Summary of Changes

Associate Editor:

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| **#** | **Comments** | **Corresponding Changes** |
| 1 | Please update the manuscript based on comment from reviewer 2. | All of the comments from both reviewers have been acknowledged in this revision. |

Reviewer 1:

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| **#** | **Comments** | **Corresponding Changes** |
| 1 | Reference [7] should be Rogers and Sadowski, not Owen and Al. | The required changes have been make to reference [7]. |

Reviewer 2:

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| **#** | **Comments** | **Corresponding Changes** |
| 1 | A summary of the findings corresponding to the three research questions would make the abstract more informative and help the reader find out the significance of the study earlier in the paper. | **We added the following statement to the end of the abstract:**  We find out that the enterprise computing resource market is not a perfect competition market. In the server sales business, IBM, HP and DELL dominate and have the market power over pricing in their respective fine-grained market segment. Consumers in different market segments are not equally sensitive to prices changes. The price elasticity of demand is extremely inelastic for server sales business and server rental business, and is modestly elastic for public clouds. In our case studies with IBM, HP and DELL in the server sales market, price reduction is not an effective way to win market share when the price elasticity of demand is inelastic. |
|  | The last sentence of para. 1 in introduction, “However, many of such price…” is an important part of the problem statement of the paper. It would help the reader if the authors explained the statement further, perhaps using a couple of sentences. | **Original statement:**  To compete for market share, suppliers often use price reduction in promotional campaigns. However, many of such price reductions are the outcome of business intuition rather than rigorous reasoning, and often at the cost of losing revenue and profit.  **Updated statement:**  To compete for market share, suppliers often use price reduction in promotional campaigns. In order to maintain competitiveness in the market, competitors are forced to lower their prices to match, resulting in a series of pricing wars. Many of such “matches” in price reductions are the outcome of business intuition rather than rigorous reasoning, and often at the cost of losing revenue and profit. It is not uncommon to see enterprises go out of business as a result of pricing wars. |
|  | 2.2. Related work, the discussion of previous works in para.2 is unclear, revising the paragraph would improve it. In para.4 there is a good opportunity for the authors to discuss why price reduction is against the interest of the businesses. Overall, the authors need to show the significance of the studies mentioned in the related works section for their own work, what insights and inputs they provided. | **Original Statement (para. 2):**  These changes not only change the demand for computing resource, but also the relationship between supply and demand.  **Updated Statement (para.2):**  On the technology side, expensive mainframes are being replaced by commodity x86\_64 hardware. On the business side, server rental and public clouds are gaining increasing level of popularity among enterprises. Such changes in the demand for computing resource, as well as the relationship between supply and demand, are largely under-explored.  **Added one statement to para. 3:**  Both [5] and [6] focus on personal computers instead of enterprise computing resources.  **Added statements to para. 4:**  The problem with this approach is that unless the profit from the value-added services exceeds the lost from down pricing, lowering price always results in reduced profit and can threaten the survival of a business. |
|  | Discussion of the results using literature would help see the contribution of the study to literature. Some points of its implications to computing resources market can show the importance of the paper. | **In Section “4 Case Studies”, at the end of para. 4, added the following statement to further explain the case studio with the principle of price elasticity:**  The situation for both HP and DELL can be directly derived from Equation (1) - when the demand is elastic, a fall in price leads to a fall in revenue, a rise in price leads to a rise in revenue. Therefore, the HP and DELL cases can be considered as classical examples of how the principle of price elasticity works in microeconomics.  **In Section “5 Conclusions”, rewrite #2 as below:**  2. The price elasticity of demand is extremely inelastic for both server sales business and server rental business. Since consumers are not sensitive to price changes, a rise in price leads to a rise in revenue, while a fall in price results in a fall in revenue. The price elasticity of demand is modestly elastic for public clouds. Since consumers are sensitive to price changes, a fall in price results in a rise in revenue. |