As Cloud Computing grows and matures, the traditional views of cost and value in IT—including long-held assumptions and cost estimating relationships—must be revised, and in some cases rejected, to accurately estimate its costs and economic benefits. Cost and economic factors relevant to all aspects of Cloud Computing, including architecture trades, implementation options, life-cycle cost estimates, and costs of service, will be revised, and the value of Cloud Computing will have striking implications for government operations.

Cloud Computing has emerged as a new computing paradigm, and it is driving change in the same manner as cost and economic evaluations and modeling for IT. The historic view and practice of cost estimating methodologies in distributed IT environments have evolved to a relatively high degree of sophistication, but the focus is different for Cloud Computing. Much of the rigor in the older models has focused on the cost of productivity at the desktop and on the cost of computing resources in the data center. In Cloud Computing-based environments, the paradigm shifts. Cloud Computing changes not only the linear relationship between computing requirements and cost but also the way capital planning and budgeting are conducted. Cloud Computing truly is a game changer. It will change how organizations think about, plan, and determine value.

Booz Allen understands Cloud Computing costs

Booz Allen Hamilton, a leading strategy and technology consulting firm, has a clear understanding of and models for effective Cloud Computing-based life-cycle cost and economic modeling. Booz Allen has worked on internal prototypes, client-specific pilot programs, and other efforts for more than 2 years.

The decision between cloud as a private resource or as a public (utility) resource can entail aspects of managed services, hosting, software as a service, platform as a service, and even infrastructure as a service. Depending on how an organization adopts Cloud Computing, funds can migrate out of capital budgets into operations and maintenance (O&M) budgets, away from the cost of bandwidth in the LAN to the (often higher) cost of bandwidth in the WAN. Funds budgeted for software and desktop support become service fees. Booz Allen has studied all of these costs, their relationships, and the impact of moving to the cloud. Booz Allen’s certified cost analysts have worked closely with IT architects and strategists to understand cloud computing and have constructed detailed cost models that are used for internal projects and client-specific pilot programs.
Booz Allen services yield financially sound results

Booz Allen provides the full range of cost and economic modeling skills and expertise to meet the needs of any government organization. Closely aligned and tied to all technical and service aspects of planning a transition to a Cloud Computing environment, Booz Allen’s services address every aspect of cost-related questions and efforts, including:

- If you are migrating current systems to a cloud, how will you handle (and cost) the migration and likely short-term parallel operations of your in-house and cloud-based system IT?
- Will you migrate all IT tasks into the cloud?
- What IT chores should remain in the current environment, and which can be migrated into the cloud?
- Will you use a public cloud, or do you need to establish a private cloud?
- If you are migrating IT requirements into a cloud, how will you handle and budget for the short-term parallel operations of distributed and cloud-based infrastructures?
- What special-purpose computing tasks can be enabled in the cloud that were not possible in the current environment?
- How will you repurpose your current contractors?
- Can the cloud provide levels of service commensurate with existing service-level agreements?

The focus on cost estimation and economic modeling is a core element of the government Cloud Computing Community website. Booz Allen’s forum on cost and economic modeling addresses critical issues relevant to sustaining “old” cost estimation practices that remain viable in the Cloud Computing environment. It also addresses issues organizations must consider, such as whether their old models need update or replacement for a Cloud Computing-based model. From a variety of perspectives, such as enhancing business architecture, cost and economic modeling, applications and services architecture, and security as a cross-cutting mandate, Booz Allen’s leadership will help the government successfully transform to a cloud-based computing environment.

Booz Allen experience and expertise

Booz Allen has achieved a position of thought and action leadership in the adoption of Cloud Computing in the government. From its earliest testing of Cloud Computing constructs and vendors, transition planning, and technological methodologies to the highly regarded Cloud Computing Summit hosted by Booz Allen in October 2008, the firm has been at the forefront in understanding, developing, adapting, and upgrading effective tools and paradigms so government agencies can use this new technology.

Cost and economic issues have significant implications for overall life-cycle cost and successful migration and transformation into a cloud-based computing enterprise. Booz Allen has been providing these insights, services, and successful results to clients since Cloud Computing became a “computing environment of choice”—and all have been enhanced with the real-world results of the firm’s own internal prototyping and piloting client-specific environments. This experience has given Booz Allen an unparalleled view, industry-leading knowledge, and a skill set in cost and economic planning and related operational areas. Using this experience, Booz Allen can fully support its customers in their moves to Cloud Computing in every aspect and dimension—from planning to migration to O&M.

Whether you’re managing today’s issues or looking beyond the horizon, count on us to help you be ready for what's next.