



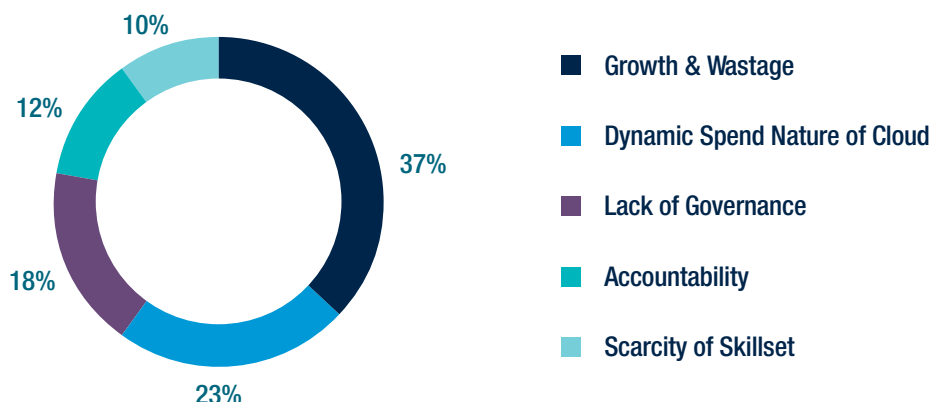
CORPORATE PERFORMANCE IMPROVEMENT

Cloud Cost Optimization

Reducing Cloud Spend by Eliminating Waste and Operating Effectively

As customers are leveraging the flexibility and scalability of cloud technology and increasing their footprint on public cloud, overall spend in 2023 is set to increase by 21 percent to \$592 billion. Simultaneously, executives worldwide are reporting and estimating wastage in their cloud spending. A Gartner survey* estimates an average of **35 percent wastage** ranging from 15 percent (highly optimized environment) to 55 percent (no optimization in place).

A recent survey of A&M clients highlighted the key challenges that customers are facing:



Deep Dive into Key Challenging Areas



Growth & Wastage

- Keeping the status quo vs focusing on continuous improvement
- Lack of complete visibility into cloud spend
- Development and consumption happening at a faster pace



Dynamic Spend

- Central procurement vs decentralized purchases
- Static and controlled spend vs variable spend and micro purchases
- Inability to accurately forecast spending



Accountability

- Conflicting cloud-savings strategies across teams
- Business and developers focused on speed and performance vs IT focus on cost and control



Lack of Governance

- Reactive cost management vs being proactive
- Misalignment of finance and tech teams



Skillset

- Keeping pace with newer cloud services
- BAU focused team's vs periodic alignment to rearchitecting and redesigning of services

The result is that managing cloud cost becomes a complex issue and there is lack of oversight into addressing this problem. Therefore, determining the right strategy and approach is a must for the organizations to identify their savings potential.

* <https://www.gartner.com/en/newsroom/press-releases/2022-10-31-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023>

A&M's POV on Cloud Cost Optimization

Determining an organization's cloud cost optimization strategy requires gathering and analyzing the right data, bringing the appropriate experts to the table, and considering the overarching technology enablement of business strategy and operations. As organizations begin the process, they should contemplate their unique circumstances and requirements including the following business and technology areas for consideration.

A&M's POV on Cloud Cost Management

Business Buy-in

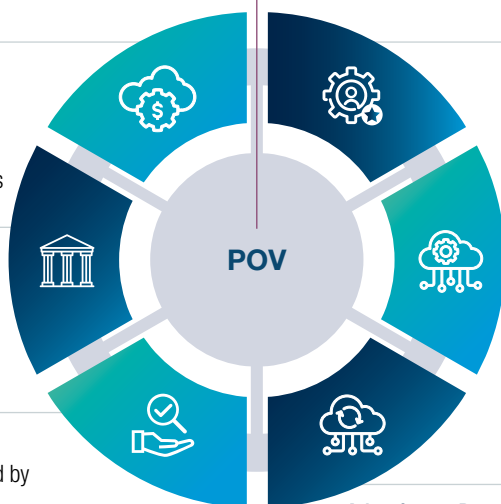
- Financial ownership by Business Units
- Business Units and IT to work collaboratively
- Elimination / limitation on shadow IT functions

Right Governance Model

- Building a culture of cost awareness
- Being proactive in cost avoidance
- Mandating policies and controls

Visibility & Accountability

- Knowledge about spend categories and spend by business units
- Leveraging right tool set for complete visibility on spend
- Building a centralized FinOps team to manage cloud spend



Skillset

- Continuous learning & trainings
- Leverage 3rd party service providers for extended support and managing skillset gap

Architecture & Design Considerations

- Leveraging Cloud Well Architected Framework design principles
- Periodic review of architecture to make best use of new & improved cloud services
- Right fit and Right sizing of cloud resources without compromising security and performance

Adapting to Dynamic Cloud Service Offerings

- Explore and adapt to newer cloud services for better performance and cost savings
- Automation driven service architecture
- Intelligent procurement and resource allocations

Laying a Strong Foundation

Gathering data and consulting the right IT stakeholders to drive the optimization process requires the right set of knowledge, skillset and organization level changes. Failure to address these could result in higher cloud costs and cost overruns with growth.

A knowledgeable, independent advisor and partner can be especially helpful in assessing your current landscape and guiding the development of the optimal roadmap to meet the organization's business and financial needs. With our expertise on major public cloud providers and industry domain knowledge, A&M is well positioned to lead and drive these initiatives for CxOs around the globe to drive cost out of their existing OPEX and help them operate with higher efficiency. Contact our team today.

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Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 7,000 people across five continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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