Cloud Computing

MUCPD – DSIC - UPV

Evolution of the software business models

Goals

- **Understand the evolution of software business model**

- **Understand Cloud Computing from a business perspective**

	1 Traditional
SW	$4000/user (one time)
Support	$800/user/year

	1 Traditional	2 Open Source
SW	$4000/user (one time)	$0/user
Support	$800/user/year	$1600/user/year

	1 Traditional	2 Open Source
SW	$4000/user (one time)	$0/user
Support	$800/user/year	$1600/user/year

Does it really change the model?
We should look at the real costs behind it

Capacity planning

Cope with user base changes
Cope with software capacity needs
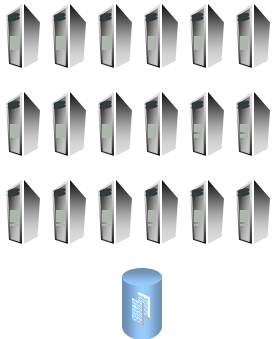
Security Management

Upgrades/Change management

R2
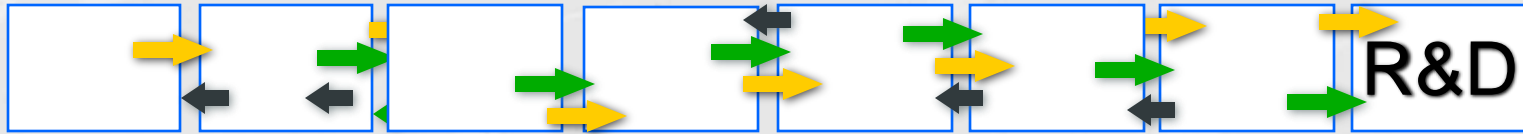Available

Cost of upgrade

Stabilize previous release

Yes   Apply?   No

Cost of opportunity

Customer Service

"Would you reproduce that problem?"

"We deleted the dump file"

"What patch level are you on?"

"Oh, we don't support that Release"

"Where is the trace?"

	Change Management	Performance Management	Availability Management	Security Management	Customer Service
Application	+	+	+	+	+
Platform	+	+	+	+	+
Compute & Storage	+	+	+	+	+
Datacenter	+	+	+	+	+
Network	+	+	+	+	+

Operating costs

1 Traditional	2 Open Source

	1 Traditional	2 Open Source
SW	$4000/user (one time)	$0/user
Support	$800/user/year	$1600/user/year

$16,000/user/year
($1300/user/month)

To manage the security, availability, performance, problems and change

Outsource Management

	1 Traditional	2 Open Source	3 Outsourcing
SW	$4000/user (one time)	$0/user	$4000/user (one time)
Support	$800/user/ year	$1600/user/ year	$800/user/ year
			Bid <1300/user /month
			@H @C

	1 Traditional	2 Open Source	3 Outsourcing	4 Hybrid
SW	$4000/user (one time)	$0/user	$4000/user (one time)	$4000/user (one time)
Support	$800/user/year	$1600/user/year	$800/user/year	$800/user/year
			Bid <1300/user/month	$150/user/month
			@H @C	@H @C

	1 Traditional	2 Open Source	3 Outsourcing	4 Hybrid	5 Hybrid+
SW	$4000/user (one time)	$0/user	$4000/user (one time)	$4000/user (one time)	$300/user/month
Support	$800/user/year	$1600/user/year	$800/user/year	$800/user/year	
			Bid <1300/user/month	$150/user/month	
			@H @C	@H @C	@H @C

	1 **Traditional**	2 **Open Source**	3 **Outsourcing**	4 **Hybrid**	5 **Hybrid+**	6 **SaaS**
SW	$4000/user (one time)	$0/user	$4000/user (one time)	$4000/user (one time)	$300/user/month	<$100/user/month
Support	$800/user/year	$1600/user/year	$800/user/year	$800/user/year		
			Bid <1300/user/month	$150/user/month		
			@H @C	@H @C	@H @C	

	1 Traditional	2 Open Source	3 Outsourcing	4 Hybrid	5 Hybrid+	6 SaaS	7 Internet
SW	$4000/user (one time)	$0/user	$4000/user (one time)	$4000/user (one time)			Ads
Support	$800/user/year	$1600/user/year	$800/user/year	$800/user/year	$300/user/month	<$100/user/month	Transactions
			Bid <1300/user/month	$150/user/month			Embedded (< $10/user/Month)
			@H @C	@H @C	@H @C		

Cost Structure

Model 4-5

<$100/user/
Month

Model 6

<$10

Model 7

<$1