

A Forrester Total Economic Impact™
Study Commissioned By VMware
May 2019

The Total Economic Impact™ Of VMware Technical Account Manager Service

Cost Savings And Improved IT Operations

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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.

Benefits And Costs



VMware-related internal effort reduction:

10%



Technology related benefits:

Improved uptime, performance, and futureproofing



Total capex savings (PV):

\$2.5 million



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:

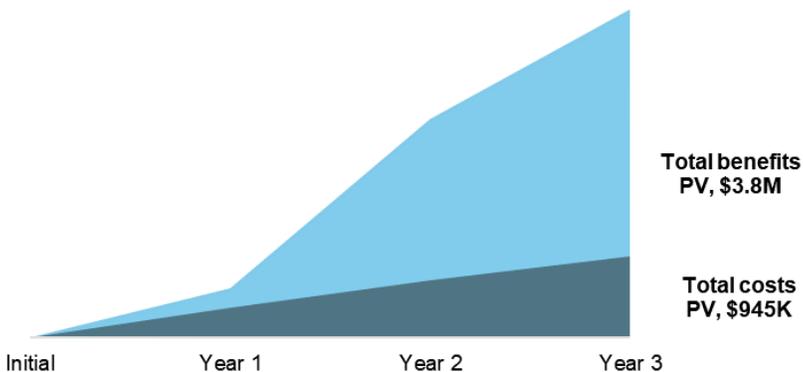
- › **Better access to VMware resources.** The TAM Service acted as an advocate and was able to provide information and resources that would have otherwise not been available. From the advocacy perspective, TAM escalated trouble tickets, found the right people to address problems, and fed feature requests 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



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

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:



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.

The VMware TAM Service Customer Journey

BEFORE AND AFTER THE TAM SERVICE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted interviews with VMware TAM Service customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	TAM ENGAGEMENT
Airline	Headquartered in EMEA	Data center manager	1 dedicated TAM
Telecom	Headquartered in North America	Senior manager	1 dedicated TAM
Technology	Headquartered in North America	Cloud team manager	2 part-time TAMs
Energy	Headquartered in Asia Pacific	Solutions architect	1 dedicated TAM

Key Challenges

- › **IT operations were always in reactive mode.** Too much time was being spent managing systems and “putting out fires.” This meant there was too little time to focus on strategic projects and planning for the future.
- › **There were unplanned system outages and performance issues.** VMware solutions were not regularly optimized to meet changing requirements and growth. This resulted in reduced system performance, which affected processing times. There were also unplanned outages.
- › **Business objectives could not be fully supported.** Since the IT team did not have the time needed to undertake higher-value activities, because systems were not as flexible as needed, the IT organization could not quickly respond to changing business needs. This meant a slower time-to-market and efficiency disruptions that negatively affected business users and customers.

“Before having a TAM, my team didn’t have the time to upgrade to the latest VMware versions. That led to some outages. That is all fixed now.”

Data center manager, airline



Key Results

The interviews revealed that key results from the TAM Service investment include:

- › **Better planning in support of digital transformation.** The TAM solution provided architectural guidance and visibility into VMware’s product road map, which helped the IT organization better position itself and its systems to support the business. Furthermore, the IT team used the newly available time to focus on growth and altering business requirements as part of the organization’s digital transformation initiative.
- › **Shorter delivery times and value realization.** In order to speed up projects, the TAM solution brought its own expertise to that of the entire VMware organization. This resulted in lower costs, and more importantly, reduced time-to-value in terms of delivering other business benefits.

“My company has been in a cost-cutting mode for many years now. I’ve told management that getting rid of the TAM is not an option because of the value it provides.”

Senior manager, telecom



- › **Improved technology adoption.** A major goal of the TAM solution is to make sure that their customer is taking full advantage of an investment in VMware solutions. The TAM solution also improved technology adoption in terms of system performance and availability.
- › **Streamlined IT operations.** IT operations were optimized to better use VMware solutions such as automating virtual machine (VM) provisioning. Additionally, faster provisioning made developers and other parts of the broader IT organization even more productive.

“The VMware TAM Service has paid for itself many times over. I wish the TAMs I have from other vendors were as organized and proactive.”

Data center manager, airline



Composite Organization

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

The composite organization is a global 2,000 company that is headquartered in Europe. It has operations and offices across EMEA, North and South America, and Asia Pacific. It also has data centers in each of these regions. The enterprise agreement with VMware included one dedicated TAM that works five days per week on one account.

Analysis Of Benefits

This section evaluates three main benefit areas. The financial analysis includes project-related savings and operational efficiencies. Several unquantified benefits are discussed later in the report.

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Project-related savings	\$391,000	\$2,118,200	\$1,439,617	\$3,948,817	\$3,187,638
Btr	Operational efficiencies	\$242,250	\$242,250	\$242,250	\$726,750	\$602,440
	Total benefits (risk-adjusted)	\$633,250	\$2,360,450	\$1,681,867	\$4,675,567	\$3,790,078

Project-Related Savings

The TAM Service solution provided VMware system health checks, strategic reviews, advocacy, and the development of specific VMware technology-related deployment and optimization projects. These projects can take many forms and deliver significant value in terms of cost savings, improved business agility and outcomes, and decreased time-to-completion/value realization. Interviewees shared examples of projects which TAMs assisted on that otherwise would not have been possible or would have been more costly and lengthy to complete. (All financial examples included have been translated into US dollars.)

One interviewee described a VM-rightsizing initiative before moving to the cloud. The TAM solution helped the team right size all nonproduction workloads across multiple data centers and make better use of VMware vRealize Operations, otherwise known as vROps. This resulted in a direct cost savings of \$2.3 million in additional hardware and licenses. “Our TAM worked with our team to accelerate this project and teach us how to use the solutions better. I would attribute around 20% of the benefit to the TAM because of acceleration and knowledge transfer.”

Another interviewee described an infrastructure rationalization project that saved \$3M in capital expenditure. They were able to reclaim three terabytes (TBs) of memory and 100 TBs of storage using vROps — 80% of these savings were attributed to the TAM Service solution.

Another company's TAM team assisted with a virtual networking initiative. The TAM solution provided guidance and outside-the-box thinking, which saved the internal team an estimated seven months of wasted effort. For this same client, the TAM team also researched how to achieve better clustering. This helped the client to reduce its number of clusters from 115 down to 60, with a replacement cost of \$45,000 in hardware and licenses for each. This consolidation also saved an additional \$100,000 per year in operating system licenses.

The fourth interviewee described a data center consolidation project between the primary data center and a previous one that was never fully decommissioned. The overall footprint was reduced by 60% and licenses were no longer needed to be paid for very old servers. The TAM solution accelerated the completion of this project, which saved the company upward of \$1.4 million per year.

For the financial analysis, Forrester made the following assumptions:

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$3.7 million.

Accomplishing The Impossible

One interviewee shared a unique project example that demonstrated how a TAM can accomplish things that would otherwise be impossible. The company's hardware supplier did not support vSphere 6.5 on the older hardware that was in place. The move to 6.5 was required in order to upgrade to TLS 1.2. The TAM worked with the client and with the hardware vendor to get an exception, which saved \$9 million for an otherwise unnecessary hardware refresh. Furthermore, this money was not available so a delayed move to TLS 1.2 would have jeopardized other technology and business transformation initiatives. The interviewed client said, “Without our TAM we would not have achieved compliance or saved the \$9 million.”

- › A road map of projects from the examples provided was included.
- › Project 1 was a VM-rightsizing initiative that saved \$2.3 million in hardware and license fees, plus ongoing maintenance. Twenty percent of the benefit was attributed to the TAM for accelerating the project and providing other guidance to further optimize the deployment.
- › Project 2 was an infrastructure rationalization project tied to a data center refresh. Eighty percent of the savings was attributed to the TAM solution because the client had previously struggled to achieve the same results.
- › Project 3 was a virtual networking project. This included seven months saved (the team consisted of four onshore FTEs, with an annual fully burdened cost of \$150,000, and two offshore resources, with an annual fully burdened cost of \$25,000) and the elimination of 55 nodes. The time savings and 30% of the capex savings were both attributed to the TAM solution.

The projects that a TAM works on will vary widely from one client to the next. It also depends on whether or not a company has a dedicated, full-time TAM or only uses them for one day per week or 2.5 days per week. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$3.2 million.

“We were going down a rabbit hole because of our mentality and past experiences. Our TAM kept us from continuing down the wrong path which saved us time and money.”

Cloud team manager, technology



Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Project-Related Savings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Project 1 – VMs rightsizing				
A2	Capex savings	Maintenance @ 20%	\$2,300,000	\$460,000	\$460,000
A3	Percent attributed to TAM		20%	20%	20%
A4	Project 1 – savings	A2*A3	\$460,000	\$92,000	\$92,000
A5	Project 2 – infrastructure rationalization				
A6	Capex savings	Maintenance @ 20%		\$3,000,000	\$600,000
A7	Percent attributed to TAM			80%	80%
A8	Project 2 – savings	A6*A7		\$2,400,000	\$480,000
A9	Project 3 – virtual networking				
A10	Time saved (months)				7
A11	Monthly team cost	4 FTEs*\$12,500+ 2 FTEs*\$2,083			\$54,167
A12	Total time savings	A10*A11			\$379,167
A13	Number of nodes eliminated	115-60			55
A14	Cost per node				\$45,000
A15	Percent of node savings attributed to TAM				30%
A16	Project 3 savings	A12+A13*A14*A15			\$1,121,667
At	Project-related savings	A4+A8+A16	\$460,000	\$2,492,000	\$1,693,667
	Risk adjustment	↓15%			
Atr	Project-related savings (risk-adjusted)		\$391,000	\$2,118,200	\$1,439,617

Operational Efficiencies

Interviewees all described how the TAM was an integral part of the IT team. In addition to their individual efforts, TAMs provided knowledge and best practices, which made the rest of the interviewee's organizations more effective and efficient. Some examples included:

- › “One of our biggest obstacles was a lack of knowledge, i.e., knowing which tools can do what. For example, vRealize Orchestrator was free and available for years, but nobody ever used it. Our TAM showed us the value of it and how to use it. Now our entire workforce is using it. That has saved us 3,900 hours.”
- › “We have a managed services provider who is supposed to help our transformation efforts. Our TAM advises us on this other vendor's recommendations and tells us what will work, what won't, and possible problems. He is key to our design and planning.”
- › “If we didn't have our TAM, we would have to add one FTE just for working with the VMware organization, and this other person couldn't do the job as well. My folks all cost \$200,000 per year with benefits.”
- › “Having a TAM means we waste less time in trial and error. We get the right resources and design the first time. This saves time on both design and ongoing support. We are probably saving three to four weeks in design effort alone.”
- › “If developers and database administrators (DBAs) are waiting for servers, they are less productive. Our TAM helped us put in place solutions that could fully provision a VM with security in 1 hour. We spin up 500 VMs per year, and each time it saves a few days of productivity.”
- › “Our TAM helps upskill the rest of the team.”
- › “If we didn't have the TAM it would be harder to achieve everything that we have. They save me so much time. I can just turn around and ask a question.”
- › “I can't imagine running an enterprise IT organization without a TAM, knowing how much value they provide me with.”

It can be difficult to isolate out the operational efficiencies that come from having a TAM from all of the benefits realized from deploying VMware solutions, e.g., the developer and DBA time savings described above. For this reason, Forrester was conservative in the benefits included. We assumed that one FTE would otherwise be added to liaise with VMware and undertake basic activities such as health checks. We also assumed that the seven members of the team, who are responsible for VMware virtualization and cloud technologies, save 4 hours per week due the TAM enabling more automation and faster access to information and tools.

The operational efficiencies will vary depending on what the TAM is working on and the size of the IT team. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$602,440.

“Our TAM gave us the knowledge and tools to move forward at a faster pace and without having to fund additional headcount.”

Senior manager, telecom



“Our TAM saves us a lot of time in research, health checks, and monitoring. I would have to add at least one FTE to do this.”

Cloud team manager, technology



Operational Efficiencies: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Existing team time savings (FTEs)	7 FTEs*4 hours* 52 weeks/2,080 hours	0.7	0.7	0.7
B2	Number of avoided additional hires		1.0	1.0	1.0
B3	Annual fully burdened cost		\$150,000	\$150,000	\$150,000
Bt	Operational efficiencies	(B1+B2)*B3	\$255,000	\$255,000	\$255,000
	Risk adjustment	↓5%			
Btr	Operational efficiencies (risk-adjusted)		\$242,250	\$242,250	\$242,250

Unquantified Benefits

Interviewees also shared several benefits that contributed to the financial metrics described above. They were not included in the financial analysis to avoid double counting, and they are important to take into consideration when evaluating the potential value the TAM solution has on the reader's organization.

Better Access To VMware Resources

In addition to the knowledge and skills an individual TAM has, they are also the gateway to many other resources across the VMware product environment. Other resources include access to product managers and visibility into product road maps, the best trouble ticket escalation path, and customer invitations to TAM-only customer events at VMware conferences. Interviewees provided the following examples:

- › “We got to meet with the VP of engineering and others at VMworld. Our input makes it into VMware’s road map discussions. We also get invited regularly to TAM webinar series.”
- › “The types of tickets I have are Level 3, but the standard VMware process is to go through Levels 1 and 2 first. Our TAM gets us in touch directly with engineers in the Level 3 team.”
- › “Our TAM ensures that we get the right resources at critical times in our projects.”
- › “We have training credits as part of our contract. The TAM makes sure we get the best training, both instructor-led and self-paced.”
- › “We get better support, and not only when there is a problem. Last year we were doing a huge data center upgrade. We would give our TAM our trouble tickets, and they could get in touch with the support and engineering teams. That helped us complete our projects faster.”
- › “Seventy percent of our x86 environment was running on VMware. It’s critical to have everything working properly. Our applications teams expect very high performance. A TAM can make a call into VMware to get support and make sure we are providing the business what they need.”

“Our TAM gets us access to senior-level managers at VMware when we are having problems or need changes to a product. We would otherwise not have access to them.”

Senior manager, telecom



Better Strategic Planning

TAMs have excellent visibility into VMware’s product road maps and strategic direction. TAMs also spend a lot of time trying to understand a customer’s business objectives and strategic priorities. Marrying these two together, as well as freeing up an IT organization’s time, helps a

customer make more strategic IT decisions. Interviewees shared:

- › “Twice a year I have technology road map discussions with senior people at VMware. I also share where we are going, and this makes sure we stay in alignment.”
- › “Increased visibility into VMware road maps helps me plan better.”
- › “Our TAM helped us figure out how to move workloads into a public cloud. My application teams said it couldn’t be done. Now we have more than 10,000 application instances in public clouds.”
- › “The TAM meets with people across our company. We also have another TAM on the [software-as-a-service] side, which is a different organization. The two of them work together to keep us aligned and ready for future changes.”
- › “TAMs have access to performance data from similarly sized companies. They can share this with my upper management to provide guidance on how we are doing and where we should be going. That feedback is priceless.”

Better VMware Solution Utilization And Performance

One of the most important roles a TAM plays is to ensure that a company is making the best use of its VMware investments. This includes utilizing technologies they have paid for (minimize shelfware) and ensuring optimal performance. Interviewees provided examples of how a TAM does both:

- › “Performance and stability have improved by staying up to date with better implementations. Our TAM helps us achieve both of these things.”
- › “We had vROps but didn’t know what to do with it. We had the TAM help us get set up and get the most value out of it.”
- › “We have a lot of legacy kit running VMware and other vendors’ technologies. Even after upgrades, we were having performance problems. We couldn’t figure out the problem. Our TAM was able to find a processing bottleneck on one of the controllers. This reduced overnight processing times from 10 hours to 8 hours, which made reports available for the start of the next business day. Our TAM took an approach we never considered.”
- › “With our TAM’s help, we are taking our environment to the next level from an operational perspective — performance, reliability, and transparency. This will also deliver cost savings.”

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to adopt the TAM Service solution and later realize additional benefits. These can include adding additional projects for the TAM to work on or additional TAMs to work in other areas of the business — this being tied to the adoption of new VMware technologies. None of these future opportunities are included in the financial analysis.

“Each year I sit down with my TAM to take them through our new business objectives. Based on this we define his goals for the year, and he provides me with ongoing guidance on what we have to do from a technology perspective to achieve our business objectives.”

Data center manager, airline



“We can’t have downtime. It really hurts our business. I doubt we would have had no unplanned downtime without the help of our TAM.”

Senior manager, telecom



Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so.

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
Ctr	TAM Service costs	\$0	\$380,000	\$380,000	\$380,000	\$1,140,000	\$945,004
	Total costs (risk-adjusted)	\$0	\$380,000	\$380,000	\$380,000	\$1,140,000	\$945,004

TAM Service Costs

The only cost interviewees reported were those payable to VMware for the TAM Service. The level of effort required to oversee the TAM was negligible, and anything else was considered business as usual, or tied to specific technology projects. For the composite organization, one full-time TAM working five days per week was included.

Because the list price for dedicated TAM was used, no risk-adjustment was made. The three-year, risk-adjusted total PV cost was \$945,004.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$945K.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

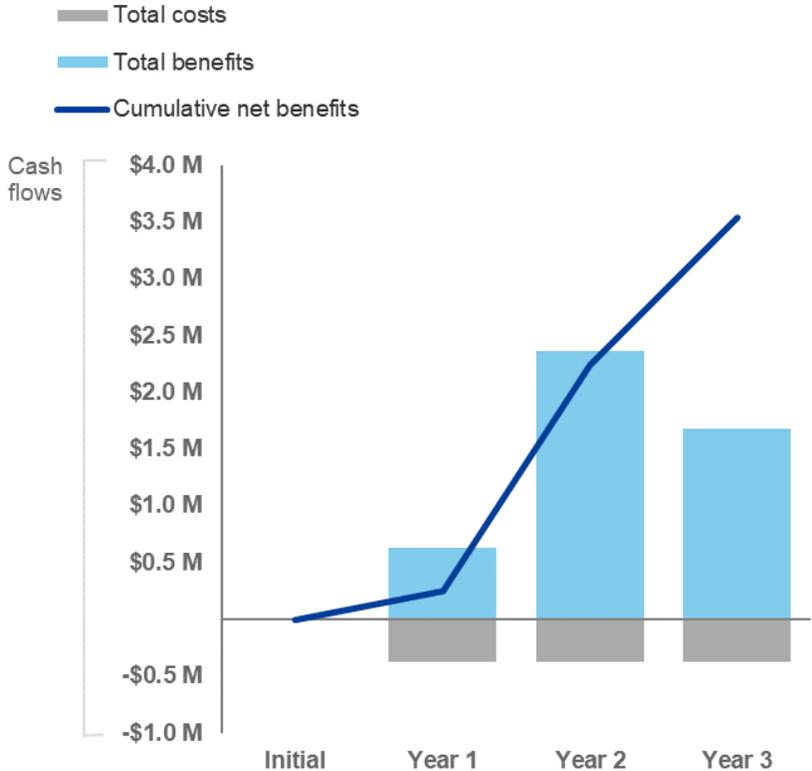
TAM Service Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
C1	Dedicated TAM	1 dedicated TAM		\$380,000	\$380,000	\$380,000
Ct	TAM Service costs	=C1		\$380,000	\$380,000	\$380,000
	Risk adjustment	0%				
Ctr	TAM Service costs (risk-adjusted)			\$380,000	\$380,000	\$380,000

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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	\$0	(\$380,000)	(\$380,000)	(\$380,000)	(\$1,140,000)	(\$945,004)
Total benefits	\$0	\$633,250	\$2,360,450	\$1,681,867	\$4,675,567	\$3,790,078
Net benefits	\$0	\$253,250	\$1,980,450	\$1,301,867	\$3,535,567	\$2,845,074
ROI						301%
Payback period						<6 months

VMware TAM Service: Overview

The following information is provided by VMware. Forrester has not validated any claims and does not endorse VMware or its offerings.

VMware Technical Account Managers (TAMs) are different from TAMs supplied by other industry vendors. A VMware TAM is a highly skilled cross-functional advisor, uniquely qualified to support the customer's digital transformation journey and provide unrivalled VMware product knowledge and proven skills to help customers streamline deployment and improve operations of their VMware platform. Backed by the resources of the entire VMware organization and armed with best practices, TAMs work with customers to minimize operational risks, maximize operational efficiency, and ensure value realization for their IT investment.

Key Benefits

- › Insight and planning
- › Analytics and measurements
- › Best practices
- › Risk mitigation
- › Special programs access
- › Customer advocacy

Key Outcomes

- › Ensure business and technical needs are understood throughout VMware
- › Maximize and accelerate solution adoption and value realization
- › Prevent issues and resolve challenges faster
- › Adopt new capabilities quickly
- › Optimize all VMware solutions
- › Create closer connection to VMware thought leadership and peers

TAM Deliverables

VMware TAMs are equipped with proven methodologies and tools to help them supply deep insights, identify risks, and chart progress against business objectives. These include:

- › Quarterly business reviews to ensure customer goals and priorities are always in focus.
- › Best practices reviews to optimize performance and reduce risk.
- › Capabilities assessments with next steps and road maps to keep a digital transformation journey on track.
- › Health checks to identify performance issues early.

How To Engage

The VMware TAM Service is global, with over 600 TAMs across the Americas, EMEA, and Asia Pacific. Available on an annual subscription basis, service options include:

- › Tier 1: 1 day a week.
- › Tier 2: 2.5 days a week.
- › Tier 3: 5 days a week.

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.