

5- Consumption-based Model

When comparing IT infrastructure models, there are *two types of expenses* to consider.

1. Capital Expenditure. (CapEx)

2. Operational Expenditure. (OpEx)

- CapEx is typically a *one-time, up-front* expenditure to purchase or secure tangible resources.
- A new building, repaving the parking lot, building a datacenter, or buying a company vehicle are examples of CapEx.
- OpEx is spending money on services or products *over time*.
- Renting a convention center, leasing a company vehicle, or signing up for cloud services are all examples of OpEx.

(Cloud computing falls under OpEx

This consumption-based model has many benefits, including:

- No upfront costs.
- No need to purchase and manage costly infrastructure that users might not use to its fullest potential.
- The ability to pay for more resources when they're needed.
- The ability to stop paying for resources that are no longer needed.