ICE
TRUSTED IT PARTNER

ICE'S ULTIMATE GUIDE TO

MAXIMIZING THE VALUE OF THE CLOUD

Trusted IT & Cloud Service Provider Soc 2 Type II Certified.

COSTS ASSOCIATED WITH MIGRATING TO THE CLOUD

One of the primary motives for businesses to go to a cloud environment is cost savings. Organizations may benefit financially from cloud computing in several ways, but it's crucial to comprehend the entire ramifications of cloud pricing and how it may affect businesses.

HOW DO PROVIDERS DETERMINE CLOUD COSTS?

Networking, computation, and storage are the three key variables cloud service providers consider when determining how much to charge consumers.

- **Computing costs:** CPU expenses are calculated by the provider; client companies will have different needs when it comes to employing CPUs. Depending on the operating system a business uses, costs may also include license fees. For every gigabyte of virtual RAM, a corporation consumes, the provider estimates the expenses of purchasing hardware.
- **Networking costs:** The vendor chooses how much it must spend on network upkeep. As a result, the provider makes an estimation of the costs for the hardware, network configuration, labor, and maintenance.
- **Storage costs:** The vendor estimates the cost of maintaining existing storage gear or the cost of purchasing new hardware to satisfy the enterprise's storage requirements.

CALCULATING CLOUD COSTS VS. TRADITIONAL INFRASTRUCTURE

When setting up on-premises infrastructure, there are three different costs to consider:

- **Capital expenses:** Include the purchase and maintenance of server hardware, server software licenses, network infrastructure, storage, and backup systems.
- **Operational expenses:** Support for storage warranties, data center power, and facilities, current system administration labor, IT training, and IT staff turnover, as well as server hardware, software, and network infrastructure.
- **Indirect business expenses:** Planned and unplanned downtime.

Developing and maintaining infrastructure on-site may also require hiring more personnel, which raises expenses.

A corporation can typically anticipate spending around $2 to manage, maintain, and secure its IT infrastructure for every dollar it invests on capital expenses to enhance it.

Because they include personnel, equipment, maintenance, software, and physical space, direct costs are simpler to calculate. Indirect costs are a little trickier to calculate. They include costs associated with productivity losses, including server downtime, customer complaints, and reputational damage.

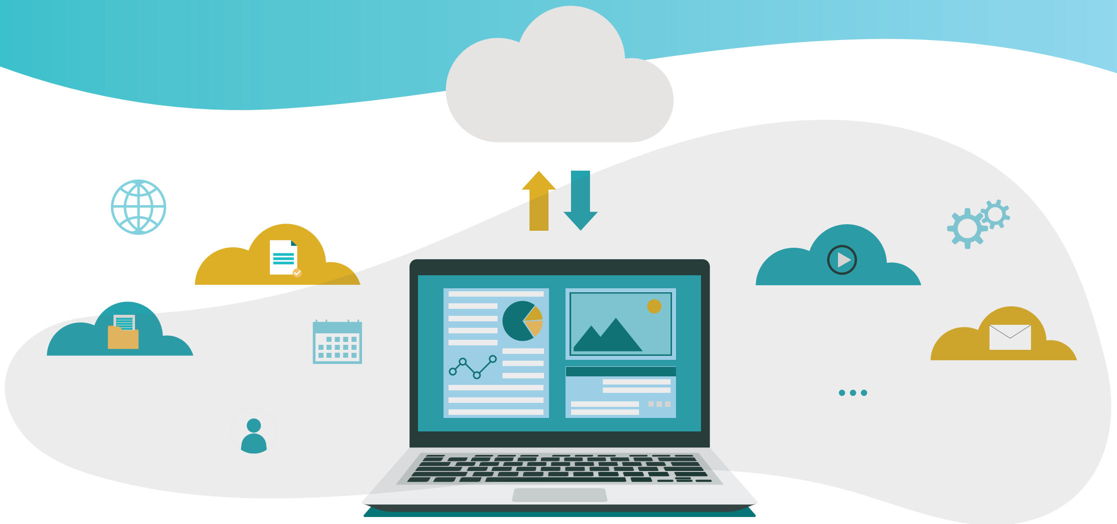
The business then determines the expected expenses of the cloud infrastructure, which it can do using a variety of pricing calculators, such as a detailed monthly cost calculator.

BENEFITS AND SAVINGS OF MOVING TO THE CLOUD

- **Simple and quick setup:** A business only needs a few hours to set up its public cloud. The IT department of the business may quickly get it online and then remotely deploy it via the vendor's website. The arrangement can be configured and managed remotely by the IT staff via the Internet.
- **No maintenance:** The vendor oversees maintaining the cloud's hardware, software, and networks. Businesses, therefore, don't have to worry about keeping their infrastructure up-to-date or worry about security and upgrades. As a result, businesses may manage the infrastructure with a small IT personnel and substantially save total expenditures.
- **Faster disaster recovery:** In the event of an emergency, such as a power outage or natural disaster, businesses may easily retrieve their data thanks to cloud-based services.

Savings of moving to the cloud include:

- No significant up-front capital expenditures for hardware because moving to the cloud eliminates the need to buy physical servers, network storage, cooling systems, disaster recovery systems, etc.
- Lower costs for software because upgrades are covered by monthly fees
- Lower costs for IT support
- The cloud environment includes elements for business continuity.
- Savings obtained through improved effectiveness



THE MOST OVERLOOKED CLOUD COMPUTING COSTS AND COMMON COST-SAVING PITFALLS

Public cloud service providers frequently charge minimal or no sign-up fees to users that sign up for their services. On occasion, cloud service providers will even give their clients free assistance when moving data to the cloud.

Money might not be a concern in this situation, but time most definitely is. Petabytes of data can take weeks or even months to transfer to the cloud. This means businesses might not have access to their vital information during that time, which may result in indirect costs associated with productivity loss.

Additionally, switching cloud vendors may be time-consuming and expensive, which is why most businesses choose to stick with the same provider over the long haul. In essence, this leads to a form of vendor lock-in because businesses find it too difficult to break their contracts with service providers. For these reasons, choosing a less-than-optimal vendor may result in a snowball of ongoing indirect costs.

Additionally, many public cloud providers charge a small cost each time a client requests access to their data. Even though these costs are insignificant—just a few cents per hour at most—organizations frequently overlook them when making business plans and evaluating the ROI of cloud computing.

Because transaction costs rise as data utilization increases, cloud computing can become rather expensive for firms running thousands of analytics processes. As a result, relying only on the public cloud may not always be a wise long-term investment. When evaluating the ROI of moving to the cloud, enterprises should also take the following factors into account to avoid paying additional fees: