

UNIT-III

Cloud Computing Architecture

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Introduction

- Utility-oriented data centers are the first outcome of cloud computing, and they serve as the infrastructure through which the services are implemented and delivered.
- Any cloud service, whether virtual hardware, development platform, or application software, relies on a distributed infrastructure owned by the provider or rented from a third party.
- The characterization of a cloud is quite general: It can be implemented using a data center, a collection of clusters, or a heterogeneous distributed system composed of desktop PCs, workstations, and servers.

Introduction

- Clouds are built by relying on one or more data centers.
- In most cases hardware resources are virtualized to provide isolation of workloads and to best exploit the infrastructure.
- According to the specific service delivered to the end user, different layers can be stacked on top of the virtual infrastructure: a virtual machine manager, a development platform, or a specific application middleware.
- The cloud computing paradigm emerged as a result of the convergence of various existing models, technologies, and concepts that changed the way we deliver and use IT services.

Introduction

- *Cloud computing is a utility-oriented and Internet-centric way of delivering IT services on demand. These services cover the entire computing stack: from the hardware infrastructure packaged as a set of virtual machines to software services such as development platforms and distributed applications.*
- This definition captures the most important and fundamental aspects of cloud computing.

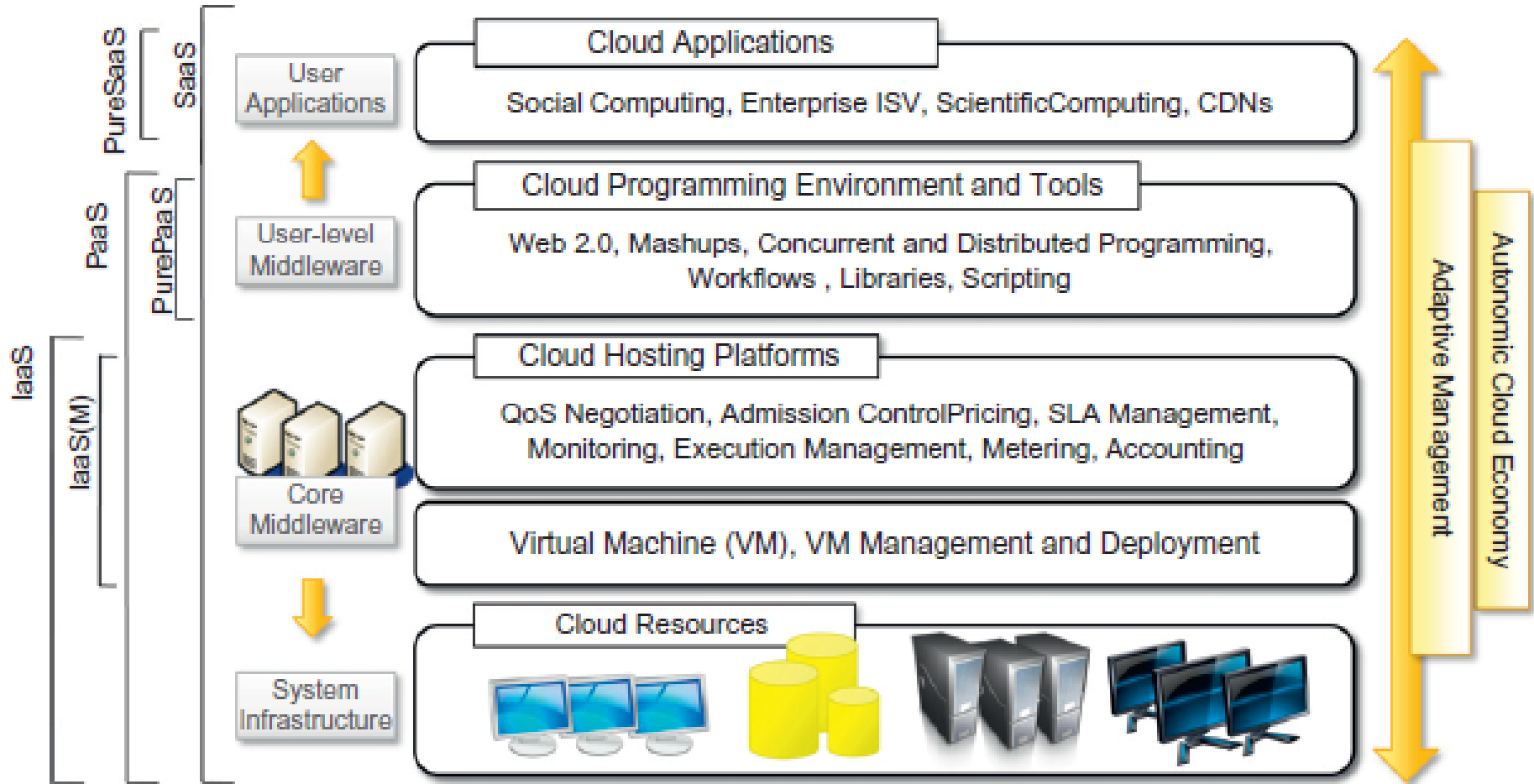
The Cloud Reference Model

- Cloud computing supports any IT service that can be consumed as a utility and delivered through a network, most likely the Internet.
- Such characterization includes quite different aspects: infrastructure, development platforms, application and services.

Architecture

- It is possible to organize all the concrete realizations of cloud computing into a layered view covering the entire stack (see below figure), from hardware appliances to software systems.
- Cloud resources are harnessed to offer “computing horsepower” required for providing services.
- Cloud infrastructure can be heterogeneous in nature because a variety of resources, such as clusters and networked PCs, can be used to build it.
- Database systems and other storage services can also be part of the infrastructure.

The Cloud Computing Architecture



Architecture

- The physical infrastructure is managed by the **core middleware**, the objective is to provide an appropriate runtime environment for applications and to best utilize resources.
- At the bottom of the stack, **virtualization technologies** are used to guarantee runtime environment customization, application isolation, sandboxing, and quality of service. Hardware virtualization is most commonly used at this level.
- Hypervisors manage the pool of resources and expose the distributed infrastructure as a collection of virtual machines.
- **Infrastructure management** is the key function of **core middleware**, which supports capabilities such as negotiation of the quality of service, admission control, execution management and monitoring, accounting, and billing.

Architecture

- The combination of ***cloud hosting platforms*** and ***cloud resources*** is generally classified as a ***Infrastructure-as-a-Service*** (IaaS) solution.
- The IaaS has two categories: Some of them provide both the ***management layer*** and the ***physical infrastructure***; others provide only the ***management layer*** (IaaS (M)).
- In this second case, the ***management layer is often integrated with other IaaS solutions*** that provide physical infrastructure and adds value to them.

Architecture

- IaaS solutions are suitable for designing the system infrastructure but provide limited services to build applications. Such service is provided by **cloud programming environments and tools**, which form a new layer for offering users a development platform for applications.
- The range of tools include Web-based interfaces, command-line tools, and frameworks for concurrent and distributed programming.
- In this scenario, users develop their applications specifically for the cloud by using the API exposed at the user-level middleware.
- For this reason, this approach is also known as **Platform-as-a-Service (PaaS)** because the service offered to the user is a development platform rather than an infrastructure.
- **PaaS solutions generally include the infrastructure as well**, which is bundled as part of the service provided to users. In the case of **Pure PaaS, only the user-level middleware** is offered, and it has to be complemented with a virtual or physical infrastructure.

Architecture

- The top layer of the reference model depicted in above figure contains services delivered at the *application level*.
- These are mostly referred to as *Software-as-a-Service* (SaaS). In most cases these are Web based applications that rely on the cloud to provide service to end users.
- The horsepower of the cloud provided by IaaS and PaaS solutions allows independent software vendors to deliver their application services over the Internet.
- Other applications belonging to this layer are those that strongly leverage the Internet for their core functionalities that rely on the cloud to sustain a larger number of users; this is the case of gaming portals and social networking websites.

Cloud Computing Services Classification

Below table summarizes the characteristics of the three major categories used to classify cloud computing solutions.

| Category | Characteristics | Product Type | Vendors and Products |
|------------------|---|--|--|
| <i>SaaS</i> | Customers are provided with applications that are accessible anytime and from anywhere. | Web applications and services (Web 2.0) | SalesForce.com (CRM) Clarizen.com (project management) Google Apps |
| <i>PaaS</i> | Customers are provided with a platform for developing applications hosted in the cloud. | Programming APIs and frameworks Deployment systems | Google AppEngine Microsoft Azure Manjrasoft Aneka Data Synapse |
| <i>IaaS/HaaS</i> | Customers are provided with virtualized hardware and storage on top of which they can build their infrastructure. | Virtual machine management infrastructure Storage management Network management | Amazon EC2 and S3 GoGrid Nirvanix |

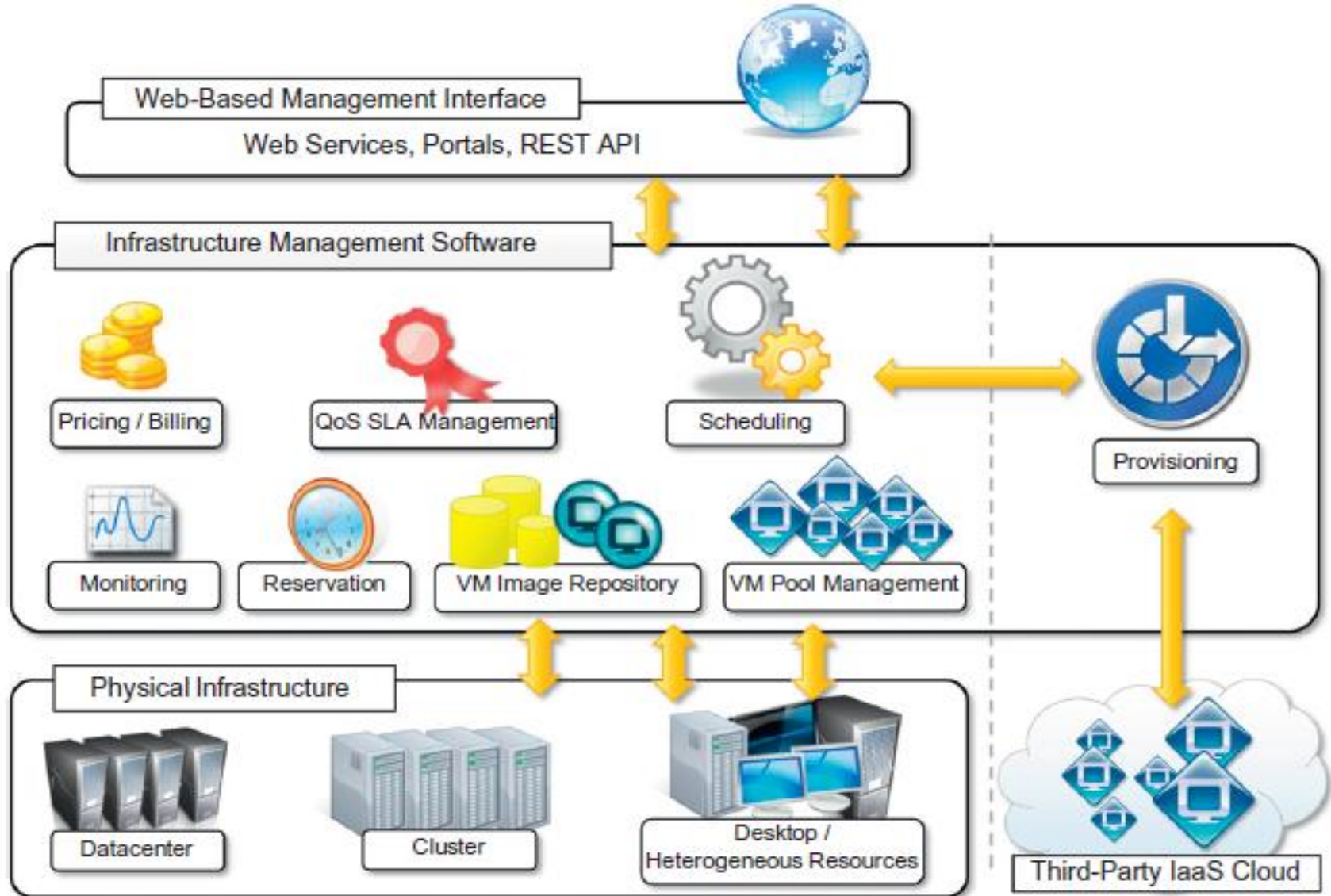
Infrastructure - and hardware-as-a-service

- Infrastructure - and Hardware-as-a-Service (IaaS/HaaS) solutions are the most popular and developed market segment of cloud computing.
- They deliver customizable infrastructure on demand.
- The available options within the IaaS offering umbrella range from single servers to entire infrastructures, including network devices, load balancers, and database and Web servers.

Infrastructure - and hardware-as-a-service

- The main technology used to deliver and implement these solutions is **hardware virtualization**: one or more virtual machines opportunely configured and interconnected define the distributed system on top of which applications are installed and deployed.
- IaaS/HaaS solutions bring all the benefits of hardware virtualization: workload partitioning, application isolation, sandboxing, and hardware tuning.
- From the perspective of the service provider, IaaS/HaaS allows better exploiting the IT infrastructure and provides a more secure environment where executing third party applications.
- From the perspective of the customer it reduces the administration and maintenance cost as well as the capital costs allocated to purchase hardware.

Infrastructure-as-a-Service reference implementation



Infrastructure - and hardware-as-a-service

- Above figure provides an overall view of the components forming an *Infrastructure-as-a-Service* solution.
- It is possible to distinguish three principal layers: the *physical infrastructure*, the *software management infrastructure*, and *the user interface*.
- At the top layer the user interface provides access to the services exposed by the *software management infrastructure*.
- The core features of an IaaS solution are implemented in the *software management infrastructure layer*.
- In particular, management of the virtual machines is the most important function performed by this layer. A central role is played by the scheduler, which is in charge of allocating the execution of virtual machine instances.

Infrastructure - and hardware-as-a-service

- The scheduler interacts with the other components that perform a variety of tasks:
 - The **pricing and billing** component takes care of the cost of executing each virtual machine instance and maintains data that will be used to charge the user.
 - The **monitoring** component tracks the execution of each virtual machine instance and maintains data required for reporting and analyzing the performance of the system.
 - The **reservation** component stores the information of all the virtual machine instances that have been executed or that will be executed in the future.

Infrastructure - and hardware-as-a-service

- If support for QoS-based execution is provided, a **QoS/SLA management** component will maintain a repository of all the SLAs made with the users; together with the monitoring component, this component is used to ensure that a given virtual machine instance is executed with the desired quality of service.
- The **VM repository** component provides a catalog of virtual machine images that users can use to create virtual instances. Some implementations also allow users to upload their specific virtual machine images.
- A **VM pool manager** component is responsible for keeping track of all the live instances.
- A **provisioning** component interacts with the scheduler to provide a virtual machine instance that is external to the local physical infrastructure directly managed by the pool.

Infrastructure - and hardware-as-a-service

- The bottom layer is composed of the *physical infrastructure*, on top of which the management layer operates.
- From an architectural point of view, the physical layer also includes the virtual resources that are rented from external IaaS providers.

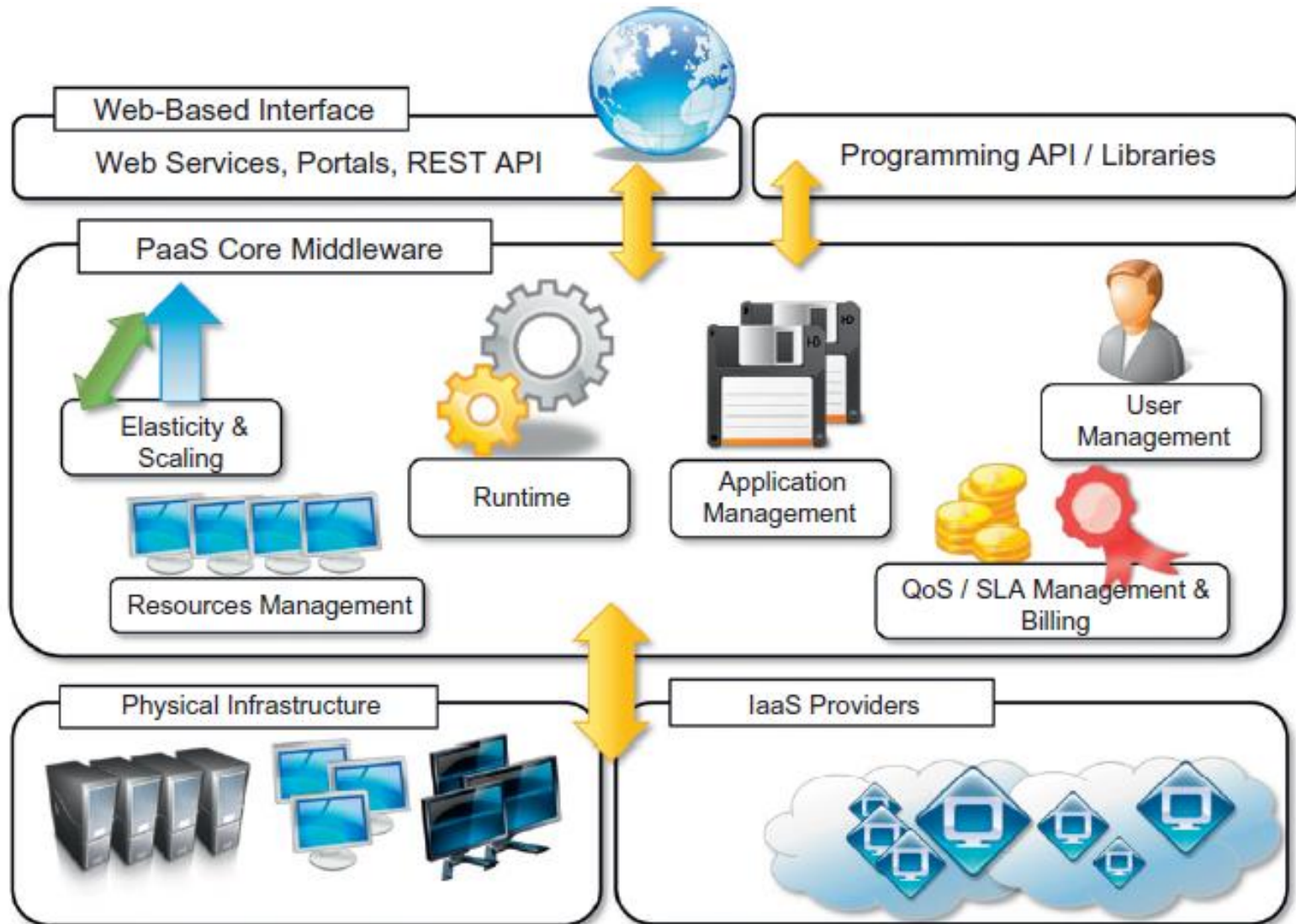
Infrastructure - and hardware-as-a-service

- In the case of complete IaaS solutions, all three levels are offered as service.
- The reference architecture applies to IaaS implementations that provide computing resources, especially for the scheduling component.
- If storage is the main service provided, it is still possible to distinguish these three layers.
- The role of infrastructure management software is not to keep track and manage the execution of virtual machines but to provide access to large infrastructures and implement storage virtualization solutions on top of the physical layer.

Platform as a service

- ***Platform-as-a-Service*** (PaaS) solutions provide a **development and deployment platform** for running applications in the cloud.
- They constitute the middleware on top of which applications are built.
- A general overview of the features characterizing the PaaS approach is given in below figure.

The Platform-as-a-Service reference model



Platform as a service

- ***Application management*** is the core functionality of the middleware.
- PaaS implementations provide applications with a ***runtime environment*** and do not expose any service for managing the underlying infrastructure.
- They automate the process of deploying applications to the infrastructure, configuring application components, provisioning and configuring supporting technologies such as load balancers and databases, and managing system change based on policies set by the user.
- Developers design their systems in terms of applications and are not concerned with hardware (physical or virtual), operating systems, and other low-level services.

Platform as a service

- The **core middleware** is in charge of managing the resources and **scaling** applications on demand or automatically, according to the commitments made with users.
- From a user point of view, the **core middleware** exposes interfaces that allow programming and deploying applications on the cloud.
- These can be in the form of a Web-based interface or in the form of programming APIs and libraries.

Platform as a service

- The specific development model decided for applications determines the interface exposed to the user.
- Some implementations provide a completely Web-based interface hosted in the cloud and offering a variety of services.
- Other implementations of the PaaS model provide a complete object model for representing an application and provide a programming language-based approach.
- This approach generally offers more flexibility and opportunities but incurs longer development cycles.
- Sometimes a local runtime environment that simulates the conditions of the cloud is given to users for testing their applications before deployment. This environment can be restricted in terms of features, and it is generally not optimized for scaling.

Platform as a service

- PaaS solutions can offer middleware for developing applications together with the infrastructure or simply provide users with the software that is installed on the user premises.
- In the first case, the PaaS provider also owns large data centers where applications are executed; in the second case (Pure PaaS), the middleware constitutes the core value of the offering.
- It is also possible to have vendors that deliver both middle ware and infrastructure and ship only the middleware for private installations.

Platform-as-a-Service Offering Classification

Below table provides a classification of the most popular PaaS implementations.

| Category | Description | Product Type | Vendors and Products |
|-----------------|---|--|---|
| <i>PaaS-I</i> | Runtime environment with Web-hosted application development platform. Rapid application prototyping. | Middleware + Infrastructure Middleware + Infrastructure | Force.com Longjump |
| <i>PaaS-II</i> | Runtime environment for scaling Web applications. The runtime could be enhanced by additional components that provide scaling capabilities. | Middleware + Infrastructure Middleware Middleware + Infrastructure Middleware + Infrastructure Middleware + Infrastructure Middleware | Google AppEngine AppScale Heroku Engine Yard Joyent Smart Platform GigaSpaces XAP |
| <i>PaaS-III</i> | Middleware and programming model for developing distributed applications in the cloud. | Middleware + Infrastructure Middleware Middleware Middleware Middleware Middleware | Microsoft Azure DataSynapse Cloud IQ Manjrasof Aneka Apprenda SaaSGrid GigaSpaces DataGrid |

Platform as a service

- It is possible to organize the various solutions into three wide categories: PaaS-I, PaaS-II, and PaaS-III.
- The *first category* identifies PaaS implementations that completely follow the cloud computing style for application development and deployment. They offer an integrated development environment hosted within the Web browser where applications are designed, developed, composed, and deployed.

Platform as a service

- The ***second class*** gives solutions that are focused on providing a scalable infrastructure for Web application, mostly websites.
- In this case, developers generally use the providers' APIs, which are built on top of industrial runtimes, to develop applications.
- The ***third category*** consists of all those solutions that provide a cloud programming platform for any kind of application, not only Web applications.

Platform as a service

- The PaaS umbrella encompasses a variety of solutions for developing and hosting applications in the cloud. Despite this heterogeneity, it is possible to identify some criteria that are expected to be found in any implementation.
- Some essential characteristics that identify a PaaS solution are: ***Runtime framework, Abstraction, Automation, Cloud services.***

Platform as a service

- ***Runtime framework*** - The runtime framework executes end-user code according to the policies set by the user and the provider.
- ***Abstraction*** - PaaS solutions are distinguished by the higher level of abstraction that they provide. This means that PaaS solutions offer a way to deploy and manage applications on the cloud.
- ***Automation*** - PaaS environments automate the process of deploying applications to the infrastructure, scaling them by provisioning additional resources when needed. This process is performed automatically and according to the SLA made between the customers and the provider.
- ***Cloud services*** - PaaS offerings provide developers and architects with services and APIs, helping them to simplify the creation and delivery of elastic and highly available cloud applications.

Platform as a service

- Another essential component for a PaaS-based approach is the ability to integrate third-party cloud services offered from other vendors by leveraging service-oriented architecture.
- One of the major concerns of leveraging PaaS solutions for implementing applications is vendor lock-in.
- Even though a platform-based approach strongly simplifies the development and deployment cycle of applications, it poses the risk of making these applications completely dependent on the provider.
- Such dependency can become a significant obstacle in retargeting the application to another environment and runtime if the commitments made with the provider cease.

Platform as a service

- PaaS solutions can cut the cost across development, deployment, and management of applications.
- It helps management reduce the risk of ever-changing technologies by offloading the cost of upgrading the technology to the PaaS provider.
- The PaaS approach, when bundled with underlying IaaS solutions, helps even small start-up companies quickly offer customers integrated solutions on a hosted platform at a very minimal cost.

Software as a service

- Software-as-a-Service (SaaS) is a software delivery model that provides access to applications through the Internet as a Web-based service.
- It provides a means to free users from complex hardware and software management by offloading such tasks to third parties, which build applications accessible to multiple users through a Web browser.
- In this scenario, customers neither need install anything on their premises nor have to pay considerable up-front costs to purchase the software and the required licenses.
- On the provider side, the specific details and features of each customer's application are maintained in the infrastructure and made available on demand.

Software as a service

- SaaS applications are naturally multitenant.
- Multitenancy, which is a feature of SaaS compared to traditional packaged software, allows providers to centralize and sustain the effort of managing large hardware infrastructures, maintaining and upgrading applications transparently to the users, and optimizing resources by sharing the costs among the large user base.
- On the customer side, such costs constitute a minimal fraction of the usage fee paid for the software.
- The acronym SaaS was then coined in 2001 by the Software Information & Industry Association (SIIA) with the following connotation:

Software as a service

- In the software as a service model, the application, or service, is deployed from a centralized datacenter across a network—Internet, Intranet, LAN, or VPN—providing access and use on a recurring fee basis. Users “rent,” “subscribe to,” “are assigned,” or “are granted access to” the applications from a central provider. Business models vary according to the level to which the software is streamlined, to lower price and increase efficiency, or value-added through customization to further improve digitized business processes.

Software as a service

- The analysis carried out by SIIA was mainly oriented to cover application service providers (ASPs) and all their variations, which capture the concept of software applications consumed as a service in a broader sense.
- ASPs already had some of the core characteristics of SaaS:
 - The product sold to customer is application access.
 - The application is centrally managed.
 - The service delivered is one-to-many.
 - The service delivered is an integrated solution delivered on the contract, which means provided as promised.

Software as a service

- The SaaS approach introduces a more flexible way of delivering application services that are fully customizable by the user by integrating new services, injecting their own components, and designing the application and information workflows.
- Such a new approach has also been possible with the support of Web 2.0 technologies, which allowed turning the Web browser into a full-featured interface, able even to support application composition and development.

Software as a service

- Initially the SaaS model was of interest only for lead users and early adopters.
- The benefits delivered at that stage were the following:
 - Software cost reduction and total cost of ownership (TCO) were paramount
 - Service-level improvements
 - Rapid implementation
 - Standalone and configurable applications
 - Rudimentary application and data integration
 - Subscription and pay-as-you-go (PAYG) pricing

Software as a service

- With the advent of cloud computing there has been an increasing acceptance of SaaS as a viable software delivery model.
- This led to transition into SaaS 2.0, which does not introduce a new technology but transforms the way in which SaaS is used.
- SaaS 2.0 is focused on providing a more robust infrastructure and application platforms driven by SLAs.
- It is important to note the role of SaaS solution enablers, which provide an environment in which to integrate third-party services and share information with others.

Types of clouds

- Clouds constitute the primary outcome of cloud computing.
- They are a type of parallel and distributed system harnessing physical and virtual computers presented as a unified computing resource.
- Clouds build the infrastructure on top of which services are implemented and delivered to customers.
- A more useful classification is given according to the administrative domain of a cloud: It identifies the boundaries within which cloud computing services are implemented, provides hints on the underlying infrastructure adopted to support such services, and qualifies them.

Types of clouds

- It is then possible to differentiate four different types of cloud:
 - **Public clouds** - The cloud is open to the wider public.
 - **Private clouds** - The cloud is implemented within the private premises of an institution and generally made accessible to the members of the institution or a subset of them.
 - **Hybrid or Heterogeneous clouds** - The cloud is a combination of the two previous solutions and most likely identifies a private cloud that has been augmented with resources or services hosted in a public cloud.
 - **Community clouds** - The cloud is characterized by a multi-administrative domain involving different deployment models(public, private, and hybrid), and it is specifically designed to address the needs of a specific industry.

Public Clouds

- Public clouds constitute the first expression of cloud computing.
- They are a realization of the canonical view of cloud computing in which the services offered are made available to anyone, from anywhere, and at any time through the Internet.
- From a structural point of view they are a distributed system, most likely composed of one or more datacenters connected together, on top of which the specific services offered by the cloud are implemented.
- Any customer can easily sign in with the cloud provider, enter their credential and billing details, and use the services offered.
- Public clouds are used both to completely replace the IT infrastructure of enterprises and to extend it when it is required.

Public Clouds

- A fundamental characteristic of public clouds is multitenancy.
- A public cloud is meant to serve a multitude of users, not a single customer.
- Any customer requires a virtual computing environment that is separated, and most likely isolated, from other users.
- This is a fundamental requirement to provide effective monitoring of user activities and guarantee the desired performance and the other QoS attributes negotiated with users.

Public Clouds

- QoS management is a very important aspect of public clouds.
- A significant portion of the software infrastructure is devoted to monitoring the cloud resources, to bill them according to the contract made with the user, and to keep a complete history of cloud usage for each customer.
- These features are fundamental to public clouds because they help providers offer services to users with full accountability.

Public Clouds

- A public cloud can offer any kind of service: infrastructure, platform, or applications.
- For example, Amazon EC2 is a public cloud that provides infrastructure as a service; Google AppEngine is a public cloud that provides an application development platform as a service; and Salesforce.com is a public cloud that provides software as a service.

Public Clouds

- From an architectural point of view there is no restriction concerning the type of distributed system implemented to support public clouds.
- Public clouds can be composed of geographically dispersed datacenters to share the load of users and better serve them according to their locations.
- According to the specific class of services delivered by the cloud, a different software stack is installed to manage the infrastructure: virtual machine managers, distributed middleware, or distributed applications.

Private Clouds

- Private clouds are virtual distributed systems that rely on a private infrastructure and provide internal users with dynamic provisioning of computing resources.
- Instead of a pay-as-you-go model as in public clouds, there could be other schemes in place, taking into account the usage of the cloud and proportionally billing the different departments or sections of an enterprise.
- Private clouds have the advantage of keeping the core business operations in-house by relying on the existing IT infrastructure and reducing the burden of maintaining it once the cloud has been set up.

Private Clouds

- In this scenario, security concerns are less critical, since sensitive information does not flow out of the private infrastructure.
- Existing IT resources can be better utilized because the private cloud can provide services to a different range of users.
- Another interesting opportunity that comes with private clouds is the possibility of testing applications and systems at a comparatively lower price rather than public clouds before deploying them on the public virtual infrastructure.

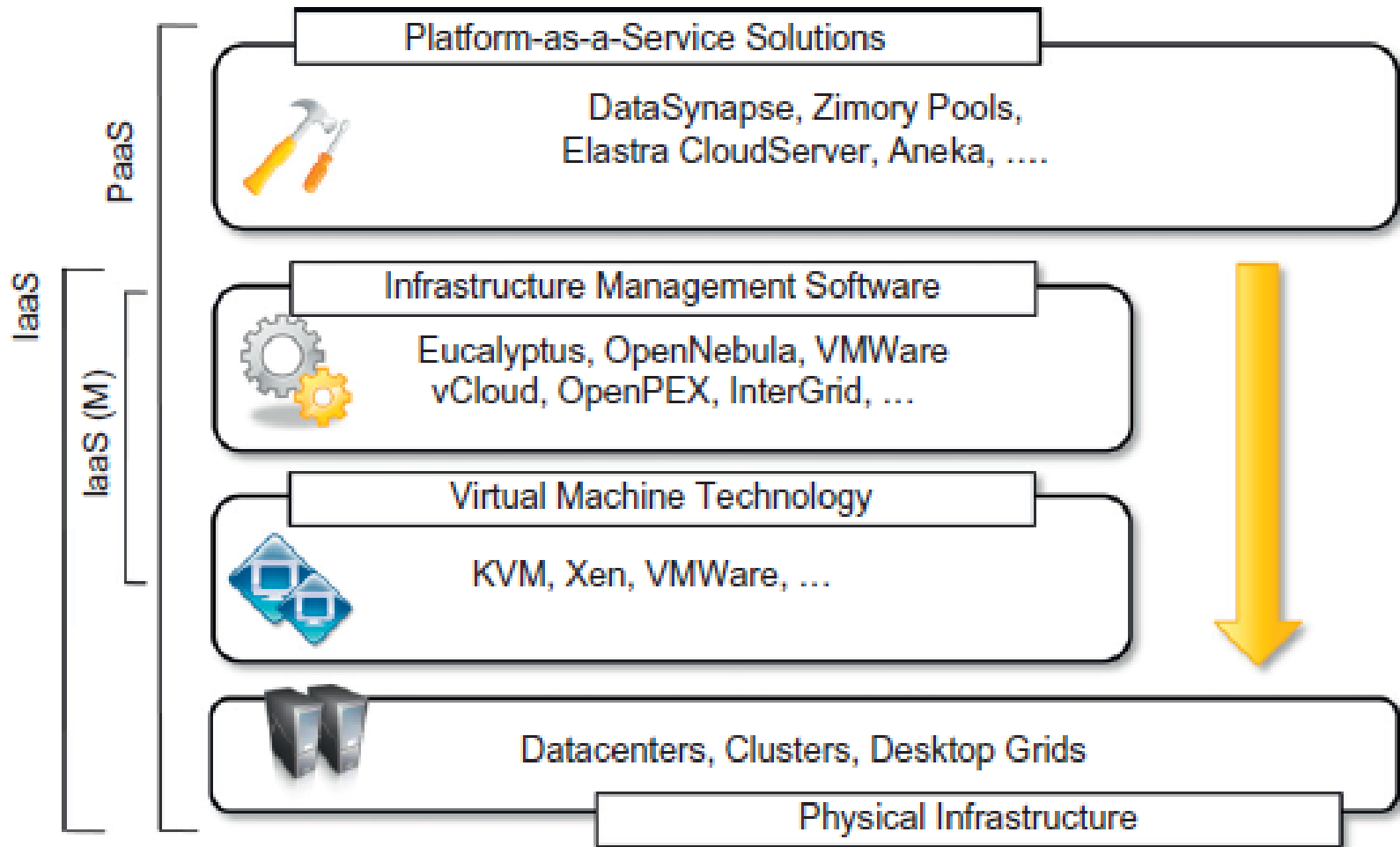
Private Clouds

- The key advantages of using a private cloud computing infrastructure:
 - **Customer information protection** - Despite assurances by the public cloud leaders about security, few provide satisfactory disclosure or have long enough histories with their cloud offerings to provide warranties about the specific level of security put in place on their systems. In-house security is easier to maintain and rely on.
 - **Infrastructure ensuring SLAs (Service-Level Agreement)** - Quality of service implies specific operations such as appropriate clustering and failover, data replication, system monitoring and maintenance, and disaster recovery, and other uptime services can be commensurate to the application needs.
 - **Compliance with standard procedures and operations** - If organizations are subject to third-party compliance standards, specific procedures have to be put in place when deploying and executing applications.

Private Clouds

- From an architectural point of view, private clouds can be implemented on more heterogeneous hardware: They generally rely on the existing IT infrastructure already deployed on the private premises. This could be a datacenter, a cluster, an enterprise desktop grid, or a combination of them.

Private clouds hardware and software stack



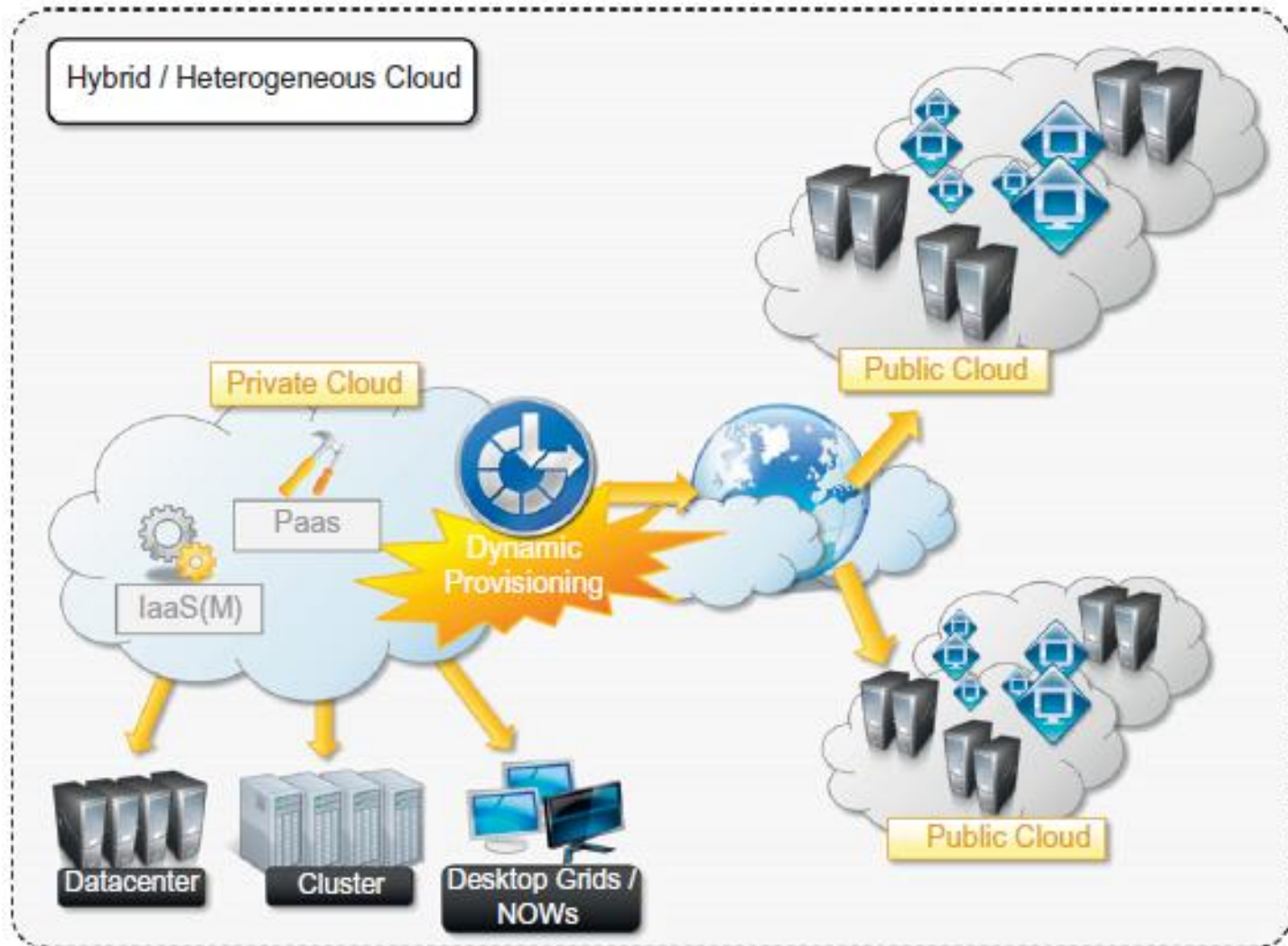
Private Clouds

- Different options can be adopted to implement private clouds.
- Above figure provides a comprehensive view of the solutions together with some reference to the most popular software used to deploy private clouds.
- Private clouds can provide in-house solutions for cloud computing, but if compared to public clouds they exhibit more limited capability to scale elastically on demand.

Hybrid Cloud

- Hybrid clouds allow enterprises to exploit existing IT infrastructures, maintain sensitive information within the premises, and naturally grow and shrink by provisioning external resources and releasing them when they're no longer needed.
- Security concerns are then only limited to the public portion of the cloud that can be used to perform operations with less stringent constraints but that are still part of the system workload.
- Below figure provides a general overview of a hybrid cloud: It is a heterogeneous distributed system resulting from a private cloud that integrates additional services or resources from one or more public clouds.
- For this reason they are also called **heterogeneous clouds**.

Hybrid/heterogeneous cloud overview



Hybrid Cloud

- As depicted in the diagram, dynamic provisioning is a fundamental component in this scenario.
- Hybrid clouds address scalability issues by leveraging external resources for exceeding capacity demand.
- These resources or services are temporarily leased for the time required and then released.
- This practice is also known as **cloud bursting**.

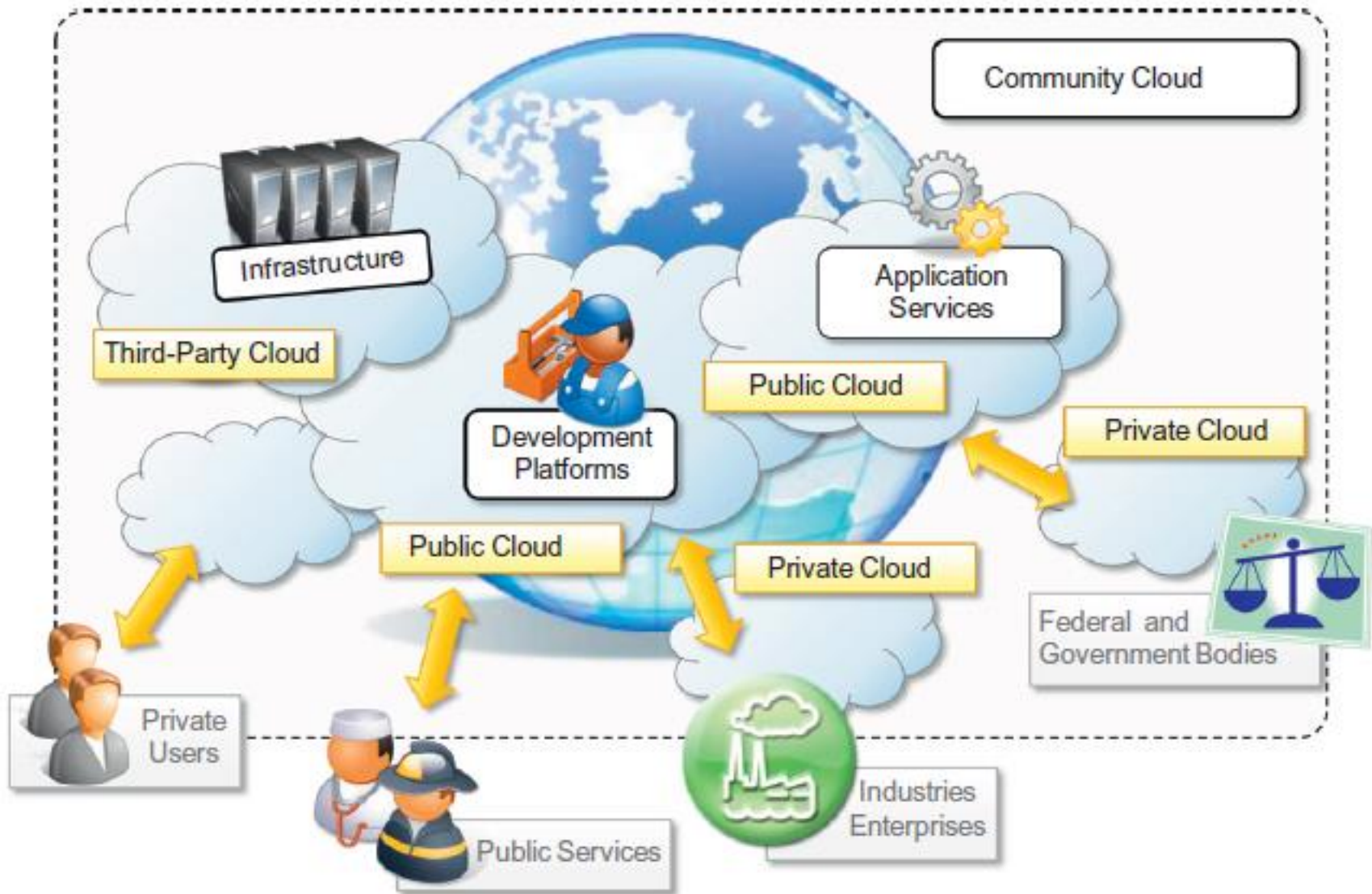
Hybrid Cloud

- Whereas the concept of hybrid cloud is general, it mostly applies to IT infrastructure rather than software services.
- Service-oriented computing already introduces the concept of integration of paid software services with existing application deployed in the private premises.
- In an IaaS scenario, **dynamic provisioning** refers to the ability to acquire on demand virtual machines in order to increase the capability of the resulting distributed system and then release them.
- Infrastructure management software and PaaS solutions are the building blocks for deploying and managing hybrid clouds.
- In particular, with respect to private clouds, dynamic provisioning introduces a more complex scheduling algorithm and policies, the goal of which is also to optimize the budget spent to rent public resources.

Community Clouds

- Community clouds are distributed systems created by integrating the services of different clouds to address the specific needs of an industry, a community, or a business sector.
- The National Institute of Standards and Technologies (NIST) characterize community clouds as follows:
 - *The infrastructure is shared by several organizations and supports a specific community that has shared concerns (e.g., mission, security requirements, policy, and compliance considerations). It may be managed by the organizations or a third party and may exist on premise or off premise.*

A Community Cloud



Community Clouds

- The above **figure** provides a **general view** of the usage scenario of community clouds, together with reference architecture.
- The users of a specific community cloud fall into a well-identified community, sharing the same concerns or needs; they can be government bodies, industries, or even simple users, but all of them focus on the same issues for their interaction with the cloud.
- This is a different scenario than public clouds, which serve a multitude of users with different needs.
- Community clouds are also different from private clouds, where the services are generally delivered within the institution that owns the cloud.

Community Clouds

- From an architectural point of view, a community cloud is most likely implemented over multiple administrative domains.
- This means that different organizations such as government bodies, private enterprises, research organizations, and even public virtual infrastructure providers contribute with their resources to build the cloud infrastructure.

Community Clouds

- Candidate sectors for community clouds are as follows:
 - **Media industry** - In the media industry, companies are looking for low-cost, agile, and simple solutions to improve the efficiency of content production. Most media productions involve an extended ecosystem of partners. In particular, the creation of digital content is the outcome of a collaborative process that includes movement of large data, massive compute-intensive rendering tasks, and complex workflow executions.
 - **Healthcare industry** - In the healthcare industry, there are different scenarios in which community clouds could be of use. In particular, community clouds can provide a global platform on which to share information and knowledge without revealing sensitive data maintained within the private infrastructure.

Community Clouds

- **Energy and other core industries** - In these sectors, community clouds can bundle the comprehensive set of solutions that together vertically address management, deployment, and orchestration of services and operations.
- **Public sector** - Legal and political restrictions in the public sector can limit the adoption of public cloud offerings. Moreover, governmental processes involve several institutions and agencies and are aimed at providing strategic solutions at local, national, and international administrative levels. They involve business-to-administration, citizen-to-administration, and possibly business-to-business processes.
- **Scientific research** - Science clouds are an interesting example of community clouds. In this case, the common interest driving different organizations sharing a large distributed infrastructure is scientific computing.

Community Clouds

- The benefits of these community clouds are the following:
 - **Openness** - By removing the dependency on cloud vendors, community clouds are open systems in which fair competition between different solutions can happen.
 - **Community** - Being based on a collective that provides resources and services, the infrastructure turns out to be more scalable because the system can grow simply by expanding its user base.
 - **Graceful failures** - Since there is no single provider or vendor in control of the infrastructure, there is no single point of failure.

Community Clouds

- **Convenience and control** - Within a community cloud there is no conflict between convenience and control because the cloud is shared and owned by the community, which makes all the decisions through a collective democratic process.
- **Environmental sustainability** - The community cloud is supposed to have a smaller carbon footprint because it harnesses underutilized resources. Moreover, these clouds tend to be more organic by growing and shrinking in a symbiotic relationship to support the demand of the community, which in turn sustains it.

Economics of the Cloud

- The main drivers of cloud computing are economy of scale and simplicity of software delivery and its operation.
- The biggest benefit of this phenomenon is financial: the pay-as-you-go model offered by cloud providers.
- In particular, cloud computing allows:
 - Reducing the capital costs associated to the IT infrastructure
 - Eliminating the depreciation or lifetime costs associated with IT capital assets
 - Replacing software licensing with subscriptions
 - Cutting the maintenance and administrative costs of IT resources

Economics of the Cloud

- A **capital cost** is the cost occurred in purchasing an asset that is useful in the production of goods or the rendering of services.
- Capital costs are one-time expenses that are generally paid up front and that will contribute over the long term to generate profit.
- IT resources constitute a capital cost for any kind of enterprise.
- It is good practice to try to keep capital costs low because they introduce expenses that will generate profit over time; more than that, since they are associated with material things they are subject to depreciation over time, which in the end reduces the profit of the enterprise because such costs are directly subtracted from the enterprise revenues.
- In the case of IT capital costs, the depreciation costs are represented by the loss of value of the hardware over time and the aging of software products that need to be replaced because new features are required.

Economics of the Cloud

- One of the advantages introduced by the cloud computing model is that it shifts the capital costs previously allocated to the purchase of hardware and software into operational costs inducted by renting the infrastructure and paying subscriptions for the use of software.
- These costs can be better controlled according to the business needs and prosperity of the enterprise.
- Cloud computing also introduces reductions in administrative and maintenance costs i.e, there is no or limited need for having administrative staff take care of the management of the cloud infrastructure. At the same time, the cost of IT support staff is also reduced.
- When it comes to depreciation costs, they simply disappear for the enterprise, since in a scenario where all the IT needs are served by the cloud there are no IT capital assets that depreciate over time.

Economics of the Cloud

- The amount of cost savings that cloud computing can introduce within an enterprise is related to the specific scenario in which cloud services are used and how they contribute to generate a profit for the enterprise.
- In the case of a small startup, it is possible to completely leverage the cloud for many aspects, such as:
 - IT infrastructure
 - Software development
 - CRM and ERP

Economics of the Cloud

- Another important aspect is the elimination of some indirect costs that are generated by IT assets, such as software licensing and support and carbon footprint emissions.
- With cloud computing, an enterprise uses software applications on a subscription basis, and there is no need for any licensing fee because the software providing the service remains the property of the provider.
- Leveraging IaaS solutions allows room for datacenter consolidation that in the end could result in a smaller carbon footprint.
- In some countries such as Australia, the carbon footprint emissions are taxable, so by reducing or completely eliminating such emissions, enterprises can pay less tax.

Economics of the Cloud

- In terms of the pricing models introduced by cloud computing, we can distinguish three different strategies that are adopted by the providers:
 - **Tiered pricing** - In this model, cloud services are offered in several tiers, each of which offers a fixed computing specification and SLA at a specific price per unit of time.
 - **Per-unit pricing** - This model is more suitable to cases where the principal source of revenue for the cloud provider is determined in terms of units of specific services, such as data transfer and memory allocation.
 - **Subscription-based pricing** - This is the model used mostly by SaaS providers in which users pay a periodic subscription fee for use of the software or the specific component services that are integrated in their applications.