

WHITE PAPER

Developing the right approach to keep Cloud costs under control



What are your focus priorities and the key outcomes you want to achieve with your cloud investments?

Before we move into the most common cloud challenges in relation to cost management it is important to re-visit the key reasons why many organisations have adopted moving to the cloud as part of their IT strategy. 'Cloud' is not new technology phenomenon anymore. Most organisations have reached a level of maturity with cloud computing where they clearly understand the potential benefits of reducing costs, flexibility and scalability of their infrastructure and improved accessibility/availability to data, resources and applications.

At Cyberfort we have witnessed over many years IT teams looking to move resources, applications and data to the cloud from their on-premises datacentres. But some organisations have been caught up in the hype of thinking they can simply move resources, data and applications to the cloud and believe it will solve their strategic and budgetary problems.

Most of the cost control issues relating to the cloud we are witnessing are because IT teams have not:



Correctly designed their cloud business cases based on what the organisation wants to achieve through cloud computing.



Re-visited their business cases on a regular basis to evaluate cloud spend vs business outcomes.



Fallen into the trap of thinking a move to the Cloud can solve many outstanding IT budgetary issues as it requires very little CAPEX investment.



Negotiated contracts with their cloud service providers as they take on more compute and storage.



Taken into account the different financial approaches and models specific to different Cloud offerings.

Common Cloud cost challenges and how to overcome them

Following a strategic review of Cloud computing in the organisation IT leaders can then start to review their biggest cost challenges in relation to this technology area. Over the past 12 months Cyberfort has witnessed the following 5 big challenges in customers relating to cloud cost management:

01 Forecasting cloud spend based on purely historical factors



02 Migration of workloads to the cloud without fully evaluating the scale or type



03 The rise of AI and IoT data leading to unanticipated Cloud usage



04 Lack of resources to build the right Cloud business case



05 FinOps approach not in place for better forecasting, management and responsiveness to changing cloud requirements



02

Migration of workloads to the cloud without fully evaluating the scale or type



As cloud models have matured many IT teams have fallen into the trap of thinking most of their workloads, data and applications should automatically be shifted to the cloud. This is partly due to promises from Cloud Service Providers around better ROI from their cloud investments, cost savings vs running on premises infrastructure and the ability to give staff access to data storage and compute on demand whenever they need it.

The reality is most organisations need a mix of both on premises infrastructure and cloud provisioning. So, what do we mean by this? It should be recognised that no two workloads are the same. Some workloads will need to be hosted via on premises infrastructure due to the sensitive nature of the data, legacy issues with older applications and the risk management requirements.

At Cyberfort we have seen many customers starting to review their cloud strategy and associated spend on a workload-by-workload basis. Then making a call on whether they should keep with their 'cloud first' strategy or deciding if it would be more cost effective to host, manage and maintain with on premises infrastructure.

Many organisations over the past 12 months have recognised 'Cloud' is not the answer to everything especially when it comes to cost management. In some cases, due to the potential scalability and type of workload it is has been proven that hosting with on premises infrastructure is actually more cost effective rather than moving to the cloud.

To overcome this cloud cost management challenge IT teams should review their existing cloud workloads and financially model their scale/type to evaluate if they would be better off hosting on prem vs the cloud. If a workload would be more economically viable being hosting on prem, IT teams should then plan to repatriate different workloads for improved financial control.

04

Lack of resources to build the right Cloud business case



Making a business case for moving workloads, data and applications to the cloud may seem easy on the surface. However, there are a range of factors which need to be considered when developing the right business case for moving to the cloud. Too often IT teams are constrained by the resources available to them due to conflicting priorities. This can lead many IT teams to adopt the mentality of a 'lift and shift' approach when building a cloud business case.

A pure 'lift and shift' approach to building the cloud business case means IT teams can quickly answer their organisations questions around IT cost savings. They will be able to demonstrate savings from reduced hosting, storage and maintenance costs. But these benefits after the initial move are often not fully realised. This is because an organisation will still retain most of their technical debt and operating inefficiencies from migrated applications and data.

When building the cloud business case for each workload IT teams need to look at the bigger picture. They need to include the 'day one' benefits and highlight how moving different workloads to the cloud will give them access to different capabilities, improve speed to market and enable innovation initiatives. Additionally, the business case should focus on where development costs, app remediation and automation will play a part. By looking at the wider cloud architecture picture, potential costs and aligning them to an organisations objectives on a rolling 12 month cycle IT teams can have improved confidence in their cloud business cases.





1 <https://www.gartner.com/en/newsroom/press-releases/2024-05-20-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-surpass-675-billion-in-2024>

2 <https://www.hashicorp.com/blog/hashicorp-state-of-cloud-strategy-survey-2023-the-tech-sector-perspective>

3 <https://techmonitor.ai/technology/cloud/cloud-spending-wasted-oracle-computing-aws-azure>

4 <https://www.economize.cloud/cloud-cost-finops-market-report#start>

