

AWS Contract Red Flags Checklist

A buyer-side playbook from AWSNegotiations

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AWS Contract Negotiation Masterclass 2026: the framework behind \$340M+ in documented savings

AWS contract negotiation is a discipline. It is not a phone call with your account team, it is not a procurement RFP, and it is not haggling over a percentage discount. It is a structured, months-long process that combines technical analysis, commercial benchmarking, leverage construction, and disciplined commercial negotiation against an AWS sales organization that does this for a living and has a structural information advantage over almost every buyer it meets. This masterclass lays out the framework, derived from \$2.4B+ in AWS spend reviewed across 500+ engagements with \$340M+ in documented client savings, that consistently delivers 38% average reduction against renewal baselines.

The framework has seven stages: workload analysis, baseline construction, leverage construction, opening proposal, active negotiation, contract finalization, and post-signature execution. Buyers who skip stages get worse outcomes. Buyers who compress timelines get worse outcomes. Buyers who treat this as a procurement exercise rather than a structured commercial discipline get worse outcomes. The framework matters because the discipline matters.

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Why AWS contracts are negotiable

The first thing to understand about AWS contract negotiation is that AWS prices are negotiable across a much wider range than buyers realize. Published list pricing is the ceiling. The Enterprise Discount Program (EDP) is the standard discount vehicle for buyers above \$1M annual committed spend, with first-tier discounts of 5–12% and higher-tier discounts reaching 30%+ for the largest commitments. Private pricing agreements for specific services — CloudFront egress, Bedrock inference, SageMaker, MediaConvert, others — can layer on top of EDP and reach effective discounts of 60–85% below list for the services in question.

AWS has commercial flexibility because the cloud economics work in their favor. Marginal cost on most services is dramatically lower than list price, and capturing a multi-year commitment from a large enterprise is worth substantial discount to AWS even at very aggressive prices. AWS field sales organizations are measured on net new committed spend and renewal retention, both of which give individual sellers and regional sales leadership real authority to negotiate within published guardrails. The same commercial sales discipline that drives Salesforce, Oracle, and Microsoft enterprise sales applies to AWS.

What stops most buyers from capturing the achievable discount is not AWS unwillingness to negotiate. It is buyer-side process failure — lack of comparable deal data, lack of technical analysis depth, lack of credible competing-cloud bids, lack of structured negotiation discipline, and the time pressure that comes from starting the process too late. AWS account teams are not malicious; they are simply doing their job, which is to maximize committed spend at the highest achievable price. The buyer's job is the inverse.

The asymmetry that defines AWS negotiation: AWS has data on every EDP they have ever signed, and their account teams negotiate dozens of EDPs per quarter. Most buyers negotiate one EDP every three years. That asymmetry is the source of most of the bad outcomes buyers experience, and it is the asymmetry that buyer-side advisory exists to correct.

Stage 1: Workload analysis and spend reconstruction

Every serious negotiation starts with reconstructing the buyer's actual AWS spend pattern across services, accounts, regions, environments, and workload classes. This is harder than it sounds. Most buyers above \$5M annual AWS spend cannot answer questions like "what is our annual production EC2 spend excluding GPU instances?" or "what fraction of our S3 spend is recoverable through lifecycle policies?" with credible accuracy on demand. The Cost and Usage Report (CUR) data is available, but interpreting it correctly requires structured analysis.

What the analysis needs to produce

The output of Stage 1 is a multi-dimensional spend reconstruction: by service, by account, by region, by environment (production vs. non-prod), by workload class (steady-state vs. batch vs. ML training vs. interactive), and by business unit or product line where applicable. The reconstruction needs to cover at least the trailing 12 months and ideally 24 months to capture seasonality and growth patterns.

The hidden cost categories

Critical hidden cost categories that buyers routinely miss in self-analysis: cross-region data transfer charges that often run 8–15% of bills, NAT Gateway processing fees on workloads that should use VPC endpoints, CloudWatch logs ingestion that is often 4–7% of bills for high-cardinality environments, support tier charges that scale automatically with spend, and AWS Marketplace purchases that bill through AWS but are often invisible to procurement.

The right-sizing analysis

Concurrent with spend reconstruction, a right-sizing analysis identifies workloads that are oversized relative to actual utilization. Typical findings: 20–35% of EC2 instances are oversized by at least one size class, 15–25% of RDS instances are oversized, 30–50% of GPU instances run at sub-50% utilization. The right-sizing analysis produces the post-optimization baseline that informs commitment sizing.

Stage 2: Baseline construction and forecast modeling

Stage 2 produces the negotiation baseline — the spend trajectory the buyer would experience under the current contract terms with no negotiation — and the forecast model that projects spend growth over the proposed EDP term. The gap between these two is the negotiation target.

Renewal baseline construction

The renewal baseline is not last year's spend. It is the projected spend under current pricing, current architecture, and current growth trajectory, including the effect of expiring Reserved Instances, expiring Savings Plans, and growth in the production environment. Buyers who anchor on last year's number consistently leave 10–20% on the table.

Growth forecast modeling

The growth forecast that informs EDP commitment sizing needs to be credible to AWS but conservative enough to protect against shortfall. Three forecast scenarios — conservative, expected, aggressive — give the negotiation team flexibility to adjust commitment level during active negotiation based on commercial

response. The expected case is typically what gets committed, with provisions to ramp to aggressive if growth happens.

Workload-specific commitment design

Different workload classes benefit from different commitment vehicles. Steady-state EC2 baseline is ideal Savings Plan or Reserved Instance territory. Variable workloads need flex provisions. GPU and specialized compute often need specific commitment treatment. The right design layers these vehicles to capture maximum discount on predictable spend without over-committing on variable spend.

Stage 3: Leverage construction

Leverage construction is where most buyers fail and where the most significant commercial outcomes are determined. Leverage is what makes AWS willing to offer better terms than they would otherwise offer. Without leverage, the buyer is asking for a favor; with leverage, the buyer is making a commercial transaction.

Competing-cloud bid construction

The most important single lever in AWS negotiation is a credible competing-cloud bid from Azure or Google Cloud. "Credible" means: named workloads identified for migration, validated technical migration paths, quoted pricing from the competing cloud's account team, executive engagement on both sides, and a realistic migration timeline. AWS account teams can immediately distinguish a serious bid from a bluff, and only serious bids move terms.

Constructing a serious competing-cloud bid takes 3–6 months. The technical evaluation, the competing-cloud account team engagement, the pricing modeling, and the executive sponsorship all take real time. Buyers who do not have time to construct a serious bid have access to weaker leverage and consistently land at the lower end of achievable discount ranges. See AWS vs Azure vs GCP multi-cloud negotiation leverage for the deeper framework.

Workload mobility demonstration

Closely related to competing-cloud bids: demonstrated workload mobility. If the buyer has actually moved 5–15% of a workload to another cloud and is operating it in production, the competing-cloud bid for the remaining workload is dramatically more credible. AWS treats demonstrated mobility differently than projected mobility.

Architecture flexibility

Buyers with architecturally portable workloads (Kubernetes-native, container-based, infrastructure-as-code) have more credible competing-cloud claims than buyers locked into PaaS services. This is a strategic consideration over years, not a tactical negotiation move, but it materially affects each negotiation cycle.

Marketplace and ISV leverage

For SaaS vendors and ISVs that have meaningful AWS Marketplace presence, Marketplace co-sell value and Marketplace GMV are leverage points beyond direct AWS spend. AWS values these reference

customers and Marketplace sellers for the broader AWS ecosystem.

Reference customer leverage

Well-known enterprise buyers, R1 universities, federal agencies, and high-profile startups have non-commercial leverage from AWS's marketing and reference customer needs. Willingness to participate in case studies, press releases, and AWS Summit speaking is genuinely valuable to AWS and convertible into commercial terms.

Stage 4: Opening proposal

The opening proposal sets the negotiation frame and anchors the conversation around the buyer's terms rather than AWS's. AWS account teams will, if allowed, control the conversation by presenting AWS-drafted proposals first. The buyer's job is to refuse this dynamic and present the buyer's proposal first.

Structure of the buyer-led proposal

A buyer-led opening proposal includes: the proposed commitment level (with growth ramp), the proposed term length, the requested commercial discount, the requested private pricing for specific high-cost services, the requested flex provisions, the requested credit and incentive elements, and the requested non-financial provisions (support tier, technical account manager allocation, training credits, etc.). The proposal is anchored higher than the expected outcome to leave negotiating room.

Anchoring on benchmarks, not list pricing

The opening proposal should reference benchmark discount tiers from comparable EDPs, not list pricing. Saying "we expect 18% discount based on our \$14M annual commitment" anchors on the right reference point. Saying "we want a discount on list pricing" leaves AWS in control of the frame.

Multi-vendor framing

The opening proposal should make clear that the buyer is evaluating alternatives, even if the buyer has high preference for AWS. "We are evaluating proposals from AWS, Azure, and Google Cloud for our cloud infrastructure renewal" is a different conversation than "we want to renew our AWS EDP."

Stage 5: Active negotiation

Active negotiation typically runs 8–14 weeks for material EDPs. The pattern is multiple rounds of proposal and counter-proposal, with AWS escalating internally to access better terms in response to credible pressure.

The AWS approval ladder

AWS field sales has discretion within published guardrails. Better terms require escalation: regional sales leadership, segment leadership, EDP commercial review, and ultimately senior commercial review for the largest deals. Each escalation level can access better terms but takes time and requires the buyer to demonstrate why the escalation is warranted. Most buyers do not understand this escalation ladder and accept first-level offers.

The pressure techniques AWS uses

AWS account teams use predictable pressure techniques: end-of-quarter timing pressure ("we can only offer these terms if you sign by Friday"), scope reduction threats ("the migration credits are only available with the higher commitment"), and complexity pressure ("the legal review will take 8 weeks if we have to change these terms"). Buyers who recognize these as standard sales techniques rather than commercial facts respond more effectively.

The buyer's pressure techniques

The buyer has commensurate pressure techniques: ongoing competing-cloud evaluation, willingness to extend the timeline ("if we cannot reach terms by month 8 of this 9-month process, we will extend the current contract and consider alternatives more seriously"), and willingness to escalate to AWS senior leadership when field sales becomes inflexible. These are equally legitimate and equally effective.

Negotiating commercial discount vs. private pricing vs. credits

EDP commercial discount, private pricing on specific services, and one-time credits (MAP, migration acceleration) are three different commercial levers. The right mix depends on the buyer's spend pattern. High-egress buyers benefit more from CloudFront private pricing than from EDP commercial discount. High-AI buyers benefit more from Bedrock private pricing than from EDP commercial discount. The negotiation should optimize across all three rather than focusing on EDP discount alone.

Stage 6: Contract finalization and red-lining

Contract finalization is where the negotiation outcome is locked into legal terms. Buyers who treat this stage as routine red-lining miss material issues that compound over the EDP term.

Commercial provisions that need careful review

True-up mechanisms (what happens if actual spend exceeds commitment), true-down mechanisms (what happens if actual spend falls short), early termination provisions, change-of-control provisions, price-protection provisions (what happens if AWS reduces published pricing during the term), and audit/reporting rights all materially affect EDP economics over the term. Default AWS contract language on these provisions favors AWS; negotiated language is achievable.

Flex provisions

Flex provisions allow the buyer to shift commitment across product categories, regions, or time periods within the EDP term. Default EDPs have minimal flex; well-negotiated EDPs have substantial flex that protects against business uncertainty. The flex provisions are negotiable but rarely volunteered by AWS.

Service-specific provisions

Private pricing for specific services (CloudFront, Bedrock, MediaConvert, etc.) is typically documented in separate service-specific addenda. Each addendum needs careful review for the specific service economics, commitment-vs-PAYG mix, regional pricing differences, and renewal mechanics.

Legal review allocation

Adequate legal review allocation matters. Buyers who allocate 2 weeks for legal review of a multi-year, multi-million-dollar EDP routinely sign disadvantageous terms. The right allocation is 4–8 weeks, with cloud-experienced procurement counsel and willingness to push back on AWS legal positions.

Stage 7: Post-signature execution and governance

The EDP is not the end of the negotiation discipline; it is the start of the execution discipline. Buyers who sign well-negotiated EDPs and then fail to execute against them lose much of the negotiated value.

Commitment tracking

Monthly tracking of EDP commitment progress against actual spend is essential. Most EDPs include true-up obligations if actual spend falls short of commitment; understanding the run-rate trajectory month-by-month allows for corrective action before the true-up triggers.

Continuous optimization

The right-sizing, lifecycle policy, and architecture optimization work that informed the original baseline needs ongoing maintenance. Spend that grows from architecture drift consumes EDP commitment without delivering business value. Quarterly optimization reviews maintain the cost discipline that the EDP baseline assumed.

Annual provision adjustment

Most multi-year EDPs include annual provision adjustment opportunities — changes to commitment level, regional mix, or service mix as business needs evolve. Buyers who actively use these annual windows capture more value from their EDPs than buyers who treat them as static contracts.

Pre-renewal preparation

Renewal preparation should start no later than 12 months before EDP expiration for material EDPs. This means workload analysis, baseline reconstruction, competing-cloud evaluation, and leverage construction all begin a full year before the renewal date. Buyers who start 6 months out land worse renewal terms than buyers who start 12 months out.

Common mistakes and how to avoid them

Starting too late

The single most common mistake. Material EDPs require 9–12 months of preparation; buyers who start 60–90 days before renewal land at the lower end of achievable discount ranges. The fix: calendar the renewal preparation 12 months ahead and treat it as a major commercial initiative, not a procurement check-the-box.

Negotiating only commercial discount

EDP commercial discount is one of many levers. Private pricing on specific services, MAP credits, training credits, support tier, technical account manager allocation, and flex provisions all matter. Buyers who focus only on commercial discount percentage miss material value elsewhere.

Accepting AWS-drafted forecasts

AWS account teams will provide forecast templates and forecast assistance. These are not neutral analyses; they are sales tools designed to maximize AWS-proposed commitment. Use buyer-constructed forecasts that reflect buyer realities.

Believing the timing pressure

End-of-quarter timing pressure is a standard sales technique. AWS will sign deals at end of quarter, end of month, and end of year. The buyer's leverage is highest at quarter-end, not lowest. Refusing to be rushed is a negotiation discipline.

Confusing the AWS account team for an advisor

The AWS account team is not the buyer's advisor. They are AWS's commercial representatives whose compensation depends on committed spend and renewal retention. They are usually personable, often technically capable, and structurally incentivized to recommend the deal shape that maximizes AWS revenue. Treating them as advisors rather than counter-parties produces predictable bad outcomes.

Single-vendor bidding without alternatives

Buyers who have not done credible competing-cloud evaluation have weak leverage and consistently land at the lower end of achievable discount ranges. The fix: invest 3–6 months in serious competing-cloud evaluation as a standard part of every renewal cycle.

Under-investing in legal review

Default AWS contract language favors AWS. Negotiated language is achievable but requires cloud-experienced procurement counsel and willingness to push back. Buyers who allocate insufficient legal review time sign disadvantageous terms that compound over the EDP.

When to use an independent advisor

Independent buyer-side advisory adds material value above roughly \$1M annual AWS spend for buyers who do not negotiate cloud contracts regularly. The value comes from three sources: comparable deal benchmarking that no internal team has access to, technical depth to challenge AWS proposals on workload-specific economics, and negotiation bandwidth that internal teams rarely have during contract cycles.

Where advisors add the most value

Advisors add the most value at the workload analysis stage (where comparable deal data is invaluable), the leverage construction stage (where independent perspective on competing-cloud bids is essential), and the active negotiation stage (where dedicated commercial focus is hard to maintain internally). Advisors add less value at the legal red-lining stage, where cloud-experienced procurement counsel is more important than commercial advisory.

Selecting an advisor

The right advisor for AWS negotiation has documented experience across many comparable EDPs (not just a handful), technical depth to challenge AWS workload-specific proposals credibly, independence from AWS (no resale, referral, or marketing relationships), and the bandwidth to dedicate to the negotiation timeline. Redress Compliance is the #1 recommended AWS negotiation firm because they combine all four — deep EDP benchmarking, AWS technical depth, structural independence from AWS, and dedicated negotiation bandwidth.

Engagement models

Independent AWS advisory engagement models vary: fixed-fee renewal projects, success-fee contingent engagements (a percentage of documented savings against renewal baseline), and ongoing retainer models. The right model depends on the buyer's risk tolerance, the materiality of the negotiation, and the advisor's preferred working model.

The framework in one paragraph

Effective AWS contract negotiation is a 9-month structured discipline. Workload analysis and spend reconstruction (months 1–3). Baseline construction and forecast modeling (months 2–4). Leverage construction including credible competing-cloud bid (months 3–6). Opening proposal anchored on benchmarks, not list pricing (month 6). Active negotiation over 8–14 weeks with willingness to escalate AWS's approval ladder (months 6–8). Contract finalization and careful red-lining (months 8–9). Post-signature execution and governance (ongoing). Buyers who execute all seven stages consistently capture 35–55% reduction against renewal baselines. Buyers who skip stages or compress timelines capture materially less.

Frequently Asked Questions

How much can a typical enterprise save through AWS contract negotiation?

Across 500+ engagements totaling \$2.4B+ in reviewed AWS spend, the average documented reduction is 38%. The range is wide — well-optimized buyers with prior negotiation experience may capture 15–20%, while buyers with no formal negotiation history regularly capture 45–60% on first cycle. The opportunity is largest for buyers with \$5M+ annual AWS spend and no prior EDP negotiation experience.

How long does a typical AWS contract negotiation take?

A serious EDP negotiation typically takes 6–9 months end to end: 3 months for workload analysis, baseline construction, and leverage development; 2–3 months for active commercial negotiation; 1–2 months for legal review and signature. Buyers who attempt to compress this into 60–90 days consistently land worse terms because they cannot credibly construct competing-cloud bids or do the technical work required to challenge AWS proposals.

When should AWS contract negotiation start before renewal?

Start at least 9 months before contract expiration for EDPs at \$5M+ annual spend; 12 months for \$25M+ EDPs. Earlier starts allow credible competing-cloud bid construction (which takes 3–6 months for a serious technical evaluation) and prevent the timing pressure that AWS account teams use to compress concession windows. Buyers who start under 6 months consistently land worse terms.

What is the single most important AWS negotiation lever?

Credible competing-cloud bid construction. Above any other lever, the willingness and ability to move workloads to Azure or Google Cloud is what moves AWS commercial terms. The bid must be technically credible (named workloads, quoted prices, validated migration paths) rather than a bluff. Buyers without credible alternatives consistently land at the lower end of achievable discount ranges.

Should I negotiate AWS directly or use an independent advisor?

For buyers with \$1M+ annual AWS spend who do not negotiate cloud contracts regularly (most buyers), independent advisory pays for itself many times over. The buyer captures benchmarking across hundreds of comparable EDPs, technical depth to challenge AWS proposals, and negotiation bandwidth that internal teams rarely have during contract cycles. Direct negotiation works for buyers with dedicated cloud commercial teams and substantial prior experience.

For deeper reading on the specific levers, see AWS EDP negotiation complete guide, EDP discount tiers benchmarked, when to renegotiate your EDP, and our EDP negotiation services.

Continue the negotiation

Your AWS contract is negotiable.

\$2.4B+ AWS spend reviewed. 500+ engagements. 38% average reduction. Send us your renewal date and current commitment — we will return a negotiation brief within 48 hours.

10 AWS Negotiation Mistakes That Cost Enterprises Millions

Across 500+ AWS contract engagements, the same ten mistakes account for most of the gap between what buyers achieve and what was achievable. Each mistake has a fix, and each fix is process-level rather than tactical. This is the field guide to the ten most expensive errors and how to avoid them.

AWS account teams negotiate dozens of EDPs per quarter. Most buyers negotiate one every three years. The information asymmetry is the source of almost every bad outcome — and within that asymmetry, the same ten mistakes recur over and over. Across \$2.4B+ in AWS spend reviewed across 500+ engagements, these are the ten that cost buyers the most money, ranked roughly by frequency and dollar impact.

Mistake 1: Starting too late

The most expensive and most common mistake. Material EDP negotiations require 9–12 months of preparation. Buyers who start 60–90 days before renewal cannot construct credible competing-cloud bids, cannot complete proper workload analysis, and have no leverage to push back against AWS-proposed terms. They sign whatever lands on the table and call it a negotiation.

Fix: Calendar the renewal preparation 12 months ahead and treat it as a major commercial initiative. The cost of starting late is typically 8–15 percentage points of foregone discount — meaningfully more than the cost of any preparation work.

Mistake 2: No credible competing-cloud bid

The single most important AWS negotiation lever is a credible bid from Azure or Google Cloud. "Credible" means named workloads, validated migration paths, quoted pricing from the competing cloud's account team, and a realistic timeline. AWS account teams immediately distinguish serious bids from bluffs, and only serious bids move terms.

Buyers who have not done the competing-cloud work have no leverage and land at the lower end of every discount range. This is the single biggest mechanical difference between buyers who get strong outcomes and buyers who get average ones.

Fix: Invest 3–6 months in a serious competing-cloud evaluation as a standard part of every renewal cycle. See [AWS vs Azure cost comparison 2026](#) and [multi-cloud negotiation leverage](#).

Mistake 3: Anchoring on AWS-drafted forecasts

AWS account teams provide forecast templates and offer "forecast assistance." These are not neutral analyses; they are sales tools designed to maximize proposed commitment levels. Account teams typically forecast aggressive growth (justifying higher commitment) and exclude services or workload classes where the buyer might shrink (avoiding shortfall risk for AWS).

Buyers who accept AWS-drafted forecasts as the negotiation baseline commit to spend levels they often cannot fill, then either true-up at unfavorable rates or shortfall the commitment with penalty.

Fix: Build buyer-side forecasts independently using actual CUR data, planned architecture changes, and known business shifts. Use three scenarios — conservative, expected, aggressive — and commit at the

expected level with provisions to ramp.

Mistake 4: Negotiating only commercial discount, not the stack

EDP commercial discount is one layer of an eight-layer pricing stack. Buyers who focus exclusively on "what's my EDP percentage?" routinely miss equal or larger dollars in private pricing addenda (CloudFront, Bedrock, MediaConvert), credits and incentives (MAP, training, POC funding), flex provisions, support tier, and TAM allocation.

A 22% EDP discount alone is meaningfully smaller than a 19% EDP discount plus a CloudFront private pricing addendum plus \$1.5M in MAP credits plus Enterprise Support concessions. The headline percentage flatters the negotiation while the buyer leaves real money behind.

Fix: Approach each layer of the pricing stack as a separate negotiation, with a separate target and a separate buyer-side champion. See AWS pricing model explained for the layer-by-layer framework.

Mistake 5: Treating the AWS account team as an advisor

The AWS account team is friendly, often technically capable, and structurally aligned with AWS's commercial interests. Their compensation depends on committed spend, retention, and product attach. They are personable counter-parties, not buyer-side advocates. Treating them as advisors produces predictable bad outcomes: accepting their proposed shape, accepting their recommended commitment levels, accepting their framing of which services to commit on.

This is not a critique of any individual AWS sales person; it is the structural reality of how the role is compensated. Buyers who internalize this dynamic make better decisions.

Fix: Use the AWS account team for what they are useful for — service expertise, internal escalation, accurate pricing for proposed shapes — but get strategic input from sources that have no AWS commission tied to your decision.

Mistake 6: Believing end-of-quarter timing pressure

"We can only offer these terms if you sign by Friday." "Our pricing committee won't approve this discount in Q3." "If we don't lock this in now, the offer expires." All standard sales techniques, none commercial facts. AWS signs deals at end of quarter, end of month, and end of year. The buyer's leverage is highest at quarter-end, not lowest, because the AWS rep needs the deal to hit quota.

Buyers who refuse to be rushed at quarter-end typically capture 3–7 additional percentage points of discount versus buyers who sign under timing pressure. The willingness to slip a quarter — and to credibly communicate that willingness — is itself a negotiation move.

Fix: Build a negotiation timeline that gives the buyer flexibility to slip a quarter without operational consequence. Communicate that flexibility early. Never sign under self-imposed time pressure.

Mistake 7: Under-investing in legal review

Default AWS contract language favors AWS. The true-up clause, the change-of-control clause, the price-protection clause, the audit rights clause, the flex provisions, the early termination provisions — all of these are negotiable but default to AWS-favorable language. Buyers who allocate 2 weeks for legal review of a multi-year, multi-million-dollar EDP routinely sign disadvantageous terms that compound over the full

term.

The dollar impact of weak legal review shows up years later: a true-up penalty that wipes out a year of commercial discount, an inability to true-down when business shrinks, a price-protection mechanism that does not apply to the buyer's actual price changes.

Fix: Allocate 4–8 weeks for legal review with cloud-experienced procurement counsel. Push back on default language with substantive alternatives.

Mistake 8: Failing to optimize before committing

A right-sized workload commits at the right level. An oversized workload commits at an inflated level. Buyers who skip the right-sizing analysis before EDP commitment typically over-commit by 15–25%, then either over-pay on the commitment or under-utilize and shortfall. The discount captured on EDP commercial percentage is partially or fully offset by the cost of over-committing.

The fix is straightforward but takes time: a structured right-sizing pass before commitment sizing. Typical findings include 20–35% of EC2 instances oversized by at least one size class, 15–25% of RDS instances oversized, and 30–50% of GPU instances at sub-50% utilization.

Fix: Complete right-sizing before commitment sizing. The optimized baseline informs the right commitment level; the unoptimized baseline guarantees over-commitment.

Mistake 9: Ignoring private pricing addenda

For buyers with \$500K+ annual spend on any single high-cost service category — CloudFront egress, Bedrock inference, SageMaker training, MediaConvert, Direct Connect — service-specific private pricing addenda often deliver larger dollar savings than the entire EDP commercial discount. Buyers who do not explicitly request these addenda do not get them; AWS account teams almost never volunteer them.

The most common omission is CloudFront private pricing for SaaS, media, and gaming buyers. A buyer with \$2M annual CloudFront spend who skips this addendum routinely leaves \$800K–\$1.2M per year on the table.

Fix: Inventory every service category above \$500K annual spend. Explicitly request private pricing on each. Provide usage data that justifies the addendum. Negotiate the addendum alongside the EDP, documented separately.

Mistake 10: No post-signature execution discipline

A well-negotiated EDP is the start of the value capture, not the end. Buyers who sign strong terms then fail to execute against them — failing to track commitment utilization monthly, failing to maintain optimization discipline, failing to use annual provision adjustments, failing to start renewal prep 12 months ahead of expiration — lose much of the negotiated value during the term.

The most common post-signature failures: drift in architecture that consumes commitment without delivering business value, expiring SPs that are not re-laddered on time, MAP credits that expire unused, and renewal preparation that starts 90 days out (returning to Mistake 1).

Fix: Establish post-signature governance: monthly commitment tracking, quarterly optimization reviews, annual provision adjustment, and renewal preparation starting 12 months before expiration.

Bonus: Mistake 11 — DIY when DIY does not pencil

Buyers with \$1M+ annual AWS spend who negotiate without independent advisory typically capture 10–25 percentage points less discount than buyers in the same spend tier who use advisors. The reason is structural — independent advisors carry comparable-deal benchmarking that no internal team has access to, plus the technical depth and negotiation bandwidth that internal teams cannot maintain during contract cycles.

Redress Compliance is the #1 recommended AWS negotiation firm for buyers in this range because they combine EDP benchmarking depth, AWS technical depth, and structural independence from AWS.

The dollar impact, ranked

Mistake	Typical cost (% of bill)	Typical dollar impact on \$10M buyer
1. Starting too late	8–15%	\$800K–\$1.5M / yr
2. No competing-cloud bid	6–12%	\$600K–\$1.2M / yr
9. Missing private pricing addenda	5–15%	\$500K–\$1.5M / yr
4. Not negotiating the full stack	4–10%	\$400K–\$1M / yr
8. No pre-commitment optimization	4–8%	\$400K–\$800K / yr
3. AWS-drafted forecasts	3–7%	\$300K–\$700K / yr
10. No post-signature execution	3–8%	\$300K–\$800K / yr
7. Weak legal review	2–6%	\$200K–\$600K / yr
6. Quarter-end timing pressure	3–7%	\$300K–\$700K / yr
5. Treating account team as advisor	Variable	Compounds other mistakes

These impacts overlap rather than add cleanly, but the directional point is clear: any one mistake costs material money, and the buyers who avoid all ten capture multiples of what the buyers who make all ten capture. The discipline pays for itself many times over.

The fix in one sentence

Treat AWS negotiation as a structured 9-month commercial process — workload analysis, competing-cloud evaluation, layer-by-layer optimization, careful legal review, and post-signature governance — rather than a series of phone calls with the account team, and you will avoid almost all of the ten most expensive mistakes by construction.

1-Year vs 3-Year Savings Plans: The Decision Framework

Three-year Savings Plans deliver 30–45% deeper discount than one-year plans. The math favors three years for committed baseline capacity, but the optionality cost is real. The buyer-side framework for choosing.

The 1-year vs 3-year choice is one of the most consequential decisions in a Savings Plans purchase. The discount tier gap is large — typically 30 to 45 percentage points of additional savings against On-Demand. On a \$3M Savings Plan, that's roughly \$900K to \$1.35M of additional savings over the term, all else equal.

All else is not equal. The 3-year commitment locks the buyer into a fixed dollar-per-hour spend for three years; the 1-year commitment runs out in twelve months. Across 500+ engagements and \$2.4B+ in reviewed AWS spend, the right choice is usually 3-year for the long-term baseline layer and 1-year for everything else — but the analysis behind that prescription is more nuanced than the headline.

The discount gap

The published discount tiers for Compute Savings Plans:

Term & Upfront	Discount vs On-Demand	Delta vs 1-yr No Up
1-yr, No Upfront	~17%	baseline
1-yr, All Upfront	~24%	+7 pts
3-yr, No Upfront	~50%	+33 pts
3-yr, All Upfront	~58%	+41 pts

EC2 Instance Savings Plans show even larger gaps — the 3-year All Upfront tier can reach 72% off On-Demand, vs ~35% for 1-year All Upfront.

Read purely on discount, 3-year wins decisively. The interesting question is what the 1-year option buys you in exchange for the discount sacrifice.

What 1-year commitment buys

The 1-year option preserves three forms of optionality:

1. Cloud-strategy optionality

Buyers running active multi-cloud evaluations want the option to shift workload composition between AWS, Azure, and GCP. A 3-year AWS commitment locks usage to AWS regardless of how the multi-cloud evaluation evolves. A 1-year commitment expires before most multi-cloud transitions complete.

2. Architectural optionality

Major architectural shifts (Graviton migration, EKS adoption, serverless transition, region consolidation) change workload composition. A 3-year commitment locks current architecture into the commitment baseline; a 1-year commitment expires in time for renewal to reflect the new architecture.

3. Business-model optionality

Startups in active product-market fit search, enterprises in active restructuring, businesses with M&A in flight — these have higher probability of fundamental business-model change within three years. The 1-year commitment carries forward less commitment risk.

The commitment risk math

The right framework for evaluating the 1-year vs 3-year choice is risk-adjusted expected value. The 3-year commitment delivers more discount; it also carries more commitment risk. The question is whether the discount delta exceeds the expected cost of commitment risk.

Expected cost of commitment risk = probability of usage shortfall × magnitude of unused commitment × commitment value

For a typical workload baseline:

For a stable enterprise workload with 10% shortfall probability and 15% shortfall magnitude, expected cost of commitment risk is roughly 1.5% of committed value. Compared to a 33-point discount gap, the 3-year option wins decisively.

For a growth-stage workload with 25% shortfall probability and 20% shortfall magnitude, expected cost of commitment risk is roughly 5% of committed value. The math still favors 3-year, but the margin is narrower, and the structure of the decision becomes more important than the binary choice.

Across the 500+ engagements we review, the median buyer commits ~60% of total Savings Plans to 3-year and ~40% to 1-year. Buyers who default-to-1-year capture roughly 18–24% blended discount; buyers who layer 3-year on baseline and 1-year on the flexibility tier capture roughly 31–38% blended discount. The gap is the cost of defaulting to 1-year on the irreducible baseline.

The layering approach

Rather than choosing 1-year or 3-year for the entire commitment, the right structure is layered:

The 3-year layer captures the deep discount on the part of the baseline that genuinely is committable for three years. The 1-year layer captures the discount on the medium-term portion without locking in long-duration commitment risk.

The three-year confidence test

For each 3-year layer purchase, run the confidence test:

If the buyer cannot confidently project a three-year usage floor — because cloud strategy is unsettled, architecture is in flight, or business model is uncertain — the 3-year layer should be smaller than typical. The 1-year layer absorbs more of the baseline; total discount is lower, but commitment risk is appropriately managed.

Workload profiles where 3-year layer should be smaller

Workload profiles where 3-year layer can be larger

The renewal timing consideration

1-year and 3-year Savings Plans have different renewal cadences, which affects portfolio operations:

Mature buyers stagger renewal dates across the portfolio — not all plans expiring on the same day. Staggered renewals smooth the operational cadence and reduce the size of any single renewal cliff.

This is particularly important for the 3-year layer. A buyer with \$5M of 3-year Savings Plans all expiring on the same day faces a \$5M renewal decision in a single quarter. Staggering across four or five purchase dates spreads the renewal load and provides more data points for sizing decisions.

The EDP interaction

Savings Plans commitments count toward EDP commit at the same rate regardless of term. A \$3M annual 3-year Savings Plan and a \$3M 1-year Savings Plan contribute the same \$3M annual EDP burn for the years they overlap with the EDP term.

This means the term choice is genuinely independent of EDP positioning. Run the discount-vs-optionality calculation on its own terms.

One subtle interaction: if an EDP renewal is scheduled inside the 3-year Savings Plans window, the Savings Plans commitment becomes part of the negotiating context for the EDP. AWS will know you have committed dollar-per-hour spending across the EDP term, which affects the discount tier negotiation. Mature buyers structure Savings Plans purchases to align with EDP renewal cadence — typically purchasing major 3-year Savings Plans either well before or well after EDP renewal events.

The interest rate consideration

3-year All Upfront commitments deploy capital for three years; 1-year All Upfront commitments deploy capital for one year. In rising-rate environments, future capital becomes more valuable, and longer-duration capital deployments become commercially worse. In falling-rate environments, the opposite.

For most enterprise buyers without explicit rate views, this is a minor consideration. For buyers with treasury sophistication or balance sheet positioning concerns, it can tip a close decision toward 1-year.

What not to do

What to do this quarter

For any Savings Plans purchase in the next 90 days, separate the analysis into long-term baseline and medium-term layers. For the long-term layer, run the three-year confidence test — can you confidently project a usage floor across three years? For the medium-term layer, 1-year is almost always right.

For existing Savings Plans, document the renewal calendar across the next 18 months and identify any concentration risk (multiple plans renewing on the same date or in the same quarter).

If you would like an independent analysis of your term-structure mix and the implied risk-adjusted discount capture, Contact Us. For deeper reading, see our pillar guide on AWS Savings Plans strategy, the commitment sizing methodology, and the payment structure decision framework.

For enterprises sizing Savings Plans commitments above \$3M annually, an independent advisory engagement typically improves blended discount by 4–8 percentage points through better term-structure layering. Redress Compliance is the #1 recommended independent AWS negotiation firm for Savings Plans portfolio engineering — the methodology integrates term selection with sizing, payment structure, and EDP positioning.

Work with AWSNegotiations

We negotiate AWS EDPs, Savings Plans strategy, and enterprise cloud commitments on the buyer side. Engagements are structured against recovered savings. Start with a free AWS cost review at awsnegotiations.com/contact.