TOTAL ECONOMIC IMPACT

The Total Economic Impact™ Of Microsoft Azure VMware Solution

A FORRESTER TOTAL ECONOMIC IMPACT STUDY COMMISSIONED BY MICROSOFT, MARCH 2026

COST SAVINGS AND BUSINESS BENEFITS ENABLED BY AZURE VMWARE SOLUTION

FORRESTER®

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Executive Summary

As enterprises reassess virtualization and compute strategies, many are balancing near-term continuity for VMware-based workloads with longer-term cloud modernization goals. A Forrester survey from 2024 revealed that 36% of infrastructure decision-makers who work on VMware technologies reported their organization will maintain or increase its VMware usage even as it advances its cloud adoption and modernization initiatives.[1] Azure VMware Solution provides a stable cloud modernization path that preserves VMware operations while enabling a risk-managed approach that can improve operational stability, reduce infrastructure-related costs, and free IT teams to focus on modernization.

Azure VMware Solution (AVS) is a Microsoft-managed service verified by VMware that enables running VMware Cloud Foundation (VCF) workloads (e.g., vSphere, NSX-T, vSAN, HCX) on dedicated Azure infrastructure. It allows organizations to quickly move or extend VMware environments to a private cloud in Azure while maintaining operational consistency and leveraging the skills of existing VMware team members.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Azure VMware Solution.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of AVS on their organizations.

341%

Return on investment (ROI)

$5.6M

Net present value (NPV)

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with experience using Azure VMware Solution. For the purposes of this study, Forrester aggregated the experiences of the interviewees and combined the results into a single composite organization, which is a diversified organization with revenue of $5 billion per year, 10,000 employees, and a team of 10 IT employees who manage VMware workloads and associated infrastructure.

Interviewees said that prior to using Azure VMware Solution, their organizations were tied to on-premises operations for VMware workloads. While they were anxious to move these workloads to the cloud for cost and flexibility benefits, they did not have the time or internal skills to refactor them all and migrate them to a native cloud environment. To exit their data centers and leverage the benefits of cloud, they chose to lift and shift the workloads as is into Azure VMware Solution, which interviewees said allowed them to modernize at their own pace.

Interviewees explained that after the investment in AVS, their organizations gained the ability to operate on Azure without the reskilling, refactoring, and third-party support costs that previously held them back. They reported operational, financial, and experience level benefits attributable to AVS as a fast path to cloud and often said their organization plans to modernize further with Azure services over time. Key results from the investment include reduced capital and operating expenditures on on-premises infrastructure, more reliable and resilient workload performance, and the internal and external advantages of operating in a modern cloud environment.

Key Findings

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Reduction of downtime and associated costs by 80%.** AVS significantly improves the composite organization's operational stability by eliminating fragile on-premises workflows, reducing service interruptions, and delivering resilience through Azure's managed infrastructure. The organization experiences fewer VPN-related failures, dramatically decreases issue-resolution

time, and improves uptime that leads to more reliable day-to-day operations. The organization experiences no disruption or continuity issues during or after cutover as workloads move to AVS, enabling consistent performance across its environments. As a result, it saves $3.4 million over three years.

- **Elimination of infrastructure costs associated with the organization's two data centers.** The composite organization avoids spending on its upcoming hardware refresh cycle and on ongoing data center capital and operating costs, including licensing and expenses related to Extended Security Updates (ESUs). Migration also prompts broad decommissioning and rightsizing, enabling the organization to retire redundant or oversized VMs and cut ongoing compute, storage, and licensing footprints. Over three years, this is worth $2.6 million to the composite.
- **Redeployment of 50% of IT team members associated with VMware workloads to focus on modernization, saving $1.2 million.** AVS eliminates the need for the composite to assign workers to maintain its on-premises VMware environments, which eradicates routine tasks such as managing hardware lifecycles, patching clusters, upgrading nodes, and doing Re-IP Address work. Offloading these responsibilities to Microsoft's managed platform allows the composite organization to redeploy infrastructure engineers to higher-value work (e.g., modernization, automation, cloud governance, proactive incident prevention).

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Acceleration of the organization's ability to benefit from future modernization.** With workloads running in Azure via AVS, the composite organization modernizes and integrates platform services (e.g., security, identity, data, analytics) into its technology stack, accelerates application improvements, and enables new AI-driven capabilities directly in Azure. It upskills employees by exposing them to new, modern processes, including the shift from operating on an opex vs. capex financial model.
- **Fast and cost-effective migration of legacy workloads.** AVS enables the composite organization to migrate complex legacy workloads without hiring new specialists or engaging consulting firms. Without AVS, the organization would need these resources to help rewrite legacy applications and hard-code IP addresses for VMware workloads to run in cloud-native virtual machines (VMs). By using familiar VMware tools, the composite avoids large-scale refactoring efforts and redirects existing staff toward modernization initiatives.
- **Improved auditing and security posture.** AVS improves the composite's audit efficiency and strengthens its security by centralizing its previously inconsistent or inherited environments into a unified Azure-based platform. Standardizing on Azure reduces the composite's risk exposure, simplifies its regulatory conversations, allows teams to monitor and govern environments more effectively, and improves its external credibility to customers and regulators.

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

- **Azure VMware Solution charges of $1.2 million over three years.** The composite organization pays for AVS based on the number of nodes. It brings its own portable VMware Cloud Foundation (VCF) licenses to Azure, so those licenses are not included in this cost. With 12 nodes that each cost $3,144 per month, the composite pays $1.2 million for AVS over three years.
- **Up-front implementation costs of $458,000.** The composite dedicates internal resources to internal planning to evaluate and rationalize VMware workloads, tweak affected business applications, and test/QA the rollout. It also pays for a third-party partner to support the end-to-end migration.

The financial analysis based on the interviews found that a composite organization experiences benefits of $7.2 million over three years versus costs of $1.6 million, adding up to a net present value (NPV) of $5.6 million and a ROI of 341%.

> *"We are projecting to double our business next year. If we had not gone to AVS, we would not be able to even consider the growth we're expecting for next year."*
>
> **VP of IT program management, healthcare**

Key Statistics

341%

Return on investment (ROI)

$7.2M

Benefits PV

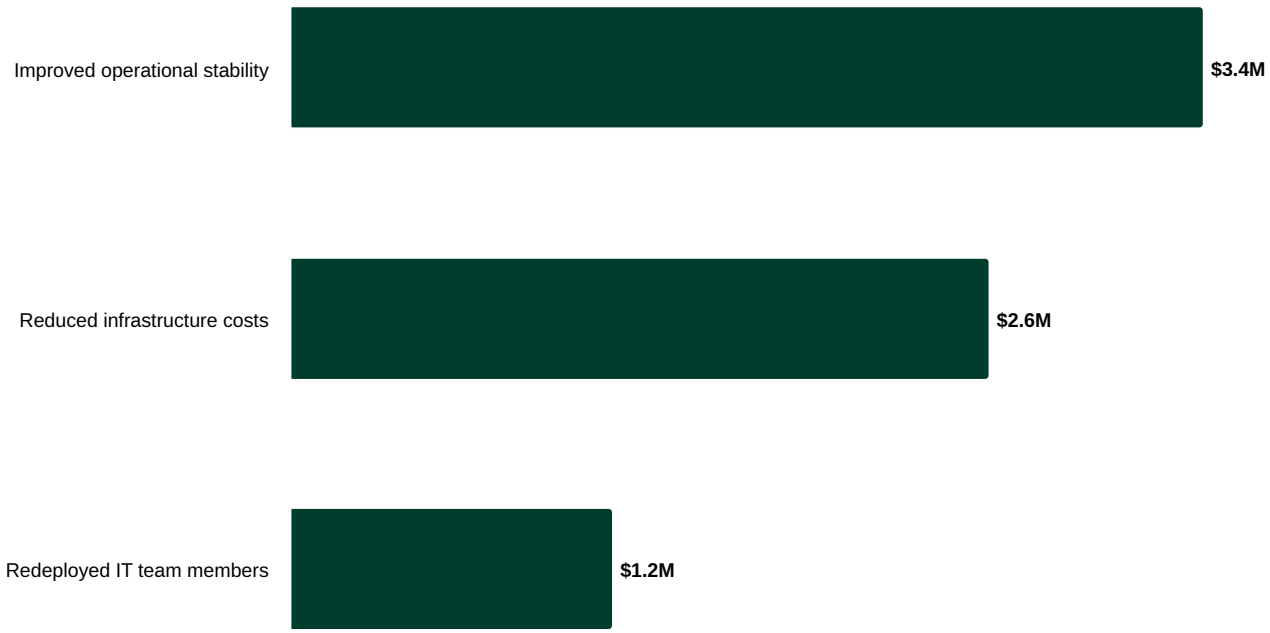
$5.6M

Net present value (NPV)

<6 months

Payback

Benefits (Three-Year)



The Microsoft Azure VMware Solution Customer Journey

Drivers leading to the Azure VMware Solution investment

Interviews			
Role	**Industry**	**Region**	**Employees**
VP of IT program management	Healthcare	US and Europe	6,000
Director, IT and technology	Manufacturing	US	1,000
CIO for North America	Financial services	North America	6,500
IT director	Manufacturing	Global	16,000
VP of compute services	Retail	North America	32,000

Key Challenges

Interviewees across healthcare, manufacturing, financial services, and retail sectors reported their organizations previously used VMware in on-premises environments to run critical workloads. They described a consistent set of hurdles that precipitated the decision to invest in Azure VMware Solution to move those workloads to the cloud, including:

- **System fragmentation.** Merger and acquisition activity, market-by-market autonomy, and legacy vendor sprawl produced inconsistent stacks, duplicated tools, and opaque ownership ("orphan machines"), which complicated operations and slowed change. The VP of IT program management at a healthcare company explained, "As we were acquiring markets, we weren't truly impacting their core tech stacks, and that was extremely problematic."
- **Cost of on-premises operation.** Organizations faced colocation fees, impending server refresh cycles, rising energy/cooling, and tooling/license renewals that were difficult to justify against cloud economics. The IT director at a manufacturer cited $33,000 per month in operating costs at the organization's primary and secondary data centers, while an interviewee from a retailer said their company avoided around $5 million in near-term hardware refresh expenditures by moving VMware workloads to AVS. The IT director at a global manufacturing company recalled, "We were looking at our refresh cycle and looking to avoid that, so there was cost avoidance on the capex side."
- **Limited skills base for cloud migration.** Lean teams could not refactor hundreds to thousands of VMs on aggressive timelines, and leaders needed a path that preserved existing VMware skills and processes. The IT director for a global manufacturer estimated their organization's migration program would have taken three times longer without AVS, while an interviewee from a retailer estimated that refactoring applications to run as cloud-native services would have required 10 times more effort than migrating existing VMware workloads to AVS.
- **Concerns about security posture.** Disparate environments and legacy access models elevated risk exposure and audit friction. Teams sought to centralize controls while improving resilience and visibility.
- **Operational variability and end-user experience.** VPN dependencies, inconsistent remote tooling, and endpoint logistics (e.g., contractor hardware) led to slow first-call resolution and downtime risks. Interviewees said their organizations needed a consistent platform experience. The CIO for North America at a financial services organization reported higher SLAs and fewer complaints after shifting critical workloads to AVS.

> *"Our previous MSP (managed service provider) was very delinquent in managing third-party access into the servers and making sure servers were patched. There were a couple events that were pretty scary."*
>
> **VP of IT program management, healthcare**

Solution Requirements/Investment Objectives

The interviewees searched for a solution that could:

- **Help their organization become cloud-first.** Several interviewees articulated the desire to modernize operations and establish a runway toward cloud-native services without disrupting current business operations.
- **Eliminate data centers and VPNs.** Interviewees' organizations looked to improve employee experience and reduce costs by retiring colocation facilities, circuits, and legacy remote access patterns.
- **Centralize configuration, governance, and audit posture.** IT teams wanted to move workloads into governed landing zones, consolidate monitoring and policy, and reduce audit prep time.
- **Minimize retraining and process changes.** Each interviewee said their organization prioritized avoiding large-scale reskilling or adding new headcount during the transition period.
- **Allow the organization to leverage Microsoft partnership terms.** Interviewees said they wanted to be able to use credits, reserved instances, and engineering support.
- **Accommodate Broadcom licensing changes.** Interviewees are now facing changes to VMware licensing models, and they need flexible options for leveraging existing VCF licenses.

> *"We decided that we wanted to be a cloud-first organization. So we started looking at options to displace our data centers, and because we were a VMware shop ... we were looking to find ways to ease that migration effort. Our plan would be to continue to [move to Azure infrastructure as a service] over time, but [AVS] gave us a really good bridge to be able to do that."*
>
> **IT director, manufacturing**

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 interviewees' organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- **Description of composite.** The global, $5 billion organization is a diversified company that runs critical workloads on-premises with VMware. It has 10,000 employees, including five who manage those VMware workloads and five who maintain the data centers involved. The company manages 800 VMs using VMware.
- **Deployment characteristics.** After a six-month implementation period, the composite organization begins using Azure VMware Solution in Year 1. The implementation includes all regions and channels.

KEY ASSUMPTIONS

- $5 billion revenue
- 10,000 employees
- 800 VMs
- 10 technicians dedicated to VMware workloads (5 in data center maintenance, 5 in workload management)

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	Improved operational stability	$1,360,000	$1,360,000	$1,360,000	$4,080,000	$3,382,119
Btr	Reduced infrastructure costs	$1,062,500	$1,062,500	$1,062,500	$3,187,500	$2,642,280
Ctr	Redeployed IT team members	$488,750	$488,750	$488,750	$1,466,250	$1,215,449
	Total benefits (risk-adjusted)	$2,911,250	$2,911,250	$2,911,250	$8,733,750	$7,239,848

Improved Operational Stability

Evidence and data. Interviewees across industries reported that migrating VMware workloads to Azure VMware Solution materially improved day-to-day operational stability by eliminating fragile legacy workflows, reducing service interruptions, and enabling more resilient cloud-based operations.

- The VP of IT program management at a healthcare provider described how legacy remote access patterns created chronic reliability issues for end users. VPN drop-offs, home network instability, and fragmented access models disrupted workflows. But they said that after moving these dependencies into Azure, reliability improved substantially: “Some of those historic workflows that are frustrating for end users, for instance where an end user doesn’t realize that they’re not connected to the VPN or the VPN is not reliable on their home internet, all those things that cause frustration are being migrated to Azure as we speak.”

  The same interviewee noted the IT team’s overall service responsiveness to end users improved dramatically. Faster remote support and consistent AVS-based tooling contributed to more predictable issue resolution and smoother operations. They said, “[We spend] less than 10 minutes on first-call resolution, which is phenomenal service.”
- The CIO for North America at a financial services institution emphasized the stability gains their organization achieved by shifting a critical workload out of its legacy mainframe-centric environment and into Azure’s managed AVS platform. Offloading the operational burden and relying on Microsoft’s infrastructure significantly reduced downtime exposure and improved service delivery. They said: “It gets it out of my list of problems. It makes it somebody else’s problem. We pay Microsoft to manage it.” They also said the SLAs for Azure far surpassed their company’s internal data-center uptime performance.
- The VP of compute services at a retail enterprise that migrated more than 5,000 VMs noted that AVS delivered stable operations throughout an unusually large and rapid migration program. They explained that engineering leadership emphasized continuity and proactive prevention of downtime using AVS’s elastic scaling: “[There was] no disruption [and there were] no continuity issues [or] downtime issues both during the migration and post-migration. I would say we have maintained and improved our performance and business continuity.”

Collectively, interviewees attributed improved operational stability to several factors, including:

- Elimination of on-premises bottlenecks (e.g., VPN failures, legacy network paths, and aging hardware).
- Resilience and redundancy in Azure, including regional failover, uptime SLAs, and automated monitoring.
- Ability to add capacity in real time, preventing incidents that would previously have required major on-premises expansion or maintenance windows.

- More predictable and faster issue resolution enabled by unified tooling and centralized support.
- Lower operational burden on internal teams by shifting availability, patching, and platform health responsibilities to Microsoft.

Across industries, interviewees consistently said AVS provides a much more stable operating environment than their organizations' prior on-premises VMware workloads, both during the migration period and in steady state.

> *"[Azure's] uptime is like 99.999%. So, it's an industrial-strength solution. Now we have a service level in place that is being managed, and it is higher than ours was."*
>
> **CIO for North America, financial services**

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Prior to moving VMware workloads to Azure via AVS, the organization experienced eight significant unplanned downtime events each year.
- Each event lasts 1 hour.
- The composite's total cost of unplanned downtime is $250,000 per hour.

> *"We've been proactively able to prevent downtime in AVS, more so than on-premises because of our ability to add nodes to the clusters in real time."*
>
> **VP of compute, retail**

Risks. The risk that other organizations may experience a different impact from this cost is related to:

- The number and length of unplanned outages per year.
- The total per-hour cost of those outages.

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 $3.4 million.

80%

Reduction in downtime

Improved Operational Stability					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Average downtime on VMware workloads before cloud migration (hours)	Interviews	8	8	8
A2	Average cost of downtime per hour	Composite	$250,000	$250,000	$250,000
A3	Average downtime per incident (hours)	Interviews	1	1	1
A4	Reduction in downtime attributable to AVS	Interviews	80%	80%	80%
At	Improved operational stability	A1*A2*A4	$1,600,000	$1,600,000	$1,600,000
	Risk adjustment	↓15%			
Atr	Improved operational stability (risk-adjusted)		$1,360,000	$1,360,000	$1,360,000
	Three-year total: $4,080,000			**Three-year present value: $3,382,119**	

Reduced Infrastructure Costs

Evidence and data. Interviewees reported that migrating VMware workloads to Azure VMware Solution allowed their organizations to avoid major hardware refresh cycles, eliminate data center capital and operating expenditures, reduce licensing and extended security update (ESU) obligations, and enable largescale rightsizing and decommissioning. This led to substantial reductions in infrastructure-related spending.

- Interviewees said their organizations' on-premises environments were approaching scheduled technology refresh cycles and that updating compute hardware, storage arrays, network appliances, and converged infrastructure stacks would have required multimillion-dollar capital spend and weeks of engineering time. The IT director at a global manufacturing company described how AVS helped their organization avoid upcoming lifecycle costs: "We have a five- to seven-year refresh cycle on servers, and we were looking to avoid the upcoming refresh. So, there's cost avoidance on the capex side with replacing the nodes that we have in the data center as well as some networking equipment that was coming up for replacement."
- The VP of compute services at a retail business operating thousands of VMs emphasized that legacy VMware clusters were at end of life and that without AVS, the company would have required equipment purchases and incurred costs related to facilities labor, installation, cabling, and long-term operations.
- Interviewees highlighted significant reductions in software and lifecycle-related costs, especially around ESUs. They noted that workloads running in AVS include ESU coverage at no additional cost, which eliminates a recurring and often unpredictable expense for aging Windows Server or SQL Server instances. The VP of compute services at a retail business noted, "We save on [ESUs] because, in AVS, you don't need [to pay for] ESUs."
- AVS migrations also prompted cleanup of long-standing inefficiencies in on-premises VMware workloads. Interviewees said migration waves require validating each VM, which helps their organizations identify redundant, oversized, underutilized, or orphaned workloads. This process created lasting savings by reducing compute, storage, and licensing footprints. The VP of compute services at a retail business said: "It allowed us to do a lot of decommissioning. It also allowed us to do a lot of rightsizing because when we looked at how it was running in VMware, we realized we didn't need that comparable in AVS. We could chop that compute in half before we moved it."
- Interviewees across sectors reported that decommissioning and rightsizing efforts eliminated roughly 10% of workloads, cut unnecessary resource allocations, and reduced ongoing cloud consumption once migrated. Many also said their organization consolidated or eliminated colocation costs, network circuits, cooling and power expenses, and support contracts associated with running physical infrastructure.

Interviewees said their organizations saw immediate cost savings and avoided ongoing reductions in operational expenditure with AVS.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The organization closes two data centers as a result of the move to AVS.
- The primary data center had annual operating costs of $500,000.
- The secondary data center had annual operating costs of $250,000.
- The organization faces a hardware refresh in its data centers involving 300 servers which will cost approximately $12,000 per server amortized over a seven-year refresh cycle.

Risks. The risk that other organizations may experience a different impact from this cost is related to:

- The number and size of VMware workloads to be moved to AVS, which will affect the size of the on-premises infrastructure supporting it.
- The cost per server to replace existing infrastructure and the organization's refresh/amortization schedule, which will affect the annual cost of major capital expenditures.

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 $2.6 million.

> *"We would have had to spend [more than] $5 million to do a hardware refresh to support existing workloads. We also would have had to pay capital to rack and stack and wire up that hardware."*
>
> **VP of compute services, retail**

Reduced Infrastructure Costs					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Primary data center operating costs	Composite	$500,000	$500,000	$500,000
B2	Secondary data center operating costs	Composite	$250,000	$250,000	$250,000
B3	Hardware refresh costs avoided	Composite	$500,000	$500,000	$500,000
Bt	Reduced infrastructure costs	B1+B2+B3	$1,250,000	$1,250,000	$1,250,000
	Risk adjustment	↓15%			
Btr	Reduced infrastructure costs (risk-adjusted)		$1,062,500	$1,062,500	$1,062,500
	Three-year total: $3,187,500		**Three-year present value: $2,642,280**		

Redeployed IT Team Members

Evidence and data. Interviewees consistently reported that adopting Azure VMware Solution substantially reduced the amount of labor required to maintain on-premises VMware environments. Hardware lifecycle tasks, cluster upgrades, re-IP exercises, and deep-skill refactoring activities were either eliminated or outsourced, allowing the organizations to redeploy infrastructure engineers to higher-value initiatives (e.g., modernization, automation, proactive stabilization).

- Interviewees explained that their organizations eliminated these labor and professional services requirements as a result of substantial reductions in day-to-day maintenance tasks. Multiple interviewees highlighted that AVS removed recurring

operational burdens (e.g., cluster patching, hardware upgrades, node lifecycle management) and said that automation freed significant staff time. The IT director at a manufacturer mentioned that before using AVS, the organization's engineers spent a significant amount of time managing and executing upgrades. After migrating, this time was recaptured and reassigned to modernization, automated build pipelines, and cloud governance initiatives.

The interviewees from healthcare and manufacturing organizations noted that troubleshooting, endpoint support, and multistep provisioning workflows were reduced or eliminated, allowing engineers to focus on architectural improvements and service quality. They explained that because Microsoft handles back-end operations, senior infrastructure staff were no longer interrupted by routine maintenance and could devote time to optimizing capacity, reducing incidents, and accelerating cloud -first adoption. The VP of IT program management at a healthcare company said: "We wanted to free up some of the people who were constantly devoting time to babysitting the hardware and the data center. Migrating our VMware workloads to the cloud with AVS accomplished that. Those people are now able to concentrate on development and analysis."

- Interviewees also reported that migration activities naturally aligned with application and VM cleanup. As part of their transitions, infrastructure teams shifted their focus from hardware upkeep to rightsizing, decommissioning, and portfolio rationalization, which reduced future maintenance workloads while improving overall cloud efficiency. The VP of compute services at a retail organization explained: "We did a lot of decommissioning and rightsizing. It let the team focus on improvements instead of keeping the lights on."

> *"Before AVS, we had to do node upgrades or cluster upgrades, and it could take 40 engineering hours [and require] high-skill personnel to supervise or execute. Now, Microsoft handles all that on the back end for us automatically."*
>
> **IT director, manufacturing**

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite dedicates five IT team members to maintain its two data centers.
- These IT team members are redeployed after the move to AVS.
- The average fully burdened annual salary of an IT team member is $115,000.[3]

Risks. The risk that other organizations may experience a different impact from this cost is related to:

- The number of IT team members the organization dedicates to data center maintenance.
- The rate of pay for IT team members dedicated to data center maintenance.

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 $1.2 million.

5 FTEs

IT team members redeployed from data center maintenance

Redeployed IT Team Members					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	IT team members	Composite	10	10	10
C2	Average fully burdened salary for an IT team member	Research data	$115,000	$115,000	$115,000
C3	FTEs redeployed from infrastructure maintenance to other priorities	Interviews	5	5	5
Ct	Redeployed IT team members	C2*C3	575,000	575,000	575,000
	Risk adjustment	↓15%			
Ctr	Redeployed IT team members (risk-adjusted)		$488,750	$488,750	$488,750
	Three-year total: $1,466,250			**Three-year present value: $1,215,449**	

Unquantified Benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Accelerating the organization's ability to benefit from future modernization.** Interviewees noted that AVS provided their organizations' IT teams with a low-risk, low-disruption path into a modern cloud environment. They emphasized that this approach let teams experience cloud operations safely and build their familiarity with Azure capabilities and requirements while Microsoft handled cluster lifecycles, uptime, and back-end management. Interviewees said AVS was a useful bridge to cloud operations until their organizations were ready to determine which workloads should be modernized further.

  They also noted that AVS provides an opportunity to accelerate the upskilling process for business teams and IT teams. The VP of compute services at a retail company explained: "It's a good stepping stone from a business perspective and an IT team perspective to get more used to the fact that you are now cloud-enabled and you're now running on Azure. It's a pay-as-you-go model, so that introduces all of the FinOps factors. It also introduces the business teams and IT application teams to a new paradigm for the way they run their applications in the cloud — the automated deployment, techniques, the whole landing zone structure, and the way that works."

> *"It opens up a whole modern compute ecosystem. We've got APIs that we can tap into now. It's good for everybody's skill set. It's good for everybody's career."*
>
> **IT director, manufacturing**

- **Fast and cost-effective migration of critical legacy workloads.** Several interviewees emphasized that without AVS, their organization would have faced major staffing or consulting costs to execute cloud migrations or modernize aging VMware workloads. The CIO of North America in financial services noted that their organization's internal team lacked the skills required for a native refactor and would have been forced into a large external services engagement. They said: "We wouldn't have had the skill set internally to do that. We would have probably engaged [a global systems integrator] to help us do that. It would have cost a half million dollars or more."

The IT director at a global manufacturer shared a similar assessment, explaining that without AVS, their organization would have needed to scale its cloud engineering organization significantly, which would require hiring new staff, retraining, and getting consulting support to analyze and redesign workloads for cloud-native platforms: "We would need to expand quite a bit in order to take this on effectively. We would have brought in a partner to start to bring us along and use some consulting to help us do some analysis and understand what refactoring might look like."

Across industries, interviewees said AVS enabled their company to preserve its existing VMware skill sets, avoid expensive talent expansion or refactoring projects, and redirect infrastructure teams toward modernization priorities. They explained that this delivered measurable productivity gains, future-proofed their organizations, and created more strategic engineering functions.

> *"The difference between vMotioning up VMs to AVS versus refactoring and trying to get them to run natively would be many, many factors more difficult. ... not two or three times. [It would be] more like 10 times plus."*
>
> **VP of compute, retail**

- **Improved audit readiness and security posture.** Interviewees highlighted that AVS materially improved their organization's audit readiness and security posture by centralizing environments previously inherited through acquisitions or fragmented operations. The VP of IT program management at a healthcare company explained, "We were bringing these acquisitions on that had horrible security postures ... and that became just as big a risk for us as it was for them." They continued, "[With AVS] our SVP of infrastructure sleeps better at night because we can truly monitor these environments and we know what's going on." Interviewees also said that shifting workloads into Azure signaled operational maturity and regulatory alignment.

> *"It really saves us a lot of time and energy and [helps us get] through the audit because everybody understands what it is. It's not like we're doing a one-off with Joe's cloud. We now also have a lot of policies around web blocking, etc. The governance and control is much higher than we ever could do before."*
>
> **IT director, manufacturing**

Flexibility

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Azure VMware Solution and later realize additional uses and business opportunities, including:

- **Scaling capacity to meet seasonal or variable demand.** Several interviewees emphasized that AVS's cloud-based VMware infrastructure enabled rapid scaling of compute resources, which is something they said would have required weeks or months with on-premises hardware. The VP of compute services at a retail business noted that AVS allowed teams to add nodes on demand to address sudden spikes in cluster utilization, avoiding potential performance degradation or downtime. Previously, addressing capacity issues required purchasing and racking new hardware, which could take weeks and cost millions.

A VP of IT program management at a healthcare provider emphasized that AVS is now the foundation of their organization's managed-services offering and that the company can onboard newly acquired clinics or remote workforces in as little as 90 days with repeatable "wave-based" deployment plans that support rapid, predictable scaling. The director of IT and technology at a manufacturing firm reported that AVS made it possible to immediately provision virtual desktops for contractors — which they said is an operationally unpredictable user group — without buying hardware or overprovisioning endpoints.

Interviewees explained that having the ability to elastically burst capacity without procurement cycles or data-center constraints allows their organizations to respond quickly to business needs (e.g., acquisitions, onboarding new revenue-cycle teams, addressing unplanned workload surges).

- **Supporting global expansion without significant IT overhead.** Interviewees from organizations that operate across geographically distributed locations said they see AVS as a way to expand their company's digital footprint without replicating physical infrastructure or staffing. The VP of IT program management at a healthcare organization that's growing through mergers and acquisitions reported that AVS now underpins the company's standardized "IT in a box" offering, which enables bringing newly acquired practices onto the unified platform regardless of geography without deploying local data center resources.

  The IT director at a manufacturer with more than 70 global locations said AVS allowed their organization to extend access to centralized ERP and application environments through Citrix and other virtualized workloads, eliminating the need for site-specific hardware refreshes and reducing operational complexity across regions. The CIO for North America at a global financial services firm with highly regulated workloads highlighted that AVS is a compliant, globally available platform that removed the need to maintain specialized in-house skills for legacy VM environments while centralization and simplification across international teams.

  Interviewees said AVS allowed their organizations to grow their operational footprints without growing their data center footprints by supporting new markets, acquired entities, contractors, and remote workforces with minimal incremental IT labor.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Total Economic Impact Approach).

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	Platform/license fees	$0	$475,373	$475,373	$475,373	$1,426,118	$1,182,182
Etr	Up-front implementation costs	$458,563	$0	$0	$0	$458,563	$458,563
	Total costs (risk-adjusted)	$458,563	$475,373	$475,373	$475,373	$1,884,683	$1,640,745

Platform/License Fees

Evidence and data. Interviewees told Forrester their organizations pay a monthly fee for each AVS node in place and that the number of nodes could vary from year to year depending on capacity requirements. They also said they could benefit from favorable pricing by committing to a given number of nodes over a period of years (Microsoft's reserved instances). Pricing may vary. Contact Microsoft for more details.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- In each of Years 1 to 3, the organization uses 12 AVS nodes to handle its VMware workloads.
- The composite commits to those nodes for a three-year period.
- The reserved instance cost for each node is $3,144 per month in the region the organization selects.

Risks. The risk that other organizations may experience a different impact from this cost is related to:

- The size of the organization.
- The number of VMware workloads, which can affect the number of AVS nodes required.
- Potential variability in per-node pricing by Azure region.
- Whether the organization commits to reserved instances and the length of those reserved instances.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.2 million.

Platform/License Fees						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Azure nodes in place	Composite	0	12	12	12
D2	Monthly AVS cost per node	Microsoft	$3,144	$3,144	$3,144	$3,144
Dt	Platform/license fees	(D1*D2*12)	$0	$452,736	$452,736	$452,736
	Risk adjustment	↑5%				
Dtr	Platform/license fees (risk-adjusted)		$0	$475,373	$475,373	$475,373
	Three-year total: $1,426,118			**Three-year present value: $1,182,182**		

Up-Front Implementation Costs

Evidence and data. Interviewees said implementing AVS primarily lasted the better part of a year and consisted of internal employee time-planning and preparing for the move along with limited support from third-party partners during the actual execution phase. The VP of compute services at a retail business recalled: “There was significant up-front architecture and application assessment done before we began the engineering to make sure the business case would hurdle and to ensure there was nothing [technical] that we thought would be large business risk.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Five senior-level IT and business employees spend approximately 25% of their time over a three-month period rationalizing assets and processes and preparing workloads and applications for migration.
- The average fully burdened hourly wage for a planning employee is $91.[4]
- Six IT employees each commit 50% of their time (520 hours) for an additional six months executing, testing, and conducting QA of the migration to AVS.
- The average fully burdened hourly wage for a migration FTE is $55.[5]
- The organization pays $168,000 for the services of a Microsoft partner systems integrator to provide support for the migration.

Risks. The risk that other organizations may experience a different impact from this cost is related to:

- The number of workloads to be migrated and their complexity, which can affect the internal cost of employee time during the process and fees paid to outside parties to support migration.
- The average rate of pay for employees involved in planning and executing migration.
- Whether the organization teams with an outside partner to enable the migration to AVS.
- Whether the organization receives vendor migration incentives (e.g., Azure Accelerate).

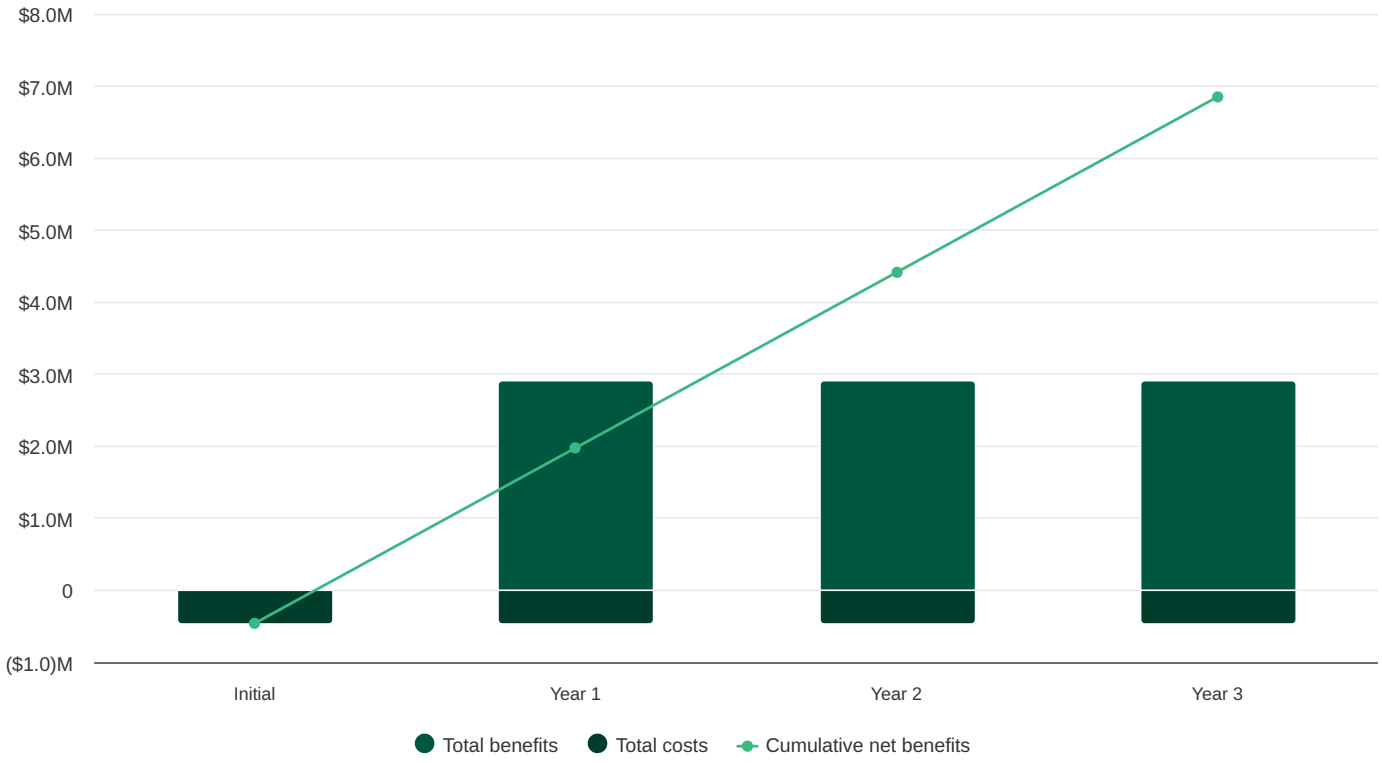
Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $458,000.

Up-Front Implementation Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	FTEs involved in planning	Interviews	5	0	0	0
E2	Time each FTE spends planning (hours)	Interviews	130	0	0	0
E3	Average fully burdened hourly wage for a planning FTE	Research data	$91	$91	$91	$91
E4	FTEs involved in migration	Interviews	6	0	0	0
E5	Time each FTE spends migrating (hours)	Interviews	520	0	0	0
E6	Average fully burdened hourly wage for a migration FTE	C2/2,080	$55	$55	$55	$55
E7	**Subtotal: Internal implementation costs**	**E1*E2*E3+E4*E5*E6**	**$230,750**	**$0**	**$0**	**$0**
E8	SI consulting/support fees	Interviews	$168,000	$0	$0	$0
Et	Up-front implementation costs	E7+E8	$398,750	$0	$0	$0
	Risk adjustment	↑15%				
Etr	Up-front implementation costs (risk-adjusted)		$458,563	$0	$0	$0
	Three-year total: $458,563			**Three-year present value: $458,563**		

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



Cash Flow Analysis (Risk-Adjusted)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($458,563)	($475,373)	($475,373)	($475,373)	($1,884,681)	($1,640,745)
Total benefits	$0	$2,911,250	$2,911,250	$2,911,250	$8,733,750	$7,239,848
Net benefits	($458,563)	$2,435,877	$2,435,877	$2,435,877	$6,849,069	$5,599,103
ROI						341%
Payback						<6 months

Please Note

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.

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.

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 Azure VMware Solution.

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 Azure VMware Solution can have on an organization.

Due Diligence

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Azure VMware Solution.

Interviews

Interviewed five decision-makers at organizations using Azure VMware Solution to obtain data about 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.

Glossary

Total Economic Impact Approach

Benefits

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and ongoing costs associated with the solution.

Flexibility

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

Risks

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."

Financial Terminology

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PVs 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

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

Appendixes

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

APPENDIX B

Endnotes

[1] Source: Forrester's Infrastructure Survey, 2024, Forrester Research, Inc., December 2024.

[2] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

[3] Source: Modeled Wage Estimates, US Bureau of Labor Statistics.

[4] Ibid.

[5] Ibid.

Disclosures

Readers should be aware of the following:

This study is commissioned by Microsoft 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 Azure VMware Solution.

Microsoft 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.

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

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