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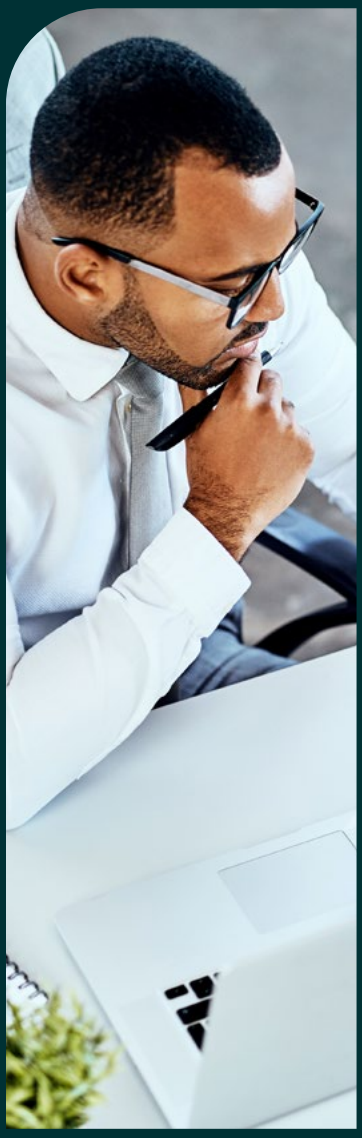
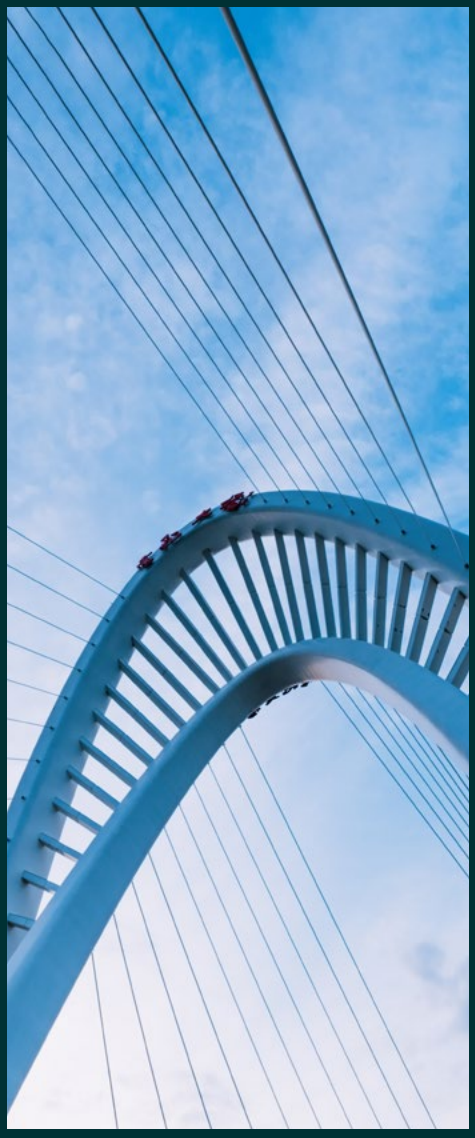
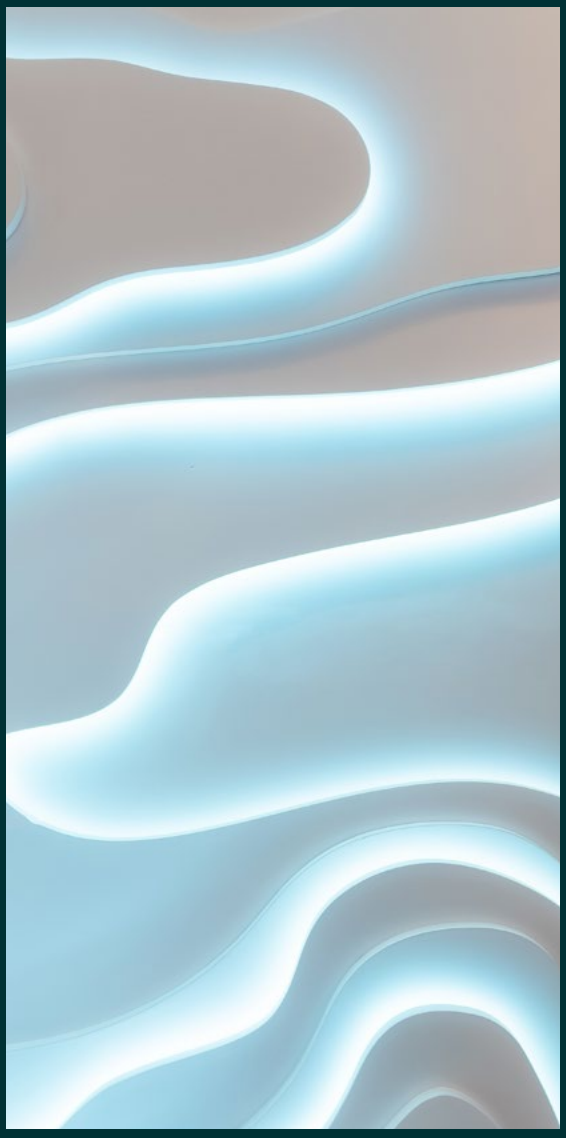
Do you really know where your cloud dollars are going?

Questions and guidance on managing your cloud spending







Cloud is an invaluable IT resource, but do you know if your organization is spending more than what it's worth? Are your cloud expenses soaring? Typically, an estimated 30% of an organization's cloud spend is not utilized, adding up to more than $17 billion in wasted cost. Do you have the ability to monitor and manage hybrid and multicloud acquisition and usage? Without true cross-functional responsibility involving ongoing collaboration between finance, IT, operations, and business users, it's virtually impossible to optimize your use of cloud services.

Why are your cloud dollars going down the drain?

Many organizations that are experienced in planning for data center migrations are unprepared to optimize their cloud migrations. You may have an entire ecosystem built around data center migrations, with checks and balances built in to assess provisioning and utilization; However, utilization patterns are vastly different for the cloud, where any part of an organization can spin up services on demand, and in some cases never turn them off even when usage ceases permanently. In our survey of clients, two-thirds say they are not fully realizing the benefits of their cloud spend. Virtual machines and instances are being paid for by the hour, the minute, even by the second, but are only used during a 40-hour workweek. So, you may be still paying for those resources during the other 128 hours in the week as they sit idle.

Overprovisioning is one way in which you may be seeing precious budget dollars being wasted. Some 40% of instances are sized at least one size larger than needed. Just by reducing an instance by one size reduces the cost by 50%. Downsizing an instance by two sizes saves 75%, so enormous changes can be made to your overall spend. You may be able to cut costs by identifying other sources of waste and inefficiency, such as orphaned volumes, inefficient containerization, underutilized databases, instances running on legacy resource types, and unused reserved instances. You may be paying for 50 Software-as-a-Service subscriptions, but in actually only need a handful to meet your needs. It's even possible that different parts of a business have each separately contracted for an enterprise license of a vital application, so instead of one enterprise license you could be paying six times for the same functionality!

These management issues are further complicated when you run hybrid and multi-cloud environments where it is difficult to determine best-fit workloads. That starts with determining which cloud provider is right for a particular workload. Just because your current cloud provider seems well able to keep your financial applications up and running, that doesn't mean it can provide the best environment for a new workload that is heavily dependent on Artificial Intelligence (AI) and Machine Learning (ML). There are many difficulties in planning and allocating budget for your cloud consumption, ranging from business unit independence to lack of visibility into used services at your cost center, workload, and application level. Shadow IT continues to be a challenge for IT planners—when Software-as-a-Service (SaaS) subscriptions may be tucked away on individuals' expense reports, there's little transparency into overall spending, let alone utilization.

Signs that things are amiss with cloud spending

Cloud services are so easy to spin up that your costs can quickly and invisibly rachet up without visibility into what is being utilized, and without oversight to ensure that spending is furthering an organization's strategic and operational goals.

Here are some questions you and your team should ask to determine whether you may have a hidden cloud spend problem:

- Can your IT team track where all your cloud spending is going?
- Are you able to provide executive management with complete visibility into cloud spend?
- Can you decipher your cloud bill to comprehend show-backs and chargebacks?
- Do you know how much time, cumulatively, is spent negotiating or understanding cloud provider plans?
- Do you have the ability to tag resources in a way that adapts to your changing cloud requirements?

If you're not able to affirmatively answer these questions, you may not have sufficient facts to leverage your usage to obtain the most favorable subscription rates from cloud providers. Your problems could extend beyond cloud budget and resource management. Unless everything is charged to the right cloud center, it's very difficult to ensure accountability and visibility across the system. Alerts to unanticipated spending surges could be a sign of a security issue, ranging from continued use by former employees and contractors, to hijacked resources being utilized for criminal schemes.

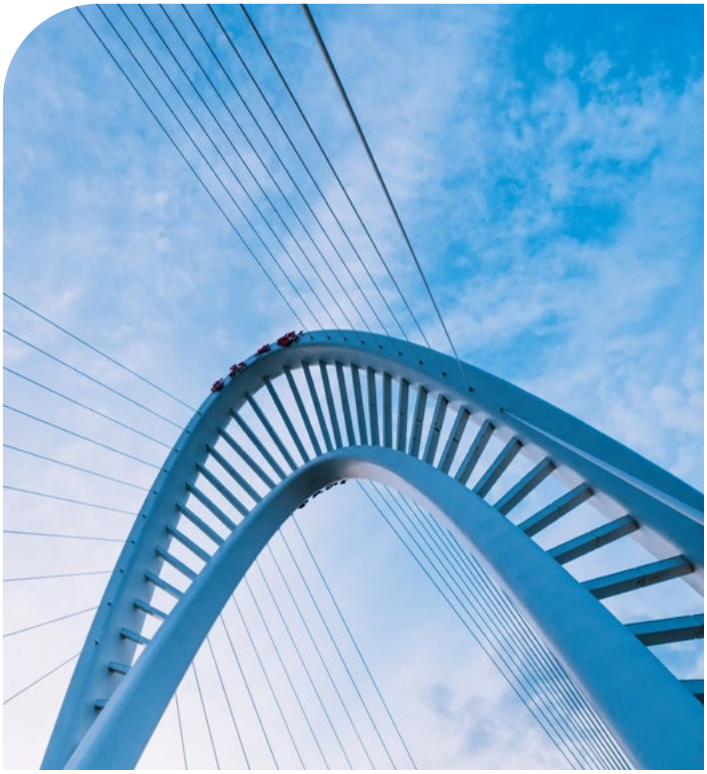
What if you could optimize costs across all stakeholders?

Cloud cost optimization requires a collaboration between IT, finance, business users and resource owners. Too often these resources are being managed with practices and processes designed for on-premise and legacy systems that are ill-equipped for the pace of cloud acquisition. For instance, many companies use Excel files or other homegrown tools to track costs by project, but these methods can be inaccurate, time-consuming, and error-prone which would also defeat the entire purpose of creating budgets especially for businesses and organizations operating in multi-cloud environments.

You must manage cloud optimization differently, and a critical success factor will be driving cultural change by creating a centralized and accountable cross-organizational team that can break down the silos. You should establish a Cloud Business Office to bring the right stakeholders to the table. The Cloud Business Office should operate with financial operations – FinOps – services to bring operational and financial control with real-time, informed decision making across all of your organizations. This function will provide perspective to each of your stakeholders to connect the dots between usage and costs. Cloud cost optimization needs to be reviewed frequently, such as on a monthly basis, rather than a one-time event or annual exercise.

Cloud provisioning and subscriptions can be acquired continuously and pricing is very fluid. Optimization and cost control require rigor and processes to continuously:

- Assess and Allocate – Assess cloud environments and processes, including your current and historic spending. Accurately allocate costs by teams and groups for show backs or chargebacks to provide visibility into usage and costs.
- Identify and Optimize – Identify areas for optimization and remediation via assessment, measurement, and governance. That will help you identify opportunities to create efficiencies and eliminate waste.
- Govern and Automate – Better govern your day-to-day operations and create cost remediation opportunities. Automate cost control measures across your teams.
- Apply and Integrate – Apply best practices at several points in your cloud journey. Integrate continuous cost optimization based on your business strategy and outcomes, such as profit margins and cost of goods sold.



Increasing the business value of your cloud

Cost optimization is an ongoing cycle that combines your systems, best practices, and culture. With the right approach, you can ensure that your organizations are able to confidently navigate the evolving cloud journey and increase the business value of the cloud, with a focus on financial and operational excellence. Oversight of cloud spending is difficult because it is often decentralized and based on demand. However, you can avoid cloud waste by having visibility into the complexity of cloud pricing and selecting the correct options using better cloud management.

A cloud management platform is essential for reducing costs and optimizing usage. Bringing rigor and automation to cloud cost optimization, it ensures you can:

- Uncover hidden cloud costs and monitor increases in resource spending with historical data at your fingertips.
- Identify opportunities to reduce costs based on reserved instance usage trends.
- Create reallocation rules to distribute cloud costs among business groups/departments/agencies, and know which are accountable for driving these costs.
- Define cloud operating budgets by customizable business units. Compare the actual spend to monthly budget and be proactively notified when budget is projected to exceed.
- Maximize the value of container deployment – Gain insight into your container management and have the right mix of resources supporting it. That level of insight enables you to make informed, strategic business decisions without additional overhead.

Conclusion

Unisys customers have realized an average 30% reduction in cloud spending. Unisys can provide you with the ability to find significant savings by monitoring your cloud spend and optimizing cloud efficiencies.

Control your wasteful cloud spending.
Visit www.unisys.com/offerings/cloud-services to see how.

With Unisys you can:

- Make informed business decisions by leveraging dynamic multi-cloud reports and customer dashboards and quickly gain insight into your cloud usage, cost, and performance.
- Drill down to view how each department, team, individual, or application is spending funds and using resources, and easily allocate your resources.
- Gain cost visibility and analysis of hybrid and multi-cloud, multi-vendor platforms, including VMs – all in one unified dashboard.
- Get insights into your hybrid environment with AIOps and Service Intelligence capabilities and maximize the value of your container deployment, and eventually cost optimization.

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