



Cloud Economics and Pricing

Hydrosat Training



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Agenda

- Understanding funding between Traditional data centers and the cloud
- Pricing Models

Capitalized Expenditure (CapEx)

- When building a data center, an organization invests in upfront costs for the building, servers, and supporting equipment.
- This type of expense to attain a fixed asset is referred to as a
 - **Capitalized Expenditure**
 - **Or CapEx**

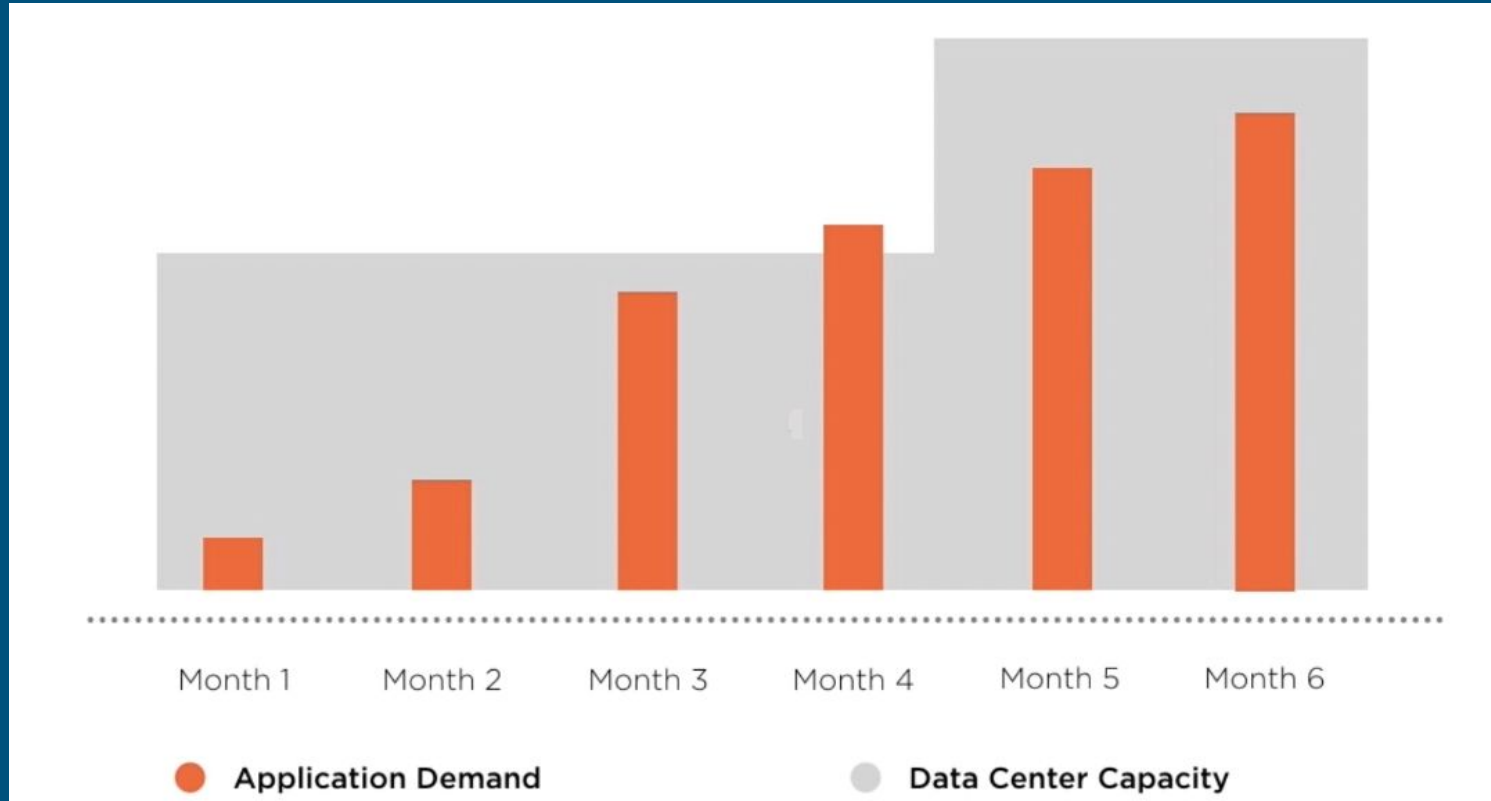
Operating Expenditure (OpEx)

- The regular day to day expenses of a business are considered
 - **Operating Expenditure or**
 - **OpEx**
- After the initial build of a data center, ongoing connectivity, utility, and maintenance costs would be considered OpEx.

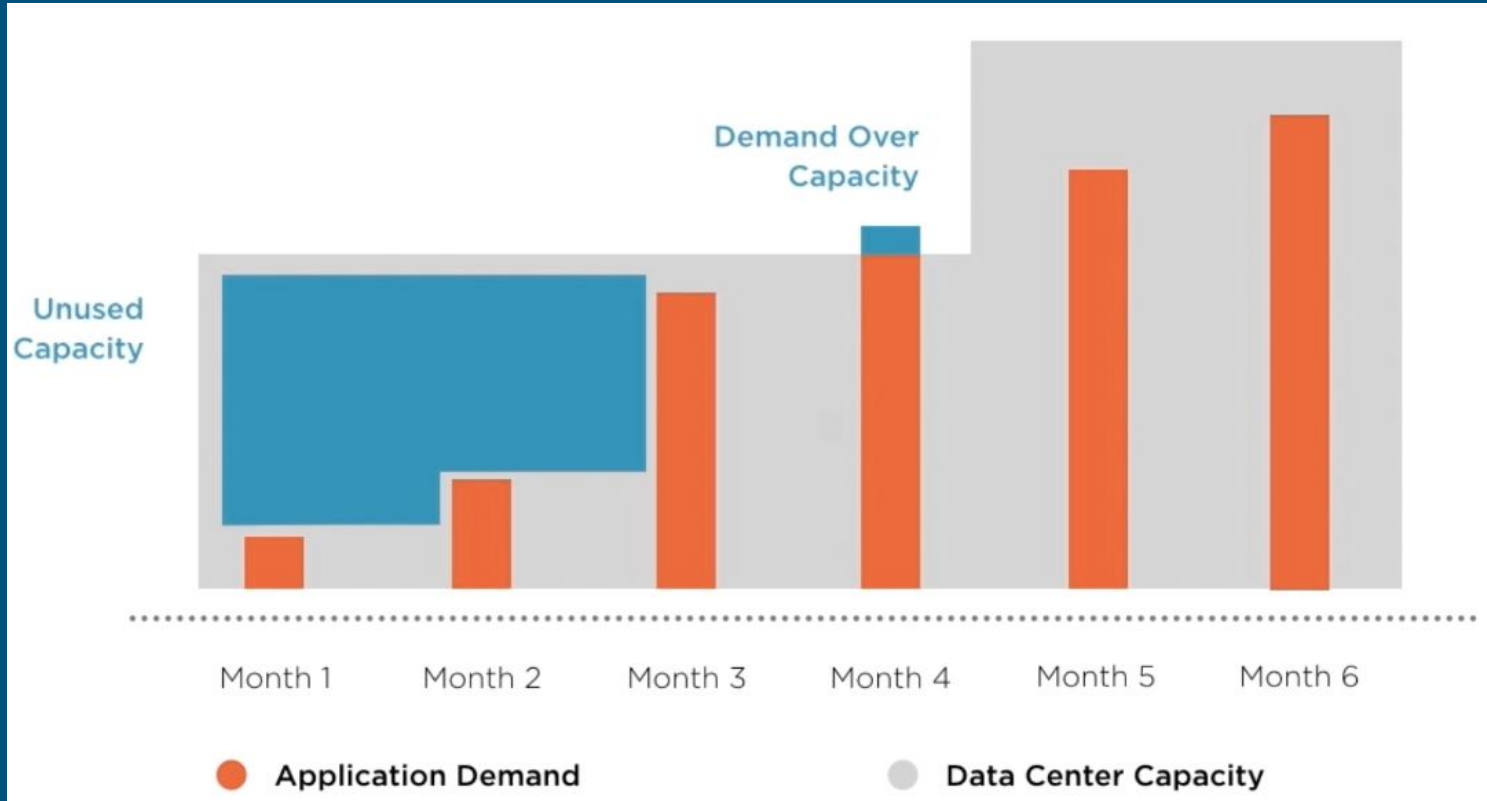
Handling Demand in your Data Center



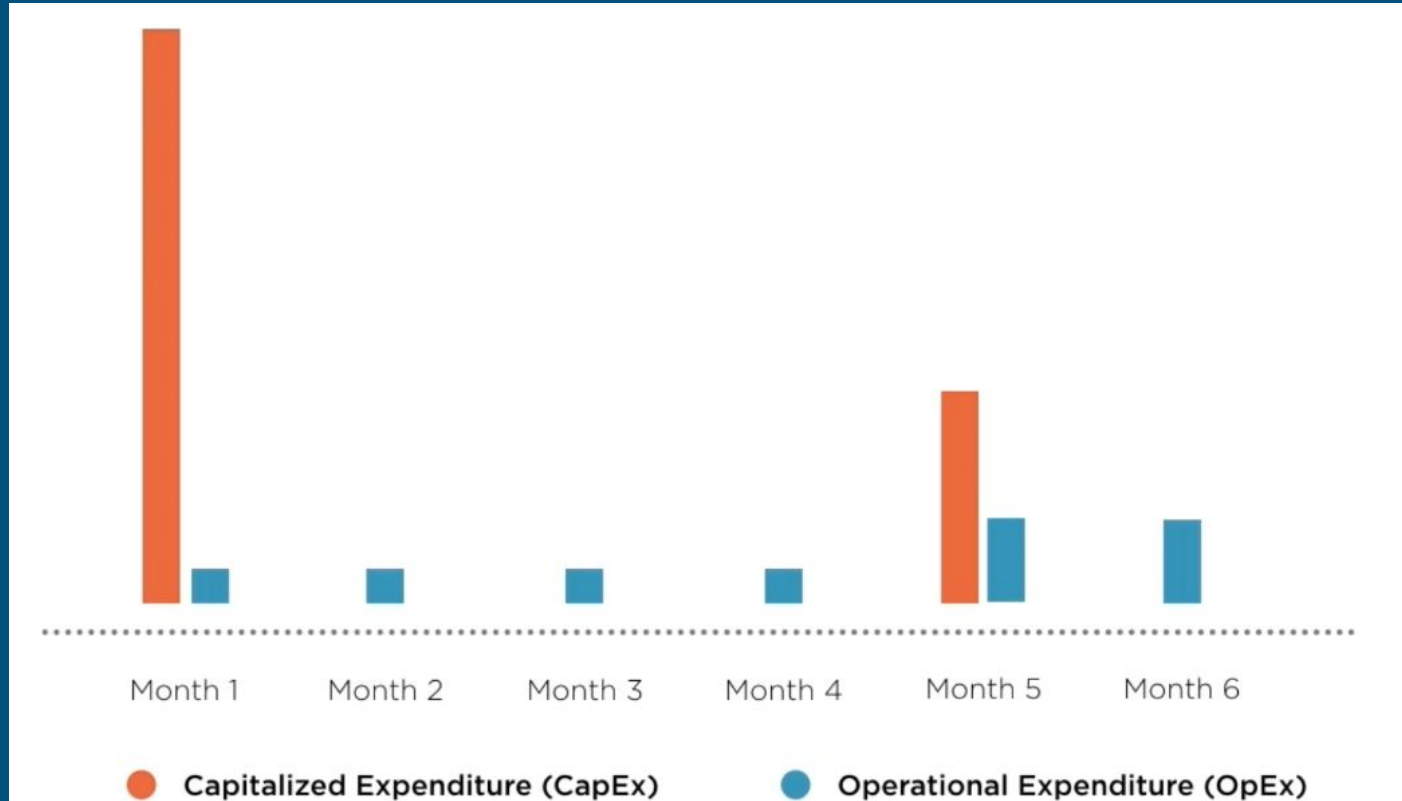
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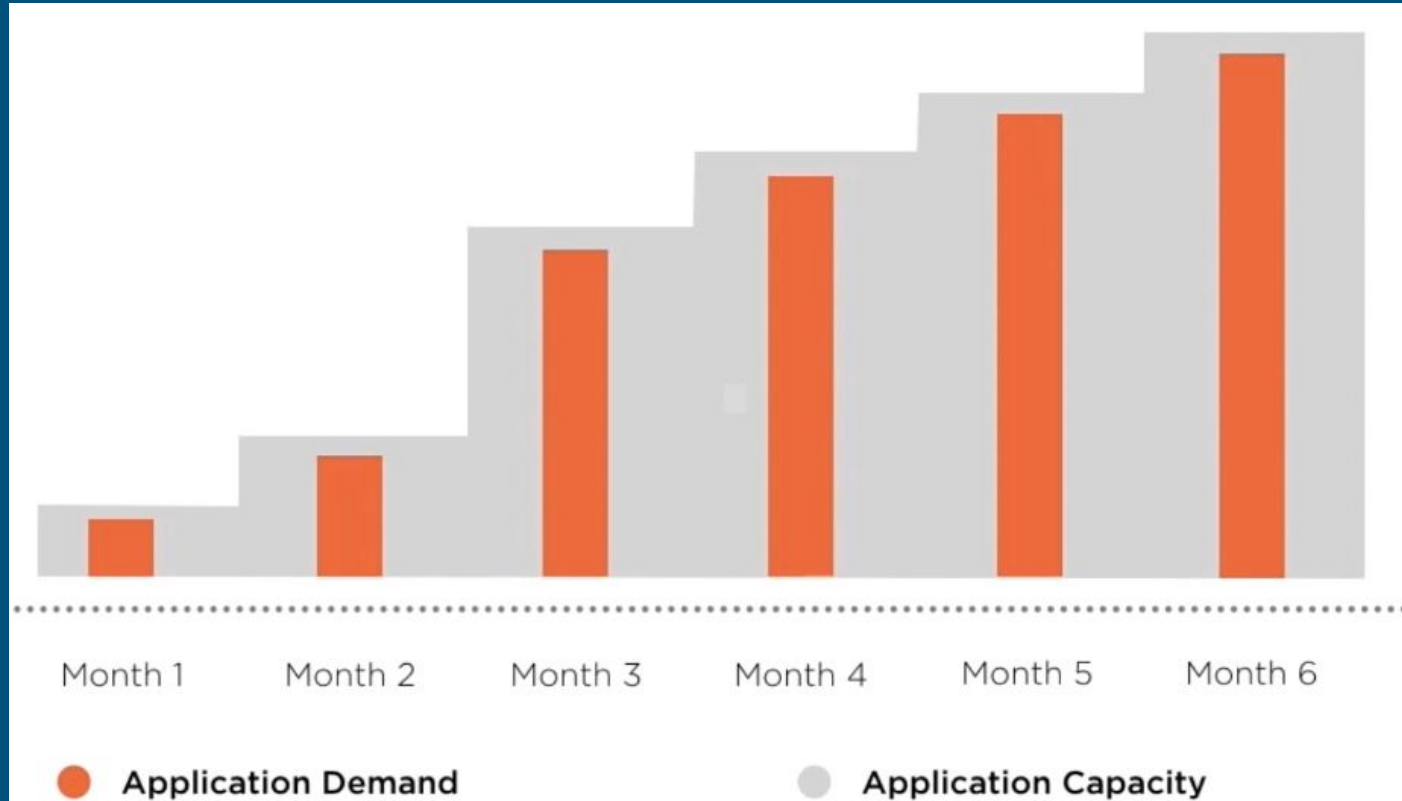
Building a Data Center



Handling Demand in the Cloud



Building a Data Center



Cost in the Cloud



Financial Implications: On-premises vs. Cloud

Manage Your Own Data Center

Large Up-front Costs (CapEx)

Potential for either Under-used Capacity
or Unmet Demand

Increasing Capacity Takes Time and
Additional Investment (CapEx)

Monthly Costs will Map to Predicted
Infrastructure Needs

Leverage Cloud Infrastructure

No Up-front Investment

You Pay as You Go for Infrastructure
(OpEx)

Capacity Scales to Meet User Demand
and Can Be Provisioned Immediately

Monthly Costs will Map to User Demand

Cloud Pricing Models

1. Pay as you go
2. Universal Credits
3. Bring your own License

Pay as you go

- Charged only for the resource consumed
- No upfront commitment
- No minimum service period
- Usage metered hourly / or minutes
- Consumption based model for services

Universal Credits

- Pay less when you reserve
- Pay even less per unit when using more
- Need to declare a minimum amount (charges) monthly
- Minimum time fixed commitment
- You may save up to 60%, vs pay as you go
- The discount based on size of deal and term of deal
- Usage is consumed from monthly prepaid commitment

Bring your own License

- Apply your own on-premises licenses on IaaS and PaaS services on the cloud
- Complete license mobility with on-premises
- Pay as you go for the infrastructure only

Thanks for your attention

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