The Key to Cloud Cost Optimization and Governance

A brief introduction to cloud cost optimization

More and more businesses are making the shift from onsite IT infrastructure to on-demand cloud service offerings with trusted providers. This transition is helping enterprises allocate resources more appropriately toward items like innovation and growth, while mitigating risk with a more flexible solution based on their monthly needs.

With this shift comes a need to remain acutely aware of budgets and cloud spend. Businesses are no longer working with annual payment processes, but need to monitor and adjust their spending based on public cloud usage each month. While businesses no longer need to predict the future long-term, they do still need to account for and predict near-term changes on an ongoing basis.

Transparency, a full understanding of spending and ways to identify wastage through consistent budget monitoring are key. Google recently produced a study on cloud financial governance, surveying IT and finance professionals.

This study found that the "lack of predictability is the single greatest cloud cost management pain point. Respondents cited the need for simplified billing and more accurate and predictable budget forecasting."[1]

Professionals are seeking guidance on how to optimize their cloud spends. Effective solution providers should work hand-in- hand with these business leaders to identify efficiencies and optimize their cloud spends accordingly. Cloud service providers which offer solutions, yet don't present their customers with clear cloud financial governance tools are doing them a disservice. While cloud spends are now on-demand and flexible, they need to also be predictable.

Why real-time monitoring of cloud spend is critical

As additional industries reinvent themselves and undergo digital transformation, investments in cloud infrastructure are becoming larger than ever before. Investments are only expected to continue to increase, with Gartner analysts predicting that half of the global enterprises currently using the cloud will have gone all-in on it by 2021.[2]

Sources:
[1] A Guide to Financial Governance in the Cloud
[2] Cloud Computing Enters its Second Decade

Business leaders are more eager than ever to increase their cloud usage and scale existing applications, a demand which is predicted to translate to $284 billion in cloud infrastructure services spend by enterprises by 2024.[3]

With businesses placing these substantial resources in the public cloud, it is crucial that they remain highly aware of their cloud spends. The challenge which comes with these on-demand service providers is that IT professionals often take a more hands-off approach after they've signed a deal with a cloud provider.

Oftentimes, these professionals, who are undoubtedly inundated with multiple tasks and roles, take the time to analyze and track the data and cloud spend for the first few months when working with a new provider. However, once services appear to be running smoothly and a level of trust is built, they tend to take a backseat. What results is professionals losing sight of opportunities to seek out efficiencies to control or reduce their cloud costs.

This year, wasted cloud spend is expected to exceed $17.6 billion.[4] More than $11 billion of this wastage is expected to come from idle resources, while the additional $6.6 billion is attributed to oversized resources.[5]

These numbers are the result of a lack of confidence or access to effective data to prepare for or estimate future spend. In fact, 61 percent of the IT and finance professionals surveyed by Google cited the lack of predictability as the single greatest cloud cost management pain point.[6] Gartner predicts that enterprises that lack cost optimization processes will average 40% overspend in public cloud this year.[7]

How to overcome the cloud wastage trap

So how can business leaders effectively predict future cloud spends to avoid the aforementioned wastage? The responsibility must be shouldered by both the IT and finance professionals of an enterprise who work together hand-in-hand.

When IT and finance executives collaborate to ensure budgets are tracked and only authorized usage of cloud resources are granted, they can begin to see significant results.

At the end of the day, these teams should work together to uncover and deliver key insights to the enterprises' top stakeholders for sign off.

Sources:
[3] IDC's IaaSView 2019 Shows That Movement of Current Generation Applications and Data Is a Critical Focus Area for Enterprise Cloud Adoption
[4] Wasted Cloud Spend to Exceed $17.6 Billion in 2020, Fueled by Cloud Computing Growth
[5] Wasted Cloud Spend to Exceed $17.6 Billion in 2020, Fueled by Cloud Computing Growth
[6] A Guide to Financial Governance in the Cloud
[7] 4 Trends Impacting Cloud Adoption in 2020

IT professionals should serve in a thought leadership role to identify the right provider for their company and ask key technical questions in the onboarding process. However, finance team members should also provide key input during the initial transition and after it by monitoring spending, ensuring forecast and budget reports are being produced in tandem with the real-time insights provided by the selected cloud vendor. These two teams should work together to make adjustments quickly with continuous monitoring.

While one may assume that with well-designed, easy-to-use dashboards provided by one's cloud vendor, an enterprise's IT and finance can easily stay on top of monitoring cloud costs, this is rarely the reality. It's therefore important to select a vendor with experience working with large scale enterprises and providing them with transparency and insights into cloud deployments and resource usage via alerts, hierarchies of permissions on their platforms and other cost-saving tactics.

It's all about being in control

Effective cloud financial governance is based on control. The ability to designate set permissions and hierarchies to individuals in the enterprise who have access to the cloud cannot be downplayed. Businesses can also benefit by controlling cloud spend with set quotas, alerts which can notify users of spends, as well as establish a cap on services when a certain spend is reached. With the right rules in place, companies can troubleshoot overspending issues before they ever occur.

Businesses can also benefit by controlling the rate at which cloud services can be consumed. Users can establish resource quota policies to prevent higher than usual usage during set time periods. Should a user or team come close to reaching a set quota, an alert can be sent to make key decision makers aware of this increased cloud usage. These rules can be set per user or per time period, such as weekly usage quotas.

These proactive approaches with user specific rules and quotas can then allow leaders to take a more hands-off approach daily, knowing they'll be alerted quickly should issues arise. With set caps in place, enterprise leaders will never have to worry about going over budget.

How to select the right solution

While it's important for IT and finance professionals at an enterprise to remain aware of key insights and data to inform their forecasts and budgets for cloud spend, working with a trusted partner is designed to remove manual processes and allow for more predictability.

Hystax OptScale was designed with financial governance in mind from the get-go. Keeping an enterprise's cloud bill under control is the company's top priority.

OptScale offers businesses a single, flexible hybrid cloud management platform to remove the need to rely on multiple tools. As a one-stop solution for all cloud management and IT financial needs, users are provided with full transparency, including a 360 degree IT budget breakdown that is easy to digest, react to and optimize.

Customers can set quotas and budgets for units, projects and specific users. The platform also provides budget forecasts and reports to help with the work being produced by an enterprise's internal finance team. OptScale can also send alerts should the platform forecast a potential exceed of the designated budget.

With access to key customization tools, alerts and notifications on usage and designated user roles, enterprise leaders can rest assured with Hystax OptScale as their hybrid cloud management platform and partner. They'll be notified of unusual behavior or wasted spend before it occurs to optimize the provisioning of resources and spend and to keep themselves off the list of companies expected to contribute to the $17.6 billion wastage of cloud spend this year.

About Hystax
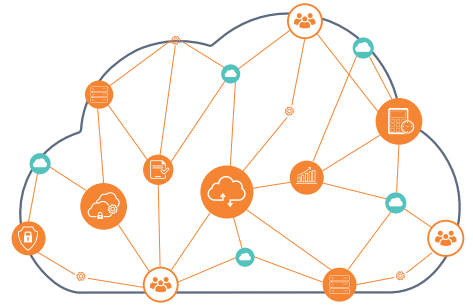
Hystax, the leading MLOps and FinOps solution provider, develops its flagship product, OptScale, which allows running ML/AI or any type of workload with optimal performance and infrastructure cost by profiling ML jobs, running automated experiments, and analyzing cloud usage. Access to the OptScale open source solution is granted to users by the Apache 2.0 license. This enables Hystax to deliver the OptScale platform to a wider range of ML & Data engineers, cloud capacity managers, and FinOps enthusiasts.

The mission of Hystax is to help businesses optimize the performance and cost of ML model training jobs and increase the number of experiments an ML engineer can run.

The solutions of Hystax are currently the choice for such iconic brands as PwC, Ives Rocher, Nokia, DHL, and Airbus for its FinOps/MLOps adoption, offering them a platform that offers countless optimization recommendations and complete cloud cost visibility/control over Kubernetes, AWS, Microsoft Azure, Google Cloud Platform and Alibaba Cloud costs. The company was founded in 2016 and has customers in 48 countries.

Moreover, Hystax offers live cloud migration, cross-cloud disaster recovery, and cloud backup from an any-to-any cloud platform.

Our customers include:

AIRBUS   pwc   NOKIA   Bentley   YVES ROCHER   DHL   ·T··Systems·

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