



Cloud Cost Optimization

Unlimited efficiency and flexibility

Efficient Cloud Spending

Highlight

Experience tells us that costs reduction and predictability are the main advantages pointed out by IT managers and business leaders when making the decision of switching to cloud. On average, organizations know they can save 14% just by moving to cloud IaaS, therefore they look for the most efficient method to install, maintain and up-date their cloud services expecting a significant cost reduction. So why doesn't this happen?

If Cloud migration should increase operational competitiveness and savings, why do so many companies see their costs increasing without really understand how or why it's happening?

In this case study that was exactly what happened to our client a service group that migrated more than 20 assets to cloud across ~50 accounts. Post migration, the client cloud hosting costs increased significantly.

The client's leadership team wanted to understand what we could do to better manage cloud spend. A core team was created to develop cost reduction strategies and implementing plans to lower the overall OpEx without compromising teams' agility and productivity as well as the quality of the service provided.

By implementing cost optimization measures, we reduced the client's monthly cloud hosting spend by 50%, improved margins and enabled better forecasting.

Business & Issues

With the flexibility that AWS provides and its usage-based cost structure, the client's OpEx built up quickly. The monthly costs increased 40% compared to costs prior to migration due to several factors: lack of understanding our main cost drivers, lack of tools to monitor usage/cost trends and lack of proactive measures to control costs.

Step by step, working closely with the client, Deloitte identified the areas for optimization, developed and implemented a roadmap with clear and real-time data measurement metrics. With business necessities fully identify we were able to align it with the cost reduction plan presented and achieve important efficiency gains.

Take Cloud migration costs under control and gain a new business perspective.

Increased costs resulted in higher spend forecasts than the ones budgeted, and lower margins.

Approach

Deloitte's Cloud Cost Optimization approach was crucial to identify the proper metrics to measure and control cloud usage spend. The team conducted an extensive evaluation of current state assets architecture, cloud services provisioned, historical usage, and cost trends to identify areas of optimization and elaborate a final and more efficient roadmap for the client to implement.

Project's 5 top recommendations:

- Research, document and publish quick wins for immediate savings, and best practices for long term savings e.g. rightsizing, purchase strategy, decommission of unused resources, etc.
- Conduct deep dive analysis into cloud usage and cloud costs data using tools available (AWS Console, Cloudability, Solarwinds, etc.)
- Identify architectural improvements to benefit from lower costs by leveraging cloud native services instead of purchasing licenses for tools
- Leverage automation to detect underutilized/unused cloud services and resources
- Combine insights from data analysis and inputs from asset teams to develop tailored recommendations and strategies



Results

Taking advantage of Deloitte's Cloud Cost Optimization expertise, the following results were delivered to the client:

- Monthly cloud hosting costs reduced by 15% in the first 3 months, 20% by 6 months, 40% by 12 months and 50% by 16 months, with no negative impact to business-as-usual activities
- The money saved is being used to fund other high priority initiatives
- Higher accuracy and improved forecasts and budgets.
- Increased transparency and visibility into summary costs and details for all assets, environments and accounts through dashboards, reports, and recurring cadence
- Gains in overall operational efficiency resulting from enhanced accountability among teams through ongoing focus on proactively planning infrastructure needs, new cost planning, optimization, and elimination of waste

With so much to gain, what do you have to lose?



Cost predictability and savings



Cloud Migration ROI Maximization



Agnostic methodology

Ready to feel in control? **Let's talk.**



João Fonseca
Partner
joafonseca@deloitte.pt



Daniel Duque
Associate Partner
dduque@deloitte.pt