How ABC corp Approaches Cost Optimization and Governance Using AWS Native Services

Description:

Cloud cost governance is a set of processes and methodologies to ensure customers are availing all potential services, tools, and resources to continuously track, optimize, and control their overall cloud spend. The success of the cloud transformation relies on reducing the cost spend, and efficient cost optimization.

While cloud computing has streamlined application development, DevOps, and operational processes, cost control and responsibilities have been slowly moved out from the procurement and finance teams to the end state developers.

On Amazon Web Services (AWS), each type of resource has its unique pricing and usage models. Considering this, the process of measuring and optimizing cost and usage over some time is a critical part of cloud cost governance.

The decision, policies, and processes that emerge out of cost governance should involve discussions with business, IT, and the finance controllers who are responsible for managing and paying the monthly invoices.

Scenario:

A US-based multinational company specialized in providing networking and cybersecurity solutions approached ABC corp to optimize their cloud spendings as they noticed an unsteady expense over the last couple of months and sometimes ever overshot their budgeted amount. The customer's leadership had concluded that the existing governance model wasn't helping to achieve their business outcomes.

Challenge:

ABC corp's Infrastructure and Cloud Service team worked closely with the customer's IT, engineering, and finance teams to understand their existing cloud governance model and issues.

The following gaps were identified as an outcome of the discovery exercise:

- **Lack of awareness in cost and usage** – Lack of tools and measures, resources, and cloud finance knowledge to provide complete visibility to the business teams.
- **Inappropriate cost governance strategy** – While the customer had some bill reduction initiatives underway, they were more operational-oriented than strategic.

- **No cost-effective resources** – Lack of right services and type choices, sizing, and process to review the capacity usage to ensure developers are provisioning the right AWS instance types and using the right services.
- **No chargeback mechanism** – The mechanism to distribute the monthly spend among the customer's internal organizations based on usage was unavailable.

Now as a Tech lead at ABC corps, you have to create a cost governance model with committed savings for the customer on their existing AWS spend.

Reference Solution Architecture: