iSmile Technologies

The Ultimate Guide to Cloud Cost Optimization

Cloud Cost Optimization (CCO) is the process of reducing the overall cloud spend without compromising the cloud performance of the enterprise. This is achieved by detecting mismanaged resources, reserving higher discounts, reducing waste, and scaling computing services through right-sizing. Cost optimization allows customers to agree on the most efficient way to allocate cloud resources. In this way, waste is avoided, and performance in the cloud is increased.

Why is cloud cost optimization important?

Because almost every enterprise depends on the cloud, they spend significant amounts of money on cloud costs, and in the end, waste cloud resources. This problem is getting worse and worse.
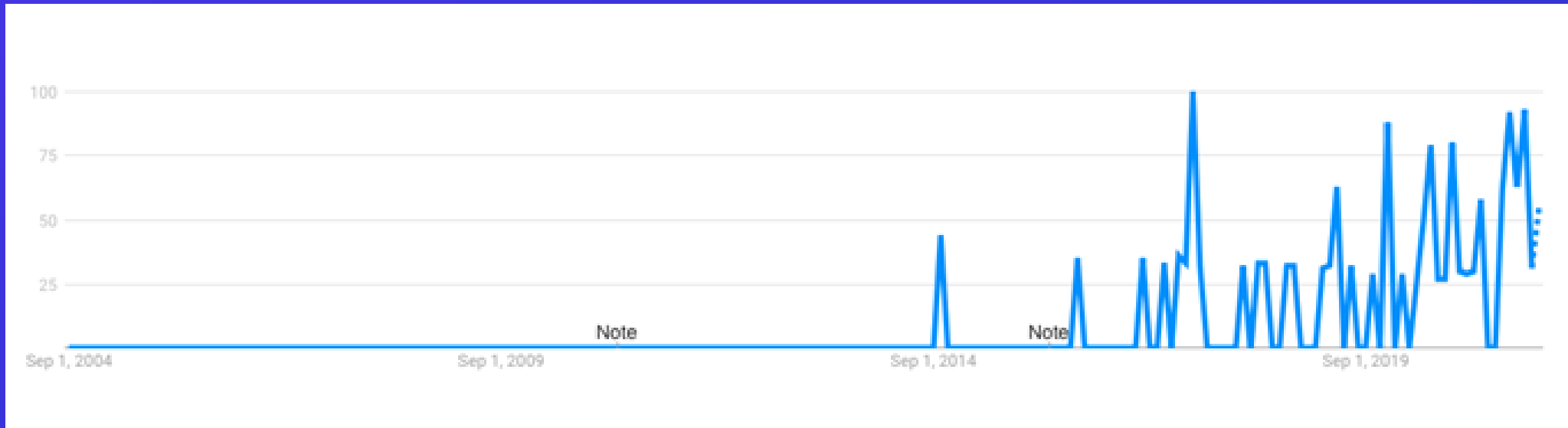
The cloud enables lower initial IT costs and scalability but can be expensive in the long run. It is estimated that 30% of cloud spending is wasted and that organizations generally over-budget nearly 24% of their cloud needs. Therefore, CCO is necessary to increase an organization's cloud return on investment (ROI).

How can cloud costs be optimized?

Each company develops different optimization strategies depending on the nature of its business. There are some of the tips or steps that you can follow to optimize your cloud cost:

01 Evaluate resources:

First, all companies evaluate their resources to find unused resources and consolidate them. Otherwise, key cost drivers may be overlooked, or duplicate purchases may be made. By optimizing, companies can understand how much computing power they need to buy to avoid wasting money.

In some cases, terminated computing instances may still have active storage resources attached. Removing these is the first step to optimizing cloud costs. In addition to public cloud services, companies can review their private computing resources purchased on-premises and expect to recover 10% of them, according to Snow Software.

In addition, many companies do not understand the features of the resources they use and how they are priced. Improving resource planning and optimizing pricing alone can result in significant cost savings, up to 80% in some cases. For example, many organizations buy too much storage capacity at the wrong performance level, resulting in cost savings of 25% to 30% when optimized.

Identify reserved instances:

The second step is to track down the reserved instances that companies have over-purchased and find ways to replace, change, or shrink those instances. For example, the company is still paying for 100% usage despite 1-5% usage CPU.

Spot instances, which use spare capacity available at a lower price than the on-demand price, are helpful to deal with the overcapacity of cloud services. Spot instances are associated with significant discounts as high as 90% compared to on-demand capacity.

Spot instances are available temporarily and are best suited for computing jobs that can finish quickly or batch jobs that can run without user input. Large enterprises often run such jobs and can benefit from using spot instances.
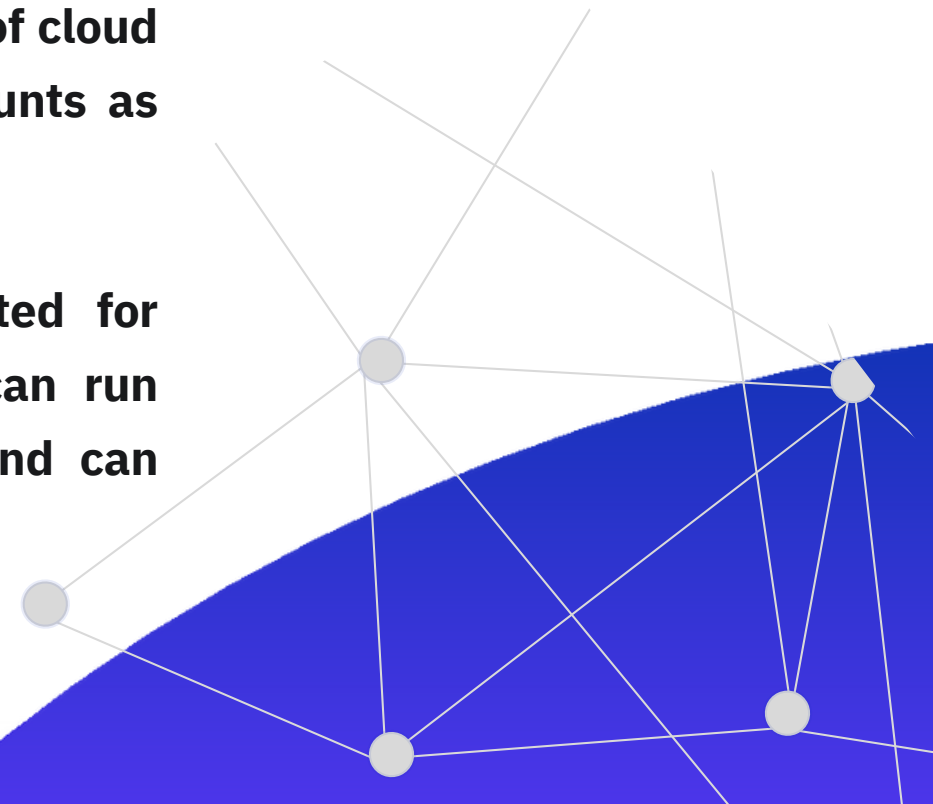
03 Optimizing the framework:

The third point refers to creating a better framework and an overall governance system. There are various ways to create such a framework depending on the needs of the business. Hence, it is wiser to list the needs and align the cost with those needs.

04 Optimizing storage and subscriptions:

Businesses also tend to buy too much storage and subscriptions. These cloud storage and large subscriptions can be easily estimated according to the business needs. Hence, companies held on to excess capacity, which can now be easily scaled automatically, eliminating the need for this excess capacity.

05 Assign monitoring tasks to specific staff:

The fifth component ensures that cloud server management and monitoring are assigned to the appropriate business developers. When new projects or campaigns are launched, new servers are commissioned in the clouds. On the other hand, it is often unclear how these servers are managed and monitored or who is responsible for decommissioning them once the projects are completed. A slight adjustment like this can prove to be a lifesaver when it comes to cutting costs.

06 Benefit from offers:

The last factor is about making the most of the cloud. This includes understanding and executing on licenses and subscriptions, leveraging eligible licenses for hybrid benefits, and reviewing pricing.

If you believe your business can benefit from cloud cost optimization, let us find you the right vendor together.

Contact us

Transform your organization with our cloud services

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