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A Game Changer for Enterprise Storage – Why Consumption Led Pricing is Accelerating for Enterprises

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Biography

Gareth Beanland is the Country Manager, UK&I at Infinidat (https://www.infinidat.com), and a specialist in enterprise storage. Before joining Infinidat, Gareth was the Regional Sales Director for Pure Storage, and before that he spent nearly 12 years at NetApp.

Infinidat helps enterprises and service providers empower their data-driven competitive advantage at scale. Infinidat's software defined storage architecture delivers microsecond latency, 100% availability, and scalability with a significantly lower total cost of ownership than competing storage technologies. The company offers an award-winning portfolio of enterprise storage solutions for primary and secondary storage deployments. The corporate headquarters are based in Herzliya, Israel, and U.S. headquarters in Waltham, Massachusetts.

Keywords Economics, CAPEX and OPEX consumption models, Supply chain disruption, Storage innovation
Paper type Research

Abstract

Recent months have seen inflation rising at the fastest rate since the 1980s and could reach 7% by Q2 this year. Forward thinking organizations across the UK are looking for practical ways to reign in their spending and mitigate the business impacts. One good option is to consider a switch to consumption-led pricing models for on-premises storage infrastructure, says the author of this article.

Introduction

Increased economic uncertainty has solidified the shift towards flexible purchasing models. Movement towards 'pay as you use' is consistent with Gartner's prediction that "by 2023, 43% of newly deployed storage capacity will be consumed as OPEX, up from less than 15% in 2020." The need to intelligently leverage data for business advantage within the enterprise storage environment has meant the capability to scale efficiently yet cost effectively, has never been more crucial to a business's bottom line. Remaining behind the data curve means that companies can risk losing valuable market share.

In a traditional data centre environment, budgeting can often be complex and time consuming for the teams involved. Superfluous, long commitments are demanded or negotiated by the provider or vendor, and uncomfortable compromises are made by the customer. Flexible and hybrid cost models are more accommodating. They


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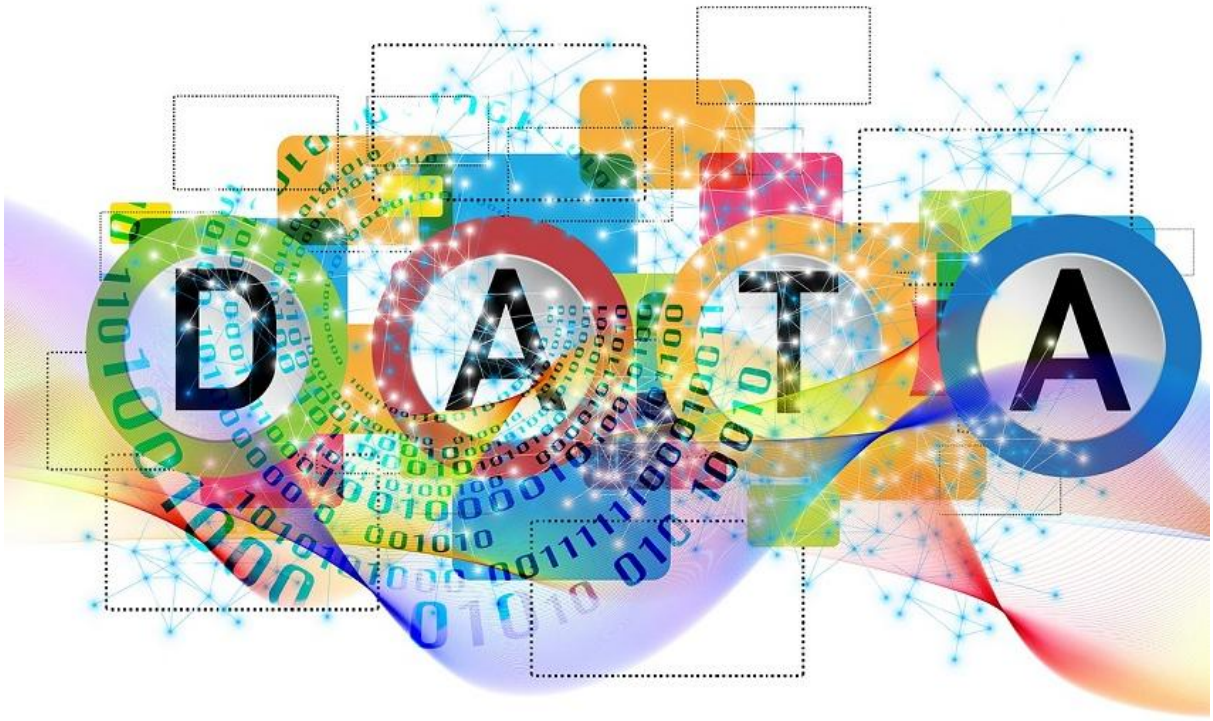
allow for a reduction to administration levels, no compromises to petabyte scale performance and full scalability, with built-in protection from market pricing shifts or logistical delays to hardware availability.



Simplify consumption for predictable spending

Within the enterprise environment, any IT Manager could face a multitude of questions regarding the balance of cost vs performance requirements, including the most pertinent – like “Do I know my exact enterprise infrastructure requirements over the next few years?” “Will I have to risk paying up front?” With voraciously hungry data consumption driving the enterprise, most businesses need to compromise on scalability vs performance, but within a tightly controlled cost framework. Switching to a flexible consumption model means customers can ensure a better user experience while also increasing profitability and end-user value.

According to industry commentators, the economic pressures already affecting supply chains will increase in the next five years, with system hardware components likely to become even less procurable than they already are. The Bloomberg Economics Supply Indexes are showing current shortages just off a 20-year high in the U.S., with gauges for the U.K. and Euro region at a similarly elevated level[1].

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A hybrid approach to purchasing

The ability to combine CAPEX and OPEX consumption models enables businesses to pivot quickly depending on often volatile market conditions, supply chains and economic environments. It means they can 'flex up and flex down' at times when no one knows what's around the corner with regards to capital investments in infrastructure. For instance, here's a simple example of how flexible consumption or pricing models for enterprise storage could work. Rather than agreeing to a 12- or 24-month fixed contract, the business 'buys' 20% of their requirements upfront but retains the flexibility to instantly scale to 100% more capacity when it is needed. The 20% lower level of dedicated base-level enterprise capacity equates to known immediate storage needs, and then they only pay for the extra they use as and when it's used.

There's a reason Chief Information Officers (CIOs) and Procurement Officers love pricing models that allow capacity to be scaled use up or down as business needs dictate. IT organizations can also become more agile with this type of Elastic Pricing[2], which allows customers to pay for storage with a combination of CAPEX (Base Capacity) and OPEX (Burst Capacity).

Reduce risk and consolidate costs

Looking at Total Cost of Ownership (TCO) for an enterprise taking a holistic approach, it means the team can increase flexibility and directly link IT spending to direct business activity. Modern CIOs need to be open minded with regards to the viability and cost savings provided by consumption-led pricing models for their on-premises storage provision.

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Future storage innovation and growth

Storage is a critical component in any enterprise IT stack and very often represents a significant investment piece within the overall IT budget. Companies should therefore look to simplify their storage infrastructures and adopt "pay-as-you-grow" cost modelling to improve their returns. By concentrating more critical resources on business initiatives that can develop real world advantage and improve operational efficiency, businesses can capitalize on improving performance, reliability, scalability and availability.

Flexible pricing models shorten acquisition cycles and simplify vendor management, by eliminating the need to negotiate "custom" deals. These consumption models alongside innovative, efficient data storage systems can cost-effectively satisfy and help businesses protect against further unforeseen events, in whatever form they take – even if another global crisis hits.

In a post-pandemic environment, top IT decision makers do not necessarily need to compromise on their technology choices going forward, but should take steps to protect the bottom line, focus on increasing customer value, and find ways to maintain business momentum with the right storage infrastructure.

Reference

1 Van Roye B., Murray B., and Orlik T. (2 November 2021), Supply Chain Crisis Risks Taking the Global Economy Down With It. Bloomberg. Available at: https://www.bloomberg.com/news/features/2021-11-02/supply-chain-crisis-has-central-banks-facing-stagflation-lite

2 Data Sheet, Elastic Pricing. Infinidat. Available at: https://www.infinidat.com/en/resource-pdfs/elastic-pricing-en.pdf