



White Paper

# 10 Tips on How to Get Cloud Costs under Control

Revolutionize your cloud spend with these proven techniques

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# Introduction

Managing the public cloud is, to some degree, becoming part of an ITAM Manager's remit. This guide aims to help you along the path to cloud excellence with 10 tips to taking control of cloud, and ways to help the business overall as well as your ITAM practice.

As the adoption of public cloud continues to accelerate, many organizations are finding it increasingly challenging to manage the costs associated with their cloud infrastructure. While the cloud offers unparalleled flexibility and scalability, it can also result in unexpected and rapidly escalating expenses if not managed properly. In fact, according to recent studies, cloud waste is estimated to cost organizations billions of dollars per year.

Public cloud spend continues to grow at a significant rate, with 2023 expected to see an annual increase of 22% to \$597 billion. This will then barely slow down as 2024 is predicted to reach \$725 billion, a 48% increase in just 3 years.

Effective cloud cost management is critical for organizations to optimize their cloud investments and avoid unnecessary expenditures. However, it's not just a matter of tracking cloud usage and expenses. ITAM also plays a crucial role in public cloud cost management by enabling organizations to better understand and manage their cloud resources. Adapting to a new cloud and hybrid world is key for ITAM as an industry too. It offers fantastic opportunities to show your organization how integral ITAM is to the future growth and success of the business.

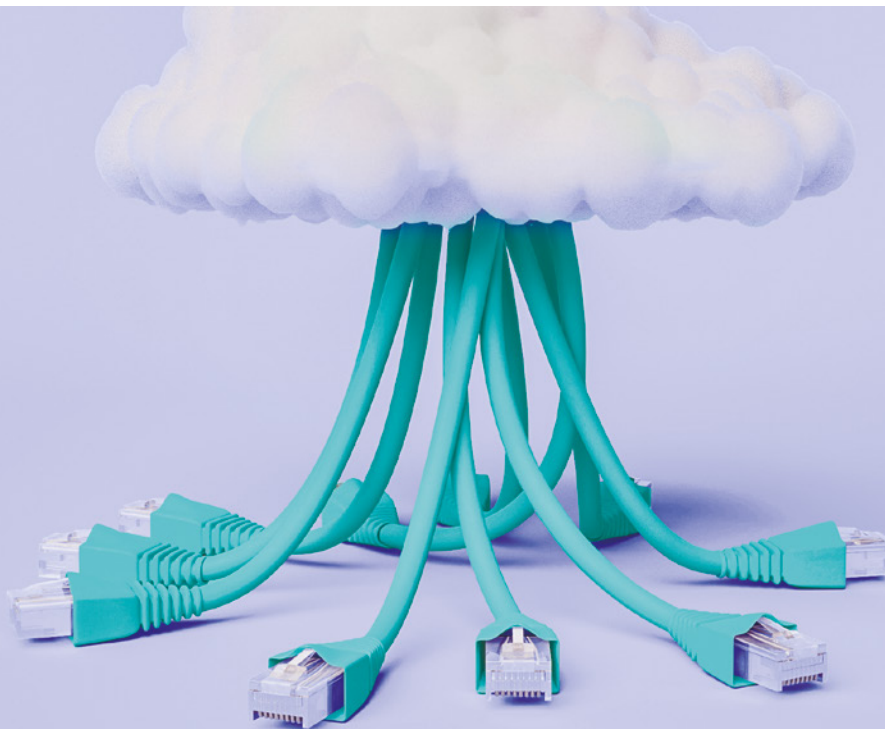
In this guide, we look at importance of public cloud cost management in the context of ITAM and introduce strategies and practical recommendations for optimizing cloud costs. As we look ahead through 2023 to 2024 and beyond, it's clear that public cloud cost management will continue to be a critical topic for organizations seeking to optimize their cloud investments and drive business value.

# Use Hybrid Licensing Rights

The best known of these is probably the Microsoft Azure Hybrid Use Benefit available via Software Assurance (for certain products) but other software publishers including Oracle and IBM also allow their on-premises licenses to be used in the cloud – with certain restrictions.

This can be a quick way to reduce cloud bills, increase the efficiency of cloud spend, and demonstrate how ITAM supports FinOps and Cloud Centre of Excellence (CCoE) teams. Furthermore, using licenses in this way can be more cost effective than Pay-As-You-Go (PAYG) rates in the cloud environments, enabling you to keep your negotiation leverage with the publisher and reduce your cloud bills.

A word of warning – hybrid licensing rules often differ from on-premises and can vary between cloud providers, so make sure you have a deep understanding of the rules and any limitations.





# Monitor Your Usage

Regularly check your cloud usage to identify any spikes in usage or unusual activity.

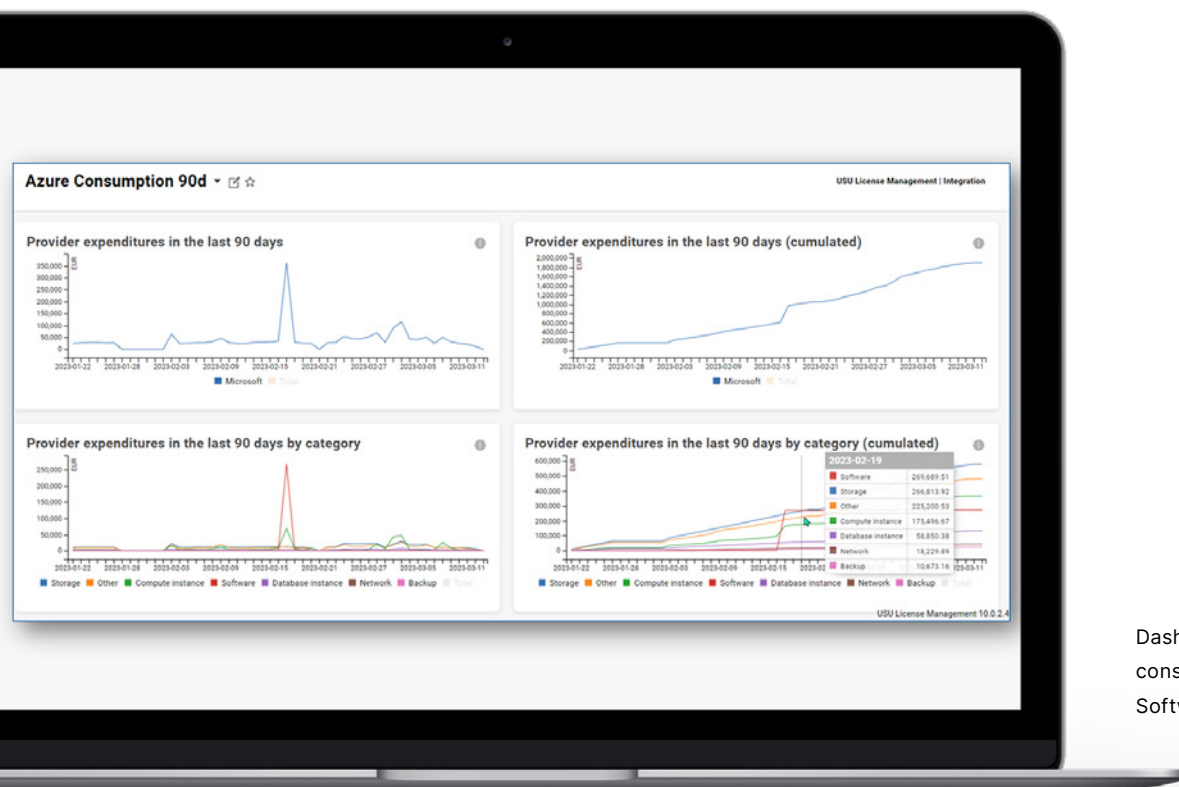
This will help you understand which services are driving costs and where you can optimize. Ensure you have 3 things at a minimum:

**01 |** Visibility of your organization's cloud usage, both now and in the future

**02 |** Access to the cloud billing portals for your organisation, particularly if you're managing a multi-cloud environment with more than one public cloud provider

**03 |** Communication channels with internal teams that deploy and use cloud

This will enable you to not only identify usage spikes but also to take the necessary steps to mitigate them where possible.



Dashboard: Tracking of cloud consumption over time, USU Software Asset Management

# Set Up Cost Alerts

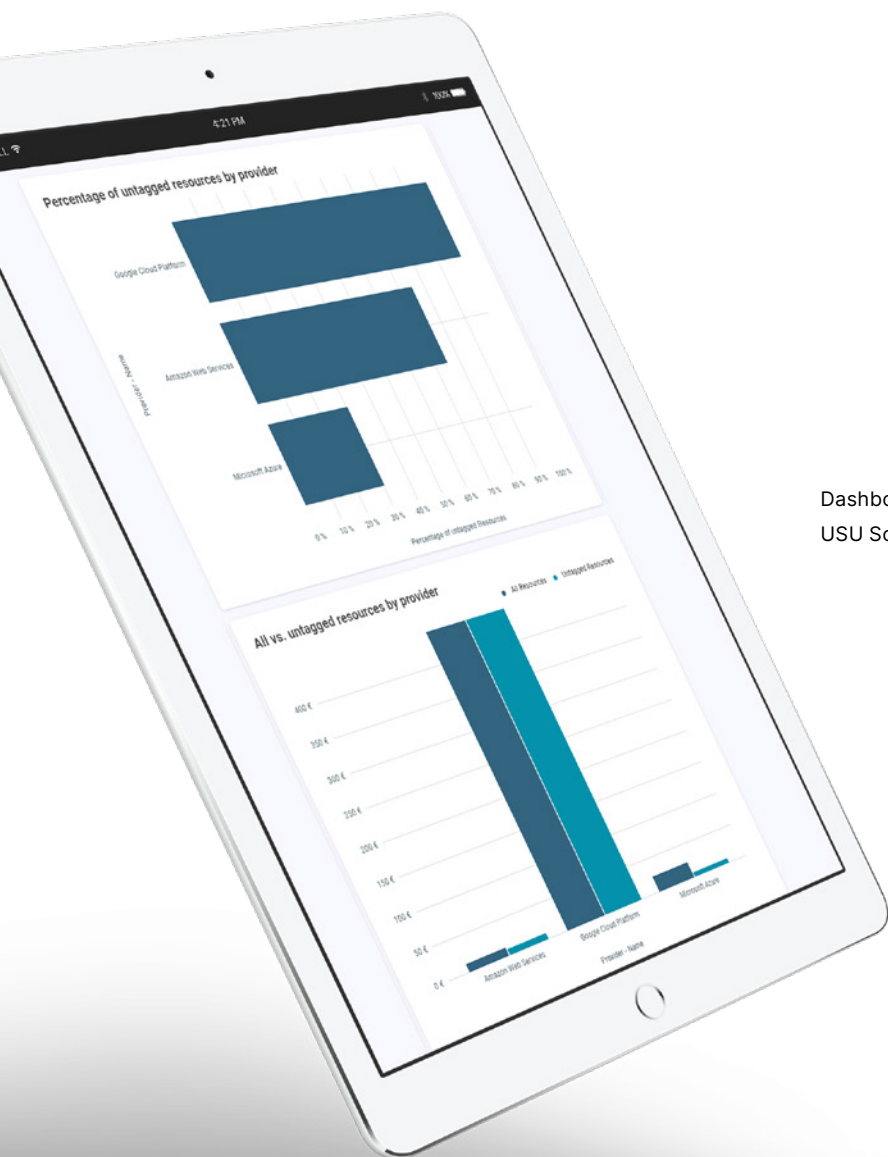
Set up alerts within each of your cloud environments to notify you when costs exceed a certain threshold to you avoid unexpected bills and take corrective actions before it's too late.

The rapid pace of cloud means that anomalous and unexpected spend must be identified as quickly as possible before bills become too high.

# Use Cost Allocation Tags

Cost allocation tags are a way to categorize resources in your cloud environment. They can help you better understand the cost of specific services or departments and make it easier to allocate costs back to the appropriate teams.

Chargeback/showback is a key part of on-premises ITAM and being able to apply similar processes to your cloud spend can give you a real edge when understanding and controlling costs.



Dashboard: Tracking of untagged cloud resources,  
USU Software Asset Management

# Choose the Right Instance Types

Choose instance types that are best suited to your workload. Oversized instances can result in wasted resources, increased costs, and larger than needed carbon outputs.

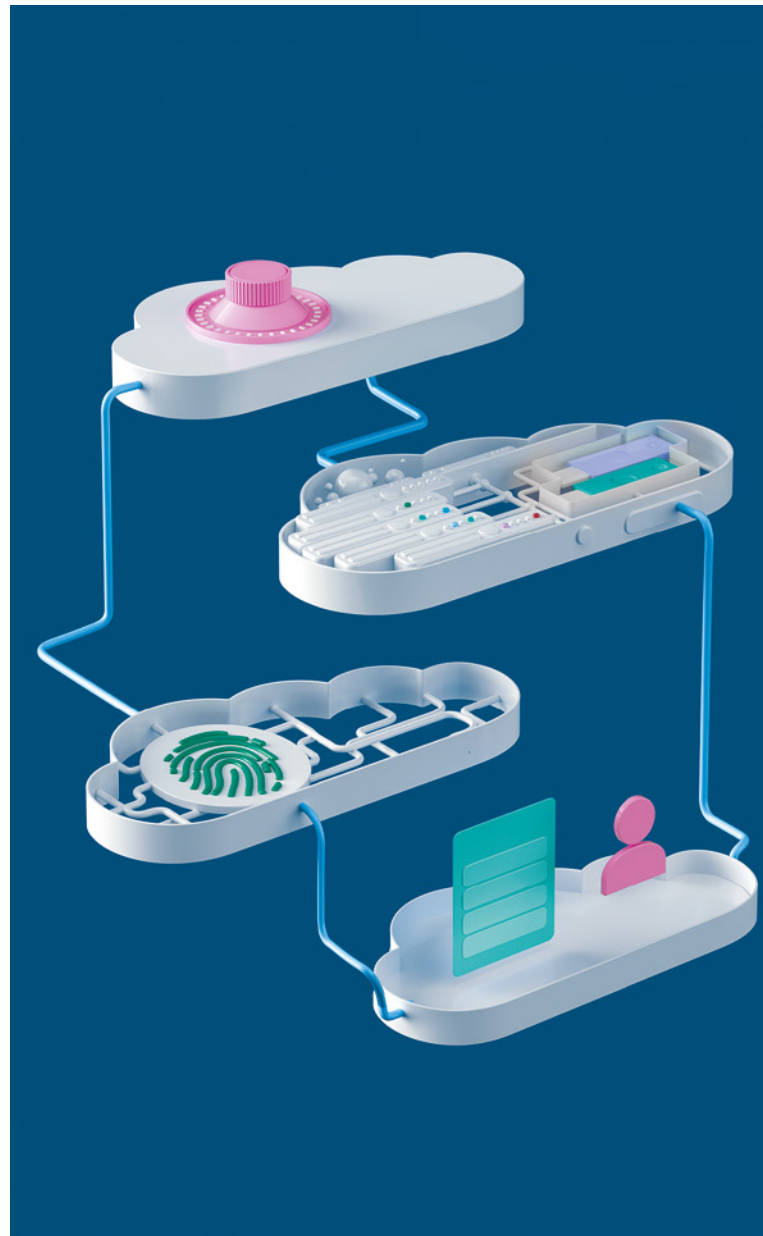
While this isn't something the ITAM team should manage directly, creating the policies and framework for these to be monitored and managed is a great example of using ITAM's on-premises skills in the modern cloud world.

## Use Reserved Instances/ Savings Plans

Upfront commitments to cloud resources can provide significant cost savings over on-demand instances.

Work with your cloud deployment and FinOps teams to evaluate your usage patterns to determine if reserved instances/savings plans are a good fit for your environment – both now and on an ongoing basis.

Understanding any planned changes to your cloud use i.e., increasing/decreasing certain workloads, adding new services etc. must be considered, as well as any changes to your licensing agreements and purchase strategies with the vendor.



# Automate Resource Management

AKA “turn things off when you’re not using them”.

If cloud resources are left on 24/7, that is a huge source of waste – and one that can be fixed quite easily. Ensure there is a policy to map cloud resource availability to the working schedules of your users – if they’re not working, the virtual machines, databases etc. can be powered down. Be careful to consider those in different time zones though.

Automation and tools can help you do this quickly, easily, and error-free. This ensures that resources are only used when they’re needed and reduces the risk of unnecessary charges – as well as freeing staff up for more proactive tasks.

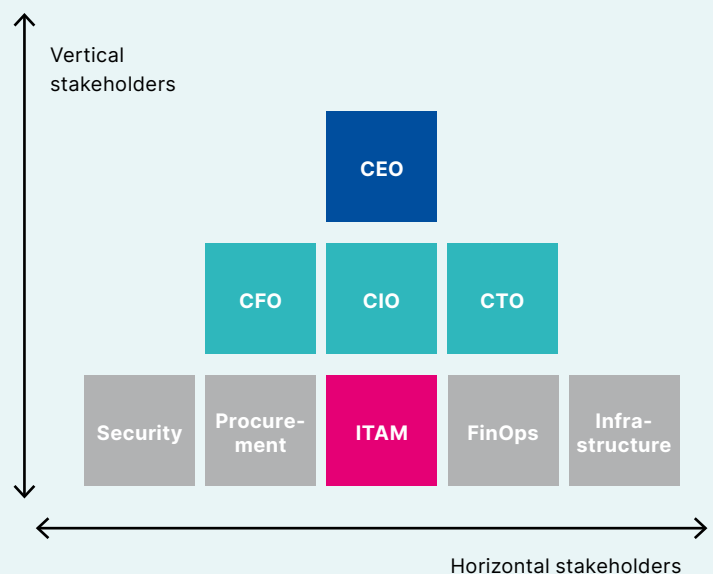
# Engage with Stakeholders

Work with the stakeholders within the various parts of your business – both horizontally and vertically.

**Horizontal stakeholders** are other teams within your organization – such as procurement, FinOps, and security – who are involved with the cloud on a day-to-day basis.

**Vertical stakeholders** are your leadership team, executives, and board members – who set the cloud direction and view it as central to business growth.

Both types of stakeholders represent people that you can help empower with ITAM data and insights around cloud assets, spend, and security.





# Use Cloud Cost Management Tools

Many cloud providers such as Microsoft and Amazon offer cost management tools that can help you monitor usage and optimize costs – use these tools to gain initial insights into your cloud environment and to set budgets and spend alerts where possible.

Also explore what cloud functionality your ITAM/SAM tool offers – work towards being able to provide your organization with a holistic overview of software spend across on-premises, SaaS, and public cloud.

Not only will this enable insights across the business, but it will also give you the best opportunity to truly optimize costs across your software portfolio.

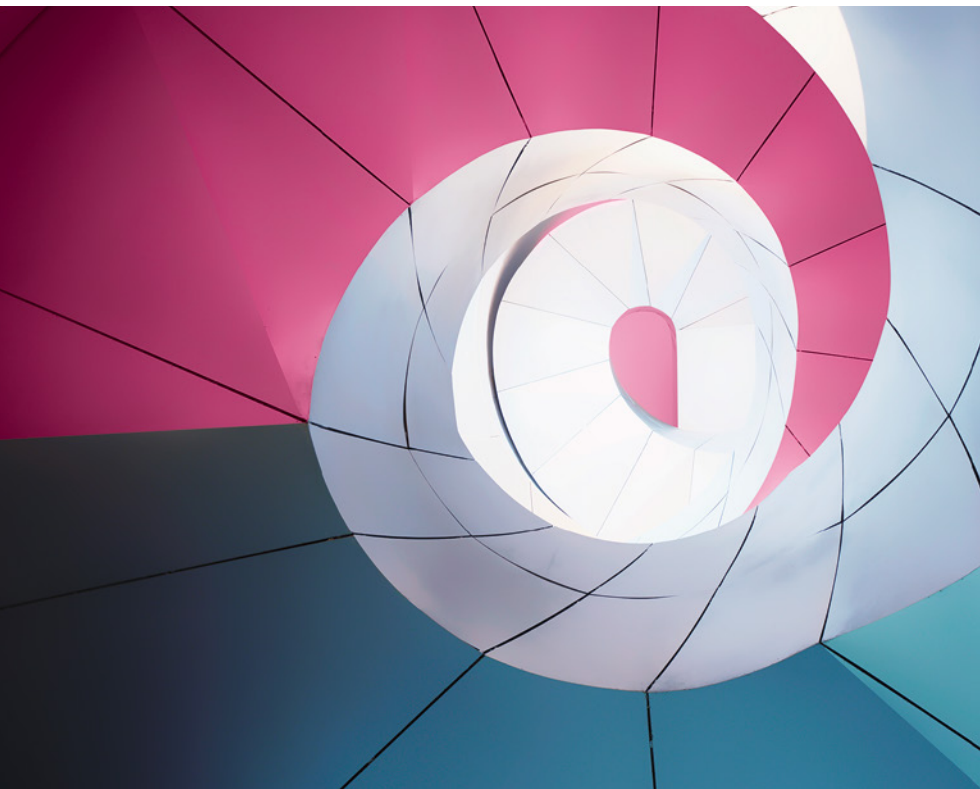


Dashboard: Holistic overview of SaaS and public cloud spend, USU Software Asset Management

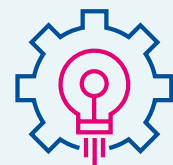
# Continuously Optimize

Cloud is never done. Continuously review your cloud usage to identify areas where you can optimize costs.

This can help you keep costs under control as new areas of your business adopt cloud and new cloud services start to be used throughout your organization – doing this will help ensure you're getting the most value from your cloud investment.



- 1 Use **hybrid** licensing rights
- ↓
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- 5 **Choose** the right instance types
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- 6 Use **Reserved** Instances/Savings Plans
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- 7 **Automate** resource management
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- 8 **Engage** with stakeholders
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- 9 Use cloud cost management **tools**
- ↓
- 10 Continuously **optimize**



# Conclusion

Although the discipline of cloud cost management is wide-ranging and ever-changing, this guide has laid out 10 ways that you can successfully get cloud spend under control in any environment, industry sector, or organization. Not all will be possible at the same time. A key skill for the modern ITAM professional is time/priority alignment – which things should you do first to get the maximum benefit and to create a platform on which to build as you move forward.

While this will vary depending on your situation, introducing hybrid licensing and governance around the types of resources can be a great place to start. As users become more familiar with these initial processes and stakeholders start to see the financial benefits, you can then move on to Reserved Instances and then to tagging resources move optimal analysis and reporting. Across all this, using reports and tools to give you insights is key – the more information you have, the more successful you can be. However, it is crucial that you share this information with the relevant stakeholders to show them how ITAM is powering the business and enabling them to make better, more informed decisions.

Getting involved with cloud is key to the evolution of IT Asset Management – **be part of the next generation and start managing cloud costs today.**

## About USU

As the leading provider of software and services for IT and customer service management, USU solutions empower companies to meet the demands of today's digital world. Global companies use our solutions to cut costs, drive agility, and reduce risk – with smarter services, streamlined workflows, and improved collaboration. With over 40 years of experience and locations worldwide, the USU team helps customers move into the future. Smart solutions for a better service world.

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