The cloud allows customers to trade fixed expenses for variable expenses and only pay for IT as they consume it

Due to economies of scale, the variable expenses are much lower than what organizations would pay to do it themselves

Fixed cost: variable costs:

Data centers / server farms virtual instances of windows or linux  
 physical blade servers and racks serverless solutions like FaaS  
 storage area networks relational database services  
 buildings, HVAC, and environmental controls elastic file servers