

# Pricing Strategies for Cloud Services

## How Europe can raise its game



presented at Net Futures 2014  
by Dr James Mitchell, CEO of Strategic Blue

[www.strategic-blue.com](http://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*

Nahhhh...I don't think It will work. Let's do something different...something smarter...something cooler!



*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

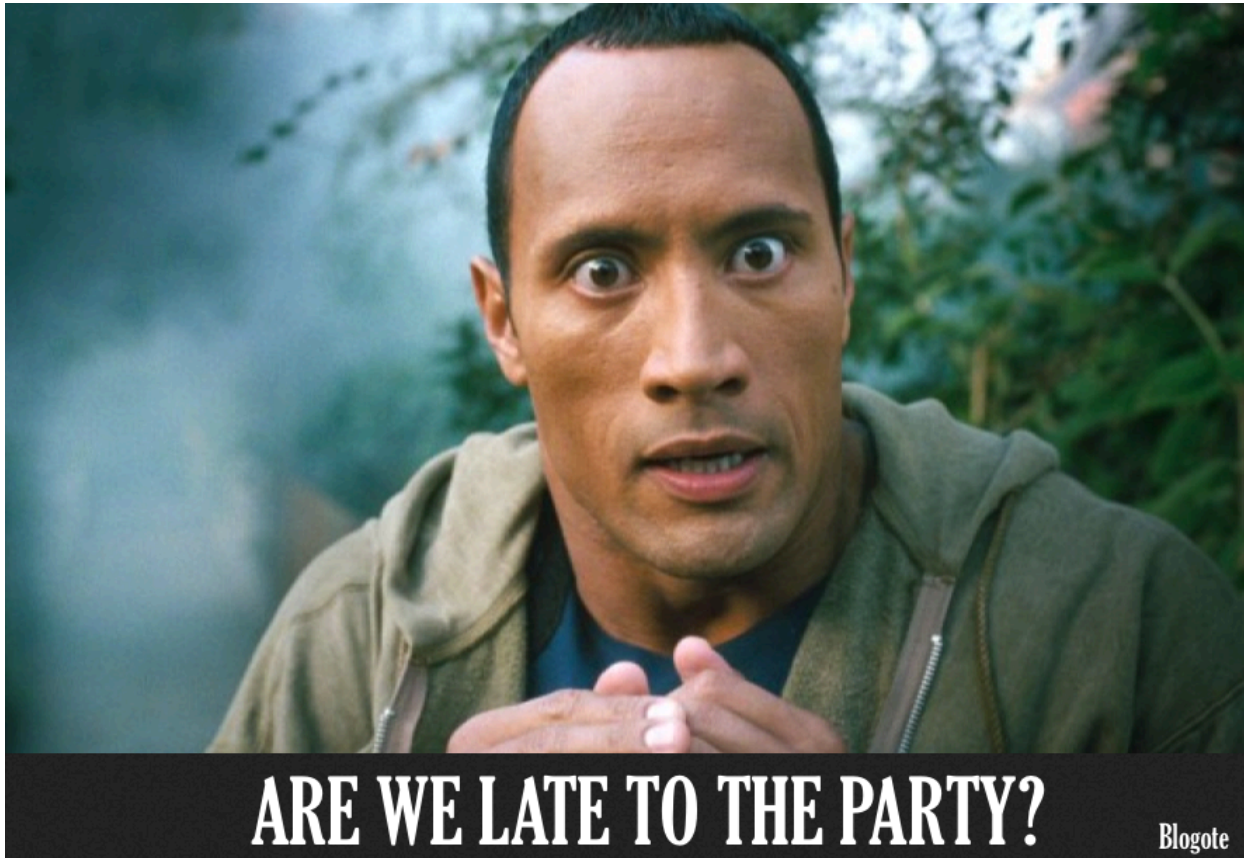


**John Woodley, Co-founder, Investor at Strategic Blue**  
Former Co-head of Power, Gas and related commodities at Morgan Stanley

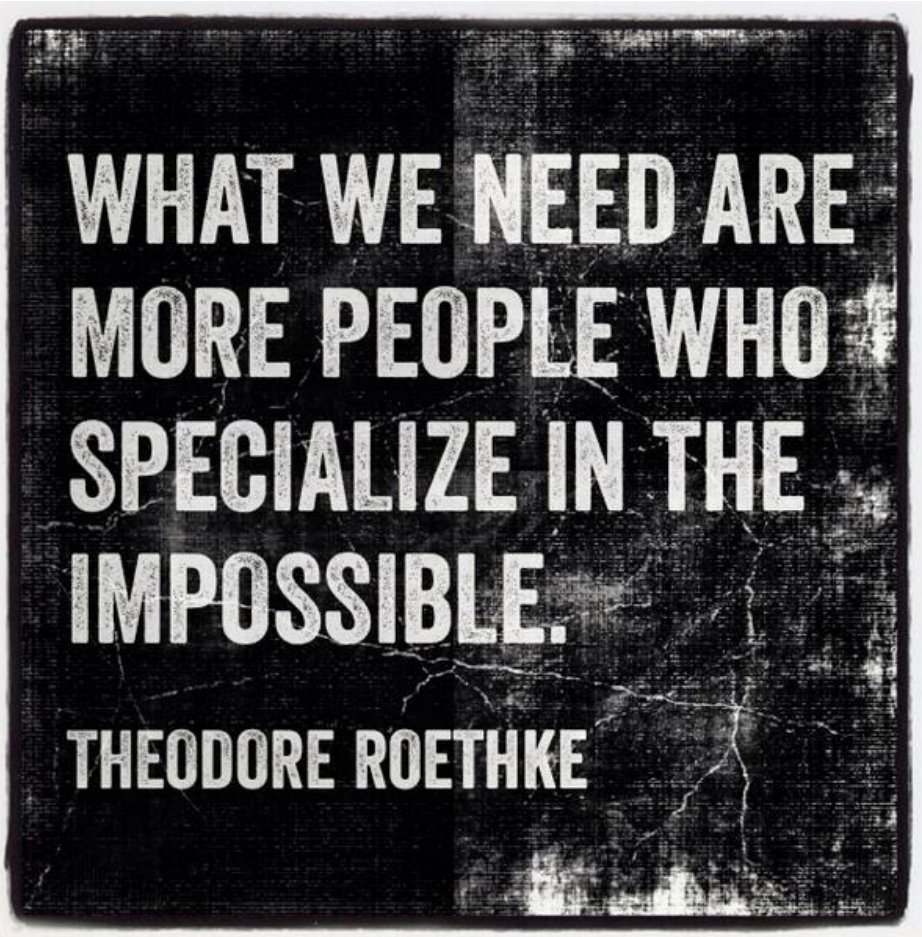


**Richard Griffin, Investor & Board Advisor at Strategic Blue**  
Former Head of European Power Trading at Morgan Stanley

applied to cloud as a tradable commodity



Vertical integration is NOT good  
when you are late to the party



**WHAT WE NEED ARE  
MORE PEOPLE WHO  
SPECIALIZE IN THE  
IMPOSSIBLE.**

**THEODORE ROETHKE**

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

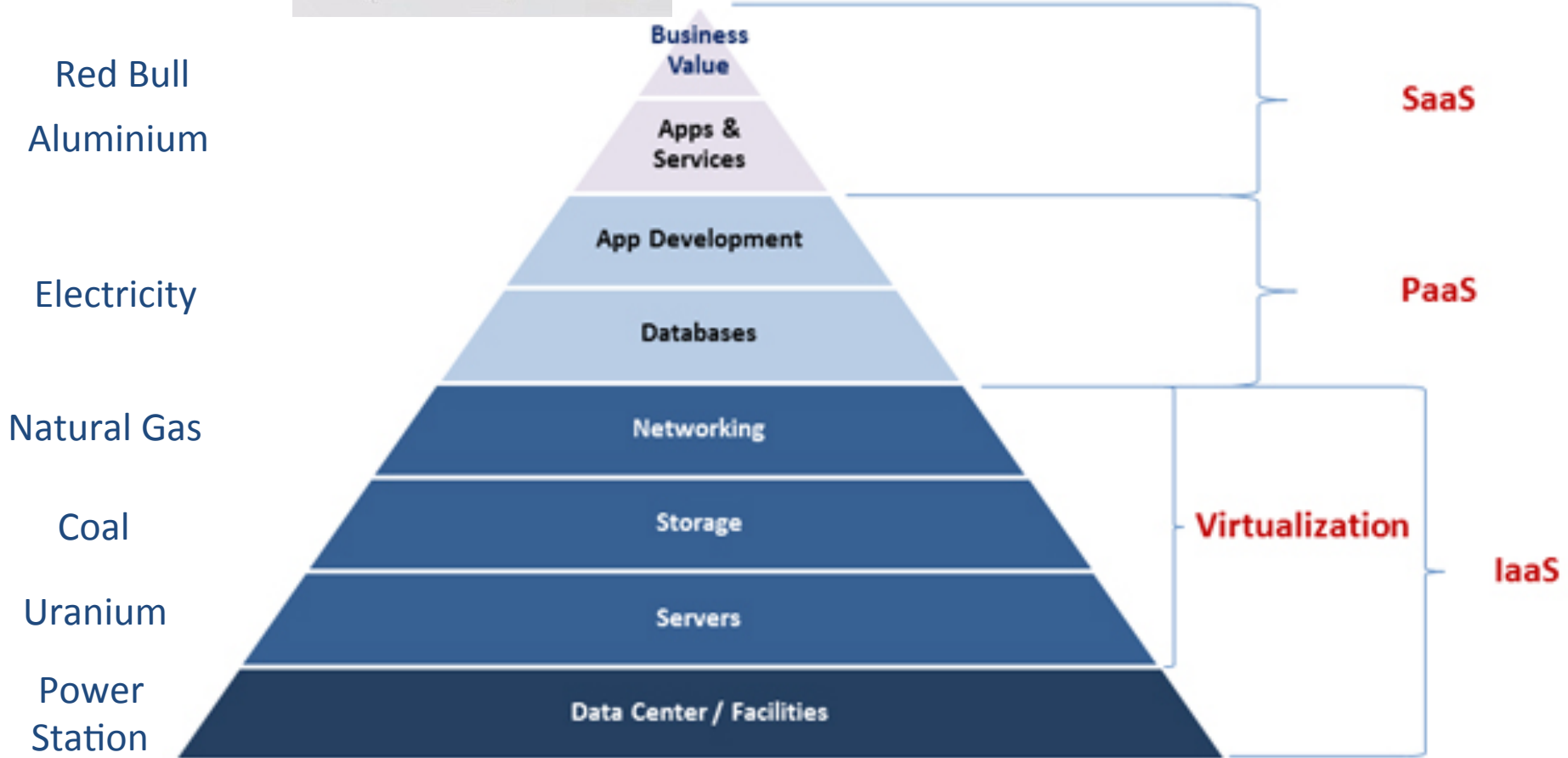


## Red Bull

- 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



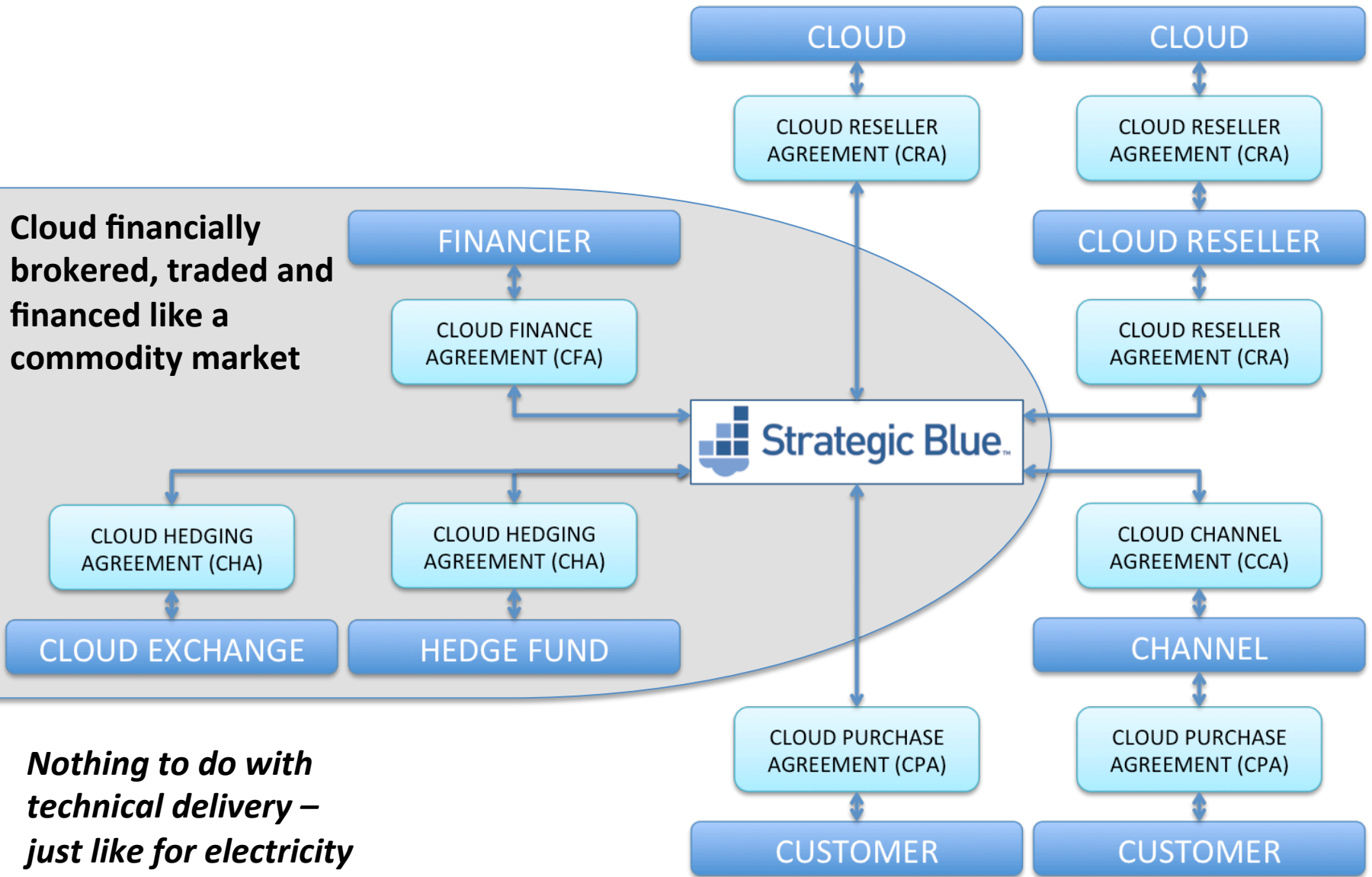
Don't build it yourself if you can buy it, but avoid vendor lock-in





**Cloud financially brokered, traded and financed like a commodity market**

***Nothing to do with technical delivery – just like for electricity***



A large Ferris wheel is the central focus of the image, set against a clear blue sky. Several birds are seen in flight, scattered across the sky. The Ferris wheel's structure, including its spokes and passenger cars, is clearly visible. The overall tone of the image is bright and positive.

# THANK YOU

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