FIVE THINGS TO DO NOW TO REDUCE YOUR AZURE COSTS

photo by Olivia Guest

Your Azure costs are soaring and you aren't sure what to do

Your organization moved to Azure to increase agility and speed-to-market but costs are running high. IT and Finance aren't in alignment and the situation seems out of control. Here are simple steps you can take to get things back on-track.

ONE

MONITOR

Cloud resources generate costs every second. Weekly, monthly or quarterly reports or analyses of your bill don't enable forecasting which is critical. The answer is constant monitoring. If your organization is small to medium-sized the Azure Cost Explorer is a good place to start. Larger enterprises should consider tools such as Cloudyn or Cloudability. These tools are part of a cost observability workflow that provides constant insight into your Azure spending.

TWO

TAG

Your Azure cloud resources should be tagged to reveal their business purpose. Tagging, combined with a monitoring tool, turns technical metrics (for ex. how many virtual machines) into business metrics - how many of our virtual machines are used by various lines of business. This enables you to determine how your cloud spending is *performing* relative to revenue and budget targets.

THREE

BUDGET & ALERT

Set budgets as spending ceilings and budget alerts to provide early warning as Azure resource spending approaches those ceilings. Budgets and alerts should be a key part of your Azure strategy and, coordinated with business budgets for projects, initiatives and business as usual activities. Properly set and analyzed, budgets and alerts prevent being surprised by your bill.

FOUR

RESERVE

Azure resources that will be utilized for at least a year should use Reservations. Reservations are spending commitments that provide discounts of up to 57% (for 3 year contracts). Combined with the Azure Hybrid Benefit that transfers on-premises licensing to Azure assets it's possible to enjoy very significant runtime savings.

FIVE

STRATEGIZE

Many Azure projects start as C-suite initiatives; IT is directed to implement modernization goals built using Azure. There is a separation of business objectives and technology decisions. This command and control workflow worked reasonably well for on-premises efforts with fixed, CAPEX-based spending patterns. Cloud modernization - and OPEX- demands a different, more intentional approach in which business and technology decisions are made in concert and fine-tuned using data.

To succeed, your organization needs a cloud strategy that brings together monitoring, tagging, budgets and smart allocation of technology (reservations, a well negotiated Enterprise Agreement, and cost-smart architectural decisions).

A bridge must be created between business and IT. FinOps is that bridge.

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Our book on Azure Cost Management: https://www.azurefinops.com/