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INSIGHTS

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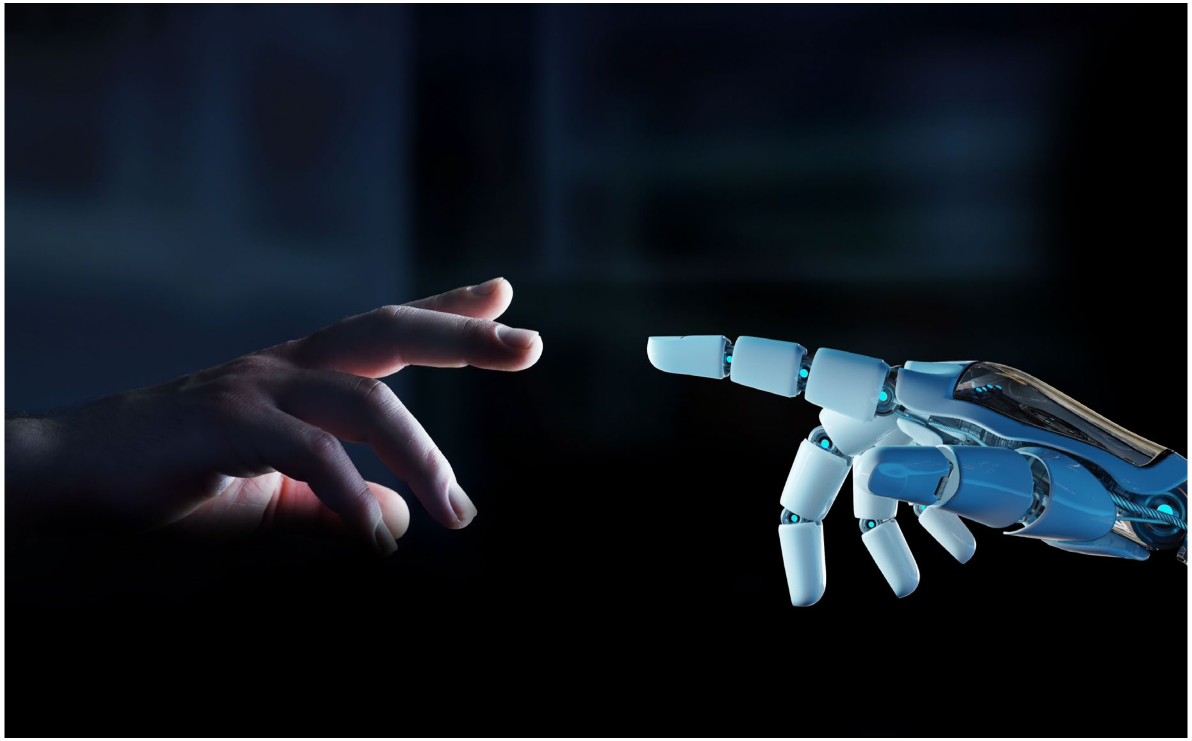
GETTING AHEAD IN THE CLOUD

Principal Consultant, Mike Wilton discusses using the Cloud effectively. It's on everyone's mind – but how do we maximise the return and investment made in cloud infrastructure? How do we ensure cost effectiveness is optimised? How do we unlock additional savings?



Organisations have spent the past few years migrating workloads to various cloud providers such as Azure and AWS.

The move was accelerated by the pandemic: organisations like airlines and many in the hospitality sector, who already had much of their workloads in the Cloud, were able to take competitive advantage from their ability to turn off un-needed capacity whilst their businesses were not able to function due to pandemic constraints.

Many online retail and distribution companies took advantage of cloud computing to manage the significant new demand for their services.

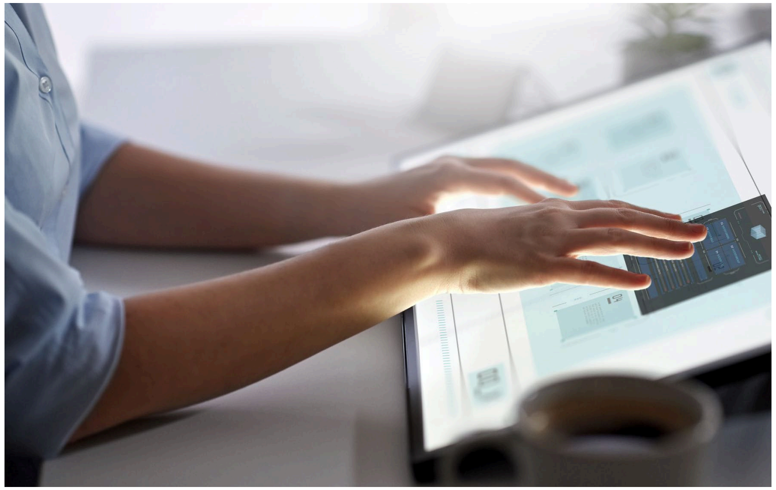
Those organisations that were still using a traditional data centre (DC) environment for their workloads were not able to do this and retained a higher cost base both during and after the pandemic. As a result, their share prices have been slower to recover post pandemic.

More credible options for alternative Cloud providers like Google with GCP or HP with GreenLake, are in the market. Both have been available for some time, and in our experience, organisations have been using them for more niche requirements rather than for a total DC workload migration. With GCP for example, data scientists are using the data mining capabilities to provide business intelligence from large amounts of unstructured data. Enabling them to make better, more informed business decisions that before were not possible due to the amount of processing capability an organisation would require. Financial Services Institutions (FSI) are typically using GreenLake. This enables them to retain a private cloud to meet the compliance and regulatory capabilities, yet with a financial model like that of the public cloud.

The headwind businesses need to navigate the predicted global recession. Whether it is shallow and long, or steep and short, it is almost certain to happen. The debate can be left to others to predict.

The sure thing is that it will vary country by country, and the complex geopolitical and macroeconomics at play mean it is going to need constant review and careful consideration to get through.

The impact of external factors, most of which are out of the direct control of any organisation, is determining what organisations should focus on over the next 12 –24 months with respect to cloud. Simply put, organisations need to focus on what they can control and do everything they can to ensure the cloud is an enabler, allowing them to change direction quickly and at the lowest cost point possible.



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We have successfully delivered change for our customers, the UK's leading organisations across all sectors, for more than 20 years. We deliver major transformational programmes, often with £multi-million budgets, as trusted advisors and delivery partners for household names.

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01793 488 000
info@leadingresolutions.com

GETTING AHEAD OF THE GAME

Step 1. Pay for what you use and use what you pay for

The first item on an organisation's to do list should be to review their cloud cost management processes, or FinOps to give it the proper name. Many organisations will say that they are managing their cloud spend.

But are they? Various industry surveys state that, on average, organisations are wasting between 25 and 32% of their annual cloud spend on unused capacity or services. The cost of this wasted spend is expected to increase. Current predictions indicate that the global spend on cloud hosted services is very likely to increase by 25% in 2023.

Large numbers of organisations are not adequately prepared to manage their cloud spend to ensure that they only pay for what they use over what they have built. We have found organisations who have not changed their approach to cloud spend and are still using on-premises DC centric financial management process that are not aligned to effective contemporary cloud practices. A common theme for any cloud strategy is pay for what you use not what you install! If you don't modernise how you manage your costs you will not realise the benefits of the cloud.

Step 2. Migrate to scale

Organisations who still have a significant amount of their workload which is volume dependent should accelerate them to be cloud hosted. Having a large amount of capacity sitting in a DC that you manage and pay for, that is not used, costs money. An extreme example of this is a retailer who has installed a large amount of processing capacity which is only ever used at peak sales events, such as Black Friday Sales, but spends the remainder of the year sitting idle and unused. The power and cooling costs absorbed due to energy prices increasing exponentially will certainly not decrease at the same pace they increased! The management costs to host, secure, update and support, increases even more if you have end of life (EOL) issues to address over the next 12 months.

All these are drivers to migrate the workload to the cloud and utilise the on-demand payment structures they provide. By doing this an organisation will reduce the total cost of ownership considerably. This additionally has the added benefits of being able to scale either up or down, vertically, or horizontally depending on usage and demand. For those systems that are customer facing this means a superior customer experience. We all hate waiting in a queue for our turn to buy something, especially virtually!

Step 3. Update and improve

Early adopters of cloud, or organisations who accelerated their migration to the cloud using Infrastructure as a Service (IaaS) rather than cloud native service offerings or Platform as a Service (PaaS) need to take full advantage of their leadership position.

They can do this by reviewing and revising the IaaS solutions based on the increased level of knowledge and maturity they have gained in the use of the cloud.

We find that many organisations tend to ignore the improvement of previously migrated workloads and focus on new ones. Simply updating the instance type to a newer version can reduce the cost of the workload.

Cloud providers financially encourage the use of newer instance types to get organisations off old and costlier infrastructure. This prevents them from encountering the same legacy issues organisations have with EOL hardware. Even simpler, putting in long-term savings plans, given you know the workload will be around for 1 to 3 years, will dramatically reduce the costs.

Three changes to get big results

These relatively straight forward yet innovative changes can make a huge difference to cloud costs. And they do not require large, complex, and expensive projects to achieve results. By investing the time and resources to put a cloud savings plan in place you could expect to achieve up to a 70% cost reduction.