

# Cloud Storage Options: The True Cost

## WebTech Q&A Session, January 15, 2014

**1. My boss sees advertisements for low cost cloud solutions. What are some of the key areas I should highlight so he can see that not all cloud solutions are the same?**

As we discussed in the webinar, there are many more costs to the organization than just the subscription price offered by the cloud vendor. In our presentation we highlighted a couple of 'new' costs that need to be considered when looking and comparing cloud total costs:

- Costs of new network circuits needed for on-boarding and regular access
- Monthly or daily overage penalties that may occur if you exceed the contractual access rates
- The on-boarding and off-boarding costs to move the data into the cloud (transfer fees and access rates apply)
- Performance risk with the data and applications not being on-premise

**2. What happens when cloud providers go bankrupt?**

We have seen a few cases of this in 2013, and you the customer are responsible to off-board your data from the old provider and get a new hosting platform. The bankrupt provider will still be charging you for overage rates and off-boarding capacity, so this exit strategy is not free. On-boarding services to the new provider have to be considered as well as the labor and contracting time and effort for the change.

Bottom line is that we need to consider remastering and re-platforming our data over a 10, 20 or 50 year horizon. These migration events are not free (and not cheap), and we cannot suppose that our data will never leave once we put it into one cloud or another. These future-year events and costs should be factored into a cloud economic analysis.

**3. How did you validate your model in the presentation?**

There is detailed information on pricing calculations available on vendor sites that allow us to build them into our model. We then use vendor pricing estimators to validate our calculations.

**4. How does this compare with the usual Hitachi Data Systems storage economics that I've seen in the past?**

The methods and framework for cloud storage economics is fundamentally the same as what we have been using as storage economics since 2002. What is different is that some of the more obscure costs (out of the 34 in our methodology) come into a more relevant position in the cloud space. See these reference documents for more information on our methods and economic framework.

<http://www.dummies.com/go/hitachistorageeconomicsfordummies>



<http://www.hds.com/assets/pdf/four-principles-for-reducing-total-cost-of-ownership.pdf>

**5. Are there any advantages to using "cloud brokers"??**

Cloud brokers are definitely getting a good deal of attention in recent months. They can provide a "one stop shopping" opportunity for end users within enterprises to procure the services they need from a variety of different sources. Users will drive the move to cloud brokers – and IT will find itself in the position of having to support the management of broker relationships and self-service mechanisms for users in that context. According to many analysts, IT will in many cases decide to in effect become a broker in itself, by providing the management infrastructure to ultimately provide self-service access to a number of brokers to its users. This will serve two purposes: First, it will facilitate access to the variety of services users need, and second, it will bring IT a higher level of control over this access.