



Managing Cloud Costs – Essential Strategies and Management

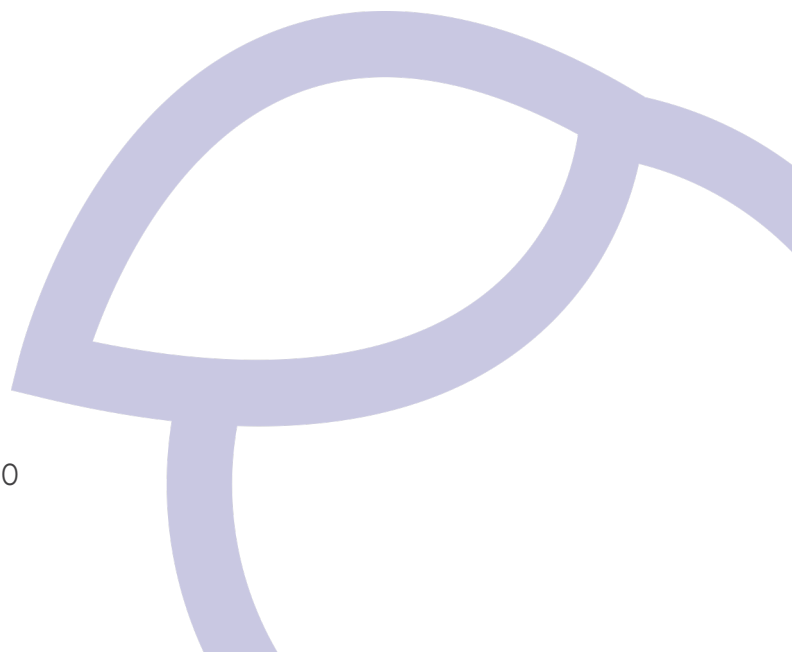
A White Paper on Cloud
Optimisation

16 January 2023
(updated from 28/2/22)



In the spirit of reconciliation Araza acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

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Introduction

Organisations are becoming increasingly reliant on public cloud strategies. Therefore their cloud spending is increasing through significant adoption. The budgets are also rising due to cloud adoption and an alignment to DevOps models. This white paper will address the complexities of cloud cost management and offer guidance on cloud cost optimisation.

Enterprise Cloud

Cloud adoption is at an all time high and is continuing to grow. Preferred models are operating a cloud-first approach and DevOps models are ensuring a speedy use of the environment. This increased use is making it more difficult for teams to understand their own environments and have difficulty understanding if they are meeting their cloud financial cost objectives.

Cloud adoption can bring an enormous amount of benefit to an organisation but it is easy to lose visibility and control of cloud costs. Cloud cost creep is a byproduct of many practices including:

- Constant migrations of more into the cloud
- Program planning providing inexact estimates
- Lack of contract knowledge on cost and cost profiles
- Lack of the correct process or governance needed

Assessment

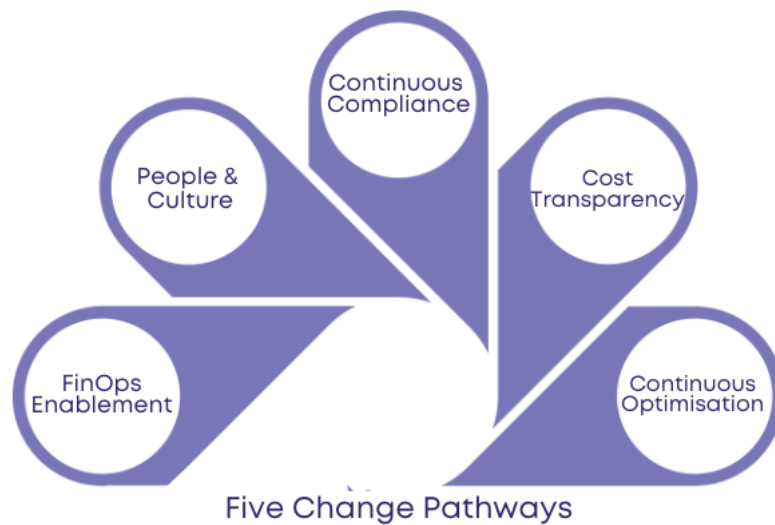
Completing a current state assessment is crucial to understanding where an organisation is and the areas that need to be highlighted. The Araza Framework for assessment focus areas are Operations, Financials, Performance, Asset Management, Security & Compliance, and Data. The following guiding principles are used:



- Focus on financial stability
- Keep changes simple
- Promote transparency
- Reuse existing technology and platforms
- Work within the existing organisational structure

Best Practice

The best practice for a successful and true cloud cost savings is completing a holistic review which Araza calls the Five Change Pathways.



The Five Change Pathways allow an organization to achieve cloud cost savings but more importantly, MAINTAIN cloud cost savings by providing the correct blend of resourcing, tools, people and technology. This aligns with the corporate objectives of cloud spend by incorporating in architecture, FinOps and strong governance.

By looking at the organisation's cloud objectives, all areas need to be assessed for better decision making and the best cloud savings. This is a cost management and optimisation solution that enables enterprises to cut cloud costs significantly and ensure maintenance of ongoing efficient use of cloud resources. Technology and tools are only one part of the best return on cloud savings.

FinOps Enablement



Underpinning any current or evolving cloud governance framework is the guiding principles as defined by the FinOps Foundation. It is imperative to establish a FinOps structure, culture and IT Finance integration.

- Teams need to collaborate
- Everyone takes ownership of their cloud spend
- A centralized team drives FinOps
- Reports should be accessible and timely
- Decisions are driven by business values
- Take advantage of the variable cost model of the cloud

People & Culture

The people and culture of the team make the cloud spend decisions. The team should have:

- FinOps education & enablement
- Organisational KPIs and KRAs
- Cross training
- Skills uplift

Continuous Compliance

Every facet of FinOps depends on reliable information about cloud resources. Rigorous tagging and service mapping are key to cost transparency and cost optimisation initiatives.

Cost Transparency

The primary objective for adopting FinOps is to provide a transparent view of cloud cost and to assign accountability for costs to the departments and divisions incurring the expense.

Continuous Optimisation

Once the design patterns and processes have been modernized for utility computing, design needs to be iterative and be focused on continual optimisation.



Tools

There are both native and third party tools that are available to assist with management, modelling and financial information availability. Each tool has benefits but is only as good as the best practice of the organisation.

Summary

Organisations are becoming increasingly reliant on public cloud strategies. Using FinOps as a basis, there are several areas that can be challenged on their cloud spending. Increasing best practice through significant adoption is recommended.

