

# Private or Public Data Center ?



5 to 7 depending on the service you consider.

## What are the other options ?

There is still room for small data centers as many customers fear to place their data and applications in unknown places. This said, won't they review their mindset once they measure the price delta ?

Another option is to resell the IaaS offering of the big ones. They could complement it with a sort of PaaS service. This is a space where the business is still to be invented.

A last option, is to offer the non-used hosting capacities of customers or any other volunteer as a «virtual data center». The benefits being that it would be charged at a marginal cost and therefore relatively competitive against the giants'. This would lead to numerous challenges, but it would somewhat replicate the initial idea of Amazon that eventually made AWS a multi-billion \$ Company.

With the rapid rise of the Cloud Computing, Infrastructure-As-A-Service solutions are viewed as the next Eldorado for many integrators, operators, internet providers, value added resellers, and other aggregators. Yet, it is still unclear whether the business will lie in local small to medium data centers (up to 1 000 servers) or in the massive data centers owned by several giants all over the world. Some work done by Wikibon ([www.wikibon.org](http://www.wikibon.org)) can help understand the economic implication of one vs the other.

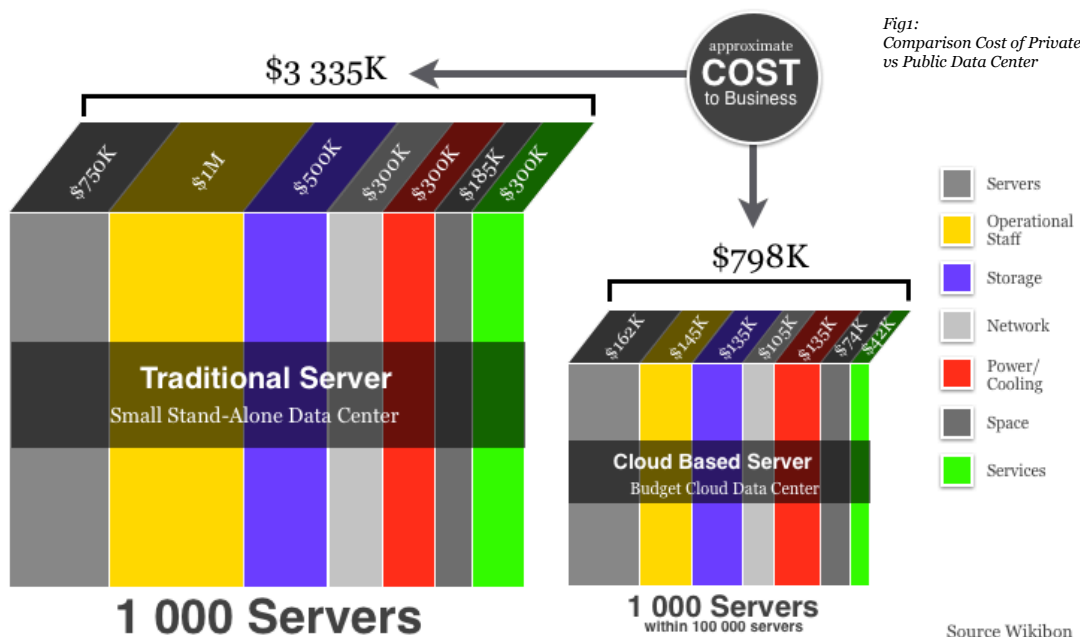


Fig1: Comparison Cost of Private vs Public Data Center



Laurent.Glaenzer  
@Lemon-Operations.com

## «Why buy the cow when you just need the milk ?»

It is obvious that one of the most appealing value proposition for the Cloud Computing is the possibility for the end customers to throw away all the servers and related infrastructure that are still encumbering large office spaces.

As being advertised by a US ERP Company : «Why buy the cow when you just need the milk ?»

But this is not making the business of those Companies

that are reselling, managing and maintaining all these servers, storage devices and the network. Since they realize that it is not really a choice and man can't treat this Tsunami like another wave, most of these Companies think that providing Infrastructure-as-a-Service solutions may be the way out.

## Is IaaS the way to go ?

Yet, these Companies would be advised to think twice before acting as this may be one of the toughest competitive zone in the Cloud era.

Is there room for small players to struggle against Google (who owns about 4-5% of the total server installed base), AWS, and the others ? To answer this question, some Wikibon contributors have made this analysis (figure 1).

It compares the cost of a 1 000 server Data Center with 1 000 servers within a 100 000 server Data Center.

Bottom line, the end result shows that the Public offering is about four times as cheap as the private one...

Some other data demonstrates that the comparison ratio reaches

## About Lemon Operations

Lemon Operations is a leading distribution operator in EMEA.

We help IT vendors to identify, recruit and manage their resell partners and we help resell partners to increase their revenues and profit.

We work with large clients (IBM, Dell, Xerox, SAP, Alcatel-Lucent, HP,...) and small although promising Companies to build a fruitful channel relationship.

The Company also specializes in Cloud Computing where it has developed new and powerful channels.

Contact :  
[info@Lemon-Operations.com](mailto:info@Lemon-Operations.com)  
[www.lemon-operations.com](http://www.lemon-operations.com)

