

# WHAT'S IN \$TORE FOR CLOUD PRICES

As you commit to shifting more and more of your IT assets to the cloud, how confident are you that the economics of today will persist, particularly given the relatively high market concentration of a few giant service providers?

Enterprises, government agencies and consumers have all benefited from an ongoing price war between the hyperscale cloud service providers: Amazon Web Services, Microsoft Azure, IBM, and Google Cloud, not to mention a host of lesser competitors.

But do you believe that any of these dominant players would love to put the price war genie back in the bottle? Scott Guthrie, executive VP of Microsoft's Cloud and Enterprise Group, certainly seemed to pine for more peaceable coexistence last fall when, [according to Geekwire](#), in a conference presentation he claimed, "For the most part, we [Azure and AWS] aren't competing on price."

Virtually no one believes we're at that stage today. And as Geekwire notes in [a subsequent report](#), "in fact both Azure and AWS have since offered price cuts."

## WHO CAN KEEP TRACK?

The price wars make it "challenging for IT executives to keep up with constantly shifting cost structures," [writes Datamation's Susan Nunziata](#). "Add to this the challenge of defining your organization's unique usage requirements – and figuring out how to fulfill these requirements in an economical way. Even more difficult to assess is the labor cost required to manage your cloud migration and deployment."

The focus on broad-based price cuts, or lack thereof, can be misleading, [Barb Darrow asserts in Fortune](#). "What was lost in the debate was that while computing and storage prices often fell, the price of other cloud services including networking and things like workflow and data analytics did not," Darrow observes. "And, the price of moving data out of a given cloud is downright breathtaking, not to mention time-consuming, for a company."

It's doubtful that the hyperscale cloud providers are going to forgo price wars on broadly compatible services, as they're in an intense battle for market share. Still, as Nunziata and Darrow point out, such generalities obscure the true cloud costs for any particular enterprise.

## READY FOR A SURPRISE?

Sooner or later CIOs are likely to come across unexpected surprises in their monthly billing statements. When you consider that Gartner estimates that "[less than one-third of enterprises have a documented cloud strategy](#)," the odds are that such surprises will come sooner, rather than later.

CIOs need to prepare for bad news by developing a forward-looking strategy that entails maximum flexibility. Many, knowingly or not, are already operating in a multi-cloud environment and the sooner they formalize a strategy around that approach, the sooner they'll be prepared to take advantage of pricing differentials between cloud service providers.

Enterprises can take advantage of unique service or pricing benefits for specific workloads by leveraging the multi-cloud strategy.

"Investing in multiple cloud providers gives you more choice as to where you run cloud workloads, which gives you leverage to minimize price hikes and other risks related to vendor lock-in," [writes Rackspace CTO John Engates](#).

That's the best strategy for protecting against cloud pricing surprises.