

# Best Practices to Get a Rapid Return on Cloud Spend

*Enabling Finance and Engineering leadership to have insight and effectively manage their cloud spend investment as infrastructure costs continue to grow at an exponential rate.*

Executives are laser-focused on a company's Strategy and Innovation, launching new products and features that will solve their customer's most complex problems while having a forward-looking market lens to continue positioning and maintaining their competitive advantage. At the same time, they need to think through the cloud strategy to scale and support their product. This requires collaboration across Finance and Product leadership to ensure that there is thought being put into the on-going operational processes and dynamic business problems at play.

## Common Business Problems

- **Savings Plans...**How do I prioritize my savings plan – is it better to tackle a one-time saving, or spear-head an effort for recurring monthly savings?
- **Capacity Planning...**How do I correctly time an increase in capacity, when I have an upcoming product launch or IT project on the horizon that will consume more resources?
- **Right-sizing...**How do I monitor and ensure that I have the correctly sized resources, and reduce capacity when my workloads are lower? How do I do this when I have an expected M&A activity on the horizon?
- **Managing Cost Influxes...**How do I reduce variances between my plan and actuals, and configure alerts to enable business owners to reduce these variances? How do I ensure my non-production services are not racking up unnecessary spend?
- **Tagging Governance...**How do I forecast and monitor my spend, when so many of my resources are missing an accurate tag? How do I get visibility into un-tagged resources and set up a cross-functional plan to tag?

Doubling down on process and tool improvements for spend forecasting, resource allocation, and capacity planning is a critical priority for management to address the above questions and more. To begin gaining comfort with current and future spending practices, it is important for management to define and execute a Cloud Spend playbook.

## Cloud Spend Playbook

- 1) **Visibility** - In order to regain control of spend, it is critical for organizations to understand the size of the problem, as well as assess what accurate data is available. To do this, providing dashboards of actuals and forecast across core attributes is essential. This will inform on the current state and determine priority for driving better metrics and process improvements. Often, this will identify a sizable amount of spend that is 'untagged', and a need for a paired down list of drivers to analyze the spend by. Using driver tables and thresholds can provide an accurate variance analysis which is crucial for planning for or identifying budget variances, identifying missing master data management controls, and providing the data insights needed to adapt to key challenges. Using the data available, organizations can quickly identify data or process gaps and provide the appropriate guardrails for teams and leadership.
- 2) **Cloud Committee** - Engaging the appropriate ownership and governance model is a vital backbone to attain a rapid return and create the perfect Center of Excellence. Identifying the correct players, including stakeholders from Product and Engineering, Finance, Strategy, and Systems teams, will provide the baseline support to ensure processes are established and followed, and the correct individuals are armed with the right level of data to act on insights and anomalies. Resourcing a Cloud Committee will also enable the organization to leverage the remaining cloud spend solution features (such as purchasing recommendations, discounting plans for RIs and EDPs, and other savings plans).
- 3) **Forecasting** – Creating a baseline forecast model in an enterprise wide planning tool (Anaplan) that enables version comparison across different, preconfigured methodologies. In particular, financial analysts and/or business owners can take advantage of trend-based forecasting, or more robust statistical forecasting methodologies. Once the organization is comfortable with a simplified actuals, forecasting, and monitoring solution, it is advised to adopt more sophisticated forecasts. By using Anaplan, Spaulding Ridge can help create a cross-functional partnership throughout your organization to establish a structured methodology to help automate the planning process across your team. By utilizing Anaplan's connected planning platform, organizations can eliminate the manual planning process completed in excel files to proactively review usage trends to help drive strategic decisions, and scale with the business.

Spaulding Ridge's Cloud Spend Playbook allows our customers and prospective clients to proactively plan their cloud storage and enable their teams to better support strategic decisions on their cloud initiatives in weeks, rather than months.

Assess current state gaps after preliminary Cost & Usage Report integration configured

Identify and engage core stakeholders across Product & Engineering, Finance, Strategy

Drive accountability through monitoring, alerts, and communication chain

Enhance statistical forecast models with more sophisticated drivers & tooling

# Cloud Spend Forecasting

## Alerts and Insights

- Day to day variance
- Actuals vs forecast
- Rolling three months plans
- Untagged resources
- Purchase options

## Existing Cloud Workloads

- Forecast across multidimensions
- Use driver-based forecasting methods
- Recommend best forecasting model

## New Cloud First Workloads

- Forecast production and development workloads
- Define project details
- Use bottoms up or top down methods
- Use driver-based estimations

## Migrations

- Plan migration loads and schedule
- Estimate migration costs
- Forecast on-premises and AWS operational costs
- Track migration status

## PBF Export

- Actuals and forecasting:
- Service
  - Account
  - Tag
  - Cost Center

## Support

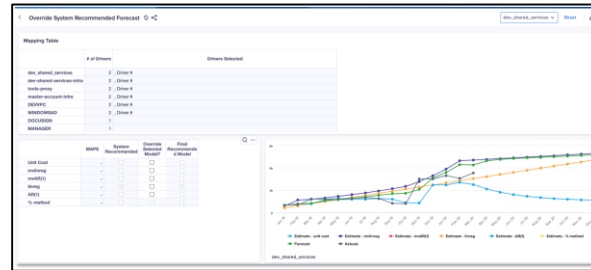
- Estimate support costs

## Discretionary Spend

- Estimate reserve markup, and adjustments

## Discounts and Credits

- Estimate PP rate card and EDP discounts
- Include MAP and other credits



## Key Stakeholders and Considerations

### Key People

- AWS Administrator
- Anaplan Center of Excellence
- Financial Analyst
- Business Analyst

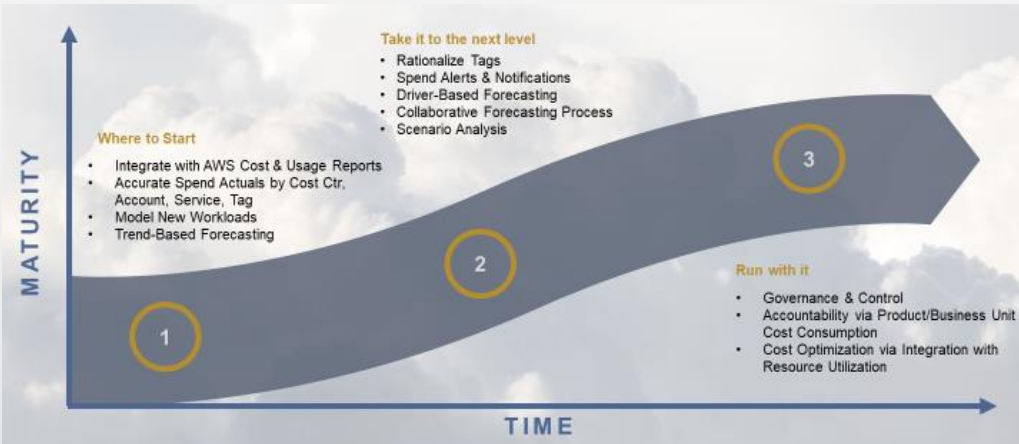
### Considerations

- Integration with Cloud Spend tool (AWS Cost and Usage report)
- Potential for additional integrations with upstream driver sources (CRM, website stats) and downstream FP&A for budgeting or financial system for month end close

### Parallel Processes

- Rationalizing tagging hierarchy
- Inventorying and configuring drivers for statistical, driver-based forecast
- Creating Cloud Committee to ensure collaboration and reviews

Consider your organization's stage in the overall Maturity Model, and embark towards your Rapid Return



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