Managing Your Cloud Costs with Solutions in AWS Marketplace
Contents

Introduction 3

Chapter 1 4
Challenges of cloud cost management

Chapter 2 7
How cloud cost management solutions enhance your business effectiveness

Chapter 3 8
Cloud cost management: Key solution features

Chapter 4 9
Success stories: Managing cloud cost with solutions from AWS Marketplace
  Dow Jones generates large savings on their cloud spending with Spot.io 10
  Atlassian improves reserved instance coverage with Apptio Cloudability 11
  Intuit takes cloud cost optimization to a new level with CloudHealth 12
  Siemens powers cloud spending governance with CloudCheckr 13

Chapter 5 14
Procurement innovation: AWS Marketplace is the new normal

Chapter 6 16
Cloud cost management solutions in AWS Marketplace: Realizing the benefits

Chapter 7 18
Next steps
Introduction

The march to the cloud is accelerating. IDG’s 2020 Cloud Computing Survey finds that 92% of organizations have moved at least some portion of their IT architecture to the cloud. Cloud spending has increased by 59% over the past two years. Furthermore, 55% of enterprise cloud adopters now use multiple cloud providers as they seek to match the best services to their needs, enhance flexibility and gain competitive leverage.

The seductive appeal of cloud computing across the business can inhibit IT executives from implementing the same cost-control disciplines they have traditionally provided for the corporate data center. As business units increasingly provide for their own needs by procuring cloud applications and infrastructure, the risk of service duplication, under-utilization and lack of cost visibility grows.

These risks only increase as organizations shift more of their workloads to the cloud, adopt multiple cloud providers, and disperse procurement responsibility throughout the organization. Cloud silos become a problem when business managers lack the knowledge and tools necessary to regulate the number of user accounts, shut down unused servers, and collaborate to take advantage of available discounts. Islands of cloud automation also limit an organization’s ability to get the complete view that is necessary to negotiate discounts.

As a result, the benefits of cloud may be tempered by added complexity and runaway costs. IDG’s research found that the top three most common problems encountered by organizations with multi-cloud deployments are:

1) Increased complexity
2) Higher training/hiring expenses
3) Increased costs due to cloud management and security challenges.

Organizations seeking to balance flexibility and accountability may want to consider federated approaches that provide visibility into cloud spending across the enterprise without imposing undue restraints on users. Cloud vendors value customer loyalty and have no interest in promoting complexity. They have built a portfolio of tools that provide consolidated reporting, resource optimization, and recommendations of third-party tools from cloud marketplaces that can create additional efficiencies.
Challenges of cloud cost management

Today, enterprises like yours are transforming the delivery of many technology-supported business functions through cloud services. Cloud services provide greatly improved agility, scalability, and availability at a utility cost while allowing your organization to focus on areas where you can gain the most competitive advantage. In the effort to maximize the promise of cloud benefits, many organizations have chosen to use a wide array of capabilities—from multiple cloud providers—ranging from discrete infrastructure as a service (IaaS) to the acquisition of complete business processes delivered through software as a service (SaaS).

Successful long-term cloud adoption relies upon your organization's ability to understand and align your cloud vendor management strategy with your business priorities. Tactical monitoring and optimization of your day-to-day spending, ongoing rationalization of legacy implementations, and effective strategic planning ensure the ongoing effectiveness of your cloud journey.

Most organizations are struggling to find comprehensive ways to accurately track their cloud spending at a level of detail needed to optimize configuration, take advantage of cost-reducing discounts or incentives, and have the context to develop their strategy based on business direction, market costs, and the total cost of ownership (TCO) of the services. Overall, organizations often don’t have adequate controls to monitor, manage, and optimize cloud costs.
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The challenges many face in planning, optimizing, and maximizing the value of cloud services include:

- **Overly complex application architecture.**
  Organic adoption of cloud services, migration of legacy workloads, and decentralized procurement have led to excessively complex cloud environments for organizations. This frequently materializes in too many service contracts, duplication of services at the business unit level, or low/inefficient service utilization.

- **Inadequate cost tracking and reporting.**
  General ledger reporting of cloud spending rarely has the level of granularity required to reveal the true cost and identify cost savings opportunities. This forces financial professionals to rely on providing detailed billing which, in the typical enterprise, provides too much information without the context of the business value or capability being served.

- **Lack of effective cloud resource management across teams and departments.**
  Several organizations have a mixture of cloud services—some procured centrally through the corporate IT function, others procured through distributed entities such as business units, subsidiaries, and so on. This mixture further increases the complexity of planning and delivering on a meaningful cloud optimization program as each team and department often develops their own ways to manage cloud resources and track cloud spending.

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• **Lack of market knowledge impacting ability to maximize discounts.** In addition to grasping how the technical implementation of business functions impacts cost, another challenge is understanding the mechanisms available to reduce the incremental value that exists in the market. Examples include volume discounts, such as the Amazon Enterprise Discount Program (EDP), and price incentives to use lower tier infrastructure, such as Amazon Reserved Instances.

• **Lack of integrated processes and tools to enable effective cloud cost management.** In attempting to identify and drive cloud savings, most organizations rely upon a variety of technical and financial tools, spreadsheets, and manual intervention. This inability to maintain accurate usage and market data prevents effective analysis of cloud resource usage patterns and limits an organization’s ability to identify, plan, and control cloud cost.

• **Inability to implement cost-savings measures.** Making infrastructure or provider changes are often necessary for you to take advantage of discounts and other cost-savings measures. But the complexity of contractual and technical environments frequently prevents organizations from making such changes—especially at the risk of service interruptions.

Cloud users underestimate the amount of wasted cloud spending. In a recent survey, the approximate calculation of cloud waste was estimated between **27 to 35 percent**.¹

Managing Your Cloud Costs with Solutions in AWS Marketplace

Comprehensive cloud cost management solutions help you reduce waste and avoid surprises with your cloud spending. You’re able to better address the key challenges to understanding and optimizing cloud spending across platforms. These solutions also guide you through implementing optimal configurations to improve service efficiency and lower cost. Additionally, they can provide analysis of in-house and cross-vendor costs to support your overall vendor management strategy and maximize value in the long run.

Depending upon your needs, these solutions range from provider-centric tools to integrated cross-platform solutions, which include support for improved security, governance, and cloud migration planning.

Regardless of the specific solution you choose, the solution should enable you to get the most out of your cloud investment. Look for solutions where you gain capabilities such as:

- **Visibility and reporting.** Gain an authoritative view into cloud usage and costs across your enterprise’s cloud accounts, helping you identify instant savings opportunities and improved realized value.

- **Resource optimization.** Analyze usage patterns against market pricing data to identify optimization opportunities. The solutions then recommend resource changes based on your discount,
Managing Your Cloud Costs with Solutions in AWS Marketplace

performance, and availability parameters. With seamless integration for AWS services, many solutions can automatically reduce cost by reallocating cloud resources to take advantage of lower-cost offerings and/or deactivate unused instances.

- **Cloud service optimization.** Consolidate departmental purchases to take advantage of provider volume agreements. With improved visibility and control of cloud resources across your enterprise, you can further lower your TCO and cloud cost.

According to Gartner, through 2024, nearly all legacy applications migrated to public cloud IaaS will require optimization to become more cost-effective.¹

3 | **Cloud cost management: Key solution features**

- Track overprovisioned resources and identify less frequently used cloud resources, minimizing cloud spending waste.

- Identify cloud cost-saving opportunities through smart cost optimization recommendations.

- Provide comprehensive visibility into costs across enterprise-wide cloud resources and platforms.

- Analyze and compare on-premises versus cloud TCO.

- Identify and support migration of workloads targeted for the cloud.

- Recommend fixes and implement changes to optimize cloud use.

- Support negotiations for improved discounts, such as EDP.

4 | Success stories: Managing cloud cost with solutions from AWS Marketplace

Many organizations have already started realizing the benefits of cloud cost optimization solutions procured through AWS Marketplace. AWS Marketplace is a curated digital catalog that makes it easy for customers to find, buy, consume, and manage third-party software, services, and data to help them build better solutions and run their businesses.

The following are examples of how customers have gained better visibility and control over their cloud spending.

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**Dow Jones** generates large savings on their cloud spending with **Spot.io**

**Atlassian** improves reserved instance coverage with **Apptio Cloudability**

**Intuit** takes cloud cost optimization to a new level with **CloudHealth**

**Siemens** powers cloud spending governance with **CloudCheckr**
Dow Jones generates large savings on their cloud spending with Spot.io

Dow Jones was having trouble managing and scaling their complex infrastructure for Kubernetes. As a result, they were wasting time and money attempting and failing to meet the growing needs of managing their infrastructure.

Seeking a solution that would remove the overhead of managing their infrastructure, while constantly optimizing their environment, Dow Jones looked to Spot.io.

Spot.io's containerized workload offering, Ocean, works on a dynamic pod-driven auto-scaler that ensures Dow Jones' workload needs are always met in an automated fashion. Spot.io also uses Amazon Elastic Compute Cloud (EC2) Spot as the underlying layer infrastructure for Dow Jones, which facilitates container allocation at the lowest possible price. By signing up via AWS Marketplace, Dow Jones was able to cut down on their procurement process and, as a result, attain optimization results faster.

Spot.io has allowed Dow Jones to do more with less—reducing their computing footprint by 20–30 percent and generating 65 percent in savings on their cloud spending.¹

¹ Customer story information provided by Spot.io.
Atlassian improves reserved instance coverage with Apptio Cloudability

Atlassian, an enterprise team collaboration software company, was facing difficulties getting a clear picture of their cloud spending. As Atlassian went through an intense period of growth and their cloud infrastructure became increasingly complex, being able to maintain optimal reserved instance (RI) coverage at scale was a key challenge.

Apptio Cloudability helps customers be fully informed about their cloud costs and benchmark performance, identify opportunities to optimize, and continuously improve the underlying economics of their cloud operations. By using Apptio Cloudability, Atlassian was able to optimize their estate to raise paid resource utilization to at or over 90 percent, significantly reducing the operational cost of their services.

“We purchase RIs at or above 90 percent utilization. This provides good savings on your RI purchases and also allows a margin for some reduction in utilization while maintaining savings. If we purchase at a lower utilization, you run the risk of having your RIs underutilized, wasting money. By covering some instances that are running less than 100 percent of the time, we maintain a higher RI coverage than otherwise would be possible.”

–Mike Fuller, Principal Systems Engineer, Atlassian

1 Apptio customer story: Atlassian.
Intuit takes cloud cost optimization to a new level with CloudHealth

Intuit provides a market-leading suite of products that includes TurboTax, QuickBooks, ProConnect, and Mint. With 46 million customers worldwide and 8,000 employees, Intuit has a presence in 21 locations across the globe and has generated over $5 billion in revenue. Intuit’s cost management process was manual, labor-intensive, and error-prone. In particular, collecting data and aligning the data across all business functions was challenging.

Intuit required a reliable solution that they could trust, empowering their users to understand what the data meant and make decisions with confidence. Intuit opted for CloudHealth to help them in simplifying budget tracking and spending analysis. By efficiently collecting, aligning, and analyzing data within their AWS cloud environment, they are reducing waste and lowering overall costs in the cloud.

With advanced features like CloudHealth’s recommendation engine, Intuit is now saving millions of dollars. The solution has enabled the company to easily select and purchase RIs and savings plans. With CloudHealth’s capability to automatically modify convertible reservations, Intuit also gained flexibility. They can automatically switch between the RI that best matches up with requirements, tenancy, and operating systems—saving Intuit over $100,000 a year. Plus, the rightsizing capability has enabled the company to move over half of their workloads to run on smaller EC2 instances.

“CloudHealth helps us save millions of dollars, and it costs very much less than that.”

–Dieter Matzion, Cloud Architect, Intuit

1 CloudHealth customer story: Intuit.
Managing Your Cloud Costs with Solutions in AWS Marketplace

Siemens powers cloud spending governance with CloudCheckr

Siemens’ Railigent Application Suite helps rail transportation companies optimize their infrastructure and assets through proactive monitoring and data analysis. Although security was their primary concern, it was not the only thing Railigent needed to monitor. Controlling cloud spending was also important, as well as gaining visibility into how much individual teams were spending on AWS cloud services.

CloudCheckr streamlined Railigent’s security protocols, ensuring developers could easily identify the most urgent security issues, and reduced cloud costs by up to 20 percent. Not only did cloud infrastructure security improve immediately, but so did cost monitoring.

According to Friedrich Glöckner, Systems Architect for Siemens Mobility Services, one of the first cost-related recommendations CloudCheckr provided was that Railigent did not need the more expensive RDS Microsoft SQL Server Standard Edition. Railigent could save 30-40 percent in RDS costs by switching to the RDS Microsoft SQL Server Web Edition.¹

Like the organizations in these stories, AWS Marketplace enables you to realize cost management benefits through a wide range of cloud solutions, all from a single place. You can procure solutions matching your business goals, driving your organization toward enhanced operational efficiency, customer experiences, and business agility. AWS Marketplace also simplifies software licensing and procurement with flexible pricing options and multiple deployment methods.

¹ CloudCheckr customer story: Siemens.
5 | Procurement innovation: AWS Marketplace is the new normal

Procuring, provisioning, and managing cloud solutions has traditionally meant dealing with multiple vendors. This is often a manual—and time-consuming—process. As a cloud marketplace, AWS Marketplace provides an alternative that streamlines the procurement process, allowing you to rapidly and securely deploy solutions while improving your operational oversight and reducing your TCO.

Acquiring innovative cloud solutions in AWS Marketplace helps you realize the effectiveness of your investment quickly and enables you to take advantage of purchasing and cost benefits. For example, you can use standardized terms with an Enterprise Contract for AWS Marketplace to purchase software offered by sellers in AWS Marketplace, which reduces friction in contract negotiations. Or you can negotiate customized pricing and terms through private offers and satisfy your AWS EDP volume commitment. The EDP program provides enterprises with a discount on AWS services in exchange for a minimum annual consumption commitment.

According to IDC, for businesses engaged in digital transformation, cloud marketplaces help modernize and streamline procurement processes while driving efficiencies by integrating large globally distributed ecosystems.¹

Additionally, AWS Marketplace provides Private Marketplace, which allows you to create a customized private catalog of pre-approved products. By displaying only products that comply with your company’s procurement policy, you can efficiently govern which products you want your end users to run on AWS. You can use procurement system integration with AWS Marketplace and enable centralized governance of software provisioning while aligning with existing procurement and approval workflows.

You can choose from a pool of leading third-party solutions all in one place, removing barriers often encountered when researching, manually deploying, or configuring solutions suitable for your organization. Through simplified procurement and provisioning, you’re able to reduce your procurement cycle and get quick time-to-value.
Cloud cost management solutions in AWS Marketplace: Realizing the benefits

In procuring your cloud cost management solution through AWS Marketplace, you can take advantage of benefits such as:

**Flexible pricing, terms, and payment options**

- **Simplify contracting, speed procurement, and get optimal software pricing** with pre-reviewed standardized cloud license terms in the Standard Contract for AWS Marketplace.

- **Choose from flexible pricing options** including a free trial; hourly, monthly, annual, and multi-year contracts; and a custom payment scheduler.

- **Negotiate customized terms** through an Enterprise Contract for AWS Marketplace, with the software seller, or with a consulting partner to create unique agreements.

**Speed and governance while procuring software**

- **Quickly deploy pre-configured software** and choose software solutions in formats including Amazon Machine Image, SaaS, containers, and more.

- Launch the desired solution directly from AWS Marketplace, so you can run software instantly and **decrease the length of your purchase cycle**.

- Get peace of mind knowing that the thousands of verified software offerings in AWS Marketplace are **continuously scanned to detect and prevent malware and other vulnerabilities**.
**Simplified AWS billing**

- **Consolidate AWS billing and cost analysis** using AWS Cost Explorer and subscription management.

- Ensure purchases in AWS Marketplace **qualify against your EDP commitment**.

> “Enterprise Contracts for Marketplace brought us real value in terms of speeding up our procurement processes. Especially the possibility to adapt the T&Cs in general according to our German needs was a big help.”

–Annette Kemnitz, Category Manager, Hardware Communication & Infrastructure, Axel Springer SE

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1 Provided by [Axel Springer](https://www.axelspringer.com).
Next steps

With AWS Marketplace, you can create cost-effective and flexible solutions for your users faster with a procurement process that’s easier to navigate.

Now that you’ve learned about the advantages of procuring cloud management solutions through AWS Marketplace:

- Explore [cloud cost management solutions](#) available in AWS Marketplace.