For the composite organization and financial model, Forrester makes the following assumptions:

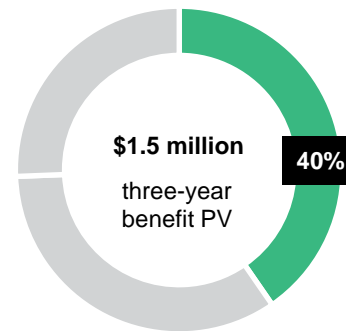
- The composite organization saves an average of \$600,000 in global infrastructure refreshes annually, 80% of which is attributable to infrastructure planning and consolidation activities led by the TAM. This figure is a conservative estimate based on the collective savings of the interviewees.

- The composite has an average annual license fee rationalization and avoidance savings of \$350,000, 70% of which is attributable to TAM-led planning and consolidation activities.

Risks. This benefit will vary among organizations based on:

- An organization’s current VMware-related infrastructure and licensing investments as they pertain to potential consolidation activities.
- An organization’s growth trajectory as it relates to future infrastructure and licensing requirements.
- The level of engagement between the VMware TAM and an organization’s strategic IT personnel.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.5 million.



Infrastructure And Licensing Cost Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Annual infrastructure savings	Composite/interviews	\$600,000	\$600,000	\$600,000
A2	Attribution to VMware TAM	Interviews	80%	80%	80%
A3	Subtotal: annual infrastructure savings	A1*A2	\$480,000	\$480,000	\$480,000
A4	Annual license fee rationalization savings	Composite/interviews	\$350,000	\$350,000	\$350,000
A5	Attribution to VMware TAM	Composite/interviews	70%	70%	70%
A6	Subtotal: annual license savings through consolidation and planning	A4*A5	\$245,000	\$245,000	\$245,000
At	Infrastructure and licensing cost savings	A3+A6	\$725,000	\$725,000	\$725,000
	Risk adjustment	↓15%			
Atr	Infrastructure and licensing cost savings (risk-adjusted)		\$616,250	\$616,250	\$616,250
Three-year total: \$1,848,750			Three-year present value: \$1,532,523		

INCREASED IT PROJECT VELOCITY AND PRODUCTIVITY SAVINGS

Evidence and data. Aligned with their TAM as a strategic resource, the interviewees detailed faster time-to-market for their VMware-related projects, alleviating the burden on valuable in-house IT resources while decreasing project timelines. Most of

the decision-makers interviewed for this study told Forrester that their VMware TAMs quickly embedded themselves within their respective team and provided expertise based on industry-specific best practices. Interviewees shared examples of IT projects that TAMs assisted on that otherwise would not have been possible or would have been more costly and

lengthy to complete. Several of these interviewees highlighted the significant personnel savings associated with both accelerating project timelines and upskilling as a result of work with their respective TAMs. Other interviewees highlighted the downstream productivity benefits of a more resilient VMware environment to their IT personnel.

- The telecommunications organization leaned heavily on its TAM for planning and guidance while building a new data center and moving it into production an estimated month early with four fewer required FTE internal resources. The director of cloud platforms noted: “Our TAM helped us navigate the entire journey from a technical and [personnel] standpoint. That’s probably one of the biggest business values.”
- When it comes to personnel productivity, the director of IT infrastructure and cloud services at an information technology organization highlighted to Forrester the improved resiliency of their VMware investments resulting from TAM-led proactive health checks and benchmarking. This resulted in fewer hours spent remediating issues and fewer support tickets for their IT personnel. The interviewee continued: “One of the measurable outcomes of the TAM program is the reduction in required support resulting from our TAM’s proactivity. We no longer need to put as many personnel hours towards support tickets.”
- The manager of IT infrastructure at a banking organization highlighted the productivity benefits of a proactive team, noting: “[Our TAM] has made us more proactive now, which is allowing us to avoid a lot of media outages, ATMs, and the like. Our TAM-led activities allow us to anticipate [issues] before they actually happen. It’s changing the way our teams operate now. We’re becoming proactive as opposed to reactive.”
- Proactivity with respect to their VMware environment is a consistent theme among the interviewees. The manager, infrastructure

platforms at an automotive manufacturer shared this sentiment with the aforementioned interviewees, adding: “Our TAM’s proactive involvement reduces the likelihood of problems we may run into and supports our team with all the best practices to manage them. Our TAM is essential for our business given the knowledge and the network they provide.”

- At the commodities organization, the TAM-led benchmarking, health checks, and technology planning reduced the burden on internal resources to lead these activities themselves, while delivering good results. The regional IT manager added: “For our performance optimization and upgrade planning, our TAM’s assistance has been great. Otherwise, we’d need to have one of our hypervisor engineers doing that. Would we get the same positive results as we do with our TAM? Maybe not.”

“Our engineers can get back and focus on what they’re actually supposed to be doing, rather than chasing stuff up. There is a bunch of value in that.”

Regional IT manager, commodities

- The senior manager of infrastructure, operations, and data centers at a gaming organization attributed drastically shortened business functionality releases (from months to weeks) to the work accomplished with their TAM. The senior manager continued: “Our deployment times are a lot quicker. Our ability to recover from incidents is a lot quicker. All in all, we have much shorter maintenance periods.”

- The interviewee at the airport noted that peer-insights and guidance from their TAM gave their junior engineers the support they needed to become more effective in their roles, potentially saving expense on more expensive (and scarce) talent: “Our team has several junior engineers. The TAM gives them that guidance on VMware [solutions] so they can continue to develop their skills.” The interviewee summarized their experience with VMware TAM-provided peer insights: “Our TAM helps us understand how other similar organizations have managed their growth. The TAM doesn’t just work with us, but also with other large customers and can share their observations and takeaways from their journey. That gives us confidence, plus [the TAM] can arrange conversations specifically about VMware’s product roadmap. It’s a great experience”
- By way of continuous interaction with a TAM, the platform team leader at an education organization noted that their extended team has been upskilled, reducing the need for additional talent.

Modeling and assumptions. For the composite organization and financial model, Forrester makes the following assumptions:

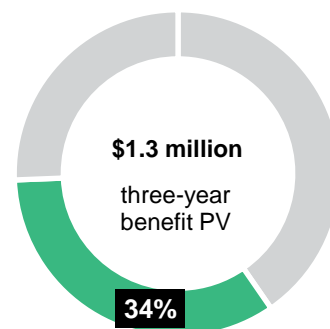
- The organization completes three TAM-supported IT projects in Year 1 of the analysis and six TAM-supported IT projects in the subsequent years of the analysis.

- Each project averages three months in duration and requires the involvement of 10 FTE resources.
- Planning activities (personnel and technical readiness assessments), success strategies, and industry best practices result in a one-month reduction in project duration, on average, based on the interviews.
- One additional IT resource otherwise required for technology planning and benchmarking is avoided.
- The average annual salary for an IT FTE is \$120,000.

Risks. This benefit will vary among organizations based on:

- An organization’s current VMware environment as it relates to current and future project (volume, duration, staffing) requirements.
- The skill, capacity, and starting point of an organization’s IT personnel as it pertains to the impact of the TAM on projects and skill sets.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly \$1.3 million.



Increased IT Project Velocity And Productivity Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Annual TAM-supported IT projects	Composite	3	6	6
B2	Average IT project duration (years)	Interviews	0.25	0.25	0.25
B3	FTEs required per project	Composite	10	10	10
B4	IT FTE average annual salary	TEI standard	\$120,000	\$120,000	\$120,000
B5	Staffing cost per project	B2*B3*B4	\$300,000	\$300,000	\$300,000
B6	Average annual IT project staffing costs	B1*B5	\$900,000	\$1,800,000	\$1,800,000
B7	Reduction in project duration attributable to VMware TAM Services	Interviews	33%	33%	33%
B8	Subtotal: average annual FTE savings on IT projects	B6*B7	\$300,000	\$600,000	\$600,000
B9	IT FTEs required to manage TAM-supported activities (without TAM)	Interviews	1	1	1
Bt	Increased IT project velocity and productivity savings	B8+(B4*B9)	\$420,000	\$720,000	\$720,000
	Risk adjustment	↓15%			
Btr	Increased IT project velocity and productivity savings (risk-adjusted)		\$357,000	\$612,000	\$612,000
Three-year total: \$1,581,000			Three-year present value: \$1,290,135		

REDUCED IMPACT OF BUSINESS DISRUPTION

Evidence and data. Through TAM-led activities such as proactive health checks, technology roadmap planning, readiness assessments, and continuous benchmarking on industry best practices, customers described more resilient VMware solutions that were less likely to result in business disruption or downtime. This reduced the long-term likelihood of productivity disruptions to non-IT end users, as well as disruption to core customer-facing business activities.

- The manager of IT infrastructure at a banking organization highlighted that most of the business-disrupting outages that occurred prior to working with their TAM were now avoided entirely through proactivity. The interviewee noted that any minor incidents that still occur are much reduced in impact due to their TAM’s expertise:

“Three years ago, before [TAM], I had to go to the ‘Wall of Shame’ meeting once a month to talk to the business about what failed, what we did to remediate it, and what we’re going to do differently to mitigate those sorts of things moving forward. We don’t even bother now. If we have a P1 now, it’s an exception based on other factors. Our VMware solutions have performed brilliantly.”

Regional IT manager, commodities

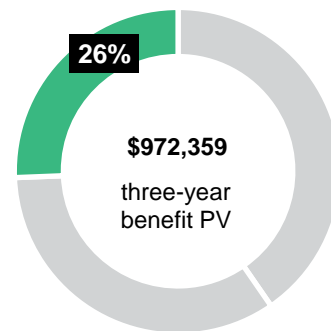
“We had an outage right when our TAM came on board. They were able to assist us after hours with just one member of our infrastructure team who wasn’t even particularly well-versed with the VMware product at the time. We were able to just rely on our TAM’s expertise to bring the system back online before the business had resumed. None of our users or customers were even aware that we’d suffered an outage. Before the TAM program, this would be ‘all hands on deck,’ utilizing the entire infrastructure team for several days and nights to bring it back up.”

- Proactivity and risk mitigation in the VMware environment were highlighted as the single largest driver for the TAM program at the commodities organization. The regional IT manager explained: “In our industry, downtime has a direct relationship to loss of money. If production goes offline or the systems that support those production systems go offline and we can’t get them back up quickly, that will have a direct impact to bottom line.” The same interviewee noted that TAM-led proactivity has resulted in fewer server disruptions and/or outages and has made the business more resilient overall.
- TAM-led iterative improvements to infrastructure and upgrades, in addition to proactive health checks and guidance, have led to noticeable performance improvements at the retailer. The head of systems engineering explained: “Before the TAM program, some of our [business] teams were complaining around slowness in their applications. Now, these latency issues are being avoided in the first place. If there’s any disruption to our website or payments system, that’s millions [of dollars] an hour that we’re not taking. Even a 1% uptime or performance increase is exceptional.”
- The manager, infrastructure platforms at an automotive manufacturer echoed the benefit of

improved business resiliency with their TAM, noting: “With the involvement of the TAM to help us be proactive, we rarely see any disruption and very seldom see an outage. When problems do occur, they’re coming from somewhere else, but they’re not coming from the VMware infrastructure.”

Modeling and assumptions. For the composite organization and financial model, Forrester makes the following assumptions:

- The composite organization avoids half of its 24 minor business disruption events per year, which historically cost the business \$25,000 per incident measured in lost end-user productivity (approximately 2 minutes of lost productivity per employee). This is a conservative estimate based on the size of the composite organization and the impact of minor disruptions based on the interviews.
- The composite organization avoids one major outage per year, which historically cost the organization \$160,000 per incident in lost revenues and user productivity.



Risks. This benefit will vary among organizations based on:

- The historical performance of an organization’s VMware investments as it relates to potential for improvement with TAM-led activities.
- An organization’s industry and business as it relates to the average cost of disruption or downtime.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$972,000.

Reduced Impact Of Business Disruption					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual minor disruption events	Composite	24	24	24
C2	Business impact per minor event	Composite	\$25,000	\$25,000	\$25,000
C3	Minor disruptions avoided with TAM Services	Interviews	50%	50%	50%
C4	Subtotal: reduced impact of minor disruption events	C1*C2*C3	\$300,000	\$300,000	\$300,000
C5	Annual major disruption events/outages	Composite	2	2	2
C6	Business impact per major disruption event/outage	Composite	\$160,000	\$160,000	\$160,000
C7	Major outages avoided with TAM Services	Interviews	50%	50%	50%
C8	Subtotal: reduced impact of major outages	C5*C6*C7	\$160,000	\$160,000	\$160,000
Ct	Reduced impact of business disruption	C4+C8	\$460,000	\$460,000	\$460,000
	Risk adjustment	↓15%			
Ctr	Reduced impact of business disruption (risk-adjusted)		\$391,000	\$391,000	\$391,000
Three-year total: \$1,173,000			Three-year present value: \$972,359		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Access to VMware product teams and other resources.** TAMs serve as a conduit between organizations and product teams within VMware, enabling access to product roadmaps, additional product resources, and dialogue around product or functionality development. The head of systems engineering for the retail organization explained that thanks to their TAM, “We had regular conversations with the VMware product team, giving our input and feedback as a customer that could use this product that they were developing.”
- **Improved security posture.** Inherent to the process of proactive improvement and benchmarking the VMware environment, TAMs can identify potential security vulnerabilities that need reinforcement or strengthening. The director of IT infrastructure and cloud services for the software organization explained: “Our TAMs have been guiding lights in terms of giving us a heads-up on security vulnerabilities and whether it impacts us or not.” The senior manager of infrastructure, operations, and data centers at a gaming organization noted that their TAM is adamant about keeping them aware of any security advisories and related patching.
- **Solution validation through ongoing technology planning.** TAM guidance goes beyond the day-to-day management of the VMware environment and expands into longer-term discussions about the future of the environment and strategies around solution management and readiness. The head of systems engineering for the retail organization told Forrester: “[TAMs] are absolutely fundamental to the engagement of the team, and they join and attend our planning meetings, our discussion meetings, and they’ll bring in other

VMware specialists as needed.” The regional IT manager for the commodities organization echoed this sentiment, explaining how solution validation was one of the core reasons for the initial TAM investment.

“Our engineers love getting access to VMware’s product managers [and] their engineering teams through our TAM. So that’s a driving case for our use of [TAM Services]. It’s giving us a voice of the customer inside of VMware. Our TAM is someone who’s effectively making sure that we’ve always got visibility and access to the resources we need.”

Head of systems engineering, retail

- **A powerful advocate within VMware.** Every interviewee described the relationship with their TAM as a true professional partnership that deepened over time. Several interviewees told Forrester that they often forget their TAM is not technically employed by their own organizations. Based on the 13 interviews, TAM tenure was extremely consistent, as most interviewees had relationships with individual TAMs spanning many years. Of those who onboarded new TAMs, the process was described as efficient and seamless, without any gaps in value. The director of cloud platforms at a telecommunications organization that onboarded a new TAM summarized the process: “When we got our new TAM in place, VMware made a great transition, making sure our teams were comfortable with the

way [the transition] was handled. It was very professional, and nothing was missed at all.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might leverage VMware Technical Account Management Services and later realize additional uses and business opportunities, including:

- **Avoiding technology or solution risk.** By providing industry-specific best practices and technology guidance, this advice from a TAM may save an organization cost in the long run by avoiding the rework or costs associated with choosing the wrong technology solution or approach. The director of cloud platforms at a telecommunications organization told Forrester: “Advice from our TAM has saved us a lot of hassle and gives us confidence that we’re not going down the wrong road and choosing the wrong technology. This will pay off for us.”
- **The iterative value of better strategic planning.** Beyond the value that has been quantified in this study, there may be future additional value for organizations from iterative benchmarking, overall technical maturity, and tighter alignment to IT’s strategic goals resulting from guidance provided by their TAMs. Several interviewees noted that their TAMs have steered them toward technical simplification in their environments, which will continue to provide benefit down the road, while others described a more consistent alignment of IT projects to the goals of the business.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“It has been a great partnership with our TAM. We are always completely in touch with VMware’s ecosystem, which helps us continue to get the most value out of all our VMware investments.”

Manager of hybrid cloud solution design and architecture, pharmaceuticals

“We see our TAM as somebody who is an extension of our own team. They have a full understanding of our environment and can engage the right resources within VMware at any time based on this knowledge.”

Data center manager, airport

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	VMware Technical Account Management Services fees	\$0	\$242,000	\$242,000	\$242,000	\$726,000	\$601,818
	Total costs (risk-adjusted)	\$0	\$242,000	\$242,000	\$242,000	\$726,000	\$601,818

VMWARE TECHNICAL ACCOUNT MANAGEMENT SERVICES FEES

Organizations pay a fee for VMware's Technical Account Management Services based on their region and the number of business days of a TAM resource that is required by the organization.

- Different organizations will have different requirements for the number of business days for the TAM service. This is determined by organizational specifics, the scope of its VMware environment, growth trajectory, and other factors of scale.
- Interviewees for this study ranged in TAM utilization from a half day per week to several days per week.
- Pricing for VMware's Technical Account Management Services is based on the number of business days contracted for, as well as geography. For pricing specific to your region and organization, please contact VMware.

Modeling and assumptions. For the composite organization, Forrester assumes.

- A TAM resource for 2.5 days per week.
- An annual price (\$220,000 USD) based on several regions in which the composite organization operates.

Risks. This cost will vary among organizations based on:

- An organization's size, scope of VMware environment, growth trajectory, and other factors of scale as they relate to TAM requirements.
- The regions in which the organization operates as they relate to TAM list pricing.

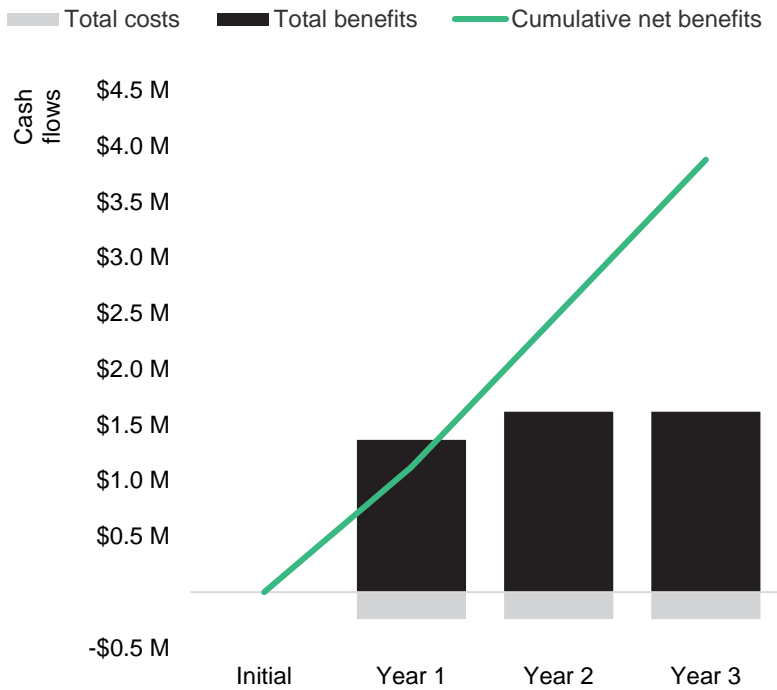
Results. To account for these variances, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$602,000.

VMware Technical Account Management Services Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Blended TAM cost for composite organization	Composite	\$0	\$220,000	\$220,000	\$220,000
Dt	VMware Technical Account Management Services fees	D1	\$0	\$220,000	\$220,000	\$220,000
	Risk adjustment	↑10%				
Dtr	VMware Technical Account Management Services fees (risk-adjusted)		\$0	\$242,000	\$242,000	\$242,000
Three-year total: \$726,000			Three-year present value: \$601,818			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$242,000)	(\$242,000)	(\$242,000)	(\$726,000)	(\$601,818)
Total benefits	\$0	\$1,364,250	\$1,619,250	\$1,619,250	\$4,602,750	\$3,795,017
Net benefits	\$0	\$1,122,250	\$1,377,250	\$1,377,250	\$3,876,750	\$3,193,199
ROI						531%
Payback (months)						3 to 12

Appendix A: Total Economic Impact

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.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: 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.

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