

[Enterprises worried about high cloud costs](#)

Organizations are realizing the value that cloud adds to their businesses and the cloud adoption has increased more than ever. While cloud offers several advantages including faster development time, ease of provisioning, quicker time to market, the cost of running workloads on the cloud is something that keeps CIOs worried.

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There is a common misconception around the cloud that it reduces costs by default. And If CIOs don't monitor closely, their IT costs could shoot up.

In a typical On-Prem or an owned hardware solution, companies don't have to worry about whether the hardware is running or switched off when it is not required. If the servers are not being used, they are not switched off.

In cloud, however, if things are done similarly, the billing could go up meteorically, according to Debashis Singh, CIO, Mphasis.

“The first control required is to ensure you are disciplined to bring up an instance, run it past security controls, then reuse it for the time it is required, then bring it down. It is a complete cycle. That is the biggest cultural change for typical server users and compute users,” he said.

It's all about how well you understand the cloud and how well you design your architecture. On the cloud, you can design something which costs you a bomb or you can design something which is really efficient, costs you minimum and does the job, avers Rahul Agarwal, CTO, Capri Global.

“Choice of cloud, choice of service, data transfer, storage, compute, server uptime and auto-scaling strategy, classification of servers are some of the things IT leaders must look into when it comes to optimizing cloud costs,” said Agarwal.

Rishabh Garg, CTO, U GRO Capital believes cloud workloads cannot be run like a traditional data center. If used that way, the expenses would be far ahead than incurred on a traditional data center.

He suggests that organizations need to follow certain best practices while deploying cloud workload. Following these ensure expenses are much lower than a traditional data center.

There is no need to over-provision the infrastructure basis the forecasted future demand. U GRO Capital's applications run in auto-scaling mode, capacity, and therefore costs vary based on demand. The company continuously monitors usage across multiple services and does necessary optimizations. Development Server instances are switched off automatically when they are not used to save further costs. Storage costs are also optimized by moving less frequently accessed storage to cheaper infrequently accessed storage tiers.

According to Sourabh Chatterjee, President & Head—IT, Web Sales and Travel, Bajaj Allianz General Insurance, cloud is not a cheaper option, cloud is actually more costly when compared to on-prem.

“One needs to plan which workloads give you the value, value for money, value for business, value for large-scale processing, and then move them on there. If organizations keep on continuously uploading and downloading data from the cloud environment their Opex bill is going to rise meteorically,” he said.

Sumeet Arora, Global Head—IT, QuEST Global says the hard work to optimize cloud costs starts during the planning phase itself. A good estimate of resources required will help in keeping a baseline of budgeted costs.

From there, he advises companies to periodically keep a check if all the assumptions made during provisioning the workload(s) continue to hold good. “Very tight and frequent operational monitoring especially in the early days is the key to balancing costs v/s flexibility the clouds offer. Small things like turning off the resources over the weekend/during the night can help save valuable money for your organization,” he added.

FinOps to the Rescue

While the benefits of cloud are compelling, spend management is critical for controlling costs, maintains Rishu Sharma, Research Director, Cloud and AI, IDC India. Enterprises must bring in an early focus on cost optimisation in their cloud adoption journey.

“The cost optimization efforts can leverage various initiatives such as automation, optimization tools, dashboards on the use, billing visibility tools, among others to curb the costs. It is important for enterprises to bring in financial accountability to the spends on cloud,” she said.

In fact, IDC predicts that in India, by 2024, 30% of organizations using cloud services will establish a dedicated FinOps function to automate policy-driven observability and optimization of cloud resources to maximize value.

Akhilesh Tuteja – Partner and Head, Digital Consulting, KPMG India also agrees that as organizations mature on cloud, they are realizing the need for external expertise related to cloud economics, architecture and governance to help them with optimizing current cloud spend and in setting up a FinOps operating model for continuous cost governance.

Often cost governance is looked at as a finance/ procurement problem, however, it is much more an architectural problem as optimizing the architecture can have a significant impact on consumption costs. “Hence, building a FinOps team with the right skills becomes important.

In addition, the recommendations of the FinOps team needs to be carried out by the engineering teams, hence an effective governance structure should be in place for the teams to work in cohesion,” he said.