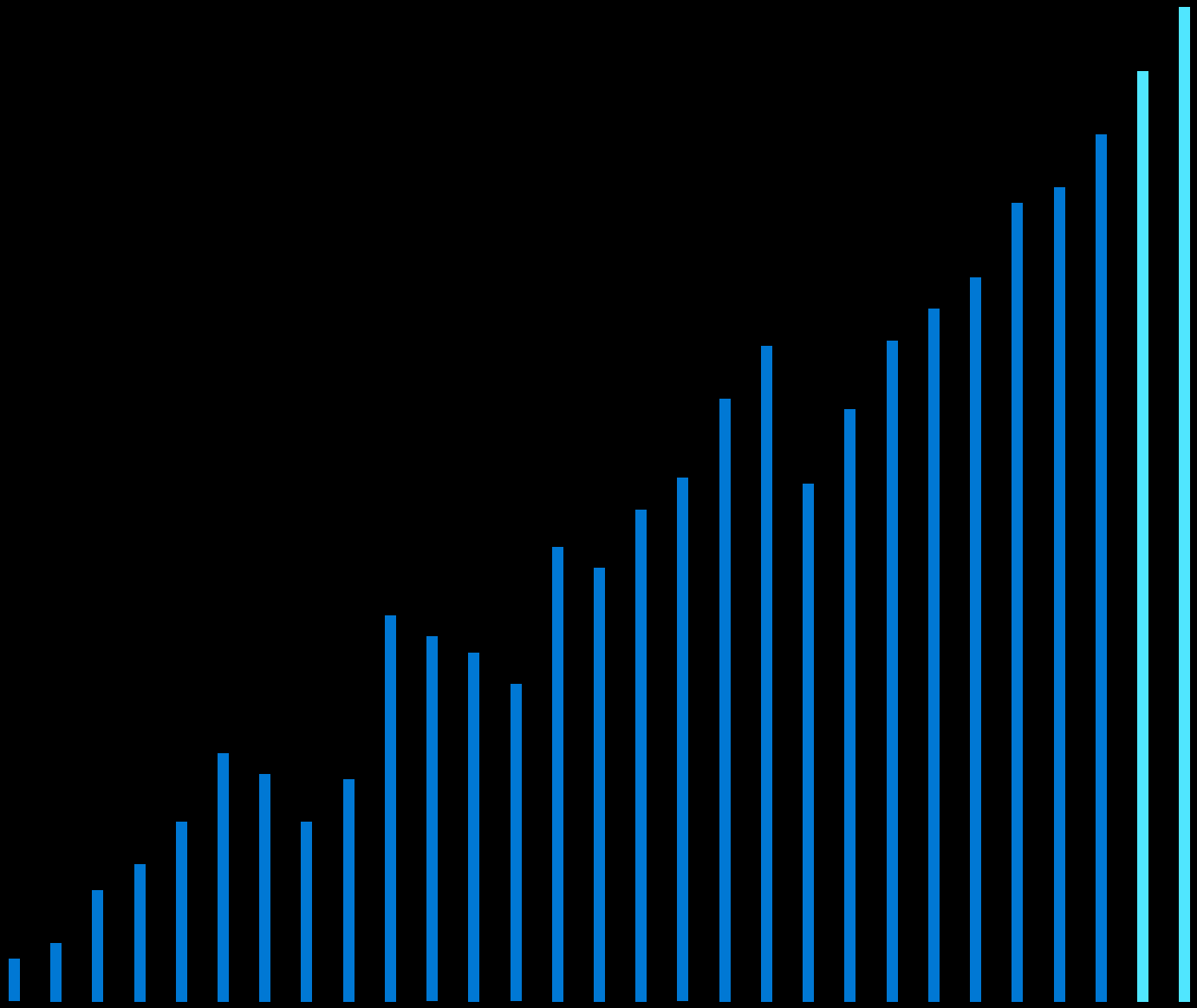
Microsoft Azure

A Finance Resource Kit:

Moving SQL Server and Windows Server to Azure



This information is for

IT professionals, CFOs, procurement professionals and business leaders who currently work with on-premises versions of Windows Server and SQL Server and who want to:

- Understand and document the financial benefits of cloud migration for their organisations.
- Educate financial leaders on the justification for investing in cloud innovation.
- Learn about their eligibility for cost-savings programs when migrating to Microsoft Azure and how to maximise their savings.

Estimated reading time: 10 minutes

Contents

1. Introduction

A prerequisite to successful cloud migration is aligning organisational stakeholders, including your CFO and other business leaders. To gain full buy-in for your cloud innovation vision, you'll need to understand and be able to address the business benefits and financial impacts of moving your on-premises IT infrastructure to the cloud.

Here are some common questions Windows Server and SQL Server on-premises customers have when planning a move to the cloud:

What is the return on investment of migrating?

What cloud pricing options are available and what savings does Azure offer?

Once we migrate, how can we monitor and optimise spend?

> **This toolkit is designed to help you answer these questions, understand the key financial and innovation benefits of cloud migration and assess various cloud pricing considerations and savings options available with Azure.**

Financial benefits companies experienced by migrating their on-premises infrastructure to Azure Infrastructure-as-a-Service (IaaS).[1]

478%

Three-year ROI.

10.3 M

USD $10.3 million savings in infrastructure and on-premises staff costs.

90%

Reduction in on-premises data centre infrastructure by year three.

> **Prior to our journey to the cloud, we had to maintain, update and patch all those servers. We wanted to focus on providing value-added services to our members and consumers, not on running the infrastructure."[1]**

[1] 'The Total Economic Impact™ Of Microsoft Azure IaaS,' Forrester Consulting, August 2019.

2. Financial benefits of the cloud

Migrating on-premises infrastructure to the cloud presents many business and financial benefits, freeing up investment formerly dedicated to on-premises infrastructure and allowing for more agility.

Capex to opex

A key benefit of cloud migration is transitioning IT infrastructure from being a capital expense (capex) to an operational expense (opex). An on-premises IT infrastructure is a large capital expense, covering everything from facilities to servers, networking gear, cooling systems, racks and storage. Investment in capex stays tied up. When organisations move their IT infrastructure to the cloud, they can free up money previously invested in capex and re-invest in innovation.

Agility

Provisioning and deploying new hardware in an on-premises environment can take weeks if not months. When organisations migrate to the cloud, they spend less time maintaining data centres and can take advantage of the rapid scalability of cloud solutions.

Shared responsibility

In a cloud-based IT infrastructure, the cloud provider and customer share responsibility for security. With an on-premises infrastructure, an organisation assumes 100% responsibility for security, tying up human capital, hardware and software resources that aren't core to the business.

Financial model for cloud transformation

Leverage our guidelines for developing a financial model for your organisation's cloud transformation. This resource helps you and your finance colleagues calculate ROI, project changes in revenue and costs, estimate depreciation reduction or acceleration and quantify operational cost and capex reductions.

3. Understanding cloud pricing and Azure cost savings

Most cloud service providers offer options based on a company's underlying CPU, virtual cores or virtual CPUs, the amount of RAM and storage needed and payment terms.

Here are popular options and the scenarios where they are most suitable.

Cloud Pricing Options[2]

Option	Suitability
No-cost trial	Limited-length, limited-capacity free access to cloud resources to try out the cloud environment.
Development/ test instance	Similar to the no-cost trial, though with longer use periods and more resources.
Ad hoc consumption	Pay-as-you-go program that offers low up-front investment. May not be the optimal option depending on overall usage patterns, since pricing is typically higher than other options.
Reserved instance	Commitment for a specific time frame for a specific workload. Prices are lower than pay-as-you-go, but are billed for 24/7 usage.
Dedicated host	Subscription to a dedicated host. Companies with software tied to that host may benefit from existing software licensing agreements.
Managing capacity shortfalls and excess capacity	Flexibility in acquiring – or selling back – resources as needed. Allows for scheduling non-urgent batch jobs at off-peak times to get even lower costs.

[2] 'Understand Cloud Pricing Options: What to Consider When Moving to the Cloud', IDC, March 2020.

The Azure advantage

Here are a few important advantages for Windows Server and SQL Server on-premises customers when they move to Azure.

Advantage	Summary
Azure Hybrid Benefit	Allows companies to optimise existing Windows Server and SQL Server licences to lower subscription costs when porting workloads between on-premises and cloud deployment.
Azure Reserved VM Instances	Gives companies the lower cost of a reserved instance, as well as flexibility in pricing based on actual usage. Can be used with Azure Hybrid Benefit to further reduce costs. As an example, Azure three-year Reserved Instances (RI) don't require upfront payment, have tremendous flexibility and provide discounts of up to 72%.
Azure free account and new customer credit	Developers within an enterprise can use these to try new ideas with no investment.
Dev/test pricing benefits	Provides companies with development and test licences at low cost and with access to high-availability cloud infrastructure. Additional savings available for Visual Studio customers.
Azure Cost Management + Billing	Provides an economic analysis tool on cloud spending for greater cost visibility and predictability. Free for Microsoft Azure customers.

4. How to optimise your cloud spend

A common concern of IT professionals is that they will not be able to manage their cloud spend as effectively or as predictably as they were able to manage costs with their on-premises systems.

Here are some ways Azure can help you use cloud resources efficiently.

Ongoing cost-optimisation and management

Initial resource clean-up, rightsizing and optimisation	When migrating to Azure, consider which workloads can be turned off. For workloads still needed, consider what can be done to optimise those resources and operational hours, leveraging tools such as Azure Migrate.
Resource tagging and spend categorisation	Azure allows for simplified resource tagging and cost allocation compared with on-premises. This helps increase spend accountability, while evaluating workload ROI.
Continuous cost optimisation	Workloads aren't static. Once in Azure, leverage tools (including Azure Cost Management + Billing and Azure Advisor) and establish processes to monitor resources and patterns to continuously optimise cloud costs.

Optimise Azure and AWS costs

Free for Microsoft Azure customers, Azure Cost Management + Billing offers complete visibility into your cloud spending – including not just Azure, but also AWS – in a single portal. In addition to offering visibility, through integration with Azure Advisor the tool helps optimise cloud costs by taking advantage of reservations, rightsizing and removing idle resources.

5. Customer success stories

Read the following case studies to learn about the real-world experiences of a variety of companies that migrated SQL Server and Windows Server to Microsoft Azure.

Allscripts reduces development costs with Azure

Allscripts is a healthcare software manufacturer that serves physician practices, hospitals, health plans and pharmaceutical companies. The company needs to transform its applications frequently and securely according to a wide range of client needs. While maintaining six development/non-hosting data centres around the world, it needed to reduce costs, simplify management and increase security.

Allscripts decided to rehost its applications on Microsoft Azure due to its global data centre footprint and security posture, particularly regarding healthcare regulatory compliance. Allscripts made the move in just three weeks and saw immediate time-to-market improvements and cost savings.

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Part of Allscripts' savings came from migrating 600 on-premises VMs, most of which ran older editions of Windows Server and SQL Server. For these, Allscripts took advantage of the Azure Hybrid Benefit, an offer that lets customers reuse their existing on-premises Windows Server and SQL Server licences in Azure and realise licensing savings of up to 82%.

Allscripts also saved on pricey capital expenditures. Previously, an important software project that helps doctors locate the lowest-cost drug prescription source for patients failed to get off the ground because the cost of the development hardware alone was USD $900,000. By using Azure, the team was able to proceed with development, using cloud resources that cost just USD $34 a day.

> **By using Azure, we can proceed with all manner of clever ideas that were previously off the table because of high development costs."**

Jeff Brady
Senior Program Manager, Azure Transformation
Allscripts

TraXall France realises unique price advantages of Azure

TraXall France provides vehicle fleet management services to more than 70 key account customers, with more than 40,000 managed vehicles. When its diverse private clouds became labour-intensive to manage, TraXall France turned to Microsoft Azure for a secure, easily managed infrastructure and GDPR compliance.

One of the greatest benefits of moving to Azure was its pricing and flexibility. When TraXall France needs additional capacity, it makes a simple change to its Reserved Instances subscription. Reserved Instances is a cost-effective prepaid reservation for Azure resources at a discounted rate.

Choosing this option saved TraXall France between 30 and 40% of its Azure licensing costs over three years.

> **Our Azure pay-per-use contract helps us cut costs. If we don't need a server, then we don't pay for it, in contrast to having an on-premises server that we have to pay for constantly, regardless of usage."**

Cyrille Pelatan
Infrastructure Manager
TraXall France

6. Resources

When it comes to cloud migration, you'll want to bring in finance partners and key stakeholders from the beginning and include them in appropriate decision-making and progress-review forums. Here are additional resources Windows Server and SQL Server customers can use to help guide the discussion.

Training and documentation

Microsoft Cloud Adoption Framework for Azure

A collection of documentation, implementation guidance, best practices and tools to accelerate your cloud adoption journey

Economics of Cloud Computing

An introductory training on financial and security aspects of the cloud

Predict Costs and Optimise Spending for Azure

Training on cost savings best practices, including how to use the Azure Pricing Calculator and Azure Advisor

Tools and services

Azure TCO Calculator

A calculator to help you estimate the cost savings you can realise by migrating workloads to Azure

Azure Pricing Calculator

A pricing calculator to configure and estimate the costs for Azure products

Azure Migrate

A central hub of Azure cloud migration services and tools

Azure Cost Management

A tool that helps you get more value out of the cloud and implement financial governance in your organisation

Azure Advisor

Available at no additional cost, Azure Advisor analyses your configurations and usage telemetry and offers personalised, actionable recommendations to help optimise your Azure resources

Azure cloud economics

A resource collection to help you get greater return on your cloud investment with financial and technical guidance

Additional resources

The Total Economic Impact™ Of Microsoft Azure IaaS

An analysis of cost savings and business benefits enabled by Azure Infrastructure-as-a-Service (IaaS)

The Total Economic Impact™ of Migration to Microsoft Azure SQL Managed Databases

A study of the benefits, costs and considerations associated with deploying Azure SQL managed databases

Azure Migration and Modernisation Programme

A programme offering migration assistance to help customers bring workloads to Azure with confidence

Azure Hybrid Benefit

Information on the cost-savings benefit of bringing Windows Server and SQL Server on-premises licences with Software Assurance to Azure

Microsoft Azure

Next steps

Get expert assistance from the Azure Migration and Modernisation Programme >

Start your migration with an Azure free account >

Or contact your Microsoft representative.