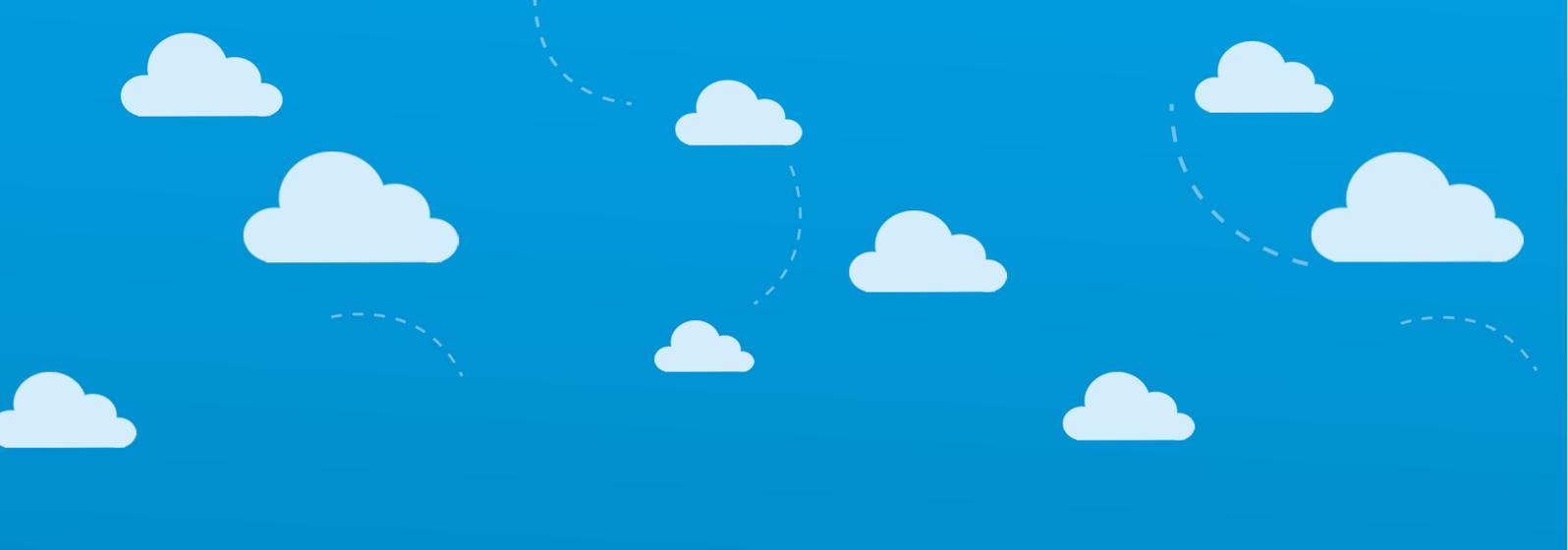


# AWS EDP Guide





# Introduction

AWS is by far the most widely used cloud platform today. It offers multiple cost-saving options to its users in the form of reserved instances, AWS Activate, Savings Plans, AWS EDP, and more.

AWS EDP is a private pricing discount plan for organizations with an annual AWS expenditure of US\$1 million or more. It offers an approximate 9-10% savings on overall AWS costs and allows you to manage the overall AWS costs by averaging your expense over the contract term.

In this article, you'll learn all about AWS EDP, including its requirements, advantages and risks. You'll also see some comparable discount plans, what factors affect EDP negotiation and how you can prepare for one.



## What Is EDP?

EDP, aka AWS Enterprise Discount Program, is a custom cost-saving plan offered by AWS for enterprise customers committed to spending over US\$1 million per year.

AWS EDP has many benefits that we'll discuss throughout this article, including:

- ✓ Applying an approximate 9% discount
- ✓ Including your AWS Marketplace expense towards committed AWS spending
- ✓ Reducing variability in your AWS Bills by averaging over the contract term

To understand the savings potential, take the following example where a 10% AWS EDP discount applies to a \$2,222,222 Service Bill. By utilizing this discount, an organization committed to spending \$2 million on cloud costs can save \$222,222 per year on their bill.

Contract Year	Annual Spend Commitment	Service Value	Discount	AWS Bill	Savings
1	\$2,000,000	\$2,222,222	10%	\$2,000,000	\$222,222

Discount Potential for AWS EDP

## What Are the AWS EDP Requirements?

Though EDP requirements may vary from customer to customer, they generally include

- ✓ Guaranteed spending of over US\$1 million per year
- ✓ Enrollment in the AWS Enterprise Support Program
- ✓ Commitment to a three-year contract term

To ensure you meet the requirements for EDP, you need to understand what counts as AWS expense.

# What Counts As Spending?

This is a general guide to the services that count towards the committed price. However, you should always refer to the EDP and do your due diligence.

**AWS Services:** The EDP contract includes most AWS services.

**AWS Enterprise Costs:** EDP requires you to enroll in the AWS Enterprise support (costing approximately 3-10% of total AWS monthly charges). These charges count towards AWS EDP expenses.

**AWS Marketplace:** AWS EDP expenses include any expense made in the AWS Marketplace.

**On-Demand and Reserved Prices of Services:** Any reserved and on-demand pricing of services will count as an AWS EDP expense.



## Factors Affecting EDP Negotiation

There is no standard discount in the EDP program. The discount will depend on your organization's usage and requirements. However, you should consider the following factors when negotiating for EDP.

**Prepayment** for EDP is no longer required, but AWS promotes prepayment for services. For example, AWS provides up to a 70% discount on reserved instance prepayments. You can improve your negotiation chances by committing to prepay for services.

Established AWS customers with **proof of previous large expenditures** use the billing history during negotiations. Showing a history of efficient use of AWS services and resources will indicate that your organization is willing to build a mutually positive business relationship with AWS.

If you are a new AWS customer, presenting an efficient and well-planned **scaling roadmap** can present a strong case for future growth and increased service demand. AWS designed EDP for high-paying customers. If your organization is confident in high consumption and can prove that, it will be in the best interest of AWS to offer a better discount option.

Similarly, a **detailed business plan and proof of funding** can support your position as a valuable client with strong growth potential.

A well-known brand with positive industry associations can leverage **strategic relevance** when negotiating a discount from AWS. If your company has a strong brand and market reputation, this will provide extra leverage for negotiation.

There is no set requirement for the **contract length**. However, longer client commitments mean continued value and stability. If your organization is willing to commit to a longer contract length, you can leverage this as part of your negotiation.



## Risks and Challenges

While EDP is an excellent way for enterprises to reduce their cloud costs, it has risks and challenges. The primary challenge of enrolling in EDP is forecasting cloud costs.

A company that underestimates expenditure, and spends over their commitment amount, is liable to pay the regular price for those services over the discount threshold. For example, if their spending limit is \$2.22 million, but they spend \$3 million that year, they will not receive the discount for the excess \$777,778.

Contract Year	Annual Spend Commitment	Service Value	Discount	AWS Bill	Savings
1	\$2,000,000	\$2,222,222	10%	\$2,000,000	\$222,222
2	\$2,000,000	\$3,000,000	10%	\$2,777,778	\$222,222
3	\$2,000,000	\$1,000,000	10%	\$2,000,000	-\$1,000,000

### Risk and Challenges of Under and Overestimating Expenses

However, as seen in the table above, overestimating expenses can be even more costly. If your company only spends \$1 million of its \$2 million committed amount, you still pay AWS \$2 million.

# What is an EDP Alternative?

The AWS program, Private Pricing Term Sheet (PPTS), has many similarities to AWS EDP. Private Pricing Term Sheet is an enterprise-level discount program with a lower barrier of entry of US\$500,000 in annual AWS expense, compared to US\$1 million for EDP. While PPTS and EDP have fairly similar features, PPTS offers more flexibility regarding the agreement terms. For example, in EDP, you might commit to spending \$2 million per year for three years. Whereas with PPTS, you can commit to an overall \$6 million spend over the three years.

## EDP Negotiation Guidelines

Getting the best price possible requires negotiation. Here are some tips when negotiating an EDP plan:

## Evaluate and Plan Your AWS Usage

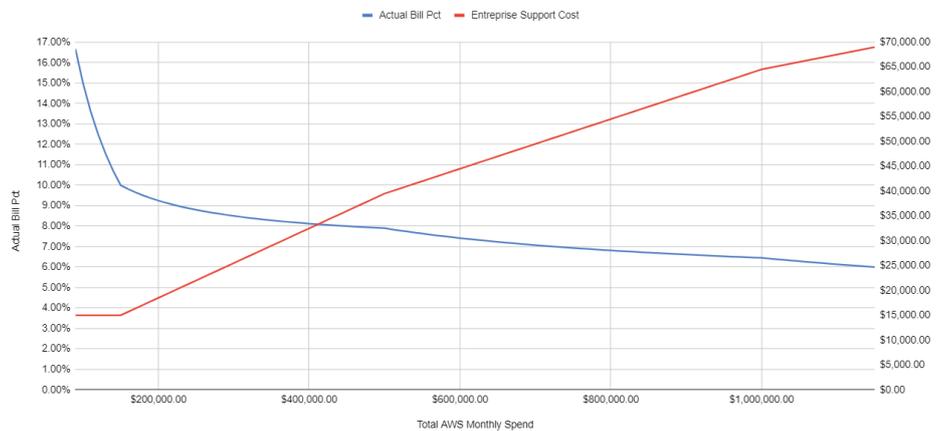
The primary aim of preparing for an EDP negotiation should be to do your due diligence. It's critical to estimate your commitment expense and term efficiently. Plan expenditure across AWS regions and accounts. Utilize services like [nOps](#) to evaluate and classify your expenditure. Consider underestimating projected expenses. You may lose a discount for a part of your AWS bill, but you're less likely to pay an overestimated amount. Plan and sort reserved instances and savings plans in your AWS accounts. This shows you are in control of your billing and growth and have already optimized AWS architecture.



# Plan To Utilize AWS Enterprise Support

You must sign up for AWS Enterprise Support to enroll in EDP. Enterprise Support is expensive, so consider how your organization will best use it. For example, let's say your organization's EDP discount rate is 8%. However, your Enterprise Support is approximately 8% of your monthly bill (once the AWS monthly spending is at least US\$450,000). If you're not using AWS Enterprise Support, you aren't really making any savings or repairing any benefits of EDP. The graph below shows how AWS Enterprise Support cost can impact savings if not utilized efficiently.

Support Cost as a Pct of the Monthly Bill



Graph depicting Support Cost as a percentage of the monthly bill

# Marketplace Expenses

Marketplace expenditure counts towards your AWS billing in the ED. So you can plan to make purchases in the marketplace after your EDP negotiation and include this expense in your estimate. You can also try to find possible pre-built solutions or reserved instance capacity in the market and buy them for a discount instead of building your own solutions and buying reserved instance capacity from AWS. nOps is also available in the AWS marketplace, and any expense you make towards nOps will count towards your EDP commitment.



# Negotiating

Ensure you demonstrate the forecasted usage, workload scaling plan, growth potential and previous expenditure reports during the negotiations. Show what guardrails you have or will put in place to ensure your AWS spending will conform to the negotiated amount.



## Questions To Ask AWS

Ask AWS the following questions to improve your contract terms.

### Is volume discounting possible?

Have more than one pre-paid consumption band in your proposal. During your negotiation, ask AWS to include the discount rate associated with each band in your proposal. This would help you develop an efficient payment strategy that best suits your organization's requirements.

### Is there a grace period beyond the agreement term?

Ask AWS to include a grace period in your EDP agreement to extend the discounted pricing beyond your agreement term in case you overspend or increase the contract term if you underspend.

### What's the new service and pricing roadmap, even short-term?

Ask AWS about their service and pricing roadmap (even if it's short-term) to ensure all upcoming services and features align with your future estimation and planning.



Finally, you can ask about other benefits like employee training on different technologies and AWS credits that can be bundled into the EDP agreement.

# What's After EDP?

AWS EDP discount levels are a great way to save on your AWS expense, but there are additional options available too. If your organization is qualifying for EDP, you can still use other AWS Saving options and techniques, in conjunction with EDP, to optimize your AWS expense.

AWS offers **Reserved Instances & Service Level Long-Term Commitments** as discount schemes for upfront payments and long-term usage commitments. For EC2 instances, Reserved Instance discounts can be up to 75% of the on-demand prices.

Although similar to reserved instances, **AWS Savings Plan** is a new and more flexible discount strategy from AWS. A savings plan allows you to commit to using AWS Computing services for 1-3 years regardless of the instance family or region. Savings Plan also covers cost savings in AWS Fargate, which is not possible with instance reservations.

**Reserved Instance Marketplace** allows you to purchase unused Reserved Instance capacity from other AWS customers. You might get a great deal in the AWS Marketplace. It also allows you to re-sell unused Reserved Instance capacity in the marketplace to reduce total costs.

AWS Migration Acceleration Program (MAP) is a unique program for organizations looking to migrate to AWS from other cloud providers or on-premise data centers. Just like AWS Activate, MAP offers some AWS credits to the customers to facilitate their cloud onboarding.

**Reducing Cloud Waste** is a critical step towards improving cloud savings. Even with discounts and credits, using AWS features and services efficiently is the best way to optimize AWS expenses. For clear recommendations to optimize AWS costs, use nOps, a trusted AWS partner. They have a proven record of reducing cloud waste and optimizing AWS cloud architectures.



## Conclusion

AWS EDP is a great way to reduce cloud expenditure for enterprises. Even a discount rate of 10% makes a difference when considering millions of dollars in AWS expenses. Customers who qualify for EDP can make it work to their benefit, provided they do the due diligence and adopt a well-architected setup. EDP is just like an investment. You should always understand how the EDP discounts fit into your business plan and how this investment benefits your organization. It is also possible that you might decide EDP is not a good option.

nOps is a machine learning-powered FinOps application backed by a competent team that can help you reduce cloud waste and automate efficient and resilient architectures. The primary way to plan for an EDP negotiation and utilize the discount to the fullest is to plan efficient architectures and efficiently forecast AWS expenses, which nOps can help you do. nOps can help plan and forecast effective and well-designed application architectures and budgets in AWS.

## Related Topics

- ✓ [Automate AWS Reserved Instances to Save up to 30% over On-Demand Cost](#)
- ✓ [What Is Cloud FinOps?](#)