



Migration from Private to Public Clouds

How and why to switch from CapEx to OpEx
and keep cloud costs under control

Worldwide IT spending is projected to reach \$3.9 trillion in 2020, an increase of 3.4% from 2019, according to a recent forecast by Gartner, Inc.¹ Companies typically invest in IT services with the desired shared goals to drive innovation, gain competitive advantage and grow with strong infrastructure in place.

What is CapEx and what issues does it present?

CapEx used to be the only way a company could pay for its IT infrastructure. Through this method, a company's IT leaders had to procure storage space, cooling systems, servers, racks, pipes, hardware and more. Prior to utilizing these systems, the company would have spent thousands and need to incur further costs in additional update cycles.

These IT leaders would be given the lofty goal of maintaining these operations while managing budgets. With up to 80% of these budgets being allocated to operations, companies could lose sight of the initial goals to drive innovation.

While IT departments and the big infrastructure investments they're responsible for are deemed essential to deliver on these aforementioned goals, they've also garnered a reputation for being costly line items which can often drain a business's budget. Enterprises can often incur thousands of dollars on upfront capital expenditure, more commonly referenced by its abbreviation of CapEx.

This problem is not unique. Numerous companies carry 5x the amount of necessary hardware and data center space during their standard business cycles, while the majority of companies see hardware usage rates well below 20%, resulting in significant IT spend wastage.²

Yet as more companies lean on and invest in cloud-powered services, a shift is occurring. Businesses want systems in place that instead resemble public cloud services, allowing them to partner with providers who offer full solutions at a monthly rate.

Enterprises are increasingly moving their data and applications away from data centers and into the cloud instead. This strategy is referred to as operational expenditure, or OpEx.

Sources:

¹ Gartner Says Global IT Spending to Reach \$3.9 Trillion in 2020

² Cloud Economics – Are You Getting the Bigger Picture?

The Shift to OpEx

OpEx presents businesses with two significant changes and efficiencies. First, they no longer have to purchase technology and infrastructure that live on premises; instead they are presented with the ability to rent what is required and therefore much more flexibility. Second, they can offload risks and remove some of the burden from their IT staff. More responsibilities such as maintenance are instead placed on their selected provider.

OpEx models give companies valuable resources back. With an understanding of a set fee, companies have stronger insights on their monthly spends and significant savings on hardware and software. Businesses which employ OpEx solutions then only need to pay for what is truly needed rather than invest in onsite infrastructure.

Differing spending models explained

To sum it up, CapEx and OpEx present companies with diverse spending models – up-front longer-term investment versus ongoing and smaller sum as-needed investment, respectively. CapEx generally involves a greater need for approval processes with high-level decision makers. It involves making more long-term bets due to the need to purchase physical assets.

OpEx is instead based on costs required for day-to-day functioning. The amount spent tends to be much lower and on an as-needed basis, with solutions based on flexibility, such as increased or decreased customer demand. Less approval is typically needed for these as-needed lower spends.

Items to take into account when considering the switch

When considering a move to cloud-based OpEx offerings, company leaders should take their financial constraints into account. Building a cloud can prove to be costly. To do so correctly, time, skills and technology must be invested to translate to a viable solution. There are important costs to consider for updating and maintaining architecture that works parallel to business demands, yet the benefits presented by OpEx translate to significant cost savings in the long-run, along with additional items enterprises can benefit from.

Benefits of OpEx solutions include:

Reduced risk

The importance of redundancy cannot be stressed enough. OpEx solution providers are prepared to handle events which can jeopardize your operations, as well as to troubleshoot potential issues or losses of data before they actually occur.

The opportunity to scale

A businesses' needs are subject to change and evolve, and leaning on a provider for on-demand resources allows more flexibility and reduces risks. This is due to the fact that leaders no longer need to make long-term bets on the future.

Cost savings

You may likely be able to employ a leaner team of IT professionals since your provider is responsible for your IT hardware and software needs. Your team's time can be better allocated on innovation and growth opportunities, with more manual and managerial tasks removed from their plates.

Improved security

Is your IT team familiar with terms like FISMA, Tier III and FedRAMP? The security of your data is of the utmost importance, and regulations are constantly changing. A provider is responsible for staying on top of these compliance regulations in order to ensure that all your assets are fully secure.

It's difficult to downplay the positives

Cloud-based OpEx models present businesses with overwhelming positives, from substantial savings opportunities to flexibility that's often required as the business's needs change or growth ensues. OpEx cloud providers undoubtedly offer faster time to value and competitive advantages which allow IT departments to save, not spend.

Now that there are options, there is no need for businesses to spend unnecessarily on running onsite data centers. It will also provide peace of mind to your company's leadership when these tasks are fully handled by an expert.

How to select your cloud partner

Finalizing how to allocate workloads to the cloud is complex. Uncovering how to effectively reap the benefits that an OpEx solution presents can be trickier at first. It's important to select a partner such as Hystax with significant experience in helping companies make the transition. It's also critical for companies to ensure they're not sacrificing financial control or accountability by passing responsibilities on to an inexperienced partner.

Hystax works hand-in-hand with companies to identify their unique needs and budget constraints to keep cloud budgets transparent and under control. Customers benefit from budget breakdown and transparency across all business units, users, projects and cloud services. Hard and soft limits are set so that no money sneaks past uncontrolled.

Such experts are trained with the knowledge and insights to focus solely on this task, rather than have to manage additional areas of the business.

It's also important to select a provider with key integrations with platforms you're already using or leaning on cloud solutions which can be fully trusted, such as Microsoft Azure, for security. **Hystax OptScale** offers integrations with Azure, as well as the cloud-based offerings of Microsoft, VMware, Oracle, IBM and many more.

Additionally, OptScale provides business continuity with fully automated disaster recovery (DR), including best-in-class RPO/RTO values, storage-agnostic snapshots, orchestration functionality and continuous data protection. These include automatically generated DR plans based on redundancy and options to restore all changes from the DR site back to production workloads within mere minutes.

Hystax OptScale is also built with seamless hybrid cloud migration in mind. From the execution of various migration scenarios to flexible migration plans and test migrations, our team of experts can help your enterprise make the switch as smoothly as possible.

About Hystax



Hystax, a leader in cross-cloud disaster recovery and cloud migration, has recently introduced a multi-cloud cost governance platform that helps customers control their spends on each pipeline, job and single run. The company has migrated over 80,000 machines and has protected more than 5,000 of them from disaster for global companies with a focus on telcos, cloud service providers and managed service providers.

Our customers include:



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