

# Cost Comparison-Network Server and Storage Platform Upgrade

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Yearly Cost Comparison over next 5 years

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## Install New System

In this scenario we would be accelerating our upgrade that is planned for 2021 to 2018. Factoring in the cost of the new system, remaining depreciation on existing system, refund from HPE and savings in backup costs we find our cost per year is less than leaving the existing system in place and waiting until 2021 to do the upgrade.

\$343,350	Total new system cost in 2018
\$132,818	Remaining depreciation to be covered on existing system
-\$91,000	Refund from HPE on existing system
-\$100,000	Savings on backup costs (\$20k per year for 5 years)
\$50,000	Remaining backup costs (\$10k per year for 5 years)
\$335,168	Total five year cost
<b>\$67,034</b>	<b>Cost per year over 5 years</b>
<b>\$28,691</b>	<b>Savings per year by installing new system now (30%)</b>

## Keep Existing System

In this scenario we would leave the existing system in place for 3 more years and then do the upgrade at full price without the refund and at significantly less discount. We find our cost per year would actually be more in this case due to the higher backup costs and loss of discounts and rebate.

\$132,818	Remaining depreciation on existing system to be paid (2018-2021)
\$110,000	Backup costs (3yrs backup at 30k/yr plus 2yrs backup at 10k/yr)
\$40,000	Required vSphere upgrade in 2020 when current version goes out of support
\$195,802	2/5ths of cost of new system to be installed in 2021 to factor into 5 year average*
\$478,620	Total five year cost
<b>\$95,724</b>	<b>Cost per year over 5 years</b>

\* Estimate of installing this same new system in 2021 without deep discounts and rebate

\$489,505 New System would need to be installed in 2021 without discounts

\$195,802 2/5th of new system cost to be factored in to calc above for 5 year average

This is to account for two years of a new system installed in 2021 in the five year average cost calculated above