



# **SNS COLLEGE OF ENGINEERING**

Kurumbapalayam (Po), Coimbatore – 641 107

**An Autonomous Institution**

Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A’ Grade  
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

**DEPARTMENT OF COMPUTER SCIENCE AND ENGINEERING(IoT and  
Cybersecurity Including BCT)**

**COURSE NAME : cloud service management**

**IV YEAR / VII SEMESTER**

**Unit II-**

**Topic : Capex vs Opex Shift**



## Capital Expenditure (CapEx):

- It is the *initial spending of money ( whole together )* on physical infrastructure, and then deducting that up-front expense over time.
- The up-front cost from CapEx has a value that reduces over time. All expenses incurred for long-term benefits in the future lie under CapEx.

## Operational Expenditure (OpEx):

- It is like a *pay-as-you-go* service. You can deduct this expense in the same year you spend it. There is no up-front cost, as you pay for a service or product as you use it.
- It is as the name suggests, the expense of daily operation.



Context	CapEx	OpEx
<b>The upfront cost</b>	Significant	None
<b>Ongoing cost</b>	Low	Based on usage
<b>Tax Deduction</b>	Over-time	Same year
<b>Early Termination</b>	No	Anytime
<b>Maintenance</b>	Significant	Low
<b>Value over time</b>	Lowers	No change



## **Examples of CapEx:**

These are some of the examples of Capital Expenditure:

Manufacturing plants, equipment, and machinery

Computers and Hardware

Building improvements

Vehicles

## **Examples of OpEx:**

These are some of the examples of Operational Expenditure:

Interest paid on debt

Property taxes

Accounting and legal fees

Wages and salaries

Business travel

Rent and utilities





## 8. Performance Monitoring and Optimization:

**Performance Evaluation:** Continuously monitor the performance of the cloud services to ensure they meet expected benchmarks.

**Optimization:** Make necessary adjustments or optimizations to enhance efficiency, scalability, and cost-effectiveness.

## 9. Review and Improvement:

**Periodic Review:** Regularly review the usage and performance of cloud services against the initial objectives and KPIs.

**Feedback Incorporation:** Incorporate feedback from users and stakeholders to improve the utilization and effectiveness of the cloud services.