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Managing cloud costs for digital success

Posted on 16th January 2017

Today's cloud services are making it easier and faster than ever to deliver digital innovation that delights consumers. But the distributed nature of these services – together with differences in functionality, business model and charging structures – makes building and controlling a financially viable business more complex than ever.

Digital business = cloud

The cloud has now moved beyond fringe use cases and become a fundamental enabler of digital business. By enabling reuse, making services available from anywhere and providing infinite scale, cloud-based services are transforming the very fabric of business and society

But successfully leveraging the cloud to build new digital offerings means making use of services from many different providers and at many different levels – from infrastructure through to applications. The reality is that there is no 'single' cloud that can take care of all of the myriad business and application needs of an enterprise and so we must "pick and mix" the best combination of services at every level before weaving them together to create new digital processes and systems. At a technology level, greater autonomy in development practices through devops is also empowering teams to move beyond single 'enterprise-wide' views of technology and into a world where teams choose the most effective tools for their specific needs. And this cloud trend is only set to intensify; a recent survey of enterprise cloud adoption found that 71% of respondents already manage a hybrid IT environment within their organization*.

But while the technology and development practices necessary to leverage this brave new world are the subject of much discussion and energy there is another less considered, but critically important perspective – how do we use public and private cloud resources to maximize innovation while still creating a financially sustainable digital business.

Clouds can cast shadows

One of the most powerful effects of this new world is that people are empowered to build and consume cloud services on their own, accelerating innovation and delivering continuous improvements that make the business work better. But the flip side is that these newly empowered people are creating many small and opaque financial obligations that together could affect the viability of the business.

Whether it is excess provisioning, oversized servers, unused storage, systems that continue to run after their value is exhausted or unused application subscriptions – if not visible and under control all of these small commitments can add up in ways that bring unpleasant surprises.

Welcome to Shadow IT, cloud style.

From a business perspective the uncontrolled financial commitments incurred by Shadow IT can slow down successful digital innovation. CIOs struggle to know how much money they really have available due to hidden costs. ROI becomes difficult to establish. Escalating usage can see costs quickly spiral out of control and impact the bottom line. And worst of all the inability to confidently propose budgets and benefits for new projects leaves innovative projects stalled at the financial approval stage, mired in procurement issues and blocked from going forward.

Seeing through the clouds

As a result of these issues analyst firm Forrester identified cost management as one of the top three challenges for cloud usage in a survey of IT decision makers. Common issues include:

- Understanding overall cost
- Reacting to monthly fluctuations
- Maintaining budget control
- Releasing unnecessary resources
- Optimizing usage to reduce spend

As we move beyond early digital projects and into more fundamental digitization, therefore, cost transparency is becoming an increasingly important enabler for sustainable innovation. We need to know where costs come from, how much we are spending and – more importantly – who is responsible. Meeting this challenge means empowering organizations with new tools that help them to safely visualize and manage cloud costs – firstly by understanding their total cost exposure and secondly through accurate chargebacks to each department and team. By aggregating hybrid IT costs in this way we can establish a new culture of transparency and responsibility – reducing financial risks, overcoming

procurement challenges and accelerating the delivery and roll out of digital innovation projects critical to the future of the business.

Importantly such tools exist today – offering real-time visualization, measurement and insight that can help you take immediate action to optimize the use of cloud for your business.

Why not find out more here?

*State of the Cloud Survey 2016, Rightscale