**6 WAYS TO REDUCE IT SPEND WITH CLOUD COMPUTING**

A frequently touted benefit of cloud computing is IT cost reduction for businesses of all sizes. And you might be surprised to learn that this benefit applies whether you’re planning on a public or private cloud infrastructure.

The public cloud model often has the potential to serve up the most radical cost savings:

* **Pay only for what you use, as you use it.** This is perhaps the most compelling of any cloud value message. By moving your applications and workloads to a public cloud platform, your IT staff can instantly ratchet your resources up or down, depending on the immediate needs of any particular workload. Some large Microsoft customers have estimated they can reduce their overall IT spend by a factor of 10 while gaining more agility to respond to new business demands.1
* **Control server sprawl.** Placing workloads in the cloud means those workloads no longer require dedicated server capital expenditure investments. While the cloud isn’t free, running applications there allows you to enjoy the possibility of reducing an application’s server count all the way to zero.
* **Reduce data center facility costs.** Fewer servers mean a smaller data center footprint. That translates to direct savings on real estate, power, and cooling. It also translates to indirect savings on business continuity and facilities maintenance. Even though these savings extend to the private cloud model, the public cloud model offers small and medium-size businesses the possibility of eliminating the need for a data center.

But as the new paradigm of cloud computing emerges, you’ll see that a combination of private and public cloud models will be the most popular implementation. This combination provides the most flexible IT infrastructure and has compelling costs savings of its own:

* **Decrease IT management costs via virtualization.** Scaling infrastructure to meet new workload demands, maintaining physical security, and software deployment and patching are just a few examples of costly IT management tasks that are decreased significantly by running a virtualized infrastructure.
* **Decrease IT management further with IT as a Service.** With private or hosted private clouds, your users will be able to provision many IT services on their own through self-service portals that can take direct action across a virtualized infrastructure. This can mean a significant savings on common help desk calls and other IT management tasks like procurement and server configuration. Specialized staffers are then free to concentrate their talents on tasks specific to your business rather than on general technical problems.
* **Simplify IT chargeback models.** Because private cloud computing enables your business to draw resources from a centralized pool of virtualized IT resources, the expensive siloed chargeback models that many enterprises use can evolve. CIOs will be able to allocate virtualized resources across workloads depending on immediate demand without the need for siloed purchasing or provisioning.

The cloud’s ability to save you money doesn’t end with decreased IT spending. It can extend to making your front-line business operations more agile and reliable and your business more competitive, which can help you actually *add revenue*. Using the cloud, you can deploy software and products more quickly and respond to market opportunities globally in a fraction of the time required today.

**Getting started.** Accurately forecasting your potential savings from cloud computing means a careful accounting of your current IT spend combined with detailed capacity planning for your immediate spending future. Then, work with your IT staff and your cloud provider to determine the best cloud deployment strategy and arrive at a detailed cost savings analysis.

**Footnotes**

1 Microsoft Case Study, *Siemens Expands Software Delivery Service, Significantly Reduces TCO*, http://www.microsoft.com/casestudies/Case\_Study\_Detail.aspx?CaseStudyID=4000005945 (November 17, 2009)