



451 Research's New Cloud Price Index Sets \$2.56 as the Current Market Price

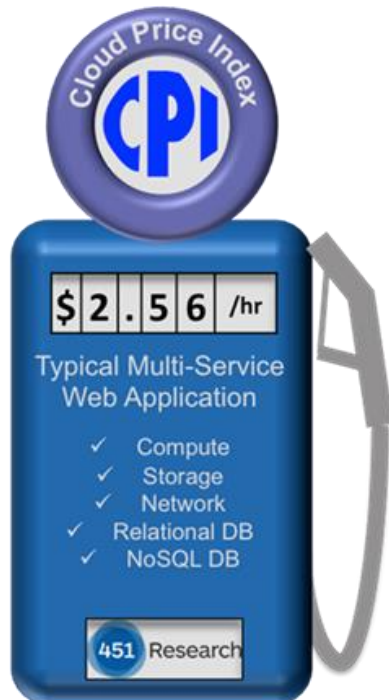
The average hourly price for the typical Web application is \$2.56, with the hyperscalers slightly cheaper at \$2.36, according to the 451 Cloud Price Index.

NEW YORK, November 7, 2014 – To examine the real-world cost of cloud computing over time, 451 Research is launching a Cloud Price Index. Like a consumer price index, the 451 Cloud Price Index (CPI) is made up of a basket of goods; in this case, it includes the services required to operate a typical Web server application.

[In the first edition of the Cloud Price Index](#), the average hourly price for a typical Web application is \$2.56, with the 'hyperscalers' (AWS, Microsoft Azure and Google Compute Engine) slightly cheaper at \$2.36. The CPI is based on quotes and estimates derived from a range of cloud providers based on a specification of a typical multi-service cloud application.

By measuring how the Index changes over time, 451 Research is establishing a benchmark to compare how price cuts across the cloud industry are reflected in real-world situations more accurately than traditional methods that tend to only consider virtual machines.

451 Research is also launching a simpler Virtualization Price Index (VPI), which represents the average hourly price of a basic three-tier Web application based on quotes from a range of hosting and cloud service providers. The VPI is currently \$0.73 across all providers, whereas the hyperscalers are slightly more expensive at \$0.78.



“The current average cost of running a multi-service cloud application is \$2.56 per hour, or around \$1,850 per month, which includes bandwidth, storage, databases, compute, support and load balancing in a non-geographical resilient configuration,” said Dr. Owen Rogers, Senior Analyst for 451 Research’s Digital Economics unit.

“At this hourly price for an application that potentially could deliver in excess of 100,000 page views per month, it’s easy to see how cloud is a compelling proposition for enterprises. Our research indicates that savings of up to 49% can be achieved by committing to a minimum usage level, so enterprises should consider alternatives to on-demand if they wish to secure cost savings.”

The CPI is based on cloud quotes from a number of providers – including AWS, Google, Microsoft Azure, Swisscom, Verizon, UpCloud, Gandi, Lunacloud, Internap, Peak10 and Windstream. The Index will be updated whenever price-cutting activities take place; 451 Research is always willing to consider the addition of new providers to the Index.

[Visit this website to access the detailed results, in full, for free.](#)

[A full explanation of the methodology, definitions and results, are available in a companion document.](#)

About the Cloud Pricing Index

The 451 Research CPI provides a benchmark to help decision-makers plan their cloud strategies. The CPI is designed to make it easy for enterprises, service providers, vendors, investors and partners to use the Index, alongside other data and real-world experience, to assess the cost and value of the IaaS, PaaS and SaaS offerings they provide and consume.

The Index is based on cloud quotes from a number of providers – including AWS, Google, Microsoft Azure, Swisscom, Verizon, UpCloud, Gandi, Lunacloud, Internap, Peak10 and Windstream. The CPI will be automatically updated whenever price-cutting activities take place.

About 451 Research

451 Research is a preeminent information technology research and advisory company. With a core focus on technology innovation and market disruption, we provide essential insight for leaders of the digital economy. More than 100 analysts and consultants deliver that insight via syndicated research, advisory services and live events to over 1,000 client organizations in North America, Europe and around the world. Founded in 2000 and headquartered in New York, 451 Research is a division of The 451 Group.

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