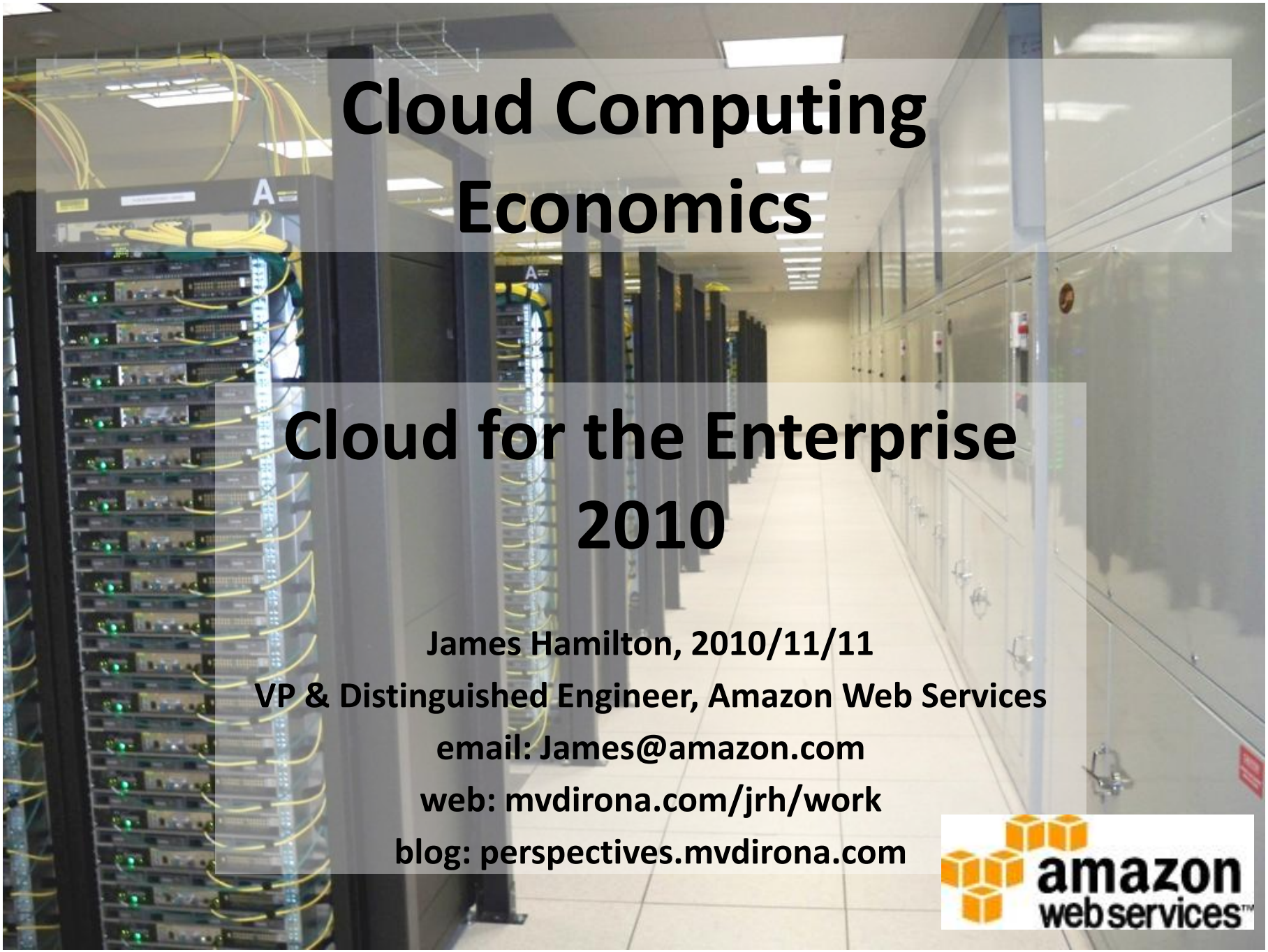

Cloud Computing Economics

Cloud for the Enterprise 2010

James Hamilton, 2010/11/11

VP & Distinguished Engineer, Amazon Web Services

email: James@amazon.com

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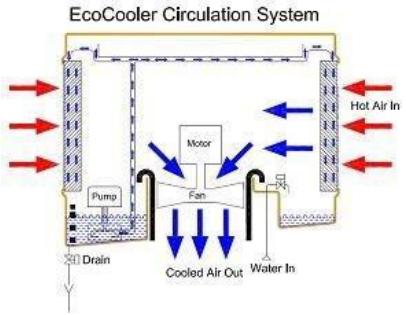
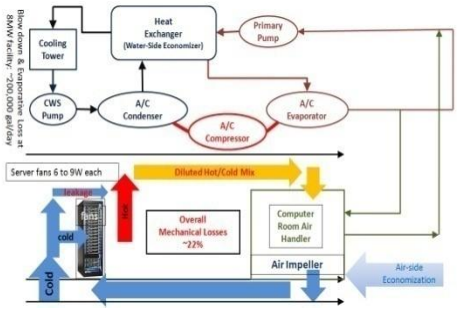
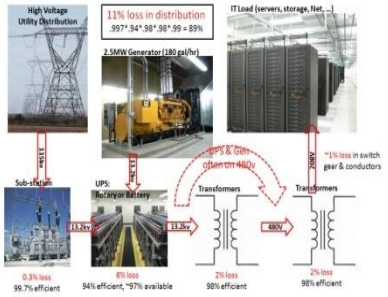
amazon web services™

Agenda

- Quickening pace of DC infrastructure innovation
- Where does the money go?
- Power distribution infrastructure
- Mechanical systems
- Sea change in networking
- Server innovations
- Cloud Computing Economics







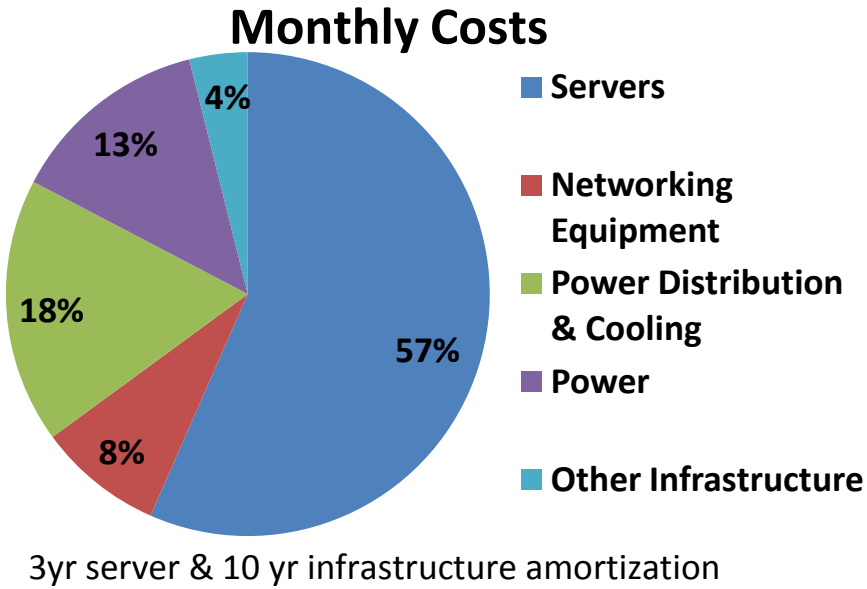
Talk does not necessarily represent positions of current or past employers

Pace of Innovation

- Datacenter pace of innovation increasing
  - Driven by cloud service providers and very high-scale internet applications like search
  - Cost of datacenter & H/W infrastructure dominates
  - Not just a cost center
- High focus on infrastructure innovation
  - Driving down cost
  - Increasing aggregate reliability
  - Reducing resource consumption footprint

Where Does the Money Go?

- **Assumptions:**
  - Facility: ~$88M for 8MW critical power
  - Servers: 46,000 @ $1.45k each
  - Commercial Power: ~$0.07/kWhr
  - Power Usage Effectiveness: 1.45



3yr server & 10 yr infrastructure amortization

- **Observations:**
  - 31% costs functionally related to power (trending up while server costs down)
  - Networking high at 8% of costs & 19% of total server cost (many pay more)

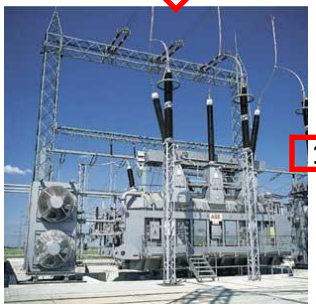
From: http://perspectives.mvdirona.com/2010/09/18/OverallDataCenterCosts.aspx

Power Distribution

High Voltage Utility Distribution

115kv

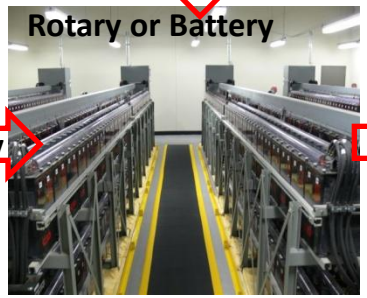
Sub-station



0.3% loss
99.7% efficient

13.2kv

UPS:
Rotary or Battery



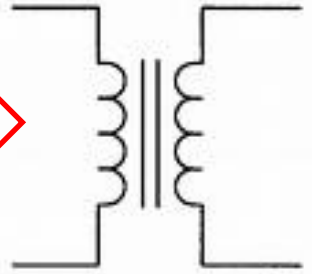
6% loss
94% efficient, ~97% available

Generators

13.2kv

13.2kv

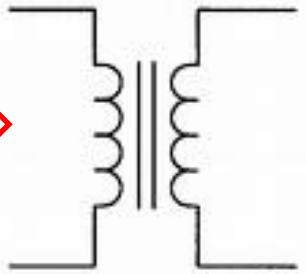
Transformers



2% loss
98% efficient

480V

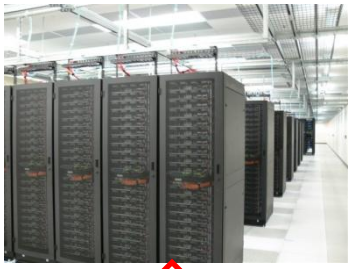
Transformers



2% loss
98% efficient

208V

IT Load (servers, storage, Net, …)



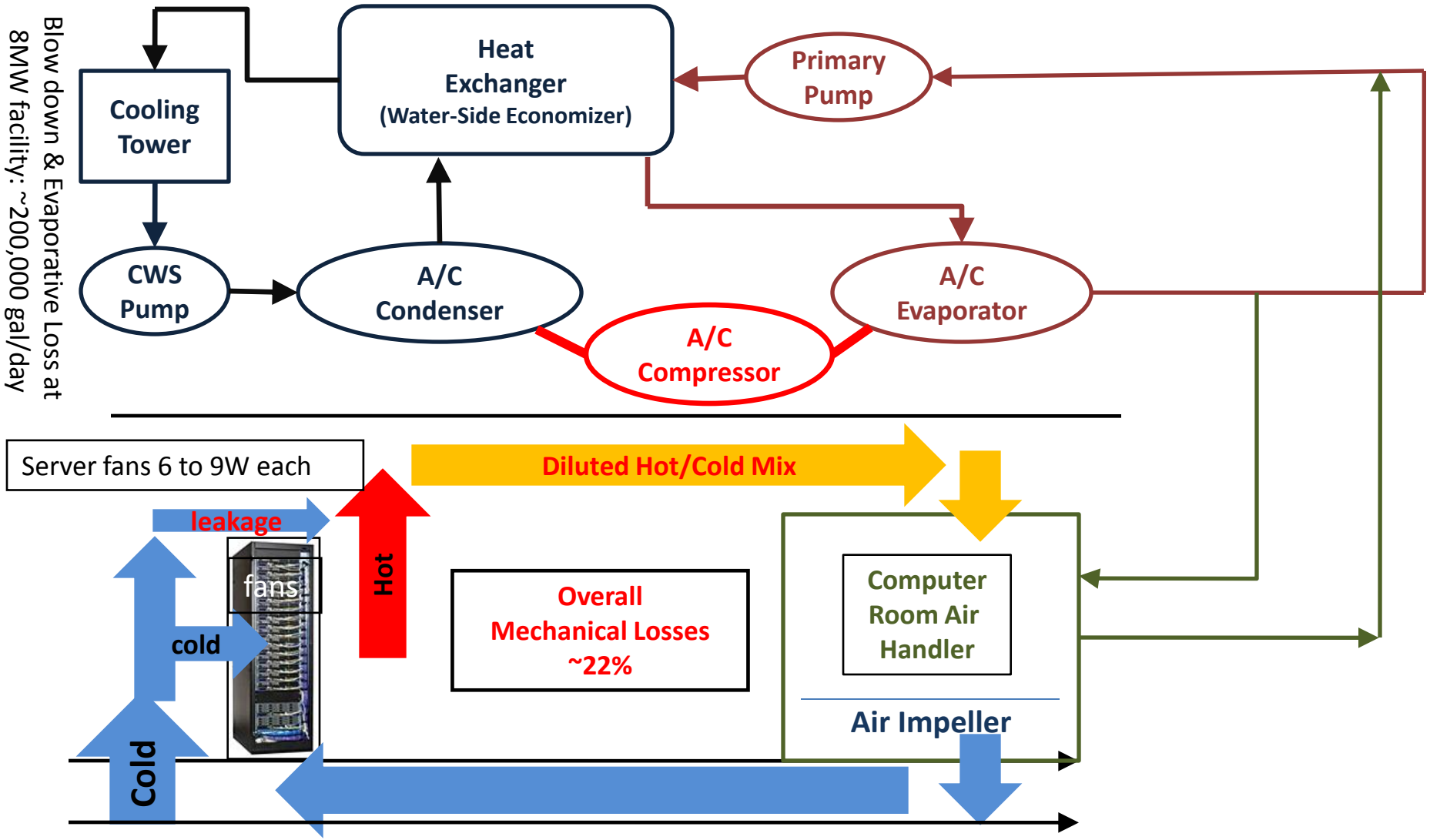
UPS & Gen
often on 480v

~1% loss in switch gear & conductors

11% lost in distribution
.997*.94*.98*.98*.99 = 89%

Note: Two more levels of power conversion in the server

Mechanical Systems



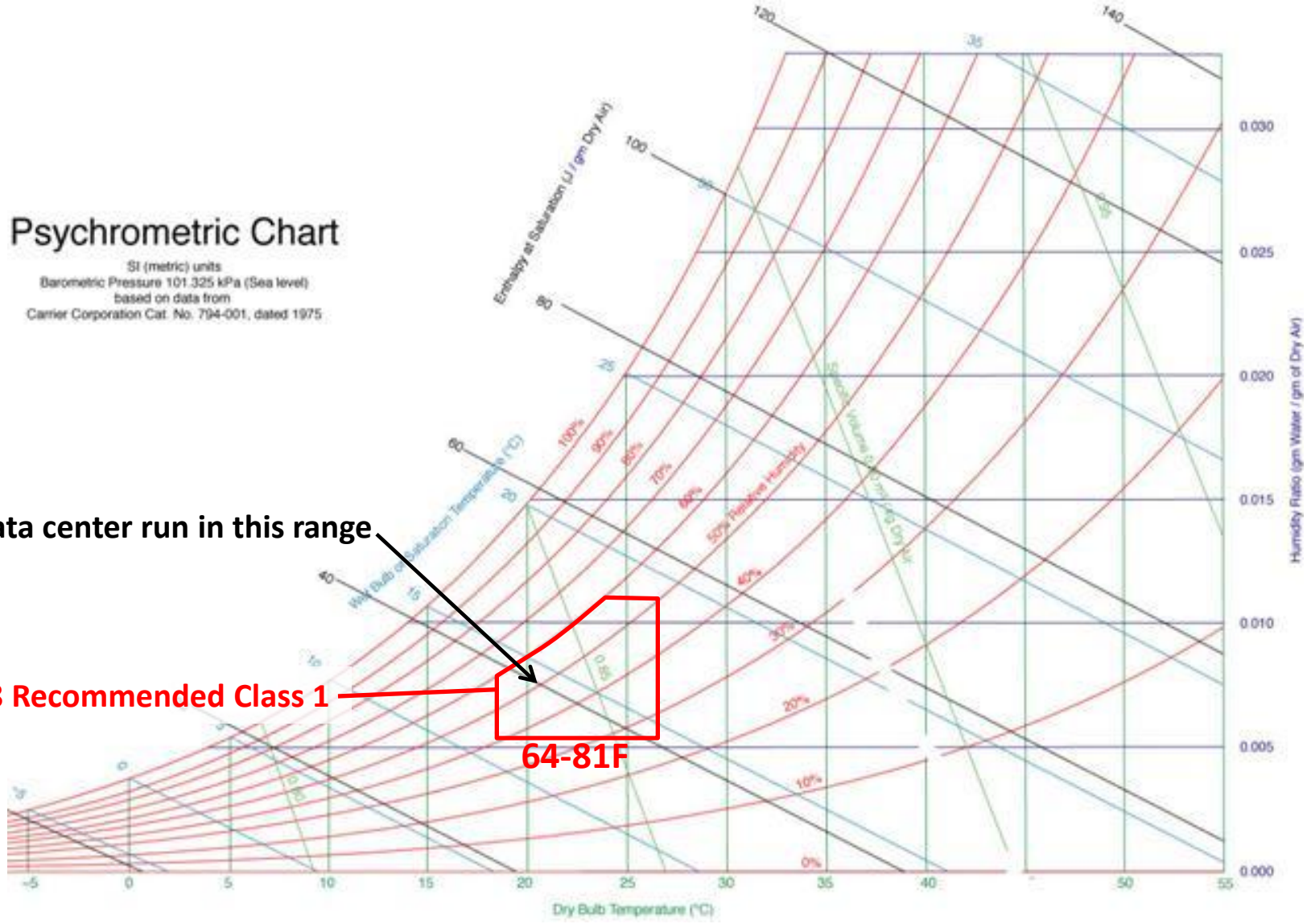
Hot Aisle/Cold Aisle Containment

WriteLine

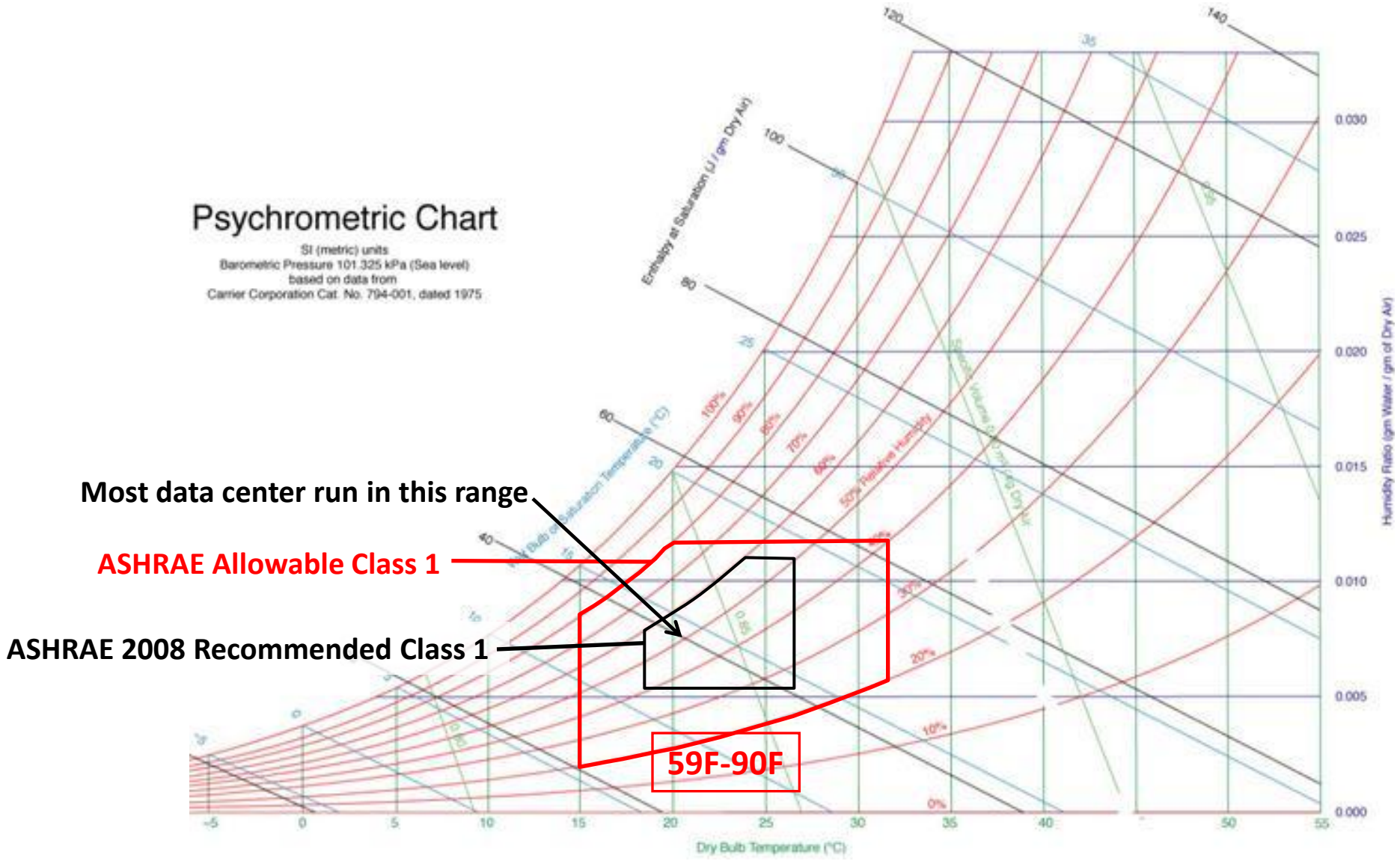
Intel

Intel

ASHRAE 2008 Recommended

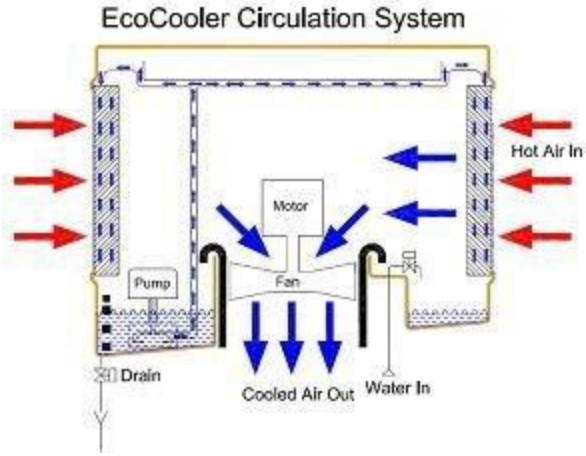


ASHRAE Allowable



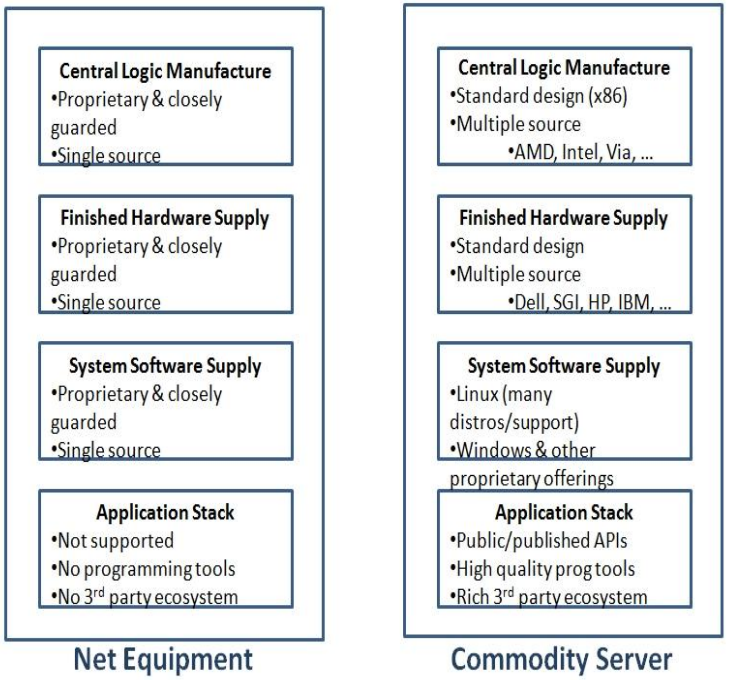
Air-Side Economization & Evaporative Cooling

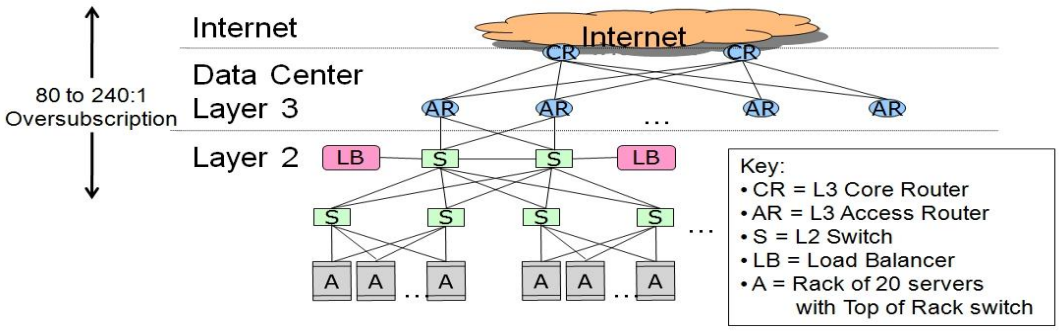
- Limiting factors to high temp operation
  - Higher fan power trade-off
  - More semiconductor leakage current
  - Possible negative failure rate impact
- Avoid direct expansion cooling entirely
  - Air side economization
  - Higher data center temperatures
  - Evaporative cooling
- Requires Filtration
  - Particulate & chemical pollution



Sea Change in Networking

- Current networks over-subscribed
  - Forces workload placement restrictions
  - Goal: all points in datacenter equidistant
- Mainframe model goes commodity
  - Competition at each layer rather than vertical integration





Server Innovation

- Shared Infrastructure Racks
  - Shared redundant PSUs & fans
  - e.g. Dell Fortuna & Rackable CloudRack
- Next Level: Multi-server on board
  - Intel Atom: SeaMicro
  - ARM: SmoothStone
- Very Low-Cost, Low-Power Servers
  - ARM, Atom, client & embedded CPUs
  - Cold storage (reduce CPU $ to GB)
  - Highly partitionable workloads: Web services, memcached
- Low utilization is still the elephant in room

Infrastructure at Scale

- Datacenter design efficiency
  - Average datacenter efficiency low with PUE over 2.0 (Source: EPA)
    - Many with PUE well over 3.0
  - High scale cloud services in the 1.2 to 1.5 range
  - Lowers computing cost & better for environment
- Multiple datacenters
  - At scale multiple datacenters can be used
    - Close to customer
    - Cross datacenter data redundancy
    - Address international markets efficiently
- Avoid massive upfront data cost & years to fully utilize
  - Scale supports pervasive automation investment

Utilization & Economics

- Server utilization problem
  - 30% utilization VERY good &10% to 20% common
    - Expensive & not good for environment
  - Solution: pool number of heterogeneous services
    - Single reserve capacity pool far more efficient
    - Non-correlated peaks & law of large numbers
- Pay as you go & pay as you grow model
  - Don’t block the business
  - Don’t over buy
  - Transfers capital expense to variable expense
  - Apply capital for business investments rather than infrastructure
- Charge back models drive good application owner behavior
  - Cost encourages prioritization of work by application developers
  - High scale needed to make a market for low priority work

Amazon Cycle of Innovation

- 15+ years of operational excellence
  - Managing secure, highly available, multi-datacenter infrastructure
- Experienced at low margin cycle of innovation:
  - Innovate
  - Listen to customers
  - Drive down costs & improve processes
  - Pass on value to customers
- AWS price reductions expected to continue

AWS Approach

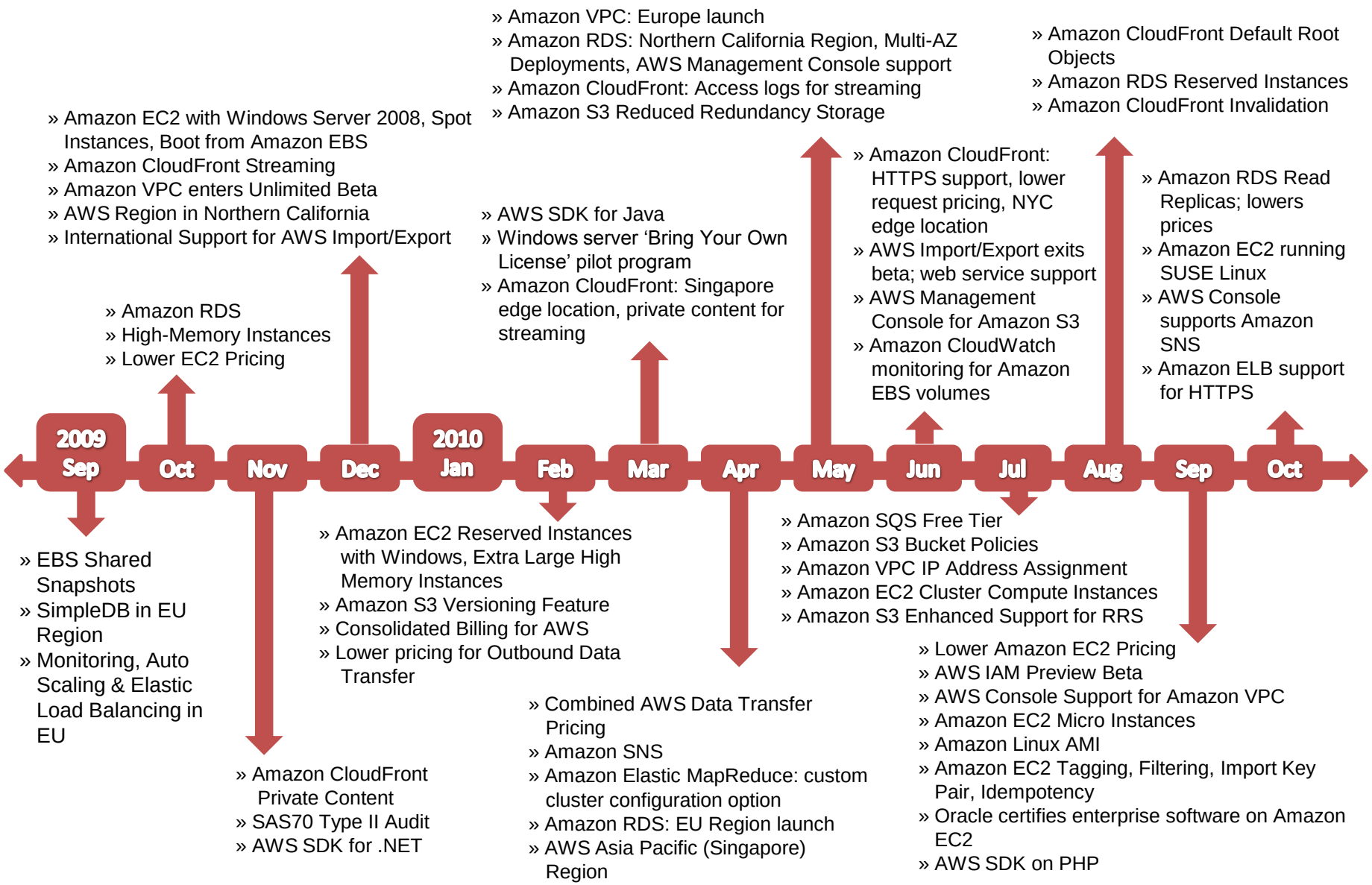
- Broad set of services:
  - Infrastructure Services
    - SimpleDB
    - Simple Storage Service
    - CloudFront
    - Simple Queue Service
    - Elastic MapReduce
    - Relational Database Service
    - Elastic Block Store
    - Premium Support
    - Virtual Private Cloud
  - Payments & Billing
    - Flexible Payment Services
    - DevPay
  - On Demand Workforce
    - Mechanical Turk
  - Alexa Web Services
    - Web Information Service
    - Top Sites
  - Merchant Services
    - Fulfillment Web Service

- "Open the hood" approach
  - Simple, layerable building block services
  - Component services are substitutable

H/W Cost & Efficiency Optimization

- Service optimized hardware
  - Custom cloud-scale design teams:
    - Contract manufacturers, Dell DCS, SGI (Rackable), ZT Systems, HP, …
- Purchasing power at volume
- Supply chain optimization
  - Shorter chain drives much higher server utilization
    - Predicting next week easier than 4 to 6 months out
  - Less overbuy & less capacity risk
- Networking transit costs strongly rewards volume
- Cloud services unblocks new business & growth
  - Remove dependence on precise capacity plan

AWS Pace of Innovation



More Information

- **These Slides:**
  - I'll post the slides to http://mvdirona.com/jrh/work later this week
- **Power and Total Power Usage Effectiveness**
  - http://perspectives.mvdirona.com/2009/06/15/PUEAndTotalPowerUsageEfficiencyTPUE.aspx
- **Berkeley Above the Clouds Paper**
  - http://perspectives.mvdirona.com/2009/02/13/BerkeleyAboveTheClouds.aspx
- **Degraded Operations Mode**
  - http://perspectives.mvdirona.com/2008/08/31/DegradedOperationsMode.aspx
- **Cost of Power**
  - http://perspectives.mvdirona.com/2008/11/28/CostOfPowerInLargeScaleDataCenters.aspx
  - http://perspectives.mvdirona.com/2008/12/06/AnnualFullyBurdenedCostOfPower.aspx
- **Power Optimization**
  - http://labs.google.com/papers/power_provisioning.pdf
- **Cooperative, Expendable, Microslice Servers**
  - http://perspectives.mvdirona.com/2009/01/15/TheCaseForLowCostLowPowerServers.aspx
- **Power Proportionality**
  - http://www.barroso.org/publications/ieee_computer07.pdf
- **Resource Consumption Shaping:**
  - http://perspectives.mvdirona.com/2008/12/17/ResourceConsumptionShaping.aspx
- **Email & Blog**
  - James@amazon.com & http://perspectives.mvdirona.com