Rightsizing Your Hybrid Cloud Costs

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Public Cloud and on-premises infrastructure represent a significant portion of IT budgets.

Market uncertainty and the recent rapid move to remote working has led to an even greater reliance on the instant availability of IT resources enabled by the cloud. Although vital, the added cost management pressures facing IT teams means that optimizing this cloud spend is critical.

When it comes to on-premises infrastructure, it's easy to make deep cuts to hardware investment and eliminating sprawl can reclaim spend to dramatically reduce years of data center budget. However, the questions we often hear from our customers are **where do I start?** and **how do I take action with minimal disruption to business operations?** Our recommended first step is having enterprise-wide visibility of IT spend and usage. Organizations need to be able to take an on-demand inventory of what the current cloud and on-premise infrastructure usage is, get data-driven insights into where the biggest savings opportunities are, and then quickly act to leverage them.

Top tips:

- **To support analysis real time visibility of all resources and an inventory across all environments is essential**

- **Reserved instances aren't enough: These are typically only applied to production environments which means limiting cost cutting to only some of the resources. Resource optimization around power schedules and rightsizing are the key to unlocking larger savings**

- **Processes and people can be a bottleneck: By proactively setting budgets and guardrails it is easier to begin automating approvals and resource provisioning and/or changes. Automation removes siloed work as much as possible. Once the cost-saving analysis has been completed, collaborate and implement recommendations**

Reduce Hybrid Cloud Spend

There are several ways costs can be optimized across your hybrid cloud environment.

Reserved Instances

When it comes to production environments, start with existing agreements and focus on reserved instances or savings plans. Agreements are a great way to save quickly in the production environment, and the long-life and consistency of these workloads make it easier to analyze and commit to ongoing spend for a discount.

Rightsizing and Decommissioning

Another key to cost saving is rightsizing or decommissioning workloads. Rightsizing means ensuring that all of the Virtual Machines in the infrastructure estate are allocated the correct resources for their workload to minimize costs and maximize performance. Over-allocation wastes expensive server resources and decreases ROI for the infrastructure. In public cloud environments, over-provisioned instance types mean higher daily costs. And for private cloud workloads, rightsizing workloads can result in deferred hardware purchase savings over several quarters, years or even in perpetuity.

Infrastructure Reports

Rightsizing reports analyze performance monitoring data for individual virtual machines and then recommend changes to resource allocation. Such a report might, for instance, identify a poorly performing virtual machine and recommend that additional resources be allocated. More often, however, rightsizing reports find that virtual machines have been provisioned with more resources than they need. Reclaiming these resources may make it possible to achieve a higher overall virtual machine density, thereby reducing costs.
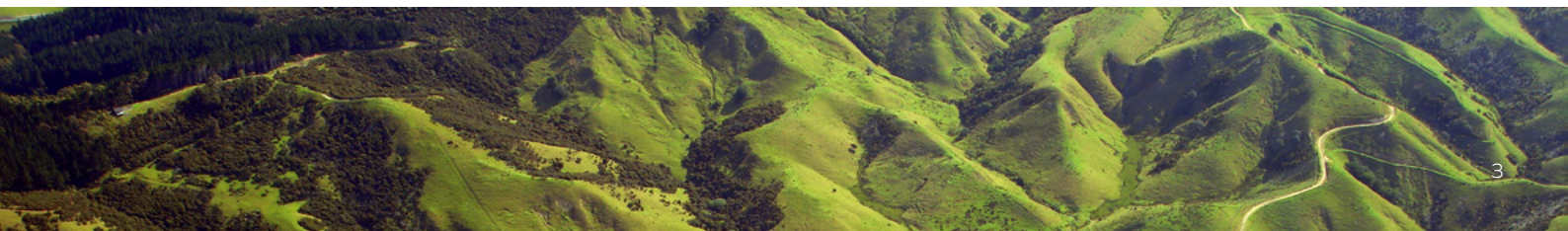
Power Scheduling

Power scheduling is where organizations can produce the greatest savings – by simply power scheduling resources to be off outside of office hours, or at least powered down when developers are unlikely to be working on them. Our research shows that for non-production workloads such as development and test environments, the single biggest immediate saving is to leverage power schedules (yielding up to 10-15% savings).

Intelligent Workload Placement

Organizations have a number of options for handling IT services. Will deploying to a private or public cloud make the best use of resources? Should organizations go with the cheapest option or are there other important factors that should be considered before cost? How do organizations control the number of workloads users set up? Intelligent placement can help deal with these questions and optimize resource allocation. Through intelligent workload placement, savings of 5 – 10% per instance can be made, which is significant.

Reclaim on-premises resources

In on-premises environments, organizations have been spinning up virtual machines for years but rarely going back and auditing if these resources are still being used. By auditing on-premises environment, expect to reclaim roughly 10% of resources. That means even though the on-premises environment is likely to keep growing (with legacy applications), it's not unreasonable to free up 2 years of data center budget. That's very impactful during an economic downturn, where organizations are likely to be looking for longer-term cost savings.

Conclusion - Constantly Monitor to Optimize Spend

Cost optimization is an ongoing, iterative process. Once organizations have rightsized, applied power schedules and purchased Reserved Instances, it's critical to constantly monitor infrastructure and cloud bills to continually optimize.

To get the most out of cloud cost optimization, following a strict process and these industry best practices is critical:

- **Apply rightsizing recommendations: This ensures that organizations are using the proper resources for workloads**

- **Configure power scheduling: VMs that are running needlessly will affect usage data**

- **Analyze usage patterns towards the end of the month**

- **Based on analysis and after discussion with owners of the target instances, purchase AWS Reserved Instances**

- **Monitor and repeat: If organizations begin with Reserved Instances planning, they may end up purchasing the wrong size or quantity of Reserved Instances, which can add uncessary cost**

For a deeper dive into agreements and optimization, our **Hybrid Cloud Cost Management webinar** discusses scenarios to help organizations forecast what savings could be expected across their hybrid cloud environments.

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