



## Study: Power of Virtualization Largely Untapped Despite Massive Adoption

PALO ALTO, Calif., Sept. 2, 2008 – New global research commissioned by HP shows that while 86 percent of technology decision makers have implemented virtualization projects, most are only in the beginning stages.

Among those who have begun implementing projects, 89 percent expect to virtualize one-fourth of their technology environments by 2010. Yet the power and potential of virtualization is not broadly understood as only one-third of survey respondents think of virtualization as a business tool.

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Global adoption of virtualization is steadily rising. Although many survey respondents anticipate that they will eventually virtualize 75 percent of their environments, chief information officers and other technology decision-makers do not yet view dollars spent on virtualization as an investment in business growth. Most are not deploying virtualization broadly against a comprehensive strategy, which can limit the ability to create renewable, flexible resources focused on business priorities.

While respondents understood that virtualization cuts costs and increases efficiency (80 percent and 70 percent, respectively), the majority do not associate a more efficient, cost-effective infrastructure designed to adapt to changing business needs with stronger overall business performance. Only 37 percent associate virtualization with accelerated growth, and 35 percent with competitive advantage.

“Companies that capture the full potential of virtualization are able to accelerate growth by streamlining deployment of new or enhanced business services,” said Ann Livermore, executive vice president, Technology Solutions Group, HP. “A strategy based simply on cost and efficiency overlooks virtualization’s capacity to reduce risk by improving business continuity and increasing security of end-user data.”

A Chinese technology decision maker who does understand the power of virtualization said, “As the business develops, more operation platforms and servers are needed. Having invested in virtualization now, we need not add further hardware for a period of time in the future, and we can adapt to the changes in business and its demand.”

HP today unveiled updates to the industry’s broadest portfolio of products, services and solutions for deploying virtualization across the data center in a way that streamlines management, reduces costs and helps CIOs deliver the

business outcomes required of them.

#### Unleashing the power of virtualization

Virtualization is creating significant changes across every aspect of organizations' infrastructures. A technology decision maker in the United Kingdom said, "[Virtualization affects] just about everything we do. It gives a lot of resilience, which is vital in a business like ours. The other thing that it does is that it gives us a lot of flexibility in terms of rapid growth, geographically and also in terms of rate of change."

According to HP's research, the biggest barriers or inhibitors to virtualization are: upfront costs, staff training/experience, gaining approval from corporate management, and infrastructure planning. Fifty-five percent of those surveyed say culture changes around management or line-of-business buy-in and increased investment in technology staff training is needed.

Staff training and experience issues are closely tied to the challenge of effectively managing both physical and virtual resources. As one technology decision maker in the United States put it, "Staff training and experience ... is certainly a barrier we have to deal with, because it does require training and you have to be oriented with the virtual environment. It is not something that you can just say, 'here go virtualize this.' There is a very significant amount of training that has to take place ... to apply and manage the technology."

With virtualization rates on the rise, CIOs expect that simplifying management of mixed environments will remain a top priority. One technology decision maker from the United Kingdom who is grappling with this issue provided this example: "We have a problem at the moment we can't isolate. So one of our options is to virtualize one of the servers in the environment, but if we do that then it negates all of the statistical information we have collected over the last eight or nine months, because once you move to a virtual environment everything is different."

#### Methodology

Penn, Schoen & Berland Associates performed the study, commissioned by HP, by conducting 150 in-depth interviews among CIOs and senior business and technology decision makers from enterprise to midsize companies in North America (United States and Canada), Western Europe (United Kingdom, France and Germany), Eastern Europe (Russia and the Czech Republic), Asia-Pacific (India, China, Japan and Australia), and Latin America (Brazil and Mexico) during July and August 2008. Approximately 75 percent of the respondents were from enterprise companies and 25 percent were from midmarket companies. A copy of the full report is available at [www.hp.com/go/virtualizationresearch08](http://www.hp.com/go/virtualizationresearch08).

#### About HP

HP, the world's largest technology company, provides printing and personal computing products and IT services, software and solutions that simplify the technology experience for consumers and businesses. HP completed its acquisition of EDS on Aug. 26, 2008. More information about HP (NYSE: HPQ) is available at <http://www.hp.com/>.



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