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Google Cloud

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## Business Value Highlights

222%  
three-year ROI

36%  
lower three-year cost  
of operations

16%  
higher revenue per  
organization per year

8 months  
to payback on investment

41%  
more efficient IT teams

19%  
higher developer productivity

26%  
lower IT infrastructure costs

# The Business Value of Improved Performance and Efficiency with Google Cloud Platform

## EXECUTIVE SUMMARY

Small and medium-sized businesses (SMBs) have been increasingly adopting cloud solutions with each passing year in all parts of their technology ecosystem. While in 2018 the majority of small and medium-sized businesses still preferred on-premises solutions as their dominant deployment model, by 2019, attitudes toward the cloud had shifted greatly. Now more than ever, the importance of cloud is becoming clear, providing businesses with tools to improve employee productivity and connectivity, as well as to enable digital transformation. Adoption of cloud platforms to augment or replace traditional on-premises architecture has proven to provide SMBs with greater value.

IDC conducted in-depth interviews with small and medium-sized businesses using Google Cloud Platform to understand its impact on their businesses, IT operations, and costs. Interviewed customers described achieving strong value with Google Cloud Platform by obtaining the performance, reliability, and scalability their businesses require on a cloud platform that is cost effective and efficient to operate. Based on these interviews, IDC calculates that these Google customers will achieve average benefits worth \$1.09 million per interviewed SMB (\$103,200 per \$1 million in annual revenue) by:

- **Empowering application development teams** through improved infrastructure agility, scalability, flexible capacity, and other built-in platform functionality
- **Enabling business growth** by having an IT infrastructure that allows for addressing and expanding revenue opportunities
- **Maximizing the value of IT staff time** by leveraging automation, embedded technologies, and Google support
- **Optimizing IT infrastructure costs** through platform functionalities such as autoscaling and technologies such as the Google Kubernetes Engine

## SITUATION OVERVIEW

With SMBs increasingly realizing the benefits of deploying workloads into the cloud, there is some expectation setting on what benefits can actually be achieved. In the early cloud days, many SMBs equated the notion of cloud solutions being more affordable with meaning that they were less expensive. While that is true for some SMBs, affordability actually speaks more to the predictable nature as an operational expense that is spread over time and typically based on consumption. This typically makes these solutions more cost effective over time for SMBs versus the up-front costs associated with on-premises solutions.

Also it is clear from the research that the other key benefit is that cloud platforms make businesses more agile because it makes IT teams more productive. Adoption of cloud platforms is strongest among digitally determined organizations, which are small and medium-sized businesses that are using technology to execute on their business strategy, seeing it as an investment versus a cost. That same group of digitally determined SMBs typically perform better, being nearly 2x more likely to report double-digit revenue gains in 2019 and 4x less likely to report revenue declines. This is because when IT teams are more productive, they can produce new application functionality and features faster, which helps employees get work done more efficiently or develop more features that lead to better customer experiences.

## OVERVIEW OF GOOGLE CLOUD PLATFORM

Google Cloud Platform offers a wide array of cloud computing services, running on the very same infrastructure that Google uses to power end-user products such as Google Maps, YouTube, and Google Search. This includes services like compute, storage, networking, data analytics, and artificial intelligence (AI), which, along with embedded management tools, can be used to develop, test, and deploy new applications and features quickly.

A brief description of some of the core services offered as part of Google Cloud Platform are as follows:

- **Compute:** Includes Compute Engine, App Engine, Cloud Run, and Kubernetes Engine to create virtual environments that can be used for application development and orchestration in a container or serverless environment
- **Storage and databases:** Includes Cloud Storage, Cloud SQL, Cloud Firestore, Bigtable, Spanner, and Memorystore to provide relational and NoSQL database services supported by storage that is secure, fast, and scalable

- **Networking:** Includes Virtual Private Cloud, Cloud VPN, Cloud Load Balancing, Cloud CDN, and Network Intelligence Center to provide private and secure environments that are load balanced, caching content in the geos where end users are accessing applications by using Google's global network, and a comprehensive platform to monitor, verify, and optimize the network across on premises and cloud
- **AI and machine learning (ML):** Includes APIs such as Translation API, Vision API, and Speech-to-Text API, allowing businesses to add sight, language, conversation, and structured data into their applications, along with AutoML custom model development capabilities without needing ML expertise
- **Data analytics:** Includes products and services such as BigQuery, Dataflow, Pub/Sub, Data Fusion, and Dataproc, which are fully managed and help customers make data-driven decisions while eliminating constraints on scale, performance, and cost, helping organizations accelerate innovation with ease
- **Security and identity:** Includes services such as Cloud IAM for identity and access management, Cloud DLP for data protection, Cloud Armor for network security, and Security Command Center for vulnerability management and security monitoring to help customers comprehensively protect their cloud deployments

SMBs have significant flexibility in terms of which services they want to use and can scale up and down as needed. This allows for more control over costs without additional hardware investment to safely develop, test, and deploy new applications or features.

## THE BUSINESS VALUE OF GOOGLE CLOUD PLATFORM

### Study Demographics

IDC conducted research that explored the value and benefits for SMBs of running their businesses on Google Cloud Platform. This study included in-depth interviews with nine SMBs running most of their business workloads on Google Cloud Platform with experience with or knowledge about its impact on their IT activities, businesses operations, and costs.

Table 1 presents the demographics of participating SMBs. As shown, interviews reflect an SMB profile, including having 87 employees and annual revenue of \$10.5 million on average. Most of the interviewed businesses rely on their ability to deliver IT-based services to their customers, as evidenced by IT teams with 34 staff members on average, most of whom are

focused on development efforts. In terms of geographical distribution, the SMBs were based in Brazil (3), the United States (2), Mexico, the United Kingdom, Australia, and Singapore. In addition, there was a mix of vertical industries represented including the financial services (2), software (2), IT services (2), digital health, insurance, and technology sectors.

**TABLE 1 Demographics of Interviewed Organizations**

|                                 | Average  | Median         |
|---------------------------------|--|----------------|
| Number of employees             | 87   | 80             |
| Number of IT staff              | 34   | 30             |
| Amount of data/storage (TB)     | 191  | 7              |
| Number of business applications | 17   | 15             |
| Revenue per year                | \$10.54 million  | \$14.4 million |
| Countries                       | Brazil (3), United States (2), Mexico, United Kingdom, Australia, and Singapore                  |                |
| Industries                      | Financial services (2), software (2), IT services (2), digital health, insurance, and technology |                |

*n=9 Source: IDC, 2020*

## Choice and Use of Google Cloud Platform

Interviewed organizations discussed the drivers leading to their choice of Google Cloud Platform for running their business workloads in terms of key attributes such as functionality, performance, cost, and integration features. Most study participants are cloud-native organizations (i.e., they have limited to no experience with on-premises infrastructure environments), but interviews reflected a mix of organizations that migrated from other public cloud platforms or launched their businesses on Google Cloud Platform, with less frequent migrations of workloads from an on-premises hosted environment.

Before deploying workloads to Google Cloud Platform, study participants considered varied IT infrastructure solutions, including other public cloud platforms, but concluded that Google offered the best overall value proposition for supporting their business-critical environments. They cited factors in their choice such as the availability of leading-edge functionality such as Google BigQuery and Google Kubernetes Engine, flexible and policy-based capacity and scalability, and overall ease of resource management and administration. Study participants elaborated on these decision criteria:

- Quality and simplicity of Google Cloud Platform:** *“We started on a different cloud platform and then moved to Google Cloud, so it was a conscious choice. We considered the ease of maintenance and administration as well as the quality of the raw underlying technology . . . Overall, we concluded that Google has the best combination of quality and simplicity.”* — Eric Best, Founder and Chief Executive Officer, and Jared Stiff, Chief Technology Officer at SoundCommerce
- Best platform for data-driven activities:** *“We considered three different cloud platforms and chose Google Cloud Platform because our company is very data driven. Google Cloud Platform has better tools that empower us to develop our own data platform. For example, Google BigQuery is one, and Google Kubernetes Engine is beneficial because we don’t have to manage the Kubernetes cluster.”* — Roberto Gaziola Junior, Chief Technology Officer at GESTO
- Support from Google enables DevOps:** *“The biggest reason we chose Google Cloud Platform was the managed services that Google provides for things like databases and the Kubernetes Engine. That’s all managed for us by Google, so we don’t need a huge DevOps staff to get off the ground and substantiate new clients.”*

Table 2 shows the use of Google Cloud Platform by interviewed organizations. Interviewed Google customers are running most of their businesses on Google Cloud Platform, with an average of 174 virtual machines (VMs) and 168TB of data. Their ability to leverage new technologies such as Google Kubernetes Engine is reflected in significant use of containers, with an average of 401 containers per interviewed organization. Those interviewed reported making significant use of the technological capabilities and core services of Google Cloud Platform, with at least two-thirds using the data analytics, Kubernetes, artificial intelligence/ machine learning, and security/identity functionalities.

**TABLE 2 Google Cloud Platform Use by Interviewed Organizations**

|                                 | Average | Median |
|---------------------------------|---------|--------|
| Number of VMs                   | 174     | 100    |
| Number of containers            | 401     | 150    |
| Amount of data/storage (TB)     | 168     | 7      |
| Number of business applications | 13      | 9      |

n=9 Source: IDC, 2020

## Business Value and Quantified Benefits

IDC's research demonstrates the value for interviewed SMBs of running their businesses on Google Cloud Platform. Interviewed Google customers described achieving strong value through improved agility and high performance, coupled with cost and staff efficiencies. They noted maximizing the value of IT staff time and improving application development capabilities, thereby enabling business growth and expanding revenue opportunities. Interviewed Google customers provided specific examples of how they have leveraged Google Cloud Platform to be more competitive, efficient, and successful:

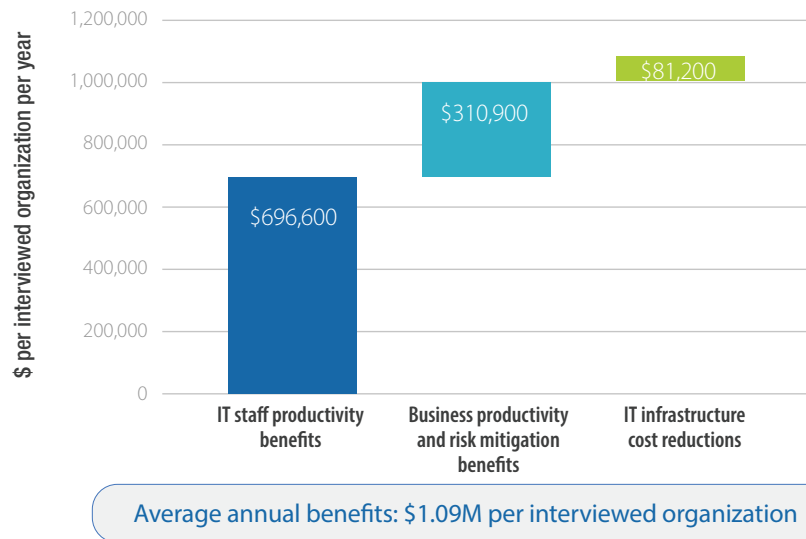
- Platform ease of use and performance:** *"The main benefit for us is the ease of the platform. Google Cloud Platform also supports a lot of traffic, a lot of transactions, a lot of everything. The most important benefit to customers is the richness of the platform. There is no downtime; the platform runs every hour, every minute, and every day. The platform never sleeps."* — Luis Fernando Sandoval, Chief Innovation Officer at Albo
- Ability to focus on business and data:** *"Now with Google Cloud Platform, we can focus more on our business applications. Before, we spent a lot of time on our infrastructure. Now we can also focus on data analysis. We used to spend a lot of time correcting data, so the data platform with Google has been a big improvement."* — Gabriel Prado, Chief Technology Officer at idwall

IDC calculated that interviewed SMBs will realize strong business value in running workloads on Google Cloud Platform. As shown in Figure 1, IDC estimates that they will achieve total benefits worth an average of \$1.09 million per organization (\$103,200 per \$1 million in annual revenue) in the following areas:

- IT staff productivity benefits:** Study participants have enabled more effective and productive application development activities while also capturing time savings and greater efficiencies for their IT infrastructure, database, and security teams. IDC puts the value of these IT team efficiencies and productivity gains at an annual average of \$696,600 per interviewed organization (\$66,000 per \$1 million in annual revenue).
- Business productivity and risk mitigation benefits:** Study participants have achieved higher revenue by better addressing business opportunities and making their operations more efficient through higher employee productivity levels. IDC attributes average annual value worth \$310,900 per interviewed organization (\$29,500 per \$1 million in annual revenue) to higher revenue and user productivity levels.
- IT infrastructure cost reductions:** Study participants have leveraged Google Cloud Platform as a more cost-effective IT infrastructure platform. IDC projects that this will result

in average annual savings of \$81,200 per interviewed organization (\$7,700 per \$1 million in annual revenue).

**FIGURE 1 Average Annual Benefits per Interviewed Organization**



n=9 Source: IDC, 2020

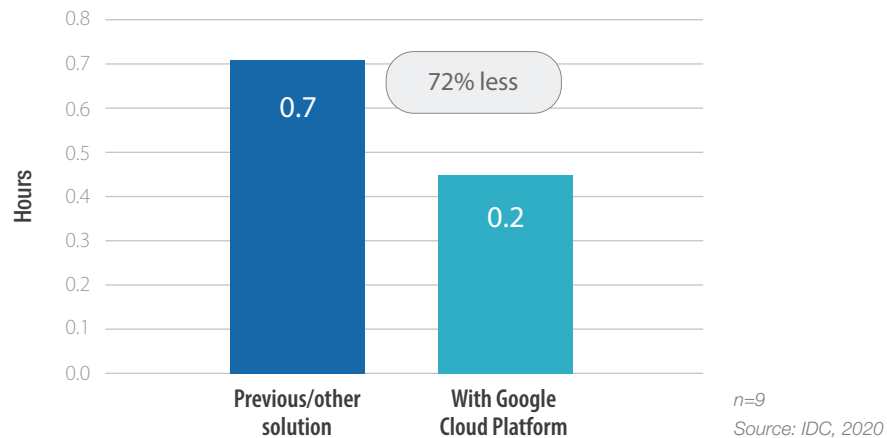
## Improved IT Agility and Application Development

Study participants reported that Google Cloud Platform has helped them be more agile and flexible in supporting their business operations with IT capacity. For SMBs that must often react quickly to changes in customer demand and behavior, having access to additional capacity with minimal lead time is critical. Interviewed customers also reported taking advantage of useful platform functionalities such as autoscaling to reduce the number of touch points required to deliver needed IT resources in response to changing business requirements. A number of study participants connected this agility to their use of Google Kubernetes Engine, with Eric Best, Founder and Chief Executive Officer, and Jared Stiff, Chief Technology Officer at SoundCommerce noting: *“Deploying new compute was a particular struggle when we were using Kubernetes on our previous cloud platform because it failed often and unpredictably. It wasn’t so much how long it took to start up as much as making sure it worked . . . On Google Cloud Platform, it takes very little time, probably a few minutes compared with a couple of hours.”*

Figure 2 shows the extent to which use of Google Cloud Platform has provided benefits to these organizations in terms of their ability to deploy new compute, storage, and other IT resources. Interviewed Google customers reported a shift from requiring closer to an hour to

instantiate new compute or storage resources or capacity to less than a quarter of an hour with Google Cloud Platform, a significant reduction of 72% that reflects their ability to more readily move IT resources around in support of development and business efforts.

**FIGURE 2 Impact on Time to Deploy New IT Resources**



Study participants linked improvements in agility to their ability to generate maximum value from their application development activities. With Google Cloud Platform, developers have seamless access to the resources they need to efficiently build new applications and features. Several interviewed SMBs tied their ability to implement more DevOps-focused approaches to use of Google Cloud Platform, thereby fostering a more flexible and innovative development approach across their organizations. Study participants commented on these benefits:

- **Scalability enables development efforts:** *“Because we need to react and respond to major events like Covid-19 and fight disinformation, the scalability we can achieve with Google Cloud Platform is important for us, and our development cycle time is significantly lower.” — Anil Bandhakavi, Data Scientist at Logically*
- **Enablement of DevOps and continuous integration boosts development efforts:** *“Google Cloud Platform is a huge improvement for our developers. They are maybe 30% more productive . . . The developers are more productive on Google Cloud Platform because we’ve more easily implemented a DevOps approach and added Kubernetes to our continuous integration.” — Gabriel Prado, Chief Technology Officer at idwall*
- **Development more flexible and responsive to business needs:** *“Google Cloud Platform helps us to be more flexible and responsive because the infrastructure is easier for application developers or researchers to do their work, which means it becomes a lot easier for them to achieve their goals . . . For developers, having the infrastructure available to them makes it*



*easier for them to experiment because they don't have to worry about capacity. They're around 20% more productive.*" — T-Kiang Tan, Chief Investment Officer at Grasshopper

Table 3 quantifies improvements for application development activities that interviewed customers tied to their use of Google Cloud Platform. Importantly, they reported streamlining development life cycles for both new applications (21% faster) and new features (34% faster), reflecting an improved ability to deliver in a timely fashion to customers and employees. They have leveraged these improvements to increase the frequency with which they deliver new features, nearly doubling the number of new features released each year (93% more) (see Table 3).

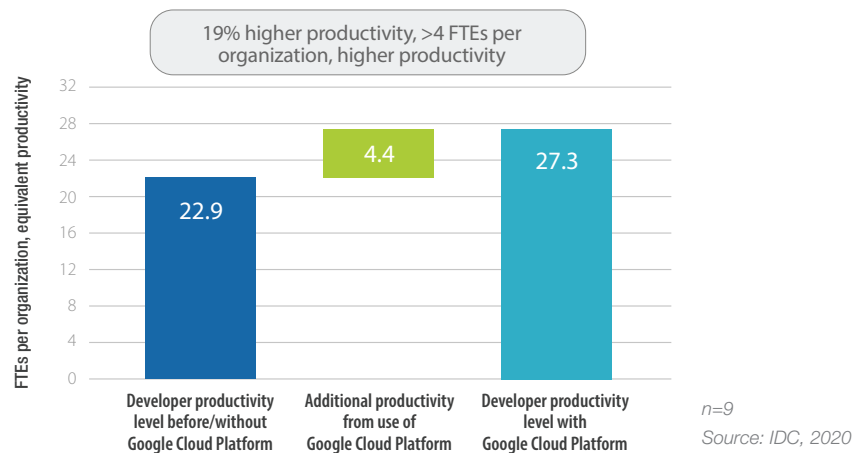
**TABLE 3 Impact on Development KPIs**

|   | Previous/Other Solution | With Google Cloud Platform | Difference | Efficiency with Google Cloud Platform (%) |
|---|-------------------------|----------------------------|------------|---|
| Development life cycle, new applications, weeks | 25.6                    | 20.2                       | 5.3        | 21  |
| Development life cycle, new features, weeks     | 3.7                     | 2.5                        | 1.2        | 34  |
| Number of new features released per year        | 86                      | 166                        | 80         | 93  |

*n=9 Source: IDC, 2020*

These improvements in the frequency and quantity of new applications and features reflect increased value for interviewed SMBs' development teams. For small and medium-sized businesses, it is essential that they maximize the value of these teams as they are closely linked to their ability to serve customers and their other employees, as well as compete against larger companies with more resources. The results presented in Figure 3 show these substantive impacts; interviewed Google customers reported an average productivity level for their development teams of 19% higher, providing them with the equivalent productivity of more than four additional development team members (see Figure 3).

FIGURE 3 Impact on Development Team Productivity



## Improved Business Results and Performance

Interviewed Google customers reported leveraging improved agility, scalability, and performance with Google Cloud Platform to achieve better business results. They are realizing higher revenue by better addressing business opportunities and enabling faster delivery of new applications and services. Interviewed companies are competing to gain a foothold or expand their businesses in competitive markets in which they must be able to seamlessly deliver products and services to their customers. As SMBs, they do not have the luxury of relying on existing customer relationships or their names to drive and maintain business. They must be nimble, adaptive, and able to take advantage of business opportunities when they arise.

Study participants spoke to how Google Cloud Platform has helped them maintain and grow their businesses through agility, flexibility, and performance:

- Timely delivery of new features to customers:** *"Google Cloud Platform is helping our business because we can deliver features and applications quickly so we can respond to our clients. That's most important . . . Also we can make decisions in real time, and the information doesn't have a lag in going to our team. In the past, using other public cloud platforms, there was a lag in collecting information."* — Gabriel Prado, Chief Technology Officer at idwall
- Supporting business growth:** *"We've definitely accelerated our business growth with Google Cloud Platform. This is because it's now a lot easier to tell customers how we would deploy our solution for them."* — Jayanthi Narasimhan, Founder and Chief Executive Officer at WatchRX

The cumulative effect of these improvements translated into specific financial gains, which IDC calculated in terms of higher annual revenue (see Table 4). As shown, on a "per interviewed SMB" basis, deployment of Google Cloud Platform resulted in a higher annual gross revenue

of \$881,500, which represents a significant average revenue gain by organization of 16% (8.4% average calculated revenue gain) for interviewed SMBs. These business-focused results demonstrate the extent to which Google Cloud Platform has become an integral component and enabler of interviewed SMBs' business strategies and operations.

**TABLE 4 Business Operations Impact: Higher Revenue**

|  | Per Organization | Per \$1 Million in Annual Revenue |
|--|------------------|-----------------------------------|
| Higher gross revenue per year                      | \$881,500        | \$83,600                          |
| Higher average gross revenue, per organization (%) | 16               | 16                                |
| Higher average gross revenue, calculated (%)       | 8.4              | 8.4                               |
| Higher net revenue per year*                       | \$132,200        | \$12,500                          |

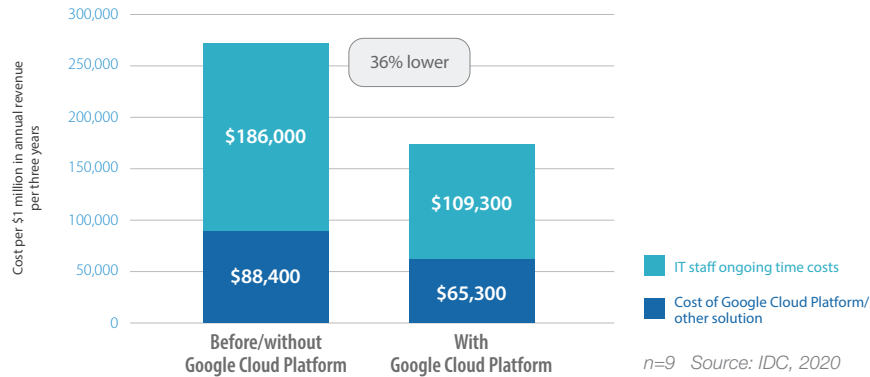
n=9 Source: IDC, 2020 \* 15% assumed margin

End users in these organizations have also benefited from the agility and performance of Google Cloud Platform, as well as specific functionalities. For example, analytics teams benefit from the use of Google BigQuery and overall performance of the platform, with IDC calculating a 53% higher level of productivity for analytics teams. Anil Bandhakavi, Data Scientist at Logically, elaborated on these benefits in terms of the ability to provide analytics to business users: *“As a growing AI company, we create and evolve hundreds of supervised and unsupervised models using machine learning for natural language processing and text analytics, and Google Cloud Platform offers us the ability to optimize our operations in terms of use of VMs, GPUs, and CPUs, which is what we require to support our products and worldwide user base.”* Other users also benefit to the extent of 9% average higher gross productivity, helping interviewed SMBs operate in a more effective and efficient manner.

## Lower Cost of Operations

SMBs often have limited budgets and lean staffing models so running their IT operations as cost effectively as possible becomes paramount. For interviewed organizations, the cost and staff time efficiencies they are achieving with Google Cloud Platform combine to lower their overall costs of running their businesses compared with previous and/or other IT environments. Figure 4 shows cost of operations benefits, with IDC calculating that interviewed SMBs will save an average of 36% over a three-year period, a saving of almost \$100,000 per \$1 million in annual revenue in that time frame.

**FIGURE 4** Three-Year Cost of Operations per \$1 Million in Annual Revenue



Drilling down on infrastructure costs, IDC calculated that, on average, interviewed organizations will spend 26% less over three years with Google Cloud Platform than a previous and/or alternative IT environment. Study participants notably cited Google Cloud Platform functionality such as autoscaling with Kubernetes Engine in allowing them to optimize IT infrastructure costs:

- Optimize IT costs with Kubernetes autoscaling:** *“A couple of our services are using preemptible nodes with Google Cloud Platform, which has been great. We pay spot prices for nodes, which helps with balancing use to optimize costs. We also have control over Kubernetes scaling rules through the management console so we can set really granular scaling qualities to ensure that customer VMs scale back down when not in high demand, thereby saving us money.”*
- Serverless functionality enables more cost-effective use of IT resources:** *“Google Cloud Platform costs less because it has a lot of serverless features that are cheaper than the other cloud platforms we considered . . . We run and then destroy VMs on a regular basis, so serverless saves us money, and this was one of the factors. Google Cloud Platform costs about 15% less than the others.”* — Roberto Gaziola Junior, Chief Technology Officer at GESTO

The other major factor in lowering the cost of operations was IT staff efficiencies enabled by Google Cloud Platform for IT infrastructure, database, and security teams. Interviewed SMB organizations cited functionalities of Google Cloud Platform such as automated patching, the use of prefigured VMs, and strong levels of support from Google as enabling efficiencies:

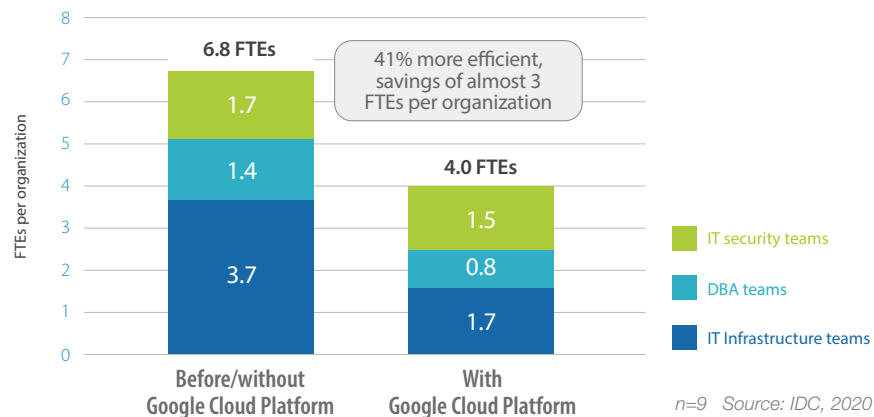
- Preconfigured VMs enable ease of use:** *“Google Cloud Platform gives us VMs that are preconfigured, so we don’t have to do too much to set up the infrastructure. We can quickly have the infrastructure in place so that our engineers and data scientists can focus more on*

*the problems they are currently working on, rather than worrying about the tools and the infrastructure resources required.”*

- **Patching and simplicity save IT staff time:** *“If we were on our previous cloud platform, we’d need specialists and full-time staff — we’d add one to two people . . . These efficiencies with Google Cloud Platform relate to patching, which is simpler and more automated. It’s a substantial time savings, and we only do a few hours per month total.”* — Eric Best, Founder and Chief Executive Officer, and Jared Stiff, Chief Technology Officer at SoundCommerce

Figure 5 quantifies these improvements showing a 41% improvement in overall efficiency across these teams, meaning that study participants can run equivalent workloads on Google Cloud Platform with almost three fewer IT staff resources dedicated to these environments.

**FIGURE 5 Impact on IT Team Efficiency**



## ROI Summary

IDC’s analysis of the financial benefits and investment costs related to study participants’ use of Google Cloud Platform is presented in Table 5. IDC calculates that interviewed organizations will achieve total discounted three-year benefits of \$2.53 million (\$240,000 per \$1 million in annual revenue) based on infrastructure cost savings, staff efficiencies, employee productivity, and revenue gains as described in this study. These benefits compare with projected total discounted investment costs over three years of \$0.79 million on a per-organization basis (\$74,600 per \$1 million in annual revenue). At these levels of benefits and investment costs, IDC calculates that interviewed SMBs will achieve a three-year ROI of 222% and break even on their investment in eight months.

TABLE 5 ROI Analysis

|                                | Three-Year Average per Organization | Three-Year Average per \$1 Million in Annual Revenue |
|--------------------------------|-------------------------------------|--|
| Benefits (discounted)          | \$2.53 million                      | \$240,000  |
| Investment (discounted)        | \$0.79 million                      | \$74,600   |
| Net present value (NPV)        | \$1.74 million                      | \$165,400  |
| Return on investment (ROI) (%) | 222                                 | 222  |
| Payback period                 | 8 months                            | 8 months   |
| Discount rate (%)              | 12                                  | 12   |

n=9 Source: IDC, 2020

## CHALLENGES/OPPORTUNITIES

The most significant challenge for SMBs to date is in understanding innately the business value of cloud adoption beyond the buzzwords, including solutions like Google Cloud Platform. All too often, SMBs that delayed their adoption of cloud are the businesses in most dire need of both digitization and transformation. Their reasons for delaying included:

- Have not fully realized the ROI of existing infrastructure, developer skills, and/or applications and not eager to make additional investments
- Can't understand how platform investment translates into business value both for employees and for customers
- Security concerns about data and applications in the cloud that are frequently more myth than truth
- Platform benefits that seem too good to be true

To overcome these concerns, line-of-business leaders and technology leaders need to build their own awareness of the business value of cloud solutions with practical and relatable examples of success, targeted training, and a digital transformation road map that is tied to their business strategy.

Early examples of success are the best way to build organization confidence in new cloud solutions. Therefore, starting with a simple need or pain is the best way to build momentum while building awareness and skills within the organization.

## CONCLUSION

IDC's research shows how SMBs have leveraged Google Cloud Platform to achieve operational efficiencies and improved business results, regardless of what solution they previously used. These organizations often face strong competition from larger competitors with more resources and thus must identify and pursue means of achieving a competitive advantage. In short, the businesses interviewed were able to deploy the same number of features and applications equal to a much larger IT team, but with less complexity and faster time to market.

Interviewed organizations reported capturing significant value with Google Cloud Platform by improving and optimizing the agility, scalability, and performance of their IT infrastructures, which positions them to best serve their customers. As a result, they can address new business opportunities as they arise and meet customer expectations, leading to higher incremental revenue. Moreover, they linked their use of Google Cloud Platform to enhanced development capabilities and operational efficiencies in the form of staff time savings and lower IT infrastructure costs. Based on interviews with these Google customers, IDC projects that they will achieve more than a three-to-one return on their investment in Google Cloud Platform (222% three-year ROI) through higher revenue, staff and employee efficiencies and productivity gains, and lower IT-related costs.

## APPENDIX

### Methodology

IDC's standard Business Value methodology was utilized for this project. This methodology is based on gathering data from small and medium-sized businesses currently using Google Cloud Platform to run various applications and workloads. Based on interviews with SMBs using Google Cloud Platform, IDC performed a three-step process to calculate the ROI and payback period:

- 1. Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using Google Cloud Platform.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.
- 2. Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Google Cloud Platform and can include additional costs related to migrations, planning, consulting, and staff or user training.

- 3. Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Google Cloud Platform over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For purposes of this analysis, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Further, because running applications on Google Cloud Platform requires a deployment and migration period, the full benefits of the solution are not available during deployment and migration. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

*Note: All numbers in this document may not be exact due to rounding.*

## Selected Additional Quotes Captured During SMB Interviews

- **Performance to support business:** *"Our team was familiar with the power of Google in terms of how many transactions the platform can handle. That's why we chose Google instead of [other public cloud platforms]." — Luis Fernando Sandoval, Chief Innovation Officer at Albo*
- **Access to cutting-edge technologies to drive business:** *"Google Cloud offers us a needed solution that is very relevant to our problem and the solutions we are building. It gives us access to cutting-edge infrastructure, and it gives us access to platforms that have a lot of interesting technologies like Kubernetes and things like disk storage, Stackdriver, and BigQuery."*



- **Allow for focus on development and leverage new technologies:** *“The main thing for us with Google Cloud Platform is the value it has provided us in allowing us to focus on our coding. Because Google manages the clusters for us, it’s been hugely valuable, and now we’re using more of the ML capabilities to provide better data to our customers. I think that, with ML, we’ll be able to provide better and quicker insights back to our customers . . . I think it will be pretty exciting.”*
- **Enabling relevant offers for customers based on regulatory requirements:** *“We focus on B2B, and Google Cloud Platform makes it much easier for us to generate more virtual instances for each of our customers, which is needed because of regulatory requirements. It’s a lot easier with Google Cloud Platform.”* — Jayanthi Narasimhan, Founder and Chief Executive Officer at WatchRX
- **Functionality enables analytics team:** *“Looker is a tremendous improvement, and BigQuery gets us more direct access to data in a flexible way . . . We’re saving time because of that — we have three people on our analytics team, and only one person could use the platform at a time previously . . . We’ve definitely made more revenue with Google Cloud Platform through the growth of our customer relationships — 25% of our growth could be ascribed to Google Cloud Platform, which is hundreds of thousands of dollars in value.”*

## MESSAGE FROM THE SPONSOR

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