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VMware Cloud On AWS Provides Frictionless Path To Capital And Operational Cost Avoidance

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

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

For this spotlight, Forrester conducted an interview with a decision-maker at a global financial services firm headquartered in the United States with over 10,000 employees and more than $3 billion in annual revenue. The organization maintains three software-defined data centers (SDDCs), with a total of 42 hosts and roughly 800 virtual machines (VMs).

INVESTMENT DRIVERS

The organization faced several challenges when evaluating its investment in VMware on AWS:

- **Business decision-makers were wary of upcoming data center deadline.** Prior to investing in VMware on AWS, the organization relied on outsource vendors to maintain its data centers. At some point, ownership of the data center transferred to the outsource provider. When the contract was up, the organization could not easily switch providers and did not want to reinvest in building a new data center.

  The associate director of cloud infrastructure explained: “They didn’t want to sell it back, and then furthermore, they told us by the end of the year, we’re going to start charging you $1.5 million a month to keep your stuff here. So basically, we have to spin up a couple of SDDCs through lift-and-shift before the axe comes down.”

- **Inefficient disaster recovery (DR) processes hindered organizational agility.** In an on-premises environment, the organization was limited to inefficient disaster recovery processes, which hindered development teams. The associate director of cloud infrastructure explained: “We would engage 400 to 500 people on weekends, cut to the DR equivalents, change

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DNS so they're the primaries, change connection strings so they're connecting to DR versions of databases. That was a DR test working for us. It was nuts."

- **Outdated applications were mired in technical debt.** The organization maintained a portfolio of more than 150 applications; many legacy applications saddled the organization with unnecessary maintenance and operations costs. The organization was struggling to modernize its application portfolio due to the speed of service of the vendors managing its on-premises environment.

KEY RESULTS

VMware on AWS provided the organization with a scalable cloud replacement to its on-premises SDDC, which was easier to manage and more agile.

- **Retired on-premises data center and reduced annual operating costs by 59%.** The organization had annual data center expenses of roughly $6 million per year and was responsible for any additional costs incurred for improvements and upkeep. Furthermore, the organization employed an infrastructure management firm to operate its data centers.

  The interviewee explained: "There's other things you don't think about; in order for clustering and things to work between them, we needed low latency fiber, and data centers couldn't be far apart. All that stuff we had to own, operate, and take care of. Meanwhile, multi-AC is just there in VMC. Done, ready to go."

- **Avoided costly infrastructure refreshes.** If the organization had maintained its on-premises deployment, it would have had to replace end-of-life database platforms. Moving to the cloud made these purchases unnecessary, saving the organization roughly $10 million.

- **Reduced downtime.** With an on-premises deployment, the organization had to strictly monitor infrastructure performance and rely on its management vendor to reactively fix issues when they arose. Now, with VMware on AWS, the organization can monitor the entire deployment with a single pane of glass and relies on automation to proactively address any infrastructure issues.

  The interviewee explained: "I thought it was going to be a little weird not being able to touch my OS and not run my statistics against them or stay on top of them the way I always had. But the fact is, if have a problem, I don't have to touch them — it's like magic. It's one of the coolest things about the cloud; I've literally been watching my SDDC, and one of the hosts is in trouble, and it auto-magically gets shut down or paused. All the loads are spread across the other hosts, everything is rebalanced, and I didn't touch a thing."

- **Improved IT agility.** Relying on an outsource vendor to manage an on-premises deployment meant the organization was slow to respond when supporting development teams. With VMware on AWS, the organization can quickly spin up new resources to support its team, which accelerates the time-to-market for new products and features.

  The interviewee stated: "We're getting to market faster, and we are more responsive. If some team comes to me and says they need 62 servers, I just spin up a few hosts. That's a heck

> **"Modern applications require modern infrastructure. So today we're upscaling, we're new-skilling, and we're reskilling."**
>
> *Associate director of cloud infrastructure, financial services*

of a lot better than an outsourcer telling you that would be six weeks to spin them up, patch them, test them, stick them in a stew."

- **Improved utilization.** Once in the cloud, the organization used vRealize Operations Cloud to optimize resource utilization. Better management of resources improved performance, provided flexibility in supporting different teams, and kept costs under control.

  The interviewee explained: "Some of my servers are pigs. They're oversubscribed — way oversubscribed. So now I'm on a mission; I've isolated them all. There's this beautiful right-sizing report in vROps, and before I was doing graphs and analysis manually. Now I can show app and dev teams the data and trimming CPU and trimming RAM."

- **Modernized application portfolio.** Quickly moving to the cloud allowed the organization to access its application portfolio, explore modernization, and retire unnecessary technical debt. This enabled the organization to shift development resources from supporting older applications to the production of new features and discontinue infrastructure support costs.

  The interviewee detailed: "Since we moved to the cloud, we've been able to retire 19 applications. It allowed at least six dev teams to stop work on them and created a whole bunch of capacity we are reinvesting into more modernization or retirement. Retiring the 19 apps also allowed me to delete four hosts across two SDDCs, which was about $200,000 in annual spend."

- **Improved business resiliency.** Being able to manage a global cloud deployment from a single source improved the organization's resilience to events such as the COVID-19 pandemic. The interviewee explained: "We have 35 district offices with some smaller data centers in the US, Singapore, Tokyo, and London. We had no ability to get anyone into Singapore, and we were good in London for like a month. Conceptually, being in the cloud makes us not worry about that."

> **"I've been trying to retire apps my whole time here and was not able to until we moved to the cloud [with VMware on AWS]."**
>
> *Associate director of cloud infrastructure, financial 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, August 2019.

STUDY FINDINGS

Forrester interviewed four 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 $2.7M.
- 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.


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