



White Paper

Amplify margins and drive a profitable cloud practice with CloudCheckr





Introduction

In an expanding but crowded market, managed service providers (MSPs), resellers, and distributors are constantly seeking ways to attract new customers and retain their existing ones through innovative value-add cloud services that drive revenue growth.

However, services revenues alone do not ensure a healthy profitable business, especially given the large expense of providing cloud infrastructure services and the dynamic nature of customer needs. You must also efficiently and creatively manage and optimize your cost-to-serve and internal processes to improve profitability in ways that are equitable and don't negatively affect your relationships with your customers.

CloudCheckr, from Spot by NetApp, is a robust cloud management platform, purpose-built for partners, that supports Amazon Web Services (AWS), Microsoft Azure, and Google Cloud environments at scale. Using CloudCheckr, you can drive top-line growth by delivering differentiated cloud services that help drive customers' innovation and rapid expansion in the cloud.

But what makes CloudCheckr the solution of choice for MSPs is that it also drives bottom-line growth. With CloudCheckr you can cut your own cloud costs, optimize cloud billing processes, and automate operations, utilizing built-in capabilities that can significantly increase profit margins – many of which are not available or even possible using cloud native tools, competitor products, spreadsheets, or home-grown solutions.

“We’ve seen our margins grow by almost 20% since leveraging the CloudCheckr platform in our reseller business. Without it, we were seeing our partner and consolidated billing discounts slip away to customers, or back to AWS. I honestly have no idea how we could operate at scale without CloudCheckr.”

— **Mike Atkinson**
Senior Cloud Engineer at JHC Technology (an Effectual company)



This whitepaper will showcase how CloudCheckr can help drive bottom-line growth and create profit margins **20%-35% or more.**



15-20%
Potential
profit margins

Reduce your cloud costs and your risk

Cloud is a material expense for any MSP that resells it, and it typically only generates slim margins for partners. One technique to significantly reduce cloud costs — and increase profit margins — is to utilize Reserved Instances (RIs) and Savings Plans to buy cloud in volume at significantly discounted rates from the cloud vendors and then resell it to end-customers at a higher price.

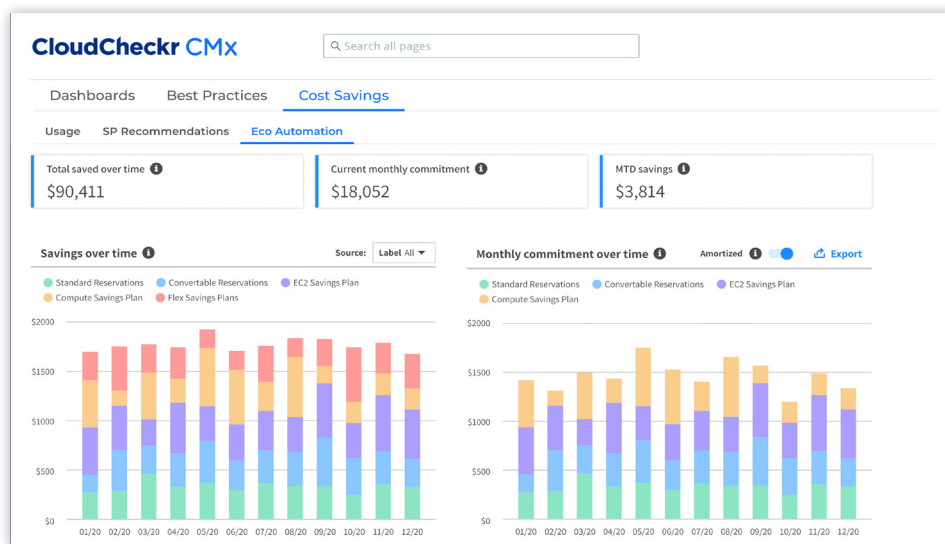
But buying and selling RIs is a complex, time-consuming, and risky process. You need the expertise and time to do it right. You need to be able to forecast cloud capacity across your entire customer base. And you must be able to pivot quickly when unanticipated changes in your customers' businesses, the market, or even resource types occur. Otherwise, you run the risk of eroding your margins, creating greater inefficiencies and compounding your financial exposure with unnecessary purchases and high upfront costs.

CloudCheckr integrated with Spot Eco removes the complexity, manual effort, and expertise needed to create and manage an optimized commitment portfolio and reduce your cloud costs.

CloudCheckr with Eco, operating within your budget and strategies, uniquely combines automation with market intelligence to create and dynamically — and continuously — optimize a diverse commitment portfolio of RIs and Savings Plans for you. With Eco, you will pay the optimal price for cloud resources based on maximum utilization, the greatest flexibility, with minimal financial lock-in and risk.

To achieve this, Eco continuously seeks out the best deals on third-party RIs in the Reserved Instance Marketplace as well as offloads under or unutilized RIs. These tactics can generate massive saving on cloud resources — even for short-term projects (e.g., three to six months) — without the risk of long-term commitments.

While using CloudCheckr with Eco is highly recommended, you can still buy RIs and Savings Plans on your own. CloudCheckr provides RI purchase recommendations for EC2, DynamoDB, RDS, ElastiCache, RedShift based on an analysis of long-term trends and cost optimization strategies.



Unshare RIs and Savings Plans and bill at on-demand rates

Once you have purchased RIs and Savings Plans, either via Eco or independently, the cloud vendor automatically applies the discounts across your customer accounts based on compute usage, thereby potentially eliminating your profit margin enhancement opportunity.

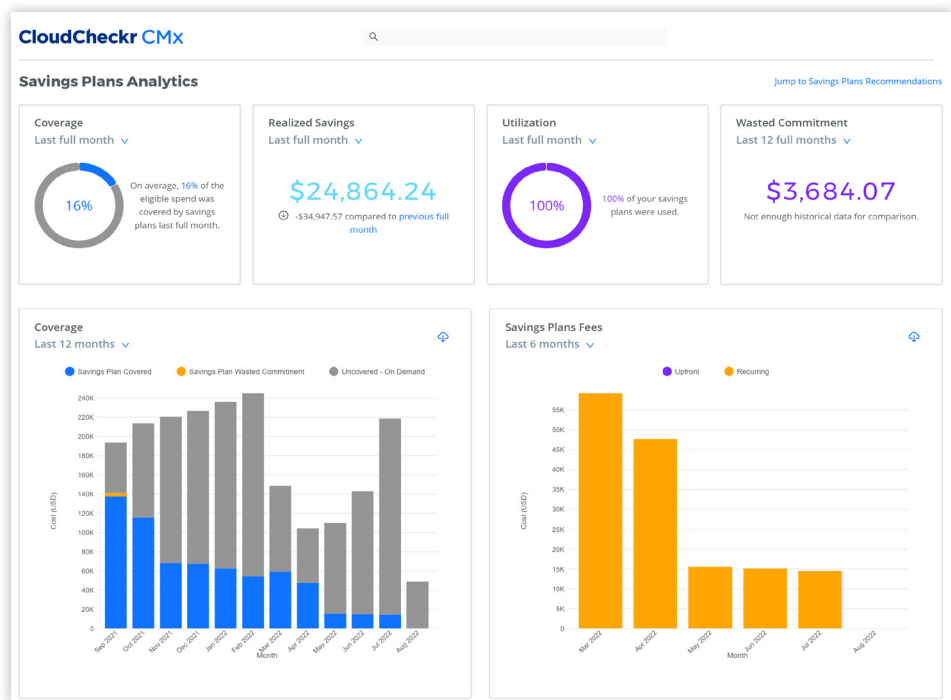
To fully capture that margin, you must unshare the RIs and Savings Plans and recast the original bill back to on-demand rates (or whatever rate you wish to charge) for each customer. However, this is another time-consuming and error-prone task, given the complexity of billing reports.

CloudCheckr removes this complexity with its arbitrage capabilities. CloudCheckr can automatically recalculate usage back to on-demand rates. This gives you complete flexibility to then control if and how to distribute the savings to each payee account. You can decide to keep all the profit or apply some or all of the discount to your customers — all directly through CloudCheckr’s billing engine.

Ensure RI and Savings Plans utilization and prevent waste

Once purchased, Eco constantly manages the commitment portfolio to ensure maximum utilization. And whenever cloud capacity or resource requirements change, Eco easily rebalances and resizes the portfolio to ensure goals are met.

CloudCheckr also provides a variety of detailed reports and best practice checks that keep track of RIs and Savings Plan usage.



10-20%
Potential
profit margins

Customize charges for greater profits

With CloudCheckr you can implement and maintain a fully customizable price book, including customized or negotiated prices, uplifts, volume-based discounts, and other cost policies for each customer, reflected as either a percentage or an absolute amount. It can limit charges to apply only to certain services, accounts, regions, tags, and more.

Similarly, with CloudCheckr you can adjust the hourly rate for any service in a cloud provider's catalog, including changing the per GB rate for AWS CloudFront, and apply charges on a per-instance basis. The description of the charge is editable, and pricing customizations can be visible to or hidden from the customer.

The screenshot shows the CloudCheckr CMX interface for managing Custom Billing Charges. At the top, there's a search bar and navigation icons. Below that, the title 'Custom Billing Charges' is followed by a 'Show Help' link and a 'Hide Filters' button. A 'Sort By' dropdown is set to 'Start Date' with an 'Ascending' order. The 'Filters' section includes 'Start' and 'End' date pickers, a 'Type' dropdown (set to 'All'), an 'Account' dropdown (set to 'Account'), and a 'Region' dropdown (set to 'All'). Below the filters are 'Filter' and 'Reset' buttons. A row of action buttons includes '+ New Custom Charge', 'Update Stack Order', and 'Reload Billing Data?'. The main table has the following columns: Actions, Start Date, End Date, Type, Charge Value, Account IDs / Families, Description, Region, Resource ID, Stack, and Stack Order. The table contains 8 rows of data representing different billing charges.

Actions	Start Date	End Date	Type	Charge Value	Account IDs / Families	Description	Region	Resource ID	Stack	Stack Order
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	01/01/2017	12/31/2021	Premium for all charges	14.00%	██████████	Managed Service Charge	All Regions	---	N/A	N/A
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	08/01/2017	12/31/2021	Monthly Premium	100.00%	██████████	Security Assessment	All Regions	---	<input type="checkbox"/>	0
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	10/01/2017	10/01/2017	Fixed Single Charge	\$300.00	██████████	VM Charge for US West	All Regions	---	N/A	N/A
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	01/01/2018	12/31/2021	Fixed Single Charge	\$2,000.00	██████████	Compliance Assessment	All Regions	---	N/A	N/A
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	12/01/2019	12/01/2021	Per Usage Hour Charge	\$10.00	██████████	EC2 Hourly Usage	All Regions	---	N/A	N/A
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	12/01/2019	12/01/2021	Per Virtual Machine charge or credit	\$12.00	██████████	VM Charge for US East	US East (Northern Virginia)	---	N/A	N/A
<i>i</i> <i>x</i> <i>o</i> <i>o</i>	12/10/2019	12/31/2021	Premium for all charges	3.00%	██████████	Standard 3% Premium	All Regions	---	N/A	N/A

Retain the savings from tiered discounts

For many services, such as data storage and data transfers, AWS provides progressively greater discounts as usage increases. These discounts are reflected in a consolidated rate on your cloud bill and distributed across all customers.

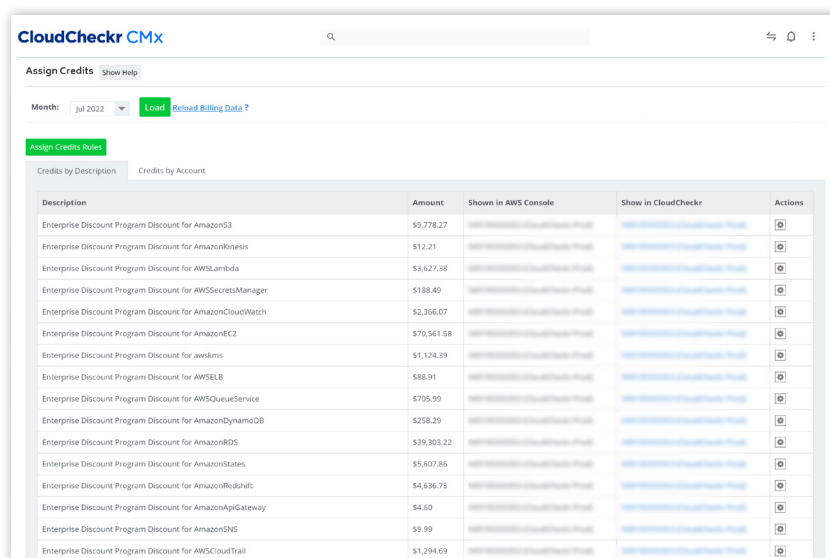
CloudCheckr can uncompress tiered pricing, enabling you to then bill each customer based on the customer's actual usage. CloudCheckr can apply volume discounts if the customer meets pre-determined levels of consumption. This capability enables you to realize greater profits by aggregating your customers' cloud usage.

For distributors, CloudCheckr offers a multi-tier cost manipulation engine. All of these features can be utilized by a distributor and be simultaneously leveraged by their reseller customers to enhance margins and drive operational efficiency.

Assign or keep credits

Similar to tiered pricing, cloud vendors automatically distribute credits across all accounts, even if you, the partner, are entitled to that credit based on the economies of scale of your practice.

Instead of automatically spreading the benefit across customer sub-accounts, CloudCheckr allows you to control which accounts receive credits. With CloudCheckr you can also assign all or some credits to your own master account.



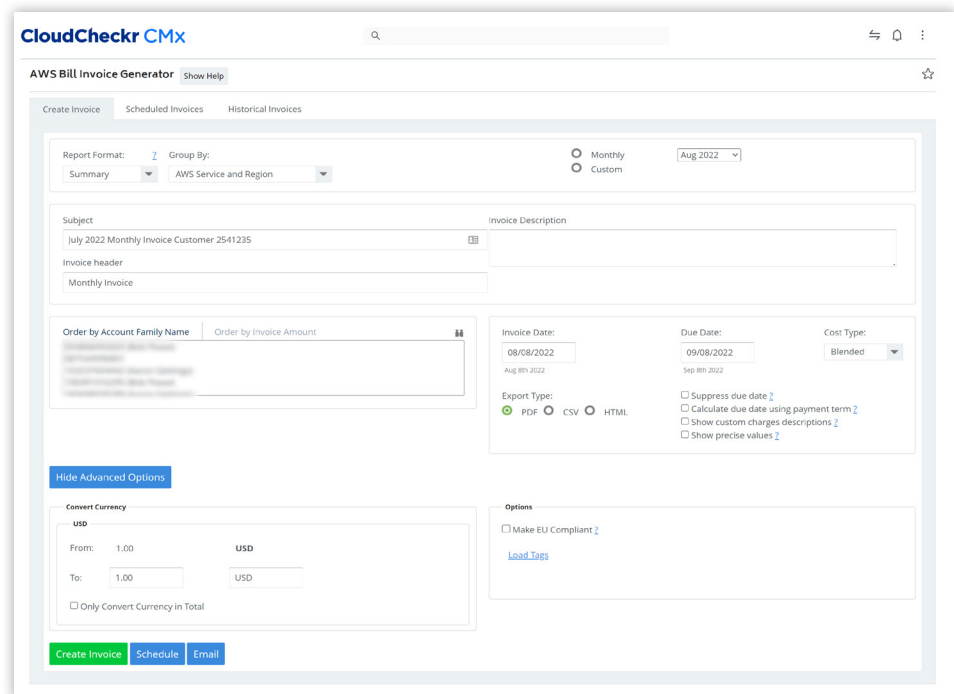
Description	Amount	Shown in AWS Console	Show in CloudCheckr	Actions
Enterprise Discount Program Discount for AmazonS3	\$9,778.27	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonKinesis	\$12.21	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AWSLambda	\$3,627.38	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AWS Secrets Manager	\$188.49	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonCloudWatch	\$2,366.07	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonEC2	\$70,561.68	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for awsiams	\$1,124.39	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AWS ELB	\$88.91	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AWS Queue Service	\$705.99	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonDynamoDB	\$258.29	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonRDS	\$39,903.22	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonStates	\$5,607.86	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonRedshift	\$4,636.75	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonAPIGateway	\$4.60	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AmazonDNS	\$9.99	View in AWS Console	View in CloudCheckr	[X]
Enterprise Discount Program Discount for AWS CloudTrail	\$1,294.69	View in AWS Console	View in CloudCheckr	[X]

Streamline and automate billing

Cloud vendor billing reports are incredibly complex, detailed, and long — often spanning tens of millions of lines! You then need to take this data and convert it into individual invoices for your customers. It's an extremely complicated, time-consuming, and error-prone process — one that is impossible to accurately handle manually. Traditional tools like spreadsheets, and even some cloud native tools, are inadequate for implementing sophisticated billing at scale. As a result, charges may be missed from the customer invoice, margin enhancement opportunities may be lost, and the wrong customer cost center may be billed for cloud and services they did not use.

CloudCheckr streamlines and automates billing and invoicing for cloud resources and services at scale. Once the policies and margin enhancement parameters have been configured within CloudCheckr's price book, CloudCheckr can automatically translate cloud provider raw usage costs into the correct custom costs. CloudCheckr then accurately assigns them to the correct payee account, as if it were a standalone account.

CloudCheckr can also add in any additional charges for professional services, support, and other offerings.

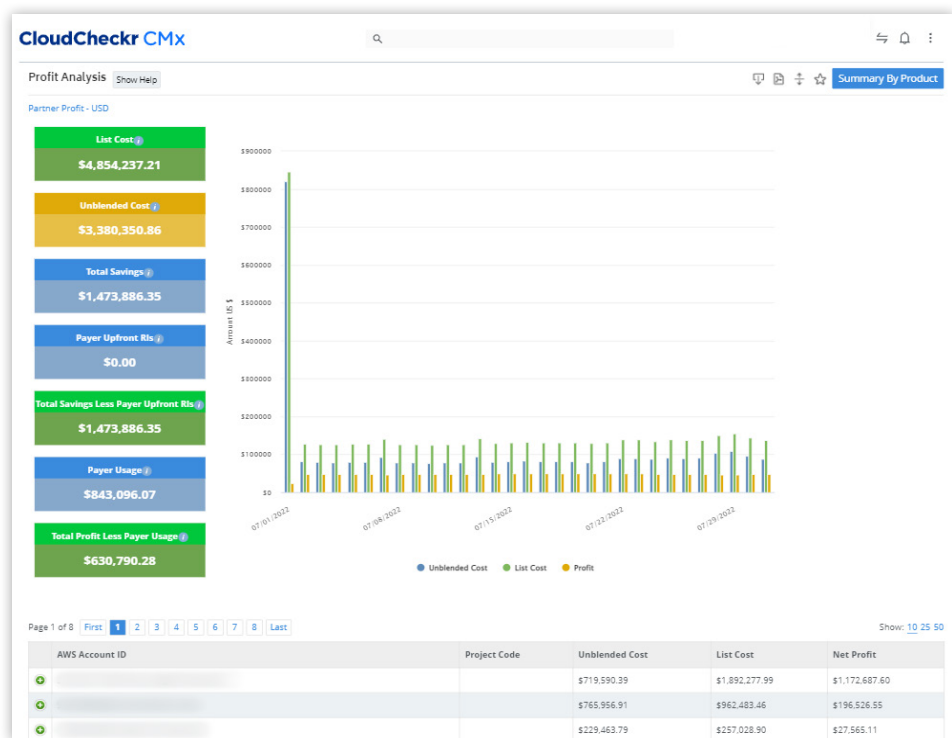


You can itemize invoices based on any parameter or choose from several pre-built invoice formats. Invoices can be generated and scheduled to send on a specific day of the month via PDF, CSV, or HTML and can be integrated with other business systems. Invoices can even be customized and white-labeled to reflect your own branding.

Additionally, distributors and resellers can easily pass processed billing data, including custom charges, premiums, discounts etc., onto their own partners. These partners can then sell cloud services to their end-customers with additional cost customizations.

Analyze and optimize profitability

With so many factors influencing profitability, it's a challenge to keep on top of profit margin performance. CloudCheckr provides a variety of reports to help turn data into actionable insights. Data can be sliced and diced, filtered, and refined by payer and payee accounts, teams, workloads and instances, regions, and many more parameters.



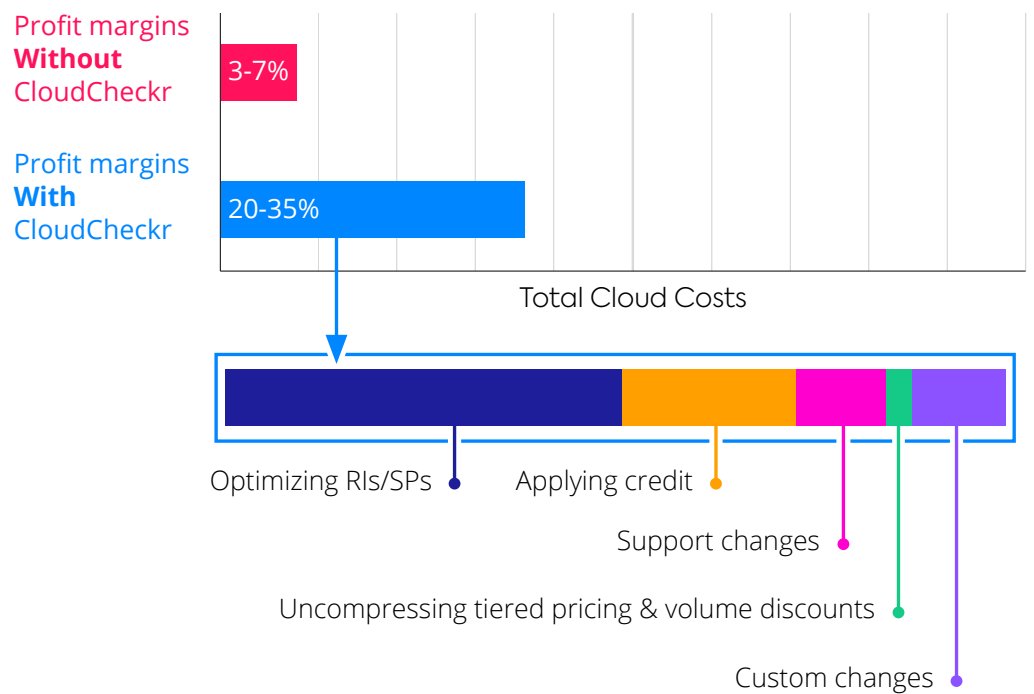
The CloudCheckr profitability analysis report helps you track profitability trends over both short- and long-term time horizons. This report helps identify specific services that are driving profitability up or down. It also provides recommendations that can help increase profitability in the future.

Additionally, CloudCheckr provides a detailed list cost analysis report showing how each billing line from your billing file was modified in line with list cost. This helps validate and explain any changes in charges to your customers if they have any questions.

Month	AWS Account ID	Project Code	Description	Service	Change Type	Base Cost	List Cost	Difference
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.t2.small, Region: us-east-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$2,993.84	\$3,507.92	\$514.08
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.xlarge, Region: eu-central-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$4,967.69	\$22,128.79	\$17,161.10
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.2xlarge, Region: eu-central-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$353.74	\$8,674.94	\$8,321.20
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.xlarge, Region: us-east-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$1,102.68	\$38,057.24	\$36,954.56
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.4xlarge, Region: us-east-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$849.37	\$8,021.79	\$7,172.42
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.large, Region: us-east-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$4,164.91	\$4,164.91	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.t3.small, Region: us-east-2, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$310.25	\$310.25	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.large, Region: us-east-2, Platform: mysql	RDS	ReservedInstanceUnsharing	\$127.22	\$127.22	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.t2.small, Region: ap-south-east-2, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$869.94	\$1,713.64	\$843.70
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.4xlarge, Region: eu-central-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$1,871.90	\$1,871.90	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.t2.small, Region: eu-central-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$0.00	\$2,737.92	\$2,737.92
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.xlarge, Region: us-gov-west-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$3,547.39	\$3,547.39	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.large, Region: ap-south-east-2, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$2,586.16	\$10,716.59	\$8,130.43
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.large, Region: ca-central-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$763.34	\$763.34	\$0.00
Jul 2022			Recalculated RDS RI DB Instance usage. DB Instance class: db.m5.2xlarge, Region: us-gov-west-1, Platform: sqlserver-web	RDS	ReservedInstanceUnsharing	\$902.47	\$902.47	\$0.00

Conclusion

This white paper has showcased many of the ways you can maximize your profit margins using CloudCheckr, while being fair and equitable to your customers. As many MSPs leveraging CloudCheckr already know, these techniques can help you create profit margins of 20 to 35%, or more.



In addition to these tangible bottom-line growth strategies, CloudCheckr helps reduce your costs and improve productivity in other intangible ways. Managing cloud services for customers is time-consuming, tedious, repetitive, and labor intensive. In fact, some partners can spend two weeks per month on customer billing administration.



About Spot by NetApp

The Spot by NetApp portfolio enables cloud operations teams to deliver scalability, performance and security for cloud infrastructure and applications — at the lowest possible cost — through continuous automation and optimization combined with deep visibility and governance. From cloud-native startups to global enterprises and managed services providers, thousands of customers rely on Spot solutions to unlock the full value of the cloud.