



OEM Connect

- OEM Connect Home
- OEM Connect Program ▶
- Sales and Marketing ▶
- Technical ▶
- Strategic Guidance ▶
- Product Guide ▶
- Security
- Worldwide Sites



[Strategic Guidance](#) > [Exclusive Insights](#) > [Road Map](#) > **Boost Hardware, Software Sales with Virtual Server**

## Road Map

### Boost Hardware, Software Sales with Virtual Server

By Robert L. Scheier  
July 2005

- E-mail this Article
- Print this Article
- Letter to the Editors

Server virtualization -- the ability to run multiple operating systems on a single physical machine -- gives IT departments **new flexibility to make the most efficient use of their computing infrastructure.**

The concept is not new, but until recently was available mostly as proprietary hardware and software from major systems vendors. Now, **Microsoft has committed to providing support for virtualization** in its major server operating systems running on industry-standard hardware with [Microsoft® Virtual Server 2005](#) .

Market research firm International Data Corp. projects that sales of "virtual machine" software is expected to grow to approximately \$470 million USD worldwide in 2008. For OEMs, this support for virtualization provides the opportunity to **sell the higher-end servers needed to run Virtual Server 2005 machines**, as well as the opportunity to sell services including the planning and implementation of Virtual Server 2005 environments, says IDC Analyst Dan Kusnetzky.

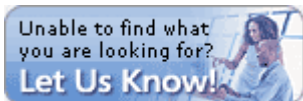
#### Virtualization at Work

Virtualization of both servers and storage is growing fast because of its potential to provide significant, long-term cost savings to IT managers under constant pressure to reduce costs. Server virtualization allows customers to run their existing applications on a smaller number of servers. Such server consolidation can **reduce the amount of expensive data center space needed** and, just as importantly, reduce the ongoing costs of managing and maintaining large numbers of servers. Because virtualization also allows applications to be easily moved from one virtual server to another, it helps companies make better use of their existing servers before purchasing more.

#### At a Glance: Microsoft's Virtual Server 2005

- ▶ Allows multiple operating systems to run on a single physical machine
- ▶ Runs on Windows Server 2003 Standard, Enterprise and Data Center Editions; Small Business Server Standard and Premium; and Windows XP Professional
- ▶ Standard Edition supports up to four processors; Enterprise Edition can scale to 32
- ▶ Supports up to 64 "guest" virtual machines, each of which is an instance of a Microsoft operating system running its own applications

Source: Microsoft Corp.



Microsoft's Virtual Server 2005, released in September 2004, **runs on Windows Server™ 2003**, **Windows Small Business Server 2003** and **Windows® XP Professional**, and manages virtual machines which run as "guests" within the physical server.

---

### Three Key Scenarios

Microsoft has identified four key scenarios in which customers are expected to use Virtual Server 2005. The first is **software development and testing**, where virtual machines will make it easier to replicate production environments and test networks. This will allow developers to spend more time on development and testing rather than on low-level administrative tasks.

The second is in **re-hosting legacy applications**, such as those written to run under older Windows operating systems such as Windows NT 4.0 or Windows 2000 server. By running these applications on instances of those older operating systems running as virtual machines, customers can continue to use those applications without the need to rewrite the application logic or retrain users.

**Server consolidation is the third scenario**, and will be used for everything from departmental applications to enterprise data centers. Here, the benefits of virtualization range from easier management to higher scalability and reliability, as applications can be easily moved from server to server as business requirements change.

### Selling Points for Microsoft Virtual Server 2005

- ▶ Server virtualization allows for more efficient use of existing servers
- ▶ Server consolidation saves data center space and management costs
- ▶ Allows customers to run older applications designed for legacy Windows operating systems without rewriting
- ▶ Reduces effort and cost of creating test environments for distributed applications

Source: Microsoft Corp.

---

### OEM Sales Opportunities

Paradoxically, the concept of customers running fewer servers can actually be good news for OEMs. To gain the long-term cost savings provided by virtualization, customers will **often need to replace their existing servers with higher-end hardware** needed to run multiple virtual machines.

At the same time customers are consolidating and centralizing servers, they may also be centralizing storage on a storage area network or a network-attached storage device. Microsoft has anticipated this **by providing support in Virtual Server 2005 for virtual hard disks**, which the guest operating systems can see and access as if they were a local volume attached to the server without the need for additional configuration. OEMs that offer storage virtualization as well as server virtualization products thus have the opportunity to sell storage hardware, as well as storage management software, as part of the same customer engagement.

### Four Virtual Opportunities for OEMs

1. Offer customers server SKUs pre-loaded with Virtual Server 2005 and scalable to handle the RAM, processors and other components needed to host virtual machines.
2. Develop marketing collateral designed to educate customers about the financial savings achieved through server virtualization.
3. Explore opportunities to sell related technologies such as storage virtualization hardware and software or network switches needed for grid or cluster computing.
4. Explore opportunities to sell related services such as data center design or application support.

Source: Microsoft Corp.

In each of these cases, OEMs have the opportunity to sell the specialized software needed to manage

and maintain computational grids or clusters as well as additional hardware such as network switches to link the servers. Server virtualization projects also give OEMs the opportunity (if they so choose and have the capability) to **sell services such as designing or supporting the new consolidated data centers** or assisting in the migration of applications from old to new server environments.


"OEMs should consider focusing their virtualization marketing efforts on those applications that are most complex, require the highest performance and most critical to the business," says Mike Karp, a senior analyst with Enterprise Management Associates Inc. an analyst firm in Boulder, Colo. "The higher value the application running on the machine, the greater value virtualization will deliver."

---

### Future Directions

Microsoft has announced plans to add new features to Virtual Server 2005, such as a "hypervisor" that will manage how virtual machines interact with the physical server hardware. This will give customers **more flexibility in allocating the server's physical resources** than is possible in Virtual Server 2005, where a virtual machine monitor within the operating system must analyze all incoming code from the guest operating systems and redirect it to the server hardware. The hypervisor would provide a "basement" under the guest operating systems providing management, security and other functions for them.

By the end of the year, Microsoft also expects to ship a service pack to Virtual Server 2005 which will support 64-bit computing. Looking further out, Microsoft has promised new management tools such as a Virtual Server 2005 Management Pack that will allow administrators to **better monitor the health and performance of each virtual machine on their consolidated servers**. Many of these new features will consist of new functionality added to Microsoft's existing MOM and SMS (Systems Management Server). Recognizing that some customers run open source software alongside Windows, Microsoft has also promised management tools that will provide greater detail about the status and operation of Linux virtual machines running on Microsoft servers.

"When organizations are consolidating workloads onto a fewer number of larger systems, OEMs can benefit," says IDC's Kusnetzky. "These systems are traditionally larger, produce higher streams of revenue for the OEM and also **offer opportunities for the sale and delivery of professional services**." Microsoft Virtual Server 2005 is one case where less (as in fewer servers) can mean more to the properly prepared OEM. 

---

### For More Information

[Microsoft Virtual Server 2005 Service Pack 1 \(SP1\) Beta Program](#)

[Virtual Server 2005 Evaluation Kit](#)


[Virtual Server 2005 Training and Events](#)

[Solution Accelerator for Consolidating and Migrating LOB Applications](#)


[Virtual Server 2005 Product Overview](#)

### About International Data Corp.

IDC is the premier global market intelligence and advisory firm in the information technology and

telecommunications industries. It analyzes and predicts technology trends so that companies can make strategic, fact-based decisions on IT purchases and business strategy. For more information, visit [www.idc.com](http://www.idc.com) .

### About Enterprise Management Associates

EMA is the first technology analyst firm to specialize exclusively in management software and services. It conducts comprehensive, in-depth research and analysis on current and emerging concepts, issues, trends, strategies, and resources. It provides research in three practice areas: e-business management, networked services management and system-enabled systems management. For more information, visit [www.enterprisemanagement.com](http://www.enterprisemanagement.com) .

### About the Author

Robert L. Scheier is a freelance writer based in Boylston, Mass. He is the former technology editor at *Computerworld*, and previously was a senior editor at *VARBusiness* and *PC Week*. In addition, he was an analyst for The Hurwitz Group specializing in databases and middleware.

Have a question? Want more information? Contact the writers and editors at [oemedit@microsoft.com](mailto:oemedit@microsoft.com).

© 2005 Microsoft Corporation. All rights reserved. This document is for informational purposes only and subject to change without notice. MICROSOFT MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE INFORMATION IN THIS DOCUMENT. The entire risk of the use or the results of the use of this document remains with the user.

Microsoft may have patents, patent applications, trademarks, copyrights, or other intellectual property rights covering subject matter in this document. Except as expressly provided in any written license agreement from Microsoft, the furnishing of this document does not give you any license to these patents, trademarks, copyrights, or other intellectual property.

Last Updated: July 4, 2005

---

[Manage Your Profile](#) | [Contact Us](#) | [All Rights Reserved](#) | [Terms of Use](#) | [Newsletter](#) | [Site Map](#)

© 2005 Microsoft Corporation. All rights reserved. [Terms of Use](#) | [Trademarks](#) | [Privacy Statement](#)