Cloud success for startups: Avoiding profit-driven cloud providers

Cloud usage has burgeoned due to its perceived low cost and ease of use. However, the rise in energy bills, inflation and chip scarcity, has led to many large cloud vendors hiking up their prices.

According to recent research, *71% of IT professionals* state that cloud-related costs make up 30% or more of their total IT spend, which is significantly impacting businesses and their budgets.

Startups must therefore ensure they are selecting the right cloud service for their business requirements. A common mistake is assuming that a more expensive service will always deliver better results. However, this is not necessarily true. Our experience tells us that to keep cloud services at a low cost, many clients of cloud vendors overpopulate the number of users. This means that the cloud service provider is forced to allocate more resources to the client, which results in overprovisioned hardware and negatively impacts performance.

However, that's not to say that businesses should abandon the cloud altogether and move back to on-prem solutions. Instead, startups should conduct a thorough evaluation of their hosted options to gain greater transparency on what cloud services can offer. So, when it comes to looking for the best long-term cloud investments, what should startups keep an eye out for?

Unravelling the ‘low cost’ and 100% uptime myths

To start with, we need to focus on why cloud vendors currently have this low-cost perception. Beneath its perceived unlimited potential, cloud infrastructure is hardware, cables and switches. A significant amount of equipment is needed to run cloud services on a large scale.

As a result, many big vendors tend to charge customers based on usage to get the most value out of their infrastructure investment. If ever you see this being marketed upfront as being low-cost, with listed advantages such as unlimited scale-up potential, it is most definitely misleading. The cost of usage quickly adds up and suddenly is far more expensive than expected. This is especially true in professions that use demanding software such as graphic designers, engineers and architects.

It would also be natural to assume that if you pay premium rates, that this translates into premium performance. But this is far from the case. The extensive and technical nature of the infrastructure that underlines services such as Microsoft Azure means that when downtime happens, it is much harder for engineers to identify the cause, leading to significantly more downtime.

How you can get the most from cloud

Despite the shortcomings of big cloud services, startups shouldn’t cut their losses and move to on-prem infrastructure as a solution. This doesn’t power hybrid or remote working. Instead, it’s about doing your due diligence to fully understand what hosted services you are buying, to make sure you’re not locked into spiralling bills. Before moving away from on-prem to cloud infrastructure, startups need to ask themselves:

- Is the current performance exceeding, meeting or falling short of our expectations for the investment?
- Will this service ensure adequate data resiliency?
- What will the total cost be, and do alternative cloud providers provide better value for money? What will the overall return on investment be? Don’t simply think about costs, how will it service your KPIs and goals and does it offer the business flexibility?

Startups need to ensure they ask the right questions and thoroughly analyse each service to prevent finding further issues down the line. Ultimately, they need to understand how to get the best out of the cloud, without overspending. They must assess the different options currently available and not be duped by the overpromises of big cloud providers. Transparency is key.

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