Cloud Workload Migration: How Moving to the Cloud Saves Real Money

By Manan Saini | January 30, 2026

1. Introduction

Most companies still run a lot of their systems on hardware they own: racks of servers, storage arrays, and network gear in a room that someone in IT has to babysit every day. Keeping that environment alive is expensive and inflexible. Hardware has to be refreshed every few years, power and cooling bills keep ticking up, and a growing list of tools and licenses has to be maintained just to "keep the lights on."[1]

At the same time, spending on cloud infrastructure keeps climbing. IDC estimates that global cloud infrastructure spending will grow from $164 billion in 2024 to $253 billion by 2028, an 18.1% compound annual growth rate.[2] Shared cloud infrastructure alone is expected to reach almost $199 billion and represent nearly 79% of total cloud infrastructure spending by 2028.[2] Those numbers suggest there is a strong business reason behind the shift, not just a trend.

This report focuses on a simple question: when a company moves its workloads from on-premises servers to the cloud, how exactly does that save money? I examine the cost structure of traditional environments, explain the cloud pricing model, and then use real-world data—especially from banks and financial institutions—to show typical savings in the 20–50% range on total IT costs.[3][4]

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2. Why On-Premises IT Is So Expensive

2.1 Hardware and Capital Costs

Running your own infrastructure starts with buying a lot of physical equipment. A mid-size organization may spend hundreds of thousands of dollars on servers, storage, networking gear, and data-center build-out before a single user logs in.[5] That hardware usually has a useful life of about three to five years; after that, performance and support both fall off, so another round of purchases starts.[5]

From a finance perspective, this is all capital expenditure. The company ties up cash in assets that lose value every year and have almost no resale value at the end.

2.2 Operating Costs and Data-Center Overhead

Once the hardware is installed, the meter doesn't stop. Power and cooling alone can represent 20–30% of a data center's operating expenses.[5] The company pays for dedicated space, backup power, fire suppression, and physical security even if server utilization is low. On top of that, there are software licenses—for example, operating systems, databases, and monitoring tools—that often scale with the number of cores or servers.[3]

2.3 IT Staff and "Keeping the Lights On"

The most overlooked cost is usually people. A typical mid-size organization might have 25–40 IT professionals supporting 500–1,000 employees: system administrators, database administrators, network engineers, security analysts, and help-desk staff. Combined salaries and benefits often reach $2.5–4 million per year.[6][7]

Studies suggest 60–70% of an IT budget in this model goes to routine operations—patching servers, renewing certificates, managing backups—instead of improving products or customer experience.[6] That is the environment cloud providers are trying to replace.

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3. The Cloud Economic Model in Plain Language

3.1 Pay for What You Actually Use

Public cloud providers such as Oracle Cloud Infrastructure (OCI), AWS, Microsoft Azure, and Google Cloud flip the spending model entirely. Instead of buying hardware upfront, companies rent compute, storage, and higher-level services and pay by usage—per hour, per second, per gigabyte, or per request.[8][41]

Two advantages stand out:

- Companies don't have to over-provision hardware for rare peak loads. They can scale resources up and down as demand changes and just pay for the spikes when they happen.[8]
- There is no capital expenditure for servers or data-center equipment. Everything shows up as operating expense that closely tracks actual usage.[8]

3.2 Built-In Operations and Shared Expertise

Cloud platforms include functions that on-premises teams would otherwise have to provide themselves:

- Automated patching and operating-system updates
- Managed backups and multi-region redundancy
- Monitoring and alerting tools
- Built-in security features such as encryption and DDoS protection

Because providers operate at massive scale, they can spread these costs across many customers and optimize hardware utilization far beyond what a single organization could

do.[9] For the customer, this means fewer people dedicated purely to maintaining infrastructure and more time for projects that directly support the business.

3.3 Competition Pushes Prices Down

Cloud is also a very competitive market with major players including Oracle Cloud Infrastructure, AWS, Azure, and Google Cloud all competing aggressively. Vendors frequently lower prices for storage and compute or introduce new "savings plans" and reserved-instance options that reduce costs further when customers commit to steady usage.[10][46] Notably, several recent analyses suggest that Oracle Cloud often delivers the most cost-effective pricing for equivalent compute and database workloads—one comparison showed AWS, Azure, and Google Cloud priced around $151–159 USD per month for similar virtual machines, while the same resources on Oracle Cloud were approximately $55 USD per month.[47] On-premises hardware never gets cheaper over time; cloud services often do.

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4. What the Numbers Say: Cost Savings from Migration

4.1 High-Level Savings

Multiple independent studies point to similar ranges for savings across platforms including Oracle Cloud, AWS, Azure, and Google Cloud:

- A European Commission and Deloitte study found that cloud adoption can reduce total IT costs by 20–50% compared with running everything in-house.[11]
- Accenture's work with large enterprises reports typical total cost of ownership (TCO) reductions of 30–40% after migration.[12]
- Surveys of IT leaders show that most organizations see 20–30% cost reductions in the first few years, mainly from avoiding hardware purchases and data-center overhead.[13][14]
- A FinOps-focused analysis of multiple enterprise bills found that organizations moving workloads to Oracle Cloud Infrastructure and optimizing them achieved average savings of approximately 42.7% compared to other hyperscalers.[43]

Financial services, which tend to have large legacy environments, often report infrastructure savings around 27.4% after shifting major workloads to cloud platforms.[15]

4.2 Examples from Real Companies

Several case studies across multiple cloud platforms show how big the impact can be once companies optimize their cloud setups. Oracle Cloud infrastructure migrations illustrate these benefits particularly well:

- A global manufacturer migrated legacy enterprise applications to Oracle Cloud Infrastructure in what was described as a "zero-cost" migration, delivering more than $8 million USD in annual hosting savings, recovering nearly $100,000 USD in billing discrepancies, and optimizing storage costs by 20%.[36][57]

- A biopharma company moving Oracle E-Business Suite from on-premises data centers to Oracle Cloud Infrastructure cut infrastructure costs by approximately $1 million USD per year, avoided roughly $6 million USD in projected migration costs through an optimized approach, and improved application performance by around 60%.[37]
- The Cloud Native Computing Foundation (CNCF) reported saving about $1 million USD annually after migrating its production workloads to Oracle Cloud Infrastructure while benefiting from more efficient Kubernetes scaling.[48]

Beyond Oracle Cloud, other optimization examples include the marketing platform Drift cutting $2.4 million USD per year through optimization efforts, and Demandbase reducing its cloud bill by 36%, savings that helped support a $175 million investment round.[14] These aren't savings from moving to the cloud for the first time; they come from learning how to use cloud resources efficiently across platforms. That's important because it shows cost optimization is an ongoing process, not a one-time event.

4.3 Considering Migration Costs

Moving workloads is not free. For larger enterprises, an average cloud-migration project can cost around $1.2 million when you include planning, refactoring, data migration, and training.[16]

However, when yearly savings reach hundreds of thousands or millions of dollars—as demonstrated by the Oracle Cloud cases and others—the payback period tends to be relatively short. Studies suggest many organizations recoup migration costs within 18–24 months and then continue to benefit from lower operating expenses for the rest of the system's life.[5][16] Tools and calculators from partners such as Wipro show that re-hosting workloads on Oracle Cloud Infrastructure can deliver significant TCO savings over a multi-year horizon compared with both on-premises deployments and other cloud platforms, particularly for Oracle database and ERP workloads.[39][46]

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5. What Happens to the IT Department?

5.1 From Hardware Maintenance to Product Work

When infrastructure moves to cloud platforms like Oracle Cloud, AWS, Azure, or Google Cloud, a lot of day-to-day maintenance disappears from the company's task list. Teams no longer need to replace disks, manage physical racks, or schedule overnight patch windows. Instead, cloud engineers focus on architecture, automation (for example, using Terraform or Oracle Cloud Infrastructure Resource Manager), security configuration, and building internal tools.

Gartner and other industry analysts estimate that the share of the IT budget devoted purely to operations can drop from around 60–70% to roughly 20–30% in a well-run cloud environment.[6] That frees budget and people for projects that directly support customers or generate revenue.

5.2 Staffing and Cost Impact

Because the cloud platform takes on a big chunk of operational work, companies can support the same or higher workload with fewer infrastructure specialists. A common pattern for mid-size firms is a drop from about 30 infrastructure-focused roles to 12–15 cloud and platform engineers, even if overall IT headcount stays similar or grows in product areas.[17]

One simple scenario illustrates the savings:

- Before migration: 30 IT staff at an average loaded cost of $85,000 per person → about $2.55 million per year.
- After migration: 15 higher-skilled cloud engineers at roughly $95,000 each → about $1.43 million per year.

That difference is over $1.1 million in yearly payroll savings while still improving reliability and scalability.[18]

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6. Why Banks and Payment Companies Care

6.1 Special Constraints in Financial Services

Banks handle highly sensitive data and mission-critical workflows: processing card transactions, managing customer accounts, and settling payments. Historically, that led many institutions to keep everything in their own data centers, partially out of caution around security and regulation.

In recent years, regulators and auditors have become more comfortable with cloud deployments as major providers—including Oracle Cloud Infrastructure—earned certifications like PCI DSS and implemented strong controls for data residency and encryption.[19][45][46] As a result, financial institutions can now move workloads to platforms like Oracle Cloud, AWS, and Azure without violating regulatory requirements, as long as they design the architecture correctly.

6.2 Bank Case Studies

Several public case studies show dramatic savings and performance improvements for banks that modernize on the cloud:

- A multinational bank that migrated customer-facing services and data platforms to AWS reported an 80% reduction in service-related costs, with prices per service dropping from about $1.50 to $0.30.[14] Beyond cost, the bank saw roughly 3× better operational efficiency and a 50% faster time-to-market for new digital products.[14]

- A European bank that modernized three key applications—core banking, mobile banking, and e-banking—on Microsoft Azure using containerization reported up to 90% operational cost reduction for those systems.[20] The move also improved resilience and security while speeding up deployments.

- A top Canadian bank that shifted parts of its infrastructure to cloud platforms reported elimination of large capital expenditures, improved cost predictability

through pay-as-you-go pricing, and better scalability during transaction peaks.[21][22]

- Oman Housing Bank partnered with Cloud4C to migrate its critical systems to Oracle Cloud Infrastructure as part of a broader national digital-transformation effort.[45] The bank became one of the first in its country to fully adopt a cloud-native approach, implementing an OCI-based disaster-recovery architecture that improved resilience and cybersecurity while maintaining full compliance with central-bank regulations.[45]

These examples across Oracle Cloud, AWS, Azure, and other platforms are important because banks typically have strict requirements around uptime and compliance. If they can safely move workloads and save money, many other industries can as well.

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7. A Concrete Example: Migrating a Single Business Application

7.1 On-Premises Version

In a traditional setup, the application might run on a cluster of physical servers with dedicated database hardware, load balancers, and backup systems. When you add up hardware, software licenses, data-center costs, and staff, it is reasonable for annual operating costs to land between $650,000 and $1,150,000.[22]

A lot of that money is spent just to keep the environment running safely, not to add new features or improve customer experience.

7.2 Cloud-Hosted Version

If the same application is redesigned to run on a public cloud platform such as Oracle Cloud Infrastructure, AWS, Azure, or Google Cloud, the architecture looks different:

- Application servers run on virtual machines or managed platforms like Oracle Cloud Compute, Azure App Service, or AWS Elastic Beanstalk.
- Databases run on managed services such as Oracle Autonomous Database, Azure SQL Database, or Amazon RDS.
- Load balancing, monitoring, backup, and failover are handled by cloud-native services like OCI Load Balancing or other provider-specific services.[39][46]

In many real-world scenarios, this kind of setup costs somewhere between $95,000 and $150,000 per year in cloud fees and a portion of a cloud engineer's time.[22][39] That implies annual savings on the order of $555,000 to $1,000,000, or about 60–87% compared with the original on-premises deployment.[22] The case studies from Oracle Cloud migrations demonstrate these savings concretely, with some organizations achieving even greater reductions.[36][37]

Even if the migration project costs around $150,000 to plan, refactor, and execute, the organization still breaks even in a few months and then enjoys sustained savings over the system's lifetime.

8. Strategic and Financial Implications

8.1 Shifting from CapEx to OpEx

Moving to the cloud changes how expenses show up on financial statements. Instead of buying hardware and depreciating it over several years, organizations pay operating expenses tied to monthly usage.[23] This can improve cash flow because there is no need for large upfront investments, and IT budgets become more flexible since resources can be scaled up or down as needed.

For product teams, this means it is cheaper to experiment. Launching a new service no longer requires buying servers; teams can provision resources on demand, test, and scale only if the idea works.

8.2 Risk, Vendor Lock-In, and Hybrid Models

There are real risks to consider. Depending entirely on one cloud provider introduces a degree of vendor lock-in, and misconfigured environments can become unexpectedly expensive. To manage this, many organizations adopt hybrid or multi-cloud strategies, keeping a few sensitive systems on-premises or splitting workloads across Oracle Cloud, AWS, Azure, and Google Cloud.[23][41]

Good design practices—such as containerization and using open-source components—also make it easier to move workloads between Oracle Cloud, AWS, and other platforms if needed.[20][48] Organizations using FinOps practices and cost-analysis tools specifically available on platforms like Oracle Cloud can also optimize spend and maintain budget predictability.[40][43][49]

9. Conclusion

For most organizations—especially those running complex transaction systems like banks—moving workloads to cloud platforms such as Oracle Cloud Infrastructure, AWS, Microsoft Azure, and Google Cloud is not just a technology upgrade; it is a financial strategy. Case studies and industry research consistently show 20–50% reductions in total IT cost, with some banking workloads and enterprise migrations achieving much higher savings when they are fully modernized and optimized.[11][14][15][36][37]

The main drivers are straightforward: no more hardware refresh cycles, lower data-center overhead, and a significant reduction in staff time spent on basic maintenance. At the same time, cloud platforms including Oracle Cloud deliver better scalability, faster time-to-market, and easier access to advanced services such as analytics and machine learning. Oracle Cloud's competitive pricing—often delivering roughly one-third the cost of equivalent AWS, Azure, or Google Cloud resources—makes these benefits especially compelling for organizations with database-heavy or Oracle-centric workloads.[47]

For a product-management role focused on cloud services, the key takeaway is that migration is not only about "moving servers." It is about redesigning how technology spending works in the organization so that more of every dollar goes to customer-facing value instead of

background infrastructure—and platforms like Oracle Cloud Infrastructure are central to making that shift economically attractive.[36][37][40][48]

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