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Flash Research Exam

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Our current lease on our Storage Area Networks is up, and we have the opportunity to cut our IT network expense by almost 80% by utilizing cloud based storage on a set usage rate. Cloud based storage is a service where an outside entity, specifically Virtuozzo, stores, manages, and maintains data at a specific rate per Gigabyte. This technology gives us increased flexibility and cost savings, because we no longer have to pay for storage to handle the holiday season over the rest of the year. By switching to cloud based storage, we will see $1.3 million in savings over the next three years.

Cloud storage is increasingly popular, because it provides many significant benefits over traditional physical servers for most small companies. According to Barret Selby “cloud computing allows users to access all the information stored in a third-party data center” while also “using minimal resources” (Selby 2016). For us this means that we will no longer need to rent network storage that goes to waste. While we currently lease storage to handle 500 Terabytes per month, we only need half of that for 9 months of the year. Cloud storage works by providing massive amounts of storage, and charging users for access (Rouse 2016). Through virtualization, they can utilize their space well. Due to their large consumer base, their business model is efficient enough that they can make a profit even while charging us less than it costs for us to run our own storage networks (Selby 2016). Since these servers are also maintained by Virtuozzo and not by us, we no longer need to hire an IT support staff.

Our current system of leasing storage networks has been made obsolete by cloud storage. Virtuozzo would charge us just $0.03 per GB used. This amounts to an estimated $345,600 over the next three years, compared to $1,680,000 with our current system. We not only reduce waste by moving, but we lower our other costs as well. Virtuozzo offers storage at cheaper rates than those we get from our leased machines, and on top of that, moving to cloud storage would allow us to cut our IT support staff. The free support staff offered by Virtuozzo would save us $600,000 over three years on its own. With these combined savings, we will see a net benefit of $1,334,400 over the next three years after moving to cloud based storage.

Tables:

|  |  |
| --- | --- |
| Current System | |
| SANs | 3 |
| Price Per | $120,000 |
| Tech support | 2 |
| Price Per | $100,000 |
| TB need Winter | 500 |
| TB need Non-winter | 250 |
| GB per TB | 1024 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Lease | Tech Pay | Storage Rental Non-winter | Storage Rental Winter | Annual Cost | 3 Year cost |
| Current: | $360,000 | $200,000 | 0 | 0 | $ 560,000 | $ 1,680,000 |
| W/ Virtuozzo | 0 | 0 | $ 69,120 | $ 46,080 | $ 115,200 | $ 345,600 |
|  |  |  |  |  | Net Benefit: | $ 1,334,400 |

Sources:

Rivera, Andreas. “8 Benefits of Online Data Storage.” Business News Daily, 6 Sept. 2017, [www.businessnewsdaily.com/6294-benefits-of-online-data-storage.html](http://www.businessnewsdaily.com/6294-benefits-of-online-data-storage.html).

Rouse, Margaret. “Cloud Storage.” Tech Target, 2016. http://searchcloudstorage.techtarget.com/definition/cloud-storage.

Selby, Barret. “What Is Cloud Storage and What Are Its Advantages?” Cloud Storage Advice, 29 Dec. 2016, cloudstorageadvice.com/what-is-cloud-storage/.