Case Study

_____

The National Rural Electric Cooperative Association Reduces Infrastructure Costs by 30%

The National Rural Electric Cooperative Association (NRECA) is a not-for-profit organization that represents over 900 consumer-owned, not-for-profit electric cooperatives, public power districts, and public utility districts in the United States. Formed in 1942, NRECA serves cooperatives that supply electricity to more than 56% of the nation's land mass, providing essential services to 42 million people and powering more than 20 million businesses, homes, schools, and farms in 48 states.

As a unified voice for cooperatives across the country, NRECA has been pivotal in overseeing employee benefit plans; conducting management and director training; and spearheading communications, advocacy, and public relations on behalf of its member organizations for over 80 years.

NRECA — America's Electric Cooperatives

LEARN HOW NRECA was able to track every dollar of its cloud spend, understand the value its cloud spend delivers, and maximize savings with the help of recommendations by implementing Apptio Cloudability.

_____

Website
https://www.electric.coop/

Founding date: 1942

Headquarters:
Arlington, VA, USA

Customer since date: 2021

aws partner network

Advanced
Technology
Partner

Cloud Management
Tools Competency

Marketplace Seller

SaaS Partner

Migrating to the cloud

As a not-for-profit organization, wise money management has always been a priority for NRECA. The organization exists to serve its members, and every dollar saved is one that can be spent on delivering more value to its member organizations. This philosophy permeates every part of NRECA, including the technology division.

"Cost avoidance is important to us," said Chuck Boyer, principal enterprise architect for cloud strategy at NRECA.

This mindset of cost avoidance combined with the need to modernize the organization's applications led NRECA's leaders to explore migrating to the cloud. In 2020, the organization tested the viability of public cloud, moving select applications to Amazon Web Services (AWS) and evaluating the results. Pleased with the outcome, NRECA's leaders developed a five-year strategy to implement a hybrid cloud architecture for the organization.

"We had three reasons for moving to the cloud: to avoid purchasing hardware for our data center; to improve our business-continuity and disaster-recovery capabilities; and over the long-term, to make our applications more elastic, resilient, and scalable," Boyer said.

During 2021, NRECA migrated one third of its applications to AWS. The migration went well, but soon the technology leaders recognized they needed more visibility into their cloud expenses. Boyer noted there was concern about managing cloud spend and preventing cost overruns as well as allocating shared costs across the different groups in the organization.

NRECA's organizational structure added to the complexity of these challenges. To attribute costs accurately, the IT leaders needed to apply specific business rules across a combination of accounts and resource tags every month.

"Coming from a data center environment, we were very hardware-centric," Boyer said. "But moving to the cloud, we were now becoming resource-centric. We had to figure out what resources we were using and how much they cost, and then determine the total cost of ownership of a particular application so we could calculate return on investment."

To help them realize their goals, NRECA's IT leaders contacted Apptio. They were aware that Cloudability enables organizations to fully allocate cloud spend, optimize costs, and correlate cloud spend with business value, and they wanted to explore the product's capabilities. After a pilot project, NRECA's leaders decided to purchase Cloudability in September 2021. "We were focused on controlling our cost, but the scope and breadth of the Apptio portfolio, including the integration options with other products, were also drivers in our decision," Boyer said.

Increased cost awareness reduces spend by 30%

One of the biggest benefits of Cloudability, according to Boyer, has been increased visibility of their cloud environments. "I'm very excited about being able to show our teams how much impact they have on cost," he said.

Traditionally, Boyer said, NRECA operated much like any other IT organization. Their internal customers would come to the application development team and request a new application or feature. The application team would work with the customer to develop the functionality and then go to the infrastructure team to request the hardware they needed as specified in the business case.

"Once the hardware was purchased and deployed, the application team really didn't understand how much it cost to run it," he said. "But with Cloudability, not only can everyone understand the cost of running cloud infrastructure, but we can see the savings of moving applications from on-prem to cloud."

Savings have varied by application. In one case, according to Boyer, they saw a 70% cost reduction benefit; in another example, they experienced better than a 90% reduction. Overall, moving to the cloud has delivered substantial savings to the organization.

"It's about cost avoidance," he said. "By moving to the cloud, we don't have to purchase hardware for our data center. Cloudability helps us demonstrate to our development teams that moving an application to the cloud saves us money. As a result, we have reduced our infrastructure costs 30% across the board."

Architecture matters

The increased visibility provided by Cloudability has helped Boyer reinforce an important policy with NRECA's application architects: "The architecture you choose matters to the business," he said.

And that directly affects the value NRECA provides to its members. Cost-conscious architecture decisions result in lower costs, and every dollar saved can be reinvested in serving millions of customers. This allows NRECA to provide more services to its members without raising membership dues.

"With Cloudability, we can show our solution architects that they are not just delivering functionality to our end users, they are saving us money," Boyer said. "And because they saved us money, we can now do more for our membership."

Moving up the value pyramid

Cloudability has helped NRECA reduce its infrastructure costs and manage its cloud spend. But there is much more to come, according to Boyer. "We want to continue the gains we've made and improve on them," he said.

One way they plan to increase cost savings is by using Cloudability's optimization features such as the reserved instance and savings plan recommendations to achieve a high level of commitment coverage and reduce hourly rates.

Another method, Boyer said, is by using Cloudability to help them move up the value pyramid with their customers. "It's very important to really understand, from a holistic perspective, what we are doing, why we are doing it, what it costs, and what value it is delivering," he said. "In the past, that wasn't an area of focus for our application teams. But with Cloudability, we can demonstrate that value. And that's going to help us continue to improve our relationship with our business partners."

For more information about Apptio Cloudability, visit apptio.com/cloudability.