

# 7 Things You Didn't Know About Cloud Computing Solutions for ROI

In 2012, [Nucleus Research](#) conducted the first quantitative research on cloud-based solutions versus on-premises IT. Nuclear Research examined more than [70 ROI-based cases](#) and compared them to on-premise-based solutions. The results were mind-boggling.

While everyone recognized that the cloud had comparative advantages over on-premise solutions, the statistical results showed that cloud-based solutions had an average of [1.7 times](#) more ROI than on-premise solutions. These results were obtained by eliminating capital investments in favor of operating costs, which affected taxes and cash flows.

The increase in ROI in cloud-based solutions was associated with reduced demand on IT staff which led to downscaling of IT personnel costs. An additional benefit was the turnkey nature of cloud-based solutions that have reduced consulting by over [40%](#) compared to on-premise deployments.

In 2016, [Nuclear Research](#) examined the cloud once again and found the ROI gap had increased by [2.1 times](#). There's no doubt that cloud computing has defined the nature and future of modern-age organizations. Below, we discuss seven things you didn't know about cloud computing solutions for ROI.

## 1. Resource utilization

Machinery or resources that handle peak capacity are often under-utilized during off-peak hours. In addition, in some departments, high-capacity servers are dedicated to certain specialized functions. This means these servers can massively be under-utilized if no special functions are running.

And while it's commonplace for departments and teams to request new servers, there are already existing servers in other departments begging to be used. Luckily, cloud computing allows resources to be shared by different loads, improving resource utilization.

Sharing of computing resources can happen between communities, public, private, or enterprise cloud. And luckily, the results and outcomes of sharing these loads can be high. For instance, enterprises that adopt private cloud are already reporting server consolidation ratios as high as 12:1.

## 2. Lower costs

One way cloud computing helps to increase your return on investments is by reducing costs, including capital and operational costs. For instance, in Nuclear [Research](#), results showed that

cloud-based solutions hardly need heavy capital expenditures. Instead, companies using the cloud invest in operational costs which positively impact taxes and cash flow.

In addition, upscaling to cloud-based solutions reduces demand on IT staff, downscaling personnel costs. In addition, the turnkey nature of the cloud cuts consulting by 40%, leading to massive cost savings in IT consulting. Reduced consulting improves cloud adoption rates, with organizations using cloud-based solutions incurring 65% fewer deployment costs than enterprises relying on on-premise solutions.

### 3. Usage pricing

One of the most important cost drivers for cloud-based solutions is usage-based pricing. Usage-based pricing translates to the high utilization of the cloud by service providers with reduced costs by consumers. The underlying principle of usage-based pricing is that customers are not using fewer resources, they are paying for little resources. In this principle, the cost curve conforms to the utilization curve, meaning that customers enjoy what they pay for and only pay for what they utilize.

### 4. Scale and specialization

In addition to load sharing, cloud-based solutions can cut costs because of the economies of scale and skill specialization. For instance, a private cloud division or a large cloud provider can offer better IT services than an IT department. A large cloud provider is experienced in working with multiple clients and troubleshooting multiple issues.

Cloud-based solutions can amortize the problem-solving costs associated with a large user base. The issues faced by one user, when fixed, can be proactively fixed and solutions translated to other users of the same cloud. Leveraging a service provider ensures that you tap into their knowledge and industry experience, something that starkly misses in internal IT departments.

### 5. Hosting enterprise apps

Another advantage of cloud-computing solutions is their ability to host your enterprise applications on a remote server. As part of provisioning cloud servers, clients, including organizations, businesses, and institutions –check the number of CPUs currently in use. In addition, with cloud computing, organizations know how much it costs and if they are using cloud resources efficiently.

But what's becoming evident with the cloud is that projects (products and services) can be brought to the market at a much faster rate compared to on-premise servers. For instance, projects that used to take four or five months to complete now take a month. And the more applications you build and store in the cloud within a shorter time frame, the more the return on investment because you're optimizing the available computing resources.

## 6. Productivity

Perhaps the single-most advantage of the cloud is more business with fewer IT applications or tasks. Cloud-based solutions have shifted the utility curve, leading to productivity gains with fewer resource inputs. For instance, the cloud has enabled utility-based through on-demand provisioning intended to meet actual usage patterns and deliver products on an on-demand basis.

## 7. IT asset management

Alongside upscaling business process execution, cloud computing speeds up IT asset management. The deployment of IT has become a highlighting feature of modern-age enterprises. Massive investments in knowledge, infrastructure, software, and hardware have become the lifeblood of business operations. Unfortunately, organizations have IT assets that do not reflect their computing requirements.

For instance, ownership concerns are often left out when making decisions about securing and acquiring new IT. In addition, the impact of the long-term running and maintenance costs is not properly taken into account. Choices around technology purchase and selection are often done by contractual purchasing, with little thought for optimizing maintenance and running costs.