

# VMware View: Total Cost of Ownership

## What is TCO?

Total Cost of Ownership (TCO), a concept developed and popularized by Gartner. It is a methodology for analyzing IT or other enterprise costs. In a PC context, it is the sum of cost acquisition of a Desktop/PC and the costs associated with supporting it over its useful life.

## Why does TCO matter?

Every business in every industry has a process for evaluating technology investment. TCO/ROI analysis gives the customers an estimate of quantifiable business benefits that can be expected from an investment.

## Who uses TCO?

Anyone who wants to understand the cost structure of a specific environment/investment uses TCO.

For VMware View™, the likely profiles of TCO users are:

- CIOs or IT Directors/Managers – looking for the lowest-cost IT solution to desktop/client architecture.
- CFOs – to confirm that the most cost-effective solution is adopted.

## How do IT users utilize TCO?

- For creating a baseline line cost, that is often used as a benchmark to track actual costs.
- For running “what-if” scenarios prior to implementation, to select the best possible route.
- For understanding future cost estimates.

## What’s driving VMware View adoption?

Based on IDC research, the following are the key drivers for VMware View adoption:

- Device consolidation
- Ease and speed of application deployments
- Power savings
- Security and control of assets deployed outside the corporate perimeter (outsourcing)
- Simplified desk-side support
- Simplified lifecycle management

- Simplify adoption of new hardware by enabling compatibility with legacy applications/OS
- Data security/control
- Minimize it head-count
- Move to Thin client hardware
- Windows 7 Migration

## How does TCO/ROI analysis help me in the sales cycle?

A thorough understanding of VMware View™ TCO will allow you to connect with the decision makers, especially in the upper management, at a level that matters the most to them. Important factors are:

### The quality of the investment

- How much will it cost them?
- What kind of return is expected on their investment?
- When will they start seeing positive return?

### Strategic relevance

- How does the investment compliment the strategic goals of the company?

Being able to speak in business terms will also get you out of the lengthy tactical discussions/transactional deals, and make you a key contributor to the customers’ decision making process. With a TCO/ROI-based approach, you can present the technological benefits of VMware View as financial and strategic incentives that are attractive to management.

## How do I build a successful strategic business case?

The process of building a successful strategic business case starts with in-depth customer engagements. The goal of these interactions is to build a solid long-term relationship with the customer, identify the allies and develop internal champions, and leverage their influence to access senior management. Then you can present the business case to upper management.

A successful strategic, value-based business case will:

- Increase the sense of urgency and convince the decision-makers that a VMware View investment is a priority.
- Have business stakeholders as internal champions.
- Show a long-lasting, predictable, and positive business impact.

To accomplish the above, the business case for VMware View also needs to:

- Be built on a trusted financial model.
- Use standard industry terminology that everybody understands.
- Use customer actual data and metrics (industry average is OK for preliminary discussions).
- Presented in an easy to understand format.

### Is the VMware TCO/ROI calculator credible?

The VMware TCO/ROI Calculator was developed jointly by VMware and ex-Gartner TCO/ROI experts from Alinean, Inc. The Calculator uses a proven financial model, industry research, VMware field and customer data, and user-provided metrics to quantify and compare the savings, required investments, and business benefits of implementing VMware View solution.

The relationship with Alinean is significant because customers today are extremely conscious of cost and want to know they're making good investments. In some cases you will be asking companies to make a significant investment in a new technology and they will want to see proof points and numbers they can trust. In other cases you will be asking current customers to increase their spend with VMware and they will want to see the value you've already brought them.

In most cases customers will not have the numbers and proof points themselves and the only way they're going to get good analysis is through the tools we provide. The other choices are to hire expensive consultants or develop internal processes and tools to serve the same function. As a result, you have a very valuable and powerful set of tools at your disposal. Needless to say, since you are there to sell VMware View solution, customers are going to be suspicious if you can't verify the legitimacy of your models and data. To make them comfortable, you can point back at Alinean.

Alinean has 15 years of experience in developing TCO/ROI and IT valuation tools. The principals created the TCO Manager and Analyst software for Gartner Group. They have exclusive partnership with IDC for research as well as research sharing and go-to-market relationships with Ziff Davis. So, the models and the baseline data included in the model come from independent, reputable sources. During the TCO/ROI analysis process customers can see exactly how the models are built and can modify many of the values you're using to suit their specific business situation, so every cost element is transparent.

Bottom line is this: The calculators and baseline data have been independently created and verified by a trusted source, so customers can trust the output—and you.

### How do I use the ROI/TCO calculator?

We have developed several training modules on how to use the ROI/TCO calculator. Please check mylearn for the details on these modules.

### What types of costs are included in our TCO/ROI model?

In accordance with Gartner's definition of TCO, we consider the Hard and Soft costs, both direct and indirect.

#### Direct/Hard costs (CapEx)

Cost associated with acquiring a Desktop

In case of VMware view the direct costs are:

- Server hardware cost
- SAN cost
- Network/Port costs
- VMware View software, support & services cost
- Microsoft VECD license cost
- Thin Client acquisition cost (if applicable)
- PSO cost

#### Indirect costs (OpEx)

Cost associated with supporting a physical or virtual Desktop. Cost is measured based on time spent on the following key IT activities:

- User Administration (Move/Add/Change)
- Hardware configuration/reconfiguration
- Hardware deployment
- Software deployment
- Application management
- Backup, archiving, and recovery
- Service desk (Tier 0/1)
- Security management
- IT administration
- Power and cooling cost of Servers and Client devices

**Soft costs**

Cost associated with downtime or productivity loss. Some of these costs are quantifiable, while others are more strategic in nature and may vary significantly from customer to customer. Examples include:

- Downtime
- Business interruption
- Security breach
- IP leak

**What should I lead with – CapEx or OpEx?**

You should lead with the TCO, which, by definition, includes both: It is important to discuss the CapEx and then move to OpEx. This is the area where we can clearly demonstrate the business value of VMware View.

Depending on your audience, you may also include softer benefits, such as business continuity, data security, governance and compliance, and IP protection. This will appeal to the audience that is looking for strategic benefits of VMware View.

**OPERATIONAL EXPENSES COSTS FOR DESKTOP INFRASTRUCTURE**

**User administration (Adds and Changes)**

This refers to the end user of the desktop system and the work required to bring end users into the company as new hires, or move them into a new offices or positions.

*Metrics: Volume and time spent on:*

- User configuration change management
- Identity and access management (passwords)
- Implementing/enforcing group policies
- Directory management

**Hardware configuration / reconfiguration**

This is the effort required to prep a desktop for use (installing OS, tuning OS, installing core apps such as AV and productivity software). “Reconfiguration” entails redoing the above tasks when a particular desktop system is repaired or upgraded.

*Metrics: Volume and time spent on:*

- OS tuning
- User profile/configuration
- Device drivers
- Hardware break-fix management

**Hardware deployment**

This refers to the costs associated with physically delivering and connecting the end user’s desktop. It could include the work to setup a system in the offices or shipping a PC to remote/home office.

Metric: Volume and time spent on managing PC installations for new systems or replacement upgrades

**OS and Software deployment**

This refers to installing core apps, AV, printer drivers, etc., and business client applications such as Oracle apps, SAP or business analytics tools. It also involves the pre-work of deciding what apps a user needs, ex. OS, Service pack and deciding what the “approved applications” for a user or business unit are, and then the actual deployment.

*Metric: Volume and time spent on testing, packaging and deploying new software or operating system*

## OPERATIONAL EXPENSES COSTS FOR DESKTOP INFRASTRUCTURE

**Application Management**

Once appropriate applications are selected for production use, those applications need to be managed. This management includes software license management, patch management, etc.

*Metrics: Volume and time spent on:*

- OS and application updates (patches)
- Application upgrades
- Application de-installations
- Break-fix management of the operating system (including registry) and applications.

**Backup, archiving, recovery**

The costs associated with maintaining backup/archiving client software on users' desktops from a management or maintenance perspective. This is also the cost associated with recovering lost data or data required for SEC investigations or electronic discovery. This includes the backup or archiving software maintenance and support as well as the cost in FTE "man hours" to perform a recovery. While the cost of this is relatively low in most organizations (and this is reflected in our model), it could be much higher for financial services organizations. Therefore, the potential savings from virtualization could be much higher for financial services customers, because desktop virtualization centralizes sensitive data and lends itself to more efficient backup, archiving and recovery/discovery.

*Metric: Volume and time spent on managing PC data backup and recovery*

**Service Desk (Tier 0/1)**

This is the cost of X number of support FTEs divided by Y number of managed desktop PCs per year.

*Metrics: Volume and time spent on:*

- Dispatched support
- Application conflict resolution

**Security Management**

This refers to work done to track and secure desktops, from both a physical and logical security perspective. Again, while this cost is low for many organizations, it might be much higher for financial services customers and therefore lend itself to a more compelling ROI in a VDI context.

*Metrics: Volume and time spent on:*

- Managing anti-virus
- Data Security/Disk encryption
- Other security management for hardware and software

**IT Administration**

This represents the costs of miscellaneous IT administration. An example might be the costs associated with maintaining a helpdesk ticketing system.

*Metrics: Volume and time spent on*

- Procurement
- Asset management
- Software tracking
- License management

