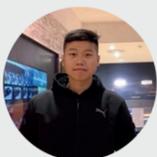# UNDERSTANDING EC2 PURCHASING OPTIONS
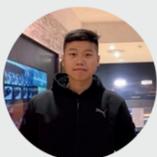
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ON-DEMAND INSTANCES

"Ideal for those who need flexible, short-term, or trial solutions without the commitment."

- **Pros**: No long-term commitments required; pay for only what you use per second.
- **Cons**: Most expensive option per compute hour; not cost-effective for predictable, long-term usage.
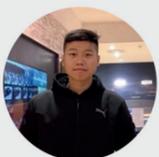
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RESERVED INSTANCES

"Best suited for applications with predictable usage that can benefit from significant cost savings over time."

- **Pros:** Up to 72% cheaper than On-Demand; stable, predictable billing.
- **Cons:** Locked-in commitment for 1 or 3 years, which may reduce flexibility.
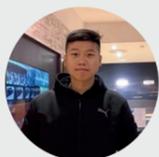
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CONVERTIBLE RESERVED INSTANCES

"Provides flexibility to change instance specifications if your requirements change, with a balance between cost savings and adaptability."

- **Pros:** Permits modifications in instance type, offering a mix of savings and flexibility.
- **Cons:** Discounts are less than non-convertible reserved instances; commitment is still required.

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SAVINGS PLANS

"Offers a consistent discount rate similar to Reserved Instances but with more flexibility across instance families and regions."

- **Pros:** Allows changes across instance size and family within a region under the same plan.
- **Cons:** Requires a commitment to spend a specific amount per hour, which can be a downside if usage decreases.
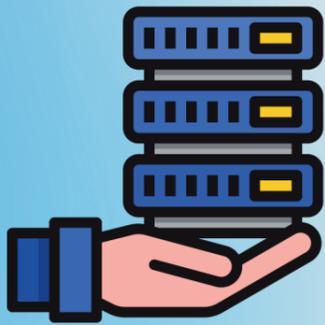
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SPOT INSTANCES

" Ideal for flexible projects with start and end times that can tolerate interruptions, like batch processing or background tasks."

- **Pros**: Cost-effective, offering discounts up to 90% compared to On-Demand prices.
- **Cons**: Instances can be terminated unexpectedly, which is not suitable for critical applications.
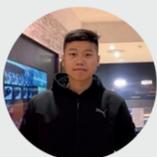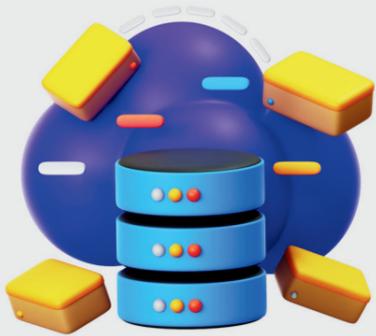
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DEDICATED HOSTS

"Suitable for users with specific compliance needs or those who wish to utilize existing per-socket, per-core, or per-VM software licenses."

- **Pros:** Allows compliance with strict regulatory requirements and use of existing licenses.
- **Cons:** High cost and complexity in managing physical server allocations.

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DEDICATED INSTANCES

" Provides enhanced privacy by ensuring that no other customers share the physical hardware."

- **Pros:** Increases security by isolating your hardware from other tenants.
- **Cons:** More expensive than standard instances, with fewer benefits than a Dedicated Host.

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CAPACITY RESERVATIONS

"Ensures you have the necessary capacity when needed without the commitment to specific usage hours."

- **Pros:** Guaranteed availability in a specific Availability Zone; ideal for short-term, high-availability needs.
- **Cons:** Charges are at On-Demand rates, whether used or not; no billing discounts for unused capacity.

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