Pricing Strategies for Cloud Services
How Europe can raise its game

presented at Net Futures 2014
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www.strategic-blue.com
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Delivering Services as a Utility

**Electricity**
- Delivered remotely
- Can be used “on-demand”
- Capacity is perishable
- Produced in lots of ways
- Power grid “mixes” different types of electricity, making it “fungible”

**IT Infrastructure**
- Delivered remotely
- Can be used “on-demand”
- Capacity is perishable
- Produced in lots of ways
- Obviously not fungible (so requires adjustment for quality like coal)

Let’s build a global cloud market based on lessons learnt from other commodities.
or we could copy what has worked well for analogous utilities...like electricity
PHYSICAL COMMODITY EXPERTISE

Dr James Mitchell, Co-founder & CEO at Strategic Blue
VP structured commodities at Morgan Stanley

John Woodley, Co-founder, Investor at Strategic Blue
Former Co-head of Power, Gas and related commodities at Morgan Stanley

Richard Griffin, Investor & Board Advisor at Strategic Blue
Former Head of European Power Trading at Morgan Stanley

applied to cloud as a tradable commodity
Vertical integration is NOT good when you are late to the party
Don’t build it yourself if you can buy it, but avoid vendor lock-in.
**Coca Cola**
- American
- Founded in 1880s
- Dominates carbonated drinks market

**Red Bull**
- European (Austrian)
- Founded in 1976
- Founders are billionaires
- Focussed on a specific product
- Focussed on building its brand
- Now the highest selling energy drink globally
Don’t build it yourself if you can buy it, but avoid vendor lock-in.
Cloud financially brokered, traded and financed like a commodity market

Nothing to do with technical delivery – just like for electricity
THANK YOU

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