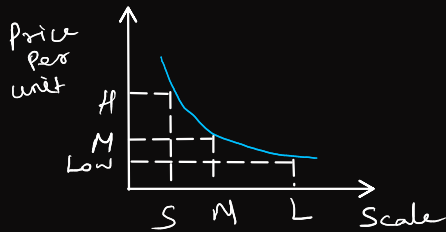# Economies of Scale

Reduction in cost due to Large Scale Operation

Customers of Azure gets the benefits of economies of Scale

Capital Expenditure (CapEx) and Operational Expenditure (OPEx)

CapEx → Capital investment of buying resources
→ usually large initial investment
→ Small maintenance charge over time
→ CapEx cannot be considered as business expense
→ Value over time ↓

OPEX → think of renting hardware / resources / services
→ Most work is taken care by Azure
→ business expense
→ value over time ⟷

Consumption Based Pricing Model:

Only pay for what you use even when resource usage varies from time to time. Usually charged for each component of the service and usage is measured granularly.

Service Models:

Software Data & Apps	Outlook Teams, etc..
Platform OS, Middleware, Runtime [App service, Container apps ...]	
Infrastructure VM, Storage, Network	

} Cloud Service

Service Models define who manages what component of the cloud service.

Infrastructure as a Service (IaaS)

Managed By	
Azure	Customer
Infrastructure	Platform
	Software

Platform as a Service (PaaS)

Managed By	
Azure	Customer
Infra Platform	Software

Software as a Service (SaaS)

Managed By	
Azure	Customer
Infra Platform Software	—