1. Different ways to pay for EC2 Instances.  
1.1 On-Demand :   
With On-Demand pricing we pay by the hour or second depending on which instances you run.  
No long-commitments + No up front Payments.  
Suitable for workloads with spiky, short-term, unpredictable work loads - that can not be interrupted.  
  
1.2 Spot Instances :   
EC2 spot instances allow you to request **spare** Amazon EC2 computing capacity for up to 90% of the ON-DEMAND price.  
Suitable for applications that have flexible start and end times.  
Suitable for applications that are only feasible – at very low compute prices.  
Suitable for users with urgent computing needs -- for large amounts of additional capacity.  
  
1.3 Savings Plans  
Savings plan offer significant savings over on-demand, Just like EC2 reserved instances.  
You have to commit to a specific amount of compute power for a 1 or 3 year period.  
This pricing model offers lower prices on amazon ec2 instances Usage – regardless of Instance family, size, OS, tenancy, or AWS Region.  
  
1.3.1 Reserved Instance   
Amazon EC2 RI provide a significant discount (72%) compared to On-Demand pricing.  
They provide a capacity reservation when used in a specific AZ.  
Types of EC2 RI’s :   
**Standard RI** : They are best suited for steady state usage.  
**Convertible RI** : They provide discount of up to 54% off on-demand.You will have the capability to change the attributes of RI, as long as the exchange ---- > results in the creation of RI, that is of equal or greater value. They are also suited for steady state usage.  
**Scheduled RI** : These are available to launch with in the time window you reserve. You will have a predictable recurring schedule that is a fraction of a day/ a week/ or a month. And you can match your capacity reservation to this schedule.  
  
  
1.3.2 Dedicated Hosts  
A dedicated host is a physical EC2 server dedicated for your use.  
They help you reduce costs by allowing you to use your existing server-bound software licenses like SQL Server.   
They can be purchased on-demand or as a reservation for up to 70% off the on-demand price.  
An amazon EC2 dedicated host is also integrated with AWS License Manager, which helps you manage your software licenses.  
**Features :**  
**Visibility of sockets and physical cores** : You will have the visibility of the number of sockets and physical cores that support your instance on a dedicated host. You can use this information licensing for your server-bound software that is licensed per-socket or per core.  
**Affinity** : Affinity helps you to specify which dedicated host an instance will run on after it has been stopped and re-started. This will help you reduce licensing costs in scenarios that require license affinity for a period of time.  
**Integrated License Management** : you can track and manage software licenses on EC2 dedicated Hosts.  
**Instance Placement control** : you have the option to launch instances on to specific dedicated hosts or you can let amazon EC2 place them automatically . Controlling instance placement allows you to deploy applications to address licensing , corporate compliance and regulatory requirements.  
**Multiple Instance size support** : You can run different instance sizes with in the same instance family on a dedicated host. This allows you to maximize utilization of your dedicated host fleet and your software licenses.  
  
1.4 Per Second Billing : With per-second billing you pay for only what you use. It takes cost of un-used minutes and seconds in an hour off the bill.  
This is useful if you have instances running for irregular periods of time such as dev/testing , data and analytics processing , batch processing.  
Per-second billing is available for instances launched in   
 - on-demand / Reserved / Spot forms.  
- All regions and AZ’s  
- Amazon Linux and ubuntu.