

AWS Pricing Increases: Typically, are first quarter

LONDON, UNITED KINGDOM, October 5, 2022 /EINPresswire.com/ -- [AWS Pricing](#) increases would appear likely.

Just a few weeks ago, we had a look around the global markets and with the mounting pressure on the global economy, many have come to the conclusion that [AWS price](#) increases are looking almost inevitable. At this point with multiple pressures from all sides, it's a case of who blinks first between the two major providers Microsoft Azure and Amazon AWS.

So what are the main pressures on the global economy in 2022 that affect the cloud?



AWS Pricing

- Global supply train disruption - As many are probably aware there has been disruption across the world affecting supply chains for key materials and end products. This has meant that there has been pressure on semiconductor component supply chains as well as a production shortage in 'chips' for servers
- War in Ukraine - The ongoing conflict in Ukraine does not have a clear end in sight and has put pressure on supply chains for food and many primary sources of raw materials for technology supply chains. It has also resulted in many sanctions being levied against Russia and a drop in their output to the West
- Taiwan's status - Taiwan's ongoing status and China's claim to the islands have been back in the headlines several times this year with war games held by China increasingly encroaching on their territory. Also, visits by senior US politicians have caused responses on both sides of the Pacific to escalate. Taiwan is a major global player in the semiconductor and chip manufacturing markets



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- China's chip manufacturing collapse - Recent turbulence in the Chinese economy has led to certain companies having to sell assets and value those assets. This has led to several scandals regarding chip manufacturers with high market valuations collapsing once their operations were examined, this has then led to several high-profile arrests both within the industry and the party.

- Cloud economies of scale reached. - As the cloud expanded and cloud providers were able to do things at an ever-increasing scale prices were kept low. Also,

competition between the three main players (AWS, Azure, and Google Cloud) remained high prices actually fell. Now that the cloud has arrived the ongoing economies of scale might have been reached and efficiency gains will start to slow down or disappear

"As their customer base and usage grew from hundreds to millions of customers, cloud service providers drove optimisations from investments and shared resources. But these operations efficiency gains are now slowing down as hyperscalers actually reached that scale." Laurent Gil, Founder and Chief Product Officer - Cast AI

- Energy prices increasing globally - The cloud providers are not energy suppliers, and data centres consume a lot of energy. This is why many of them have a focus on green or self-sufficient energy production for their data centres. This might soften the blow in the longer term but as they come off whatever energy deals they are on their underlying costs in particular regions will skyrocket and they will have to pass that on

- Inflation and a strong dollar - All the main cloud providers underpin their operations with the US dollar which is a global reserve currency. This remains strong but the US economy is experiencing rising inflation which is pushing up the cost of borrowing up and causing liquidity in the markets to reduce

When you consider all of the factors above, all of which are medium to long-term factors, it looks like a virtual certainty that AWS pricing will increase and it's just a case of how fast and by how much.

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