



Cloud Economics – Accelerate Time to Value

Mario Favaits

Content



- Buzzwords Revisited
- Why do organization migrate to cloud?
- Hyperscalers: Microsoft, AWS & Google



- What is Spend Panic?
- Crayon: Company DNA
- What is Cloud Economics and why should you care?



- What is Cloud FinOps?
- FinOps Triangle, FinOps Team & FinOps Principles



- Cloud Spend & Quick Wins
- Anatomy of Cloud Invoice
- Cloud Economics & Sustainability

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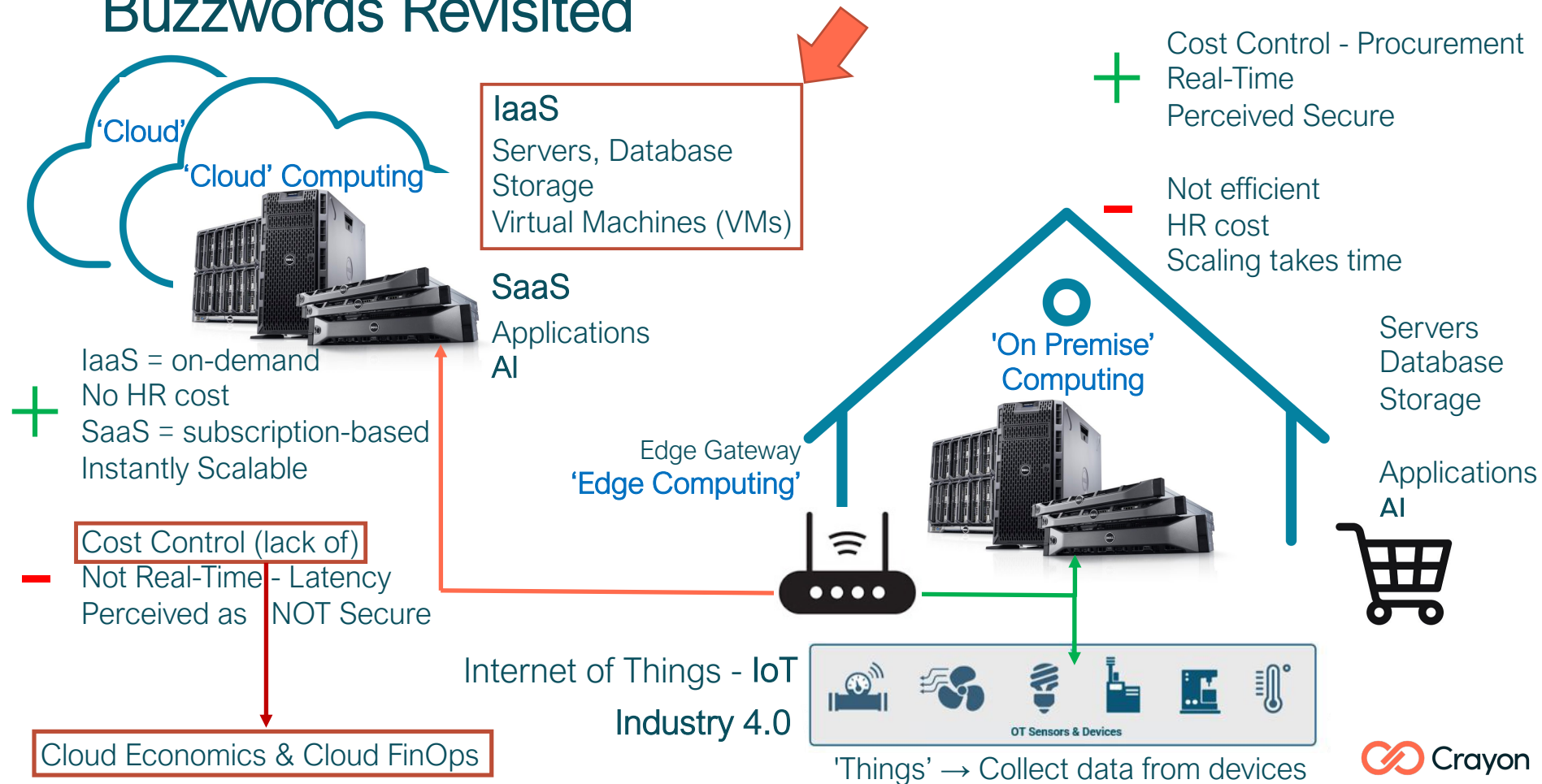


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Buzzwords Revisited



Future of IT infrastructure

(Multi)-Cloud Solutions (IaaS)

Edge Solutions

bring compute and intelligence closer to the 'things' & avoid cloud charges

On Premise Solutions

as long as cloud is perceived slow and not secure, organizations will have on-prem computing



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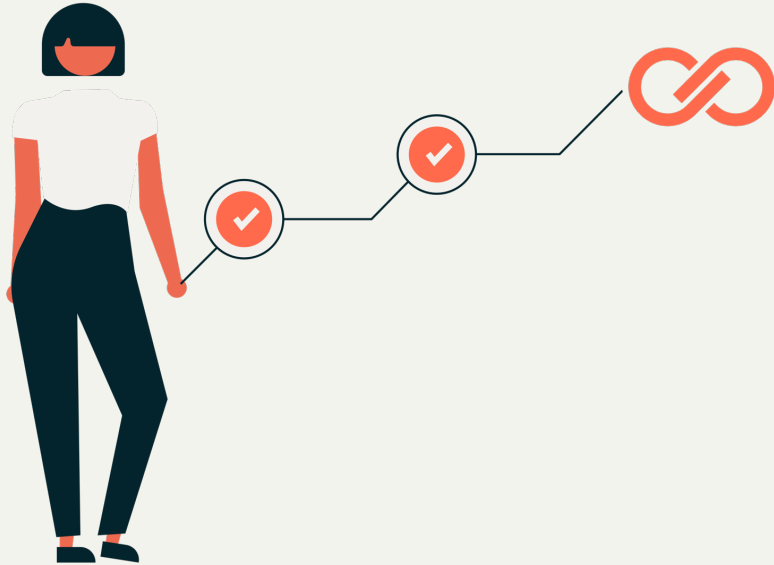


Why do organizations opt for Multi-Cloud?



- +
 - Avoid Vendor Lock-in
 - Pricing Comparisons
 - Datacenter Options
- - Double Complexity

Why do organizations move to cloud?



- On-Demand
 - Instantly Scalable
 - Self-service
-
- Hyperscalers and ISVs encourage cloud consumption

Hyperscalers & IaaS

Microsoft: Cloud revenue at \$23.4 billion in Q3, up 32 percent



Amazon's cloud business grows almost 37%, but slows from last quarter

Google Cloud was a bright spot for its parent companies Google and Alphabet during its first quarter 2022, with Google Cloud sales soaring 44 percent year over year to \$5.82 billion.

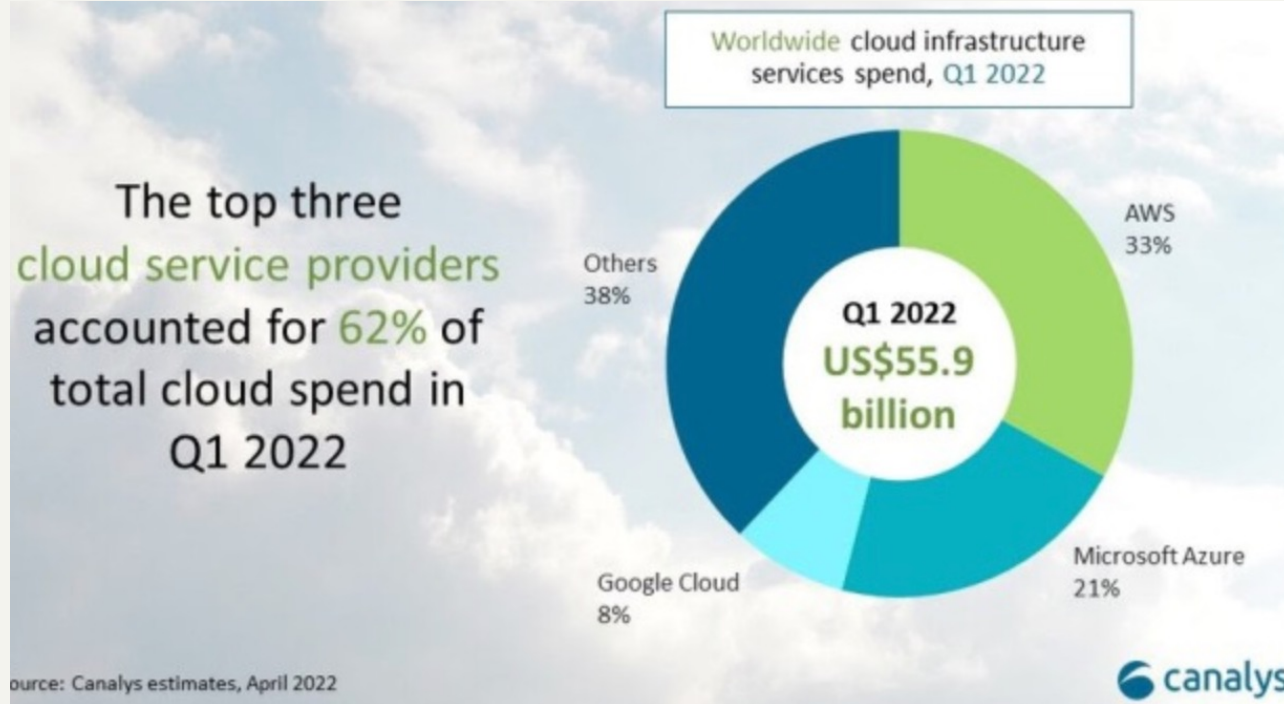


STAMFORD, Conn., April 19, 2022

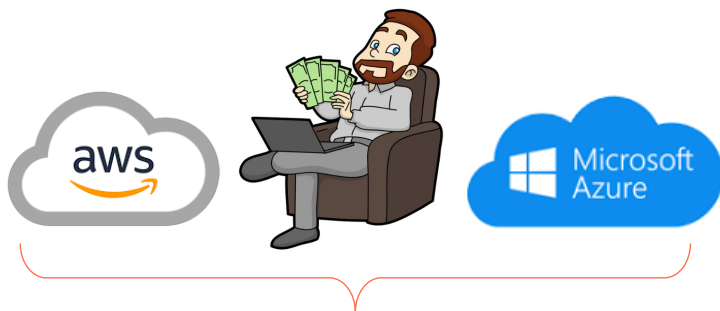
Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$500 Billion in 2022

IaaS, DaaS and PaaS to Witness Highest Spending Growth This Year

Hyperscalers & Cloud → 62% Market Share



Agendas of Hyperscalers & ISVs



Drive **Consumption!**



Drive (Cloud) **Subscriptions!**

- Crayon is always on the customer's side
- Optimization is Crayon's DNA



Customer

- Pay only for what you use
- Use only what you need
- Compliance
- Security Recommendations & fixes
- Budget, Plan & Negotiate Renewals

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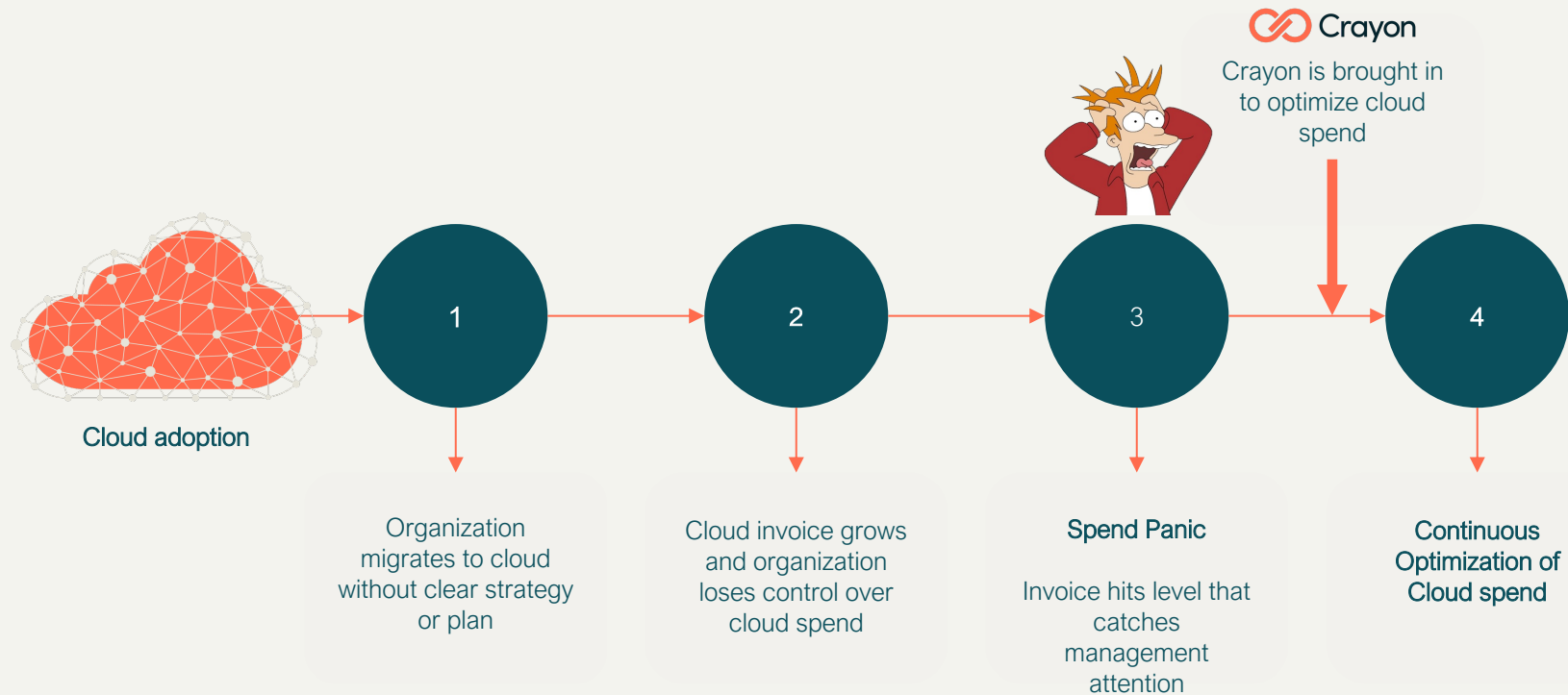


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Typical Cloud Adoption Scenario



Spend Panic!

Gartner Research

Realize Cost Savings After Migrating to the Cloud

Published: 28 April 2021

Summary

Organizations with little or no cloud cost optimization plans rush into cloud technology investments. They end up overspending on cloud services by up to 70% without deriving the expected value from it. Executive leaders must use this research to realize cost savings and avoid cloud overspend.

COMPANY PROFILE

Crayon



20 years
of expertise in software
and cloud advisory



Publicly listed
on the Oslo Stock
Exchange



Over 7,000 certifications
on a wide range
of technology solutions



Over 70,000 customers
from SMB to enterprise
across all industries
segments



80% global market
coverage with over
50 offices across
35 countries



Strong relationships
and strategic partnerships with
leading technology vendors and
cloud partners



3,300 employees
Who are experts in
their field



Sales
2021 sales was 2.6B USD

15-30%

WE SAVE OUR CUSTOMERS 15-30% ON THEIR CLOUD CONSUMPTION & SOFTWARE LICENSE
ESTATE



Crayon's Businesses

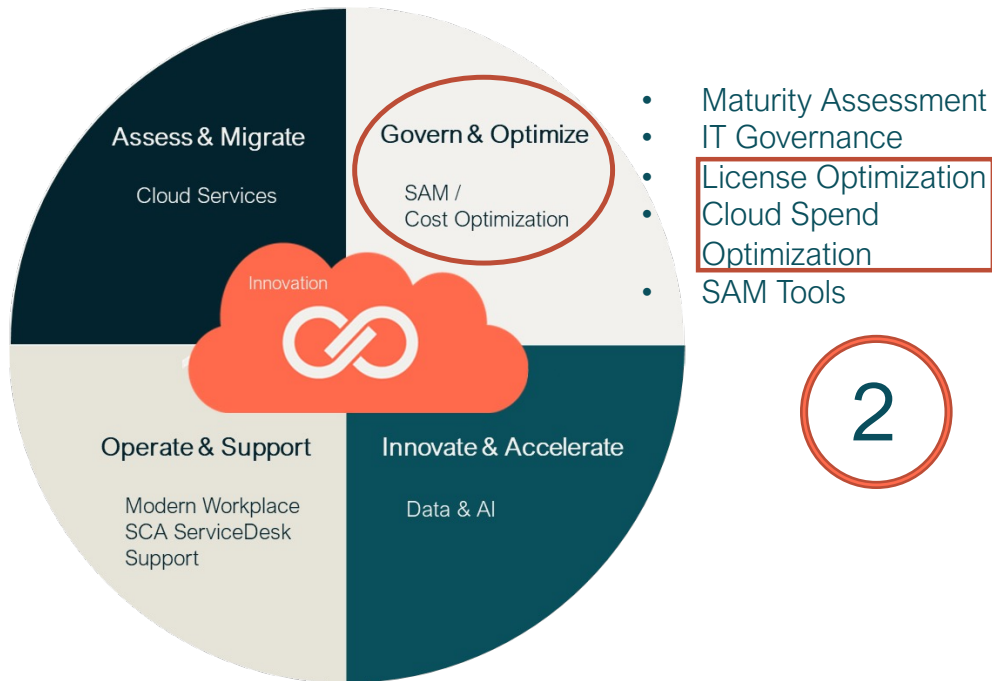
1

License Business



Balance Price vs. Flexibility

Vendor Agnostic Services Business



2

SAM: Software Asset Management

Crayon's DNA

- Savings between 15-30% @ start or @ renewal
- Avoid risk of non-compliance & risk for security breaches



- Maturity Assessment
- IT Governance
- License Optimization
- Cloud Spend Optimization
- SAM Tools



- Low Hanging Fruit
- Savings between 15-30%
- Savings are immediate
- No Cure, No Pay – No Risk for Customer*

*If Cloud Spend is significant

What is Cloud Economics?

Cloud Spend Optimization in a IaaS world

Balancing Cloud Cost Management & Innovation

Cloud economics should be front and center of every enterprise's IT strategy, but unfortunately it isn't



Why should you care about Cloud Economics?

1. Ownership of technology and financial decision-making moves away from Procurement & Finance to Engineering
2. Abundance of resources available on-demand: compute power, storage, database,...
3. Need for new skills, culture & business model to balance cost control & innovation
4. Spend Panic is a question of when, not if



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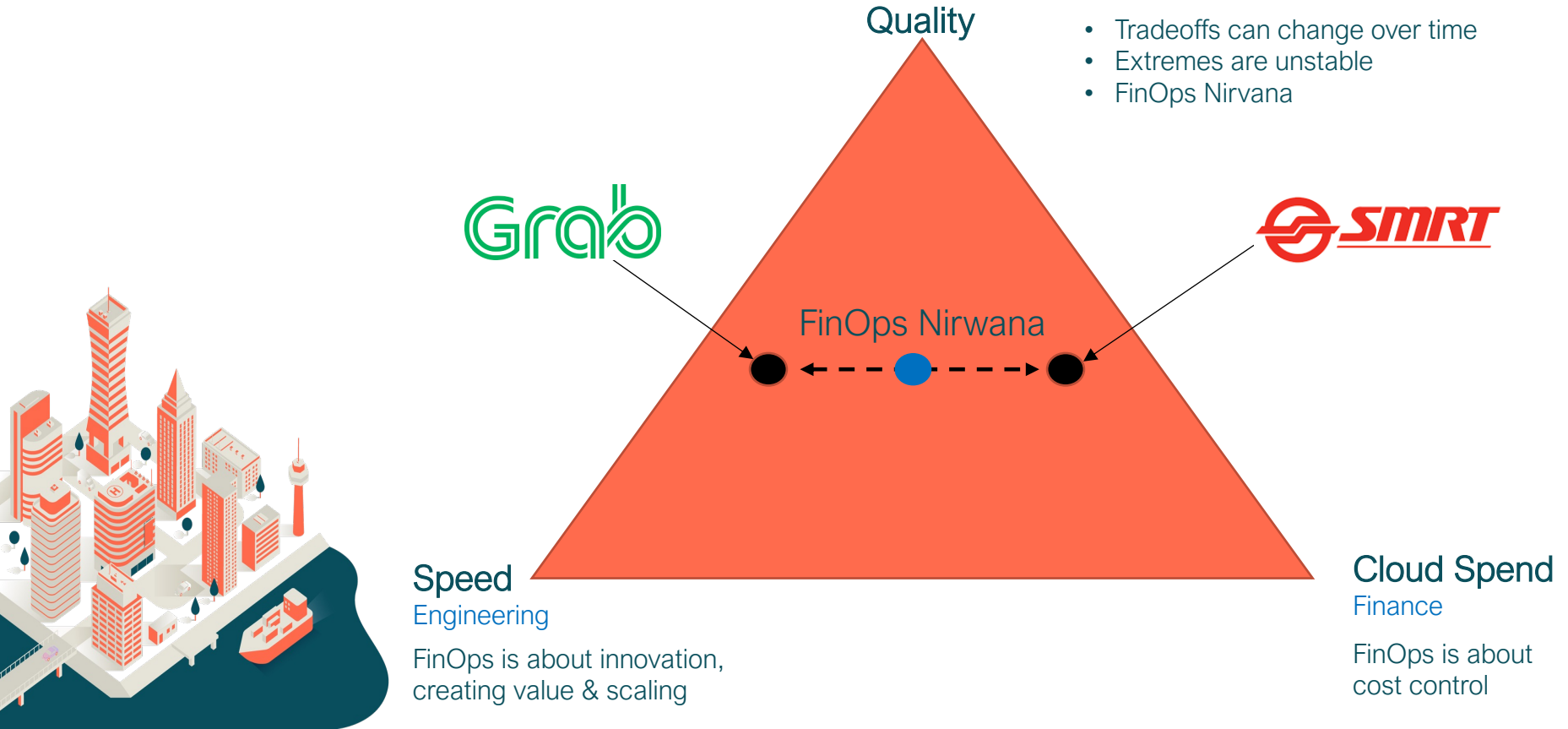
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What is Cloud FinOps?

- FinOps is the answer to variabilization of IT spend
- FinOps is a **cultural practice** of cross functional teams working together to balance the speed of product delivery and optimal cost
- Cloud FinOps brings financial accountability to the variable spend model of cloud
- Cloud FinOps = Real-Time Reporting + Just in Time + Team Collaboration

FinOps Triangle of Constraints








FinOps Team



$$\text{Cloud Spend} = \text{Usage} * \text{Rate}$$

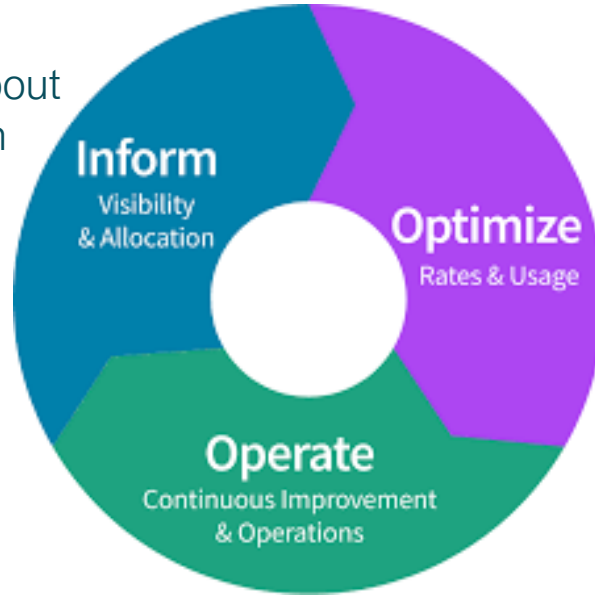
- Central Team under COO
- Unbiased
- Set Goals
- Reporting
- Selects Business Metric
- Cloud Expertise
- Owner of Rates

FinOps Principles

1. Finance & Engineering need to collaborate, understand each other's objectives, challenges & speak the same language
2. Decisions are driven by business value of cloud  vs. 
3. Everyone takes ownership of cloud usage → distributed accountability
4. FinOps reports should be available in real-time: actual vs. budget,... 

5. Centralized team drives FinOps → education, standardization, goal setting, benchmarking & ranking
6. Exploit the variable cost model of the cloud
7. Allocate/Tag/Label Spend → no dollar left behind! 

FinOps Cycle

- Teams are informed about what they spend, when and why, in real-time



- Measure potential optimization and set targets
- Monitor underutilized resources
- Rely on anomaly detection (Artificial Intelligence) to flag anomalies in spend

- Go through many iterations
- Go for quick wins

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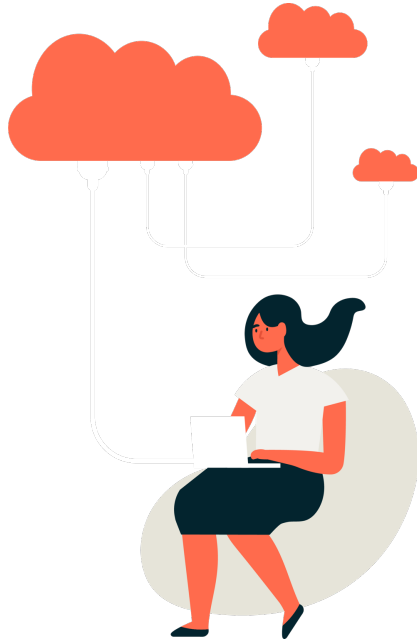


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Cloud Spend Reduction at a glance!



**75%
OFF**

- Committed Use Discounts
- Volume Discounts/Custom Pricing/Spot Pricing
- Contract in another country
- Promotions/New Pricing

Rate Reductions → [FinOps Team](#)

$$\text{Spend} = \text{Usage} * \text{Rate}$$

Reduce Usage = Cost Avoidance → [Decentralise responsibilities](#)

- Terminate idle/forgotten resources → 100% savings!
- Rightsizing oversized resources → focus on material savings
- Scaling down usage during off-peak times
- Re-use on-premise licenses
- Dev/Test Discount

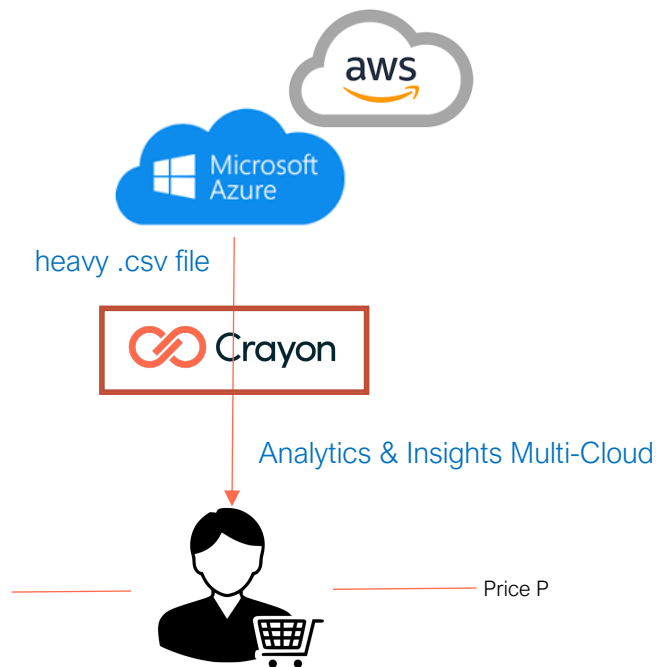
Anatomy of an Azure Cloud Invoice

Complex → *You can't manage what you don't understand!*

- [October Monthly Usage Details.csv](#)
 - heavy monthly .csv file → massive amount of data → line for every resource used for every hour or second
 - difficult to analyze with Excel → need for tool → FinOps Dashboards (Crayon)
- cloud bill language and metrics are resource specific and vendor dependent → *multi-cloud increases complexity!*

Service name	Service tier	Meter
storage	premium ssd managed disks	p10 disks
storage	files	lbs data stored
storage	tables	batch write operations
storage	tables	grs data stored

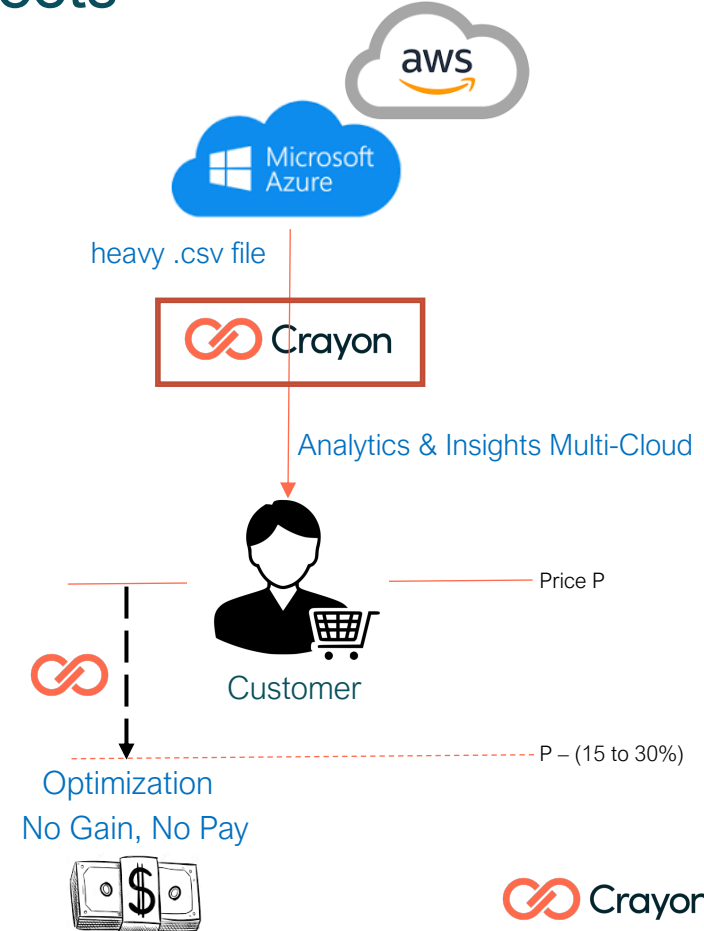
- Data comes in through multiple updates each day
- Billing data can be misleading



Engagement Opportunities for Prospects

Cloud Economics

- *Annual Subscription for Cloud Economics Managed Service*
OR
Gain Share – No Gain, No Pay
- *FinOps Dashboards*



Are you sure you are getting the most out of your Cloud investment?

Key areas of FinOps analysis

Consumption

Get a precise overview of available- and consumed services within your organization and prepare for upcoming agreement anniversary.

Saving Potential

Get detailed information on your actual usage patterns in Cloud and uncover saving potentials.

Identify excessive costs through right-sizing and unused resources in your Cloud services.

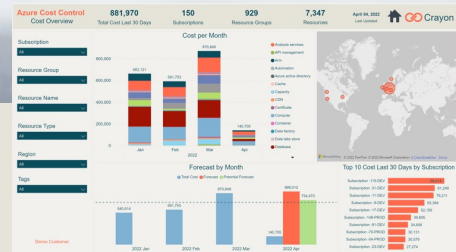
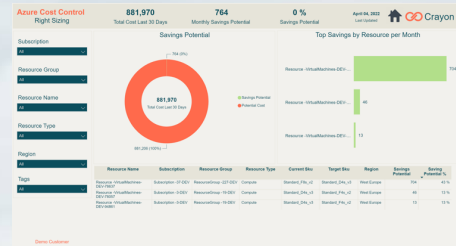
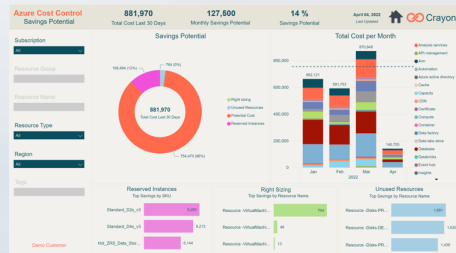
Cost allocation

Gain insights into which countries, organizational units and departments are using Cloud with an easily break down of the costs.

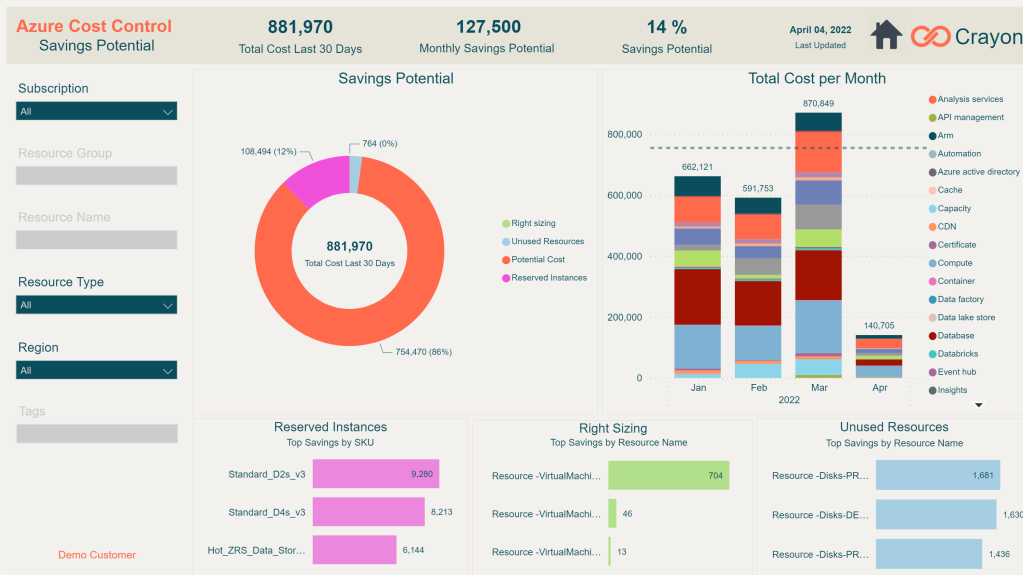
Optimize cost

Maximizing ROI on your software and Cloud investments.

Get access to deep analysis of cloud spending, behavior and potential harvesting of licenses.



FinOps Dashboards: Customer example



Savings potential

14%

Min. combined savings
potential per month

1.5M \$

Combined potential
savings per year

Cloud Optimization & Sustainability

Reduction of cloud consumption → sustainability → datacenters produce lots of CO₂



Summary

1. Cloud (IaaS, SaaS) comes with new possibilities
2. Majority of companies overspend when it comes to cloud and software
3. FinOps is a best practice for controlling cloud spend
4. Cloud consumption reduction is (immediate) low hanging fruit
5. Start preparing for software renewals (SAP, Oracle, IBM, Microsoft, Adobe,...)
 - be compliant in terms of software use
 - spot security issues – shadow IT
 - contract only for what you need
6. You leave 15-30% on the table when you procure or renew IaaS & SaaS without help

Thank You!

