



The cost of cloud

How cloud reduces your expenditure while optimising the value delivered AND meeting your sustainability obligations.





The outlook is bleak



29%

Almost a third (29%) UK businesses have reported a drop in turnover¹, with half seeking to cut costs, and nearly a fifth (18%) scaling back their investments².

The relentless pressure to **drive down costs**

The cost-of-living crisis continues to affect us on both a personal and professional level. According to the British Chambers of Commerce, 80% of businesses consider inflation to be a bigger threat than they perceived three months ago³.



of UK businesses have experienced a **rise in the price** of goods or services⁴.



of private UK businesses have been affected by **industrial strike action**⁵.



of UK businesses are expecting a **decline in profit**⁶.

But to simply cut costs isn't enough. **Over half (54%) of executives** believe their primary source of wastage is a lack of visibility into cloud usage⁷. True business leaders seek opportunities to optimise (and monetise) their cloud transformation before cutting back.

In this eBook we explore how FinOps can provide you with a better understanding of your environment, and how re-architecting applications can enable you to leverage more cost-effective, cloud-native services.

FinOps provides the intelligence needed to **optimise your infrastructure**

As organisations accelerated their move towards hybrid working, the strategic priority was cybersecurity. Personal, sensitive, and confidential information needs to remain protected and governed, regardless of where employees work. But the moment you've secured your estate, you need to turn your attention to FinOps.

FinOps maximises the value you extract from the cloud by helping you understand the costs you can influence. With this knowledge, you can pull the right commercial levers to enact change and ensure that as a business you are maximising the value of your cloud.

Over the last year, FinOps has experienced significant growth⁸. Today the priorities are to rightsize through greater visibility over cloud costs, and to establish a FinOps culture where employees feel empowered to act on what the data is telling them⁹.

When you adopt FinOps as part of business-as-usual, your organisation remains in the best position to continuously drive efficiencies.

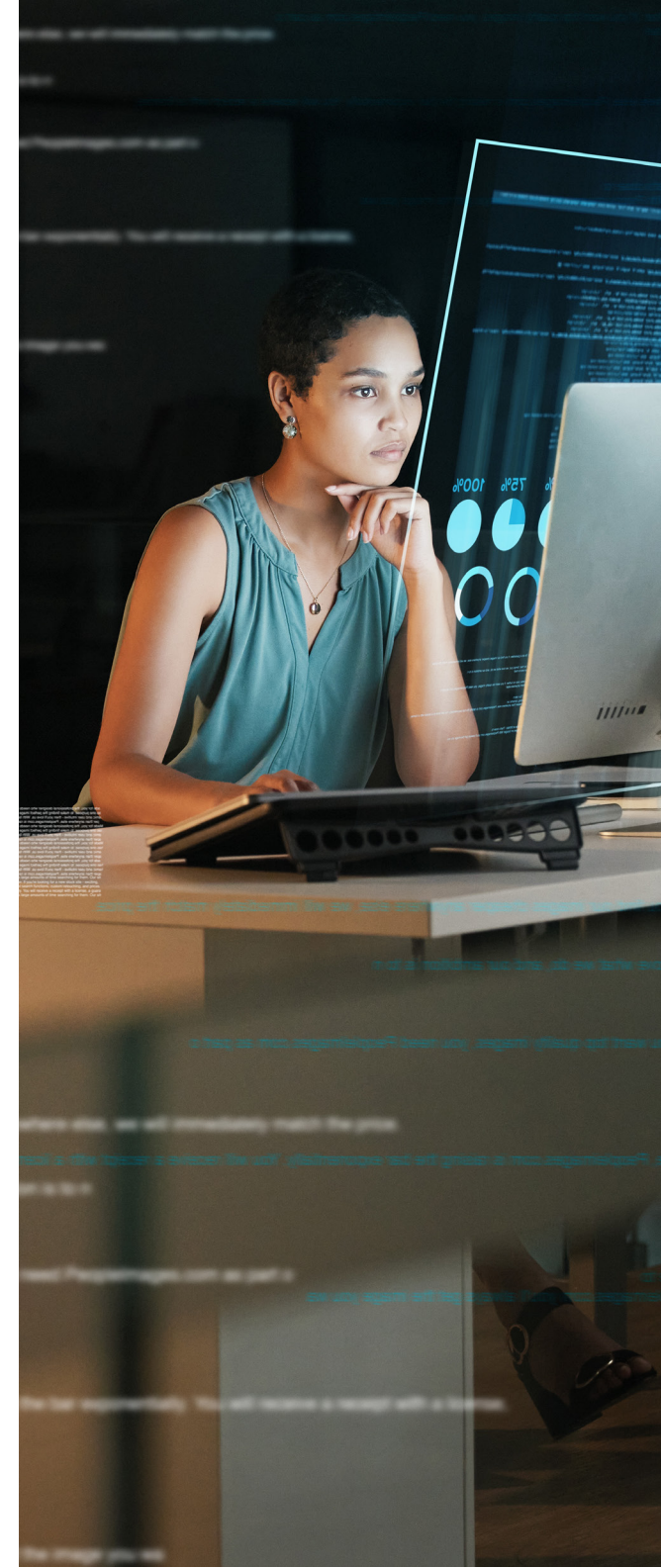



Go one step further to commercialise FinOps

It's a trick that's often missed by organisations who fail to realise they can make money from FinOps. Rather than look retrospectively at finance - 'revenue - costs = profit' - use analytics to dynamically adapt your pricing based on real-time data about supply and demand and push your revenue and profitability higher.

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happen[®]





Improve the process, improve your outcome

It's through FinOps that you gain the capability to answer important business questions, such as:

- ✓ **How should we consume?**
- ✓ **What can we do to better control ourselves internally/externally?**

We can never be certain about what the future holds, which is why the tendency is for business functions to build contingency into their plans – 'just in case'. But data and analytics have changed how we operate. It's given us the real-time insights and agility to make decisions in the moment and course correct. Now, leaders don't need that headroom, and this has huge implications for both cutting costs and improving processes.

How to improve the process chain in a way that's more predictable

As an MSP (Managed Service Provider) Claranet creates and delivers modern integrated solutions for our customers' environments. Our role is to make recommendations on the best practice course of action for a customer, based on their infrastructure and the internal/external environment they operate in. The FinOps consultants continuously analyse the customers' cloud environments and provide pragmatic recommendations to the key stakeholders. It's this discussion that creates the baseline needed to support more tactical conversations, which inform spinoff workstreams.



One common area for improvement is **storage**.

In the last month alone, we've reduced our customers' storage costs by 80%, simply by understanding the use case and context of their storage accounts.

Storage comes with different tiering options – predominantly 'hot' for information the business needs every day, and 'archive' for information the business needs to retain but rarely uses, such as financial records.

But archive tier storage is 11% of the cost of hot tier storage, which means a simple adjustment to where data resides has a massive impact financially.

These small improvements will transform your business - and achieving the outcome isn't as difficult as you think.

Step one: work out your current state

Start by mapping out your existing environment, mapping instances and resources to applications.

Identify any duplicated effort and the cause – for example, did you buy a point solution because you didn't realise you already had the capability internally? Or has an employee turned rogue and adopted an app to fulfil a requirement in their function? Where are the cost skeletons hiding?



Step two: build the plan

With visibility of your IT infrastructure, it becomes possible to prioritise actions. The biggest opportunity within your estate is cloud migration and modernisation, so start by thinking what it could look like for each application you still host on-premises:



Rehosting

This is your traditional 'lift and shift' model where you quickly and simply move an application 'as is' over to cloud platforms like AWS. For example, moving an application from an older Amazon Elastic Compute Cloud (EC2) instance to a newer one.



Replatforming

Like rehosting, this involves moving applications to AWS, but it also takes advantage of cloud benefits, such as greater performance, scalability, fault tolerance, availability, and energy efficiency.



Repurchasing

Some applications are complex to move to the cloud without significant work. Discard the old in favour of the new to instantly modernise. For example, replacing an existing ticketing system with ServiceNow.



Refactoring

Rebuild your application to take advantage of cloud-native features. For example, autoscaling, which allows you to automatically increase or decrease the amount of computing resources you need, so you only ever pay for what you use.

Five cloud-native features to leverage:



SNS and SQS

work together to allow apps to talk to each other.



Spot instances

are spare computing resources, which AWS auctions off cheap and can save you 90% on the cost of your instances.



Microservices

are smaller apps that manage specific functions of the larger app, which work together to deliver the functionality to the end user.



Well-Architected

framework enables you to review how your cloud operations are set up and what you can do to improve them.



Serverless computing (AWS Lambda)

allows you to simply specify code. AWS automatically provisions resource to run that code as and when necessary.

Step three: modernise your apps to deliver sustainable outcomes

In starting to transform your business, you've unknowingly taken steps to cut carbon emissions.

 **66%**

of consumers will pay more for a product with improved sustainability credentials¹⁰.

 **40%**

of millennials would take a pay cut to work at an environmentally responsible business¹¹.

 **85%**

of investors consider 'environmental, social, and governance' (ESG) factors in their decisions¹².

Despite the majority **(90%) of executives** knowing sustainability is important, only 60% have implemented a sustainability strategy¹³. Sustainability has been a lower-level business priority because it's perceived as a 'nice to have' – especially when compared to domains like cybersecurity, which threaten a company's very existence.

All that is about to change.

Carbon emission reporting is a legal requirement

Within the next 12 months there will be a flurry of new legislation that requires organisations to make sustainability a strategic priority. The following table provides an overview of five of the most significant laws:

	Region	Applies to	Requirements	Comes into effect
Streamlined Energy and Carbon Reporting (SECR) ¹⁴	UK	Companies with: <ul style="list-style-type: none"> £36m+ turnover £18m+ balance sheet 250+ 	To disclose energy use, carbon footprint, and greenhouse gas emissions in their annual financial reporting.	Active now.
Sustainability Disclosure Requirements (SDR) ¹⁵	UK	<ul style="list-style-type: none"> FCA regulated firms Industry groups and trade bodies Consumer groups and individual consumers Policymakers and other regulatory bodies Industry experts and commentators Academics and think tanks Stakeholder advocacy groups 	To develop an integrated and simplified framework that consolidates sustainability reporting requirements for financial institutions and corporations.	30 June 2024.
Corporate Sustainability Reporting Directive (CSRD) ¹⁶	EU	Companies with: <ul style="list-style-type: none"> 250+ employees €40m+ €20m total assets 	New common reporting framework on environmental and social impact for companies with EU operations. Replaces the existing EU Non-Financial Reporting Directive (NFRD).	Came into effect in late 2022, with the rules applied from 2024.
European Sustainable Reporting Standards (ESRS) ¹⁷	EU	<ul style="list-style-type: none"> All large and most listed EU companies Large subsidiaries of non-EU parents Non-EU companies with a turnover in the EU of €150m+ 	Reporting requirements for 13 ESG issues to ensure companies report sustainability information in accordance with the CSRD.	Comes into effect in the 2024 fiscal year.
United States Securities and Exchange Commission (SEC): RIN 3235-AM87 ¹⁸	US	<ul style="list-style-type: none"> SEC registrants 	A proposed new rule to standardise climate disclosures for public companies, which requires organisations to reflect on how they contribute to climate change, and how climate change may impact their operations.	Currently under public consultation.

Get ahead of the legislation now

Today, half the organisations in EMEA do not measure their cloud carbon emissions¹⁹. However, just as we discovered with FinOps, accessing that data, and acting upon it isn't as difficult as you might think.

Claranet and AWS will help you maximise the value you extract from the cloud AND help you to meet your compliance obligations around sustainability.

Partner with Claranet for FinOps and we can show you your carbon usage per app at the same time as exploring the cost reductions that are possible with simple architectural changes. This level of granularity is something even cloud vendors struggle to provide. However, because of the systems and processes we have developed in-house, we can place a carbon figure against each cost, which makes it much simpler for you to make informed decisions about what's best for your infrastructure and your organisation.

Furthermore, in AWS you have a founding member of the Carbon Climate Pledge²⁰, a commitment made by organisations to reach net-zero carbon emissions by 2040 – 10 years ahead of the Paris Agreement. Amazon itself is on a path to powering its operations with 100% renewable energy. This is part of its goal to reach net-zero carbon by 2025, which would beat its 2030 target²¹.

Control your cloud spend and optimise your cloud investment

Regardless of whether your organisation views cloud as an expense, you feel like you get the most from it, or you think it's possible to extract greater value from the cloud - FinOps can help.

Cloud has fundamentally shifted how organisations manage technology spend, but with Claranet's FinOps service, you can gain visibility of:

- ✓ What your cloud spend goes towards.
- ✓ How your use of the cloud directly impacts that spend.
- ✓ Why data driven insights will help you optimise how your business leverages cloud.

Discover how we can improve cloud cost reporting across your organisation, put guardrails in place to control spend, and make cost optimisation recommendations for effective cloud financial management.

[Click here to find out more ▶](#)

Get in touch with us today

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1. Money 2. Money 3. Money 4. ONS 5. ONS 6. Money 7. ITProToday 8. Version 1 9. FinOps Foundation
10. Green Business Bureau 11. Green Business Bureau 12. Green Business Bureau 13. Forbes 14. Gov.Uk 15. FCA
16. European Commission 17. EFRAG 18. Federal Register 19. FinOps Foundation 20. The Climate Pledge 21. Amazon