eBook

Is your reserved commitment portfolio in hands you can trust?

What to ask a reserved commitment management vendor before signing an agreement

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Introduction

Organizations that use the cloud for business operations often struggle to effectively control their cloud costs. Many take advantage of reserved commitments to maximize savings while maintaining flexibility. However, cloud reserved commitments are complex, and organizations often need help managing these investments.

Reserved commitment management vendors bring automation, visibility, and optimization strategies to the table to help these businesses navigate the intricacies of controlling costs in the cloud. Choosing the right Reserved commitment management vendor is critical to the success of your business.

The following pages guide FinOps practitioners, IT teams, and DevOps engineers who are managing cloud workloads now or expect to in the future. It provides the vital questions to ask a reserved commitment management vendor, enabling you to go beyond superficial promises and identify the solution that offers the best opportunity to consistently save the largest amount on cloud costs for the long term.

Questions to ask about the vendor's business

What makes you financially secure enough to support our business long-term?

Why this is important: Your business needs a vendor that has a proven track record of success with customers with similar profiles to your company. Look for a vendor that has a history of growth and longevity, that you can count on for the long term to reduce costs and not leave you on the hook for commitments you don't need.

Do you provide clear billing, without deceptive contracts or savings guarantees buried in the fine print?

Why this is important: Your contract should be clear, concise, and free of stipulations buried in the fine print. Be careful of convoluted contracts that limit your ability to decrease cloud usage during slowdowns and can lead to surprise charges.

If you aren't sure about the difference between an AWS EC2 Reserved Instance or an Azure VM Savings Plan, or just need a quick refresher, check out the Guide to Hyperscale Reservations.

Learn more

Are you prepared to quickly respond to cloud service provider updates?

Why this is important: FinOps is constantly evolving, and cloud providers are consistently adding new capabilities and adjusting policies; your vendor must be able to keep up with these changes. This requires having an established team of cloud experts and developers who are familiar with the intricacies of your cloud service provider and can support new changes immediately.

Do you have enough AWS historical data to be able to purchase, exchange, and sell the RIGHT RIs?

Why this is important: Finding the best and most compatible RIs for each customer's unique strategy requires extensive predictive algorithms that leverage long-term cloud cost data. Without predictive analysis of historical AWS data, attempting to forecast the needs for a customer's reserved commitment portfolio is unreliable and risky.

Only 19% of enterprise cloud decision makers report effectively driving savings with their use of discounted offerings for cloud resources (e.g., RIs, savings plans, committed-use discounts, spot instances, etc.)

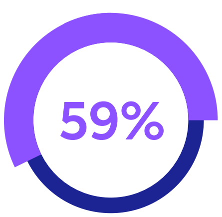
Questions to ask about the vendor's cost savings strategy

Do you employ a variety of optimization strategies to generate savings with the right balance of risk and reward?

Why this is important: To generate the greatest savings early on, as well as increase your savings over time, all while limiting your risk exposure, your vendor must be able to use a variety of optimization strategies, including Convertible RI exchanges, the AWS RI Marketplace, Savings Plans, and more.

Do you allow custom strategies tailored to our needs, instead of a one-size-fits-all approach?

Why this is important: Cloud optimization needs vary greatly from business to business, even if they are in the same industry and a similar size. Additionally, as your business matures and accelerates its cloud use, your needs will likely evolve. Your vendor must be able to adapt your commitment optimization strategy based on the required resources your business needs and where they need them.



of enterprises say they believe they could further **reduce costs** with discounted offerings for cloud resources if they had more expertise.

Will our savings increase the longer we work with you?

Why this is important: To increase your savings in the future, your vendor should be able to scale their cost optimization efforts to match your cloud environment's growing size and complexity.

Are we able to change strategies often — even several times in a single month — if necessary?

Why this is important: Your vendor must be able to quickly adapt to unexpected fluctuations in usage. Changes to consumer demand or even your internal production schedules can lead to large increases or decreases in cloud resource needs. Adapting to these changes in real time minimizes waste and increases savings.

Only 23% of enterprises surveyed are using automation to optimize their use of compute purchasing options, like reserved, spot, and on-demand instances.

Questions to ask about the vendor's solution

Will you lock us into commitments that we can't get out of unnecessarily?

Why this is important: With rapidly changing market conditions and the release of new commitment types from cloud service providers, commitment lock-in and/or lengthy vendor contracts can be unnecessarily risky and limit the savings for customers.

Can we maximize our savings with the lowest possible commitment?

Why this is important: Like in the stock market, over-reliance in one area greatly increases risk. Maximizing savings with the lowest commitment requires a balanced portfolio that takes advantage of many savings strategies, commitment types, and commitment lengths.

Can we start saving immediately after joining?

Why this is important: Your vendor should be able to deliver savings immediately, even if you already have good commitment coverage. Having to wait for an extended period of time to gain the promised savings may defeat the purpose of using reserved commitments in the first place and decrease the ROI of a solution.

Does your solution provide both automation and human oversight?

Why this is important: Relying solely on automation greatly limits the use of custom cost-saving strategies. It also means that vendors will implement a one-size-fits-all solution across all their customers. On the other hand, only using human FinOps practitioners limits the effectiveness and scalability of your optimization efforts. A solution that takes advantage of both automation and human oversight will be far more adaptive and responsive, significantly increasing savings and commitment flexibility.

Does your solution support all of the reservable commitment services (not just compute), cloud providers, and global regions that you use?

Why this is important: Your cloud is probably a complex environment designed to meet your specific business needs across the globe. If your vendor is restricted to certain commitment services, regions, or cloud service providers they can use, it will limit your options and your savings.

Can your solution adapt to the needs of startup, commercial, enterprise, and MSP businesses?

Why this is important: Your vendor should be able to meet you where you are and support your business in all stages of your cloud journey. Whether you're a large enterprise looking to attribute spend to cost centers or a startup with usage spikes from application testing, your vendor needs to have experience optimizing commitments for businesses of diverse sizes and types.

Does your solution's platform offer other cloud cost optimization products?

Why this is important: Optimizing reserved commitments is usually a great place to start reducing your cloud spend and controlling costs. But to maximize cloud savings, you need to go beyond commitment management. Look for solutions that can identify cost and resource waste, rightsize instances, optimize your infrastructure, generate holistic reports, implement best practice checks, and offer timely and accurate chargeback/showback and billing capabilities.

Will you share the risk with us and only charge based on recognized savings?

Why this is important: As savings vary from month to month, your vendor should charge accordingly. Fixed pricing and/or contract lock-in will limit your flexibility as a customer.

Do you provide us with clear and deep visibility into how you are managing our commitments?

Why this is important: Visibility and insights into your commitment portfolio optimization give you confidence in your investment. This is also a source of transparency into the savings your vendor achieves for you, as well as the cloud spend attributed to cost centers throughout your organization.

Can you align and track cloud costs to their cost centers and help us keep our teams accountable for their usage?

Why this is important: Pooling cloud resources can increase cost efficiency and flexibility, but it does come with potential downsides like lack of visibility on spend by each cost center. Showback and chargeback reporting can be used to enhance transparency and provide clarity on what is being used where.

Optimize your reserved commitments with Spot Eco

Why is Spot Eco the leading reserved commitment management solution?

Eco combines automation, machine learning, and human oversight to continuously optimize your commitment portfolio and offer the deepest savings while avoiding lock-in. Additionally, Eco provides the widest array of savings strategies, across the most commitment types and cloud providers, which ensures your business is supported regardless of where you are in your cloud journey.

Why is Spot Eco's strategy the best for your business?

Eco provides adaptive coverage by utilizing many different commitment optimization methods, such as Convertible RI exchanges, the RI marketplace, and others, to develop a custom strategy that maximizes your savings on cloud spend and adapts to your current and future business needs.

Why can you trust Spot by NetApp?

Spot by NetApp is backed by NetApp, and Spot Eco is part of its CloudOps Portfolio. As the industry leader in the CloudOps space, Spot by NetApp partners with the leading Cloud Service Providers and the FinOps Foundation. Spot by NetApp is committed to supporting its customers long-term and will continue to develop new capabilities to further their cost optimization efforts.

If your organization needs help maximizing cloud savings, enhancing visibility on spend, or accelerating FinOps proficiency, Spot Eco can help.

To ask us the questions covered here and any others you might have, schedule a live cost analysis with a Solution Architect.

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About Spot by NetApp

Going beyond cloud analytics and recommendations, Spot actively optimizes AWS, Azure and Google Cloud deployments with SLA-backed availability, fully automated infrastructure management and up to 90% cost reduction. With Spot, cloud consumers can effortlessly and affordably scale any workload, from stateful, single instances, to cloud-native clusters made up of thousands of nodes.

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