# Optimize your Azure cloud costs

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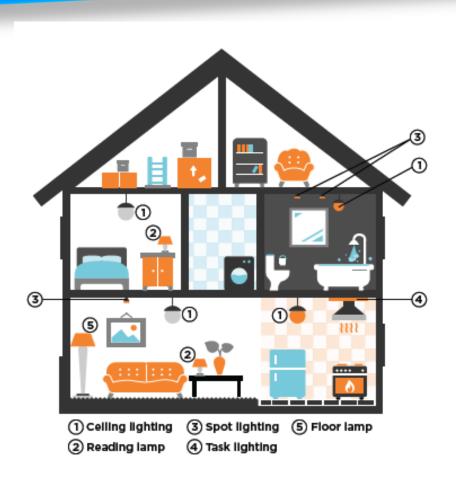


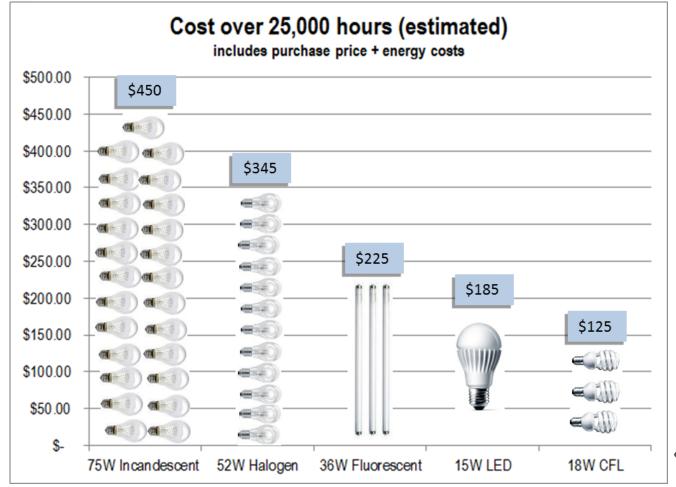
# Agenda

- Introduction
- Built-in tools
- Cost saving offerings
- Tips & tricks



## Introduction







### Built-in tools

- Azure Cost Management & Billing
  - Budgets & limits
  - Cost Alerts
- <u>Azure Advisor</u> Identify unused VMs and receive recommendations about Azure reserved instance purchases.
- Azure Pricing Calculator Use this tool to estimate your up-front cloud costs.
- <u>Azure Migrate</u> Assess your current datacenter workload for insights about what's needed from an Azure replacement solution.
- <u>Total Cost of Ownership (TCO) Calculator</u> Estimate the cost savings you can realize by migrating your workloads to Azure

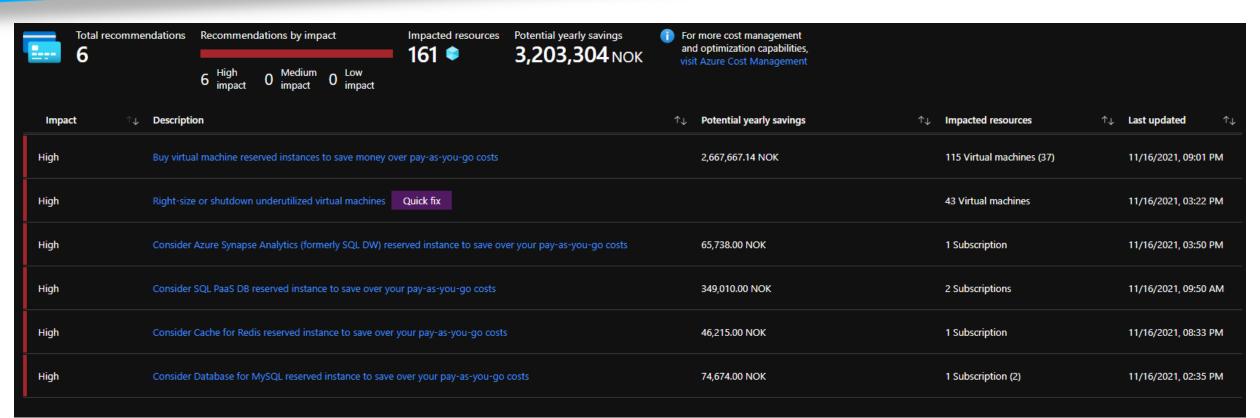


## Demo

- Azure Advisor
- Azure Cost Management & Billing

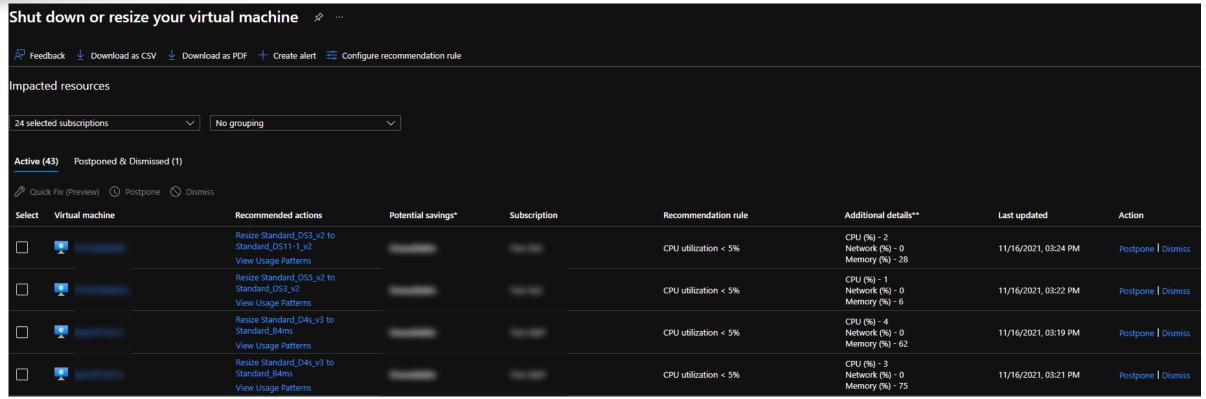


# Azure Advisor – Example 1





# Azure Advisor – Example 2





# Cost saving offerings

- <u>Azure Hybrid Benefit</u> Use your current on-premises Windows Server or SQL Server licenses for VMs in Azure to save.
- Azure Spot Virtual Machines
  - Take advantage of unused capacity at a significant cost savings
  - No SLA for Azure Spot Virtual Machines and they can be evicted at any time.
- Reservations save money by committing to one-year or three-year plans for multiple products.



# News from Ignite (Nov 2.-4. 2021)

Availability: GA

### **Azure Spot Virtual Machines**



### Improved runtime and ease of use



### Try/Restore

Automatically try and restore evicted VMs

Available now on Virtual Machine Scale Sets



### **Simulate Evictions**

Using REST API

Available now



## Demo

• Create a Spot Virtual Machine with Hybrid Benefit enabled



## Azure Reservations



- Reserved instances
- On-demand capacity reservations for Azure Virtual Machines (preview)



# Difference between On-demand Capacity Reservation and Reserved Instances

Differences	On-demand Capacity Reservation	Reserved Instances
Term	No term commitment required. Can be created and deleted as per the customer requirement	Fixed term commitment of either one-year or three-years
Billing discount	Charged at pay-as-you-go rates for the underlying VM size*	Significant cost savings over pay-as-you-go rates
Capacity SLA	Provides capacity guarantee in the specified location (region or availability zone)	Does not provide a capacity guarantee. Customers can choose "capacity priority" to gain better access, but that option does not carry an SLA
Region vs Availability Zones	Can be deployed per region or per availability zone	Only available at regional level

<sup>\*</sup>Eligible for Reserved Instances discount if purchased separately



### New VM series & reservations

Announcing

# Azure Virtual Machines

#### Now generally available

Dv5 – series intel Ev5 – serion General purpose workloads Memory in Up to 384 GiB of RAM Up to 672 Gibbs.

Dasv5 - series AMDA Easv5 - series General purpose workloads Memory in Up to 384 GiB of RAM Up to 672 G

New VMs for data-intensive workloads

VIVIS 101 data interisive workloads



Up to 300% increase in remote storage performance compared to Ev4 VMs. Ideal for large databases and data analytics applications.



#### Ebs and Ebds v5 – Series

Memory intensive workloads requiring higher storage throughput Up to 120,000 IOPS and 4,000 MB/s of remote disk storage throughput.



Availability: PREVIEW COMING SOON

From 2 to 64 vCPUs featuring 3<sup>rd</sup> Generation Intel® Xeon® Platinum 8370C (Ice Lake)

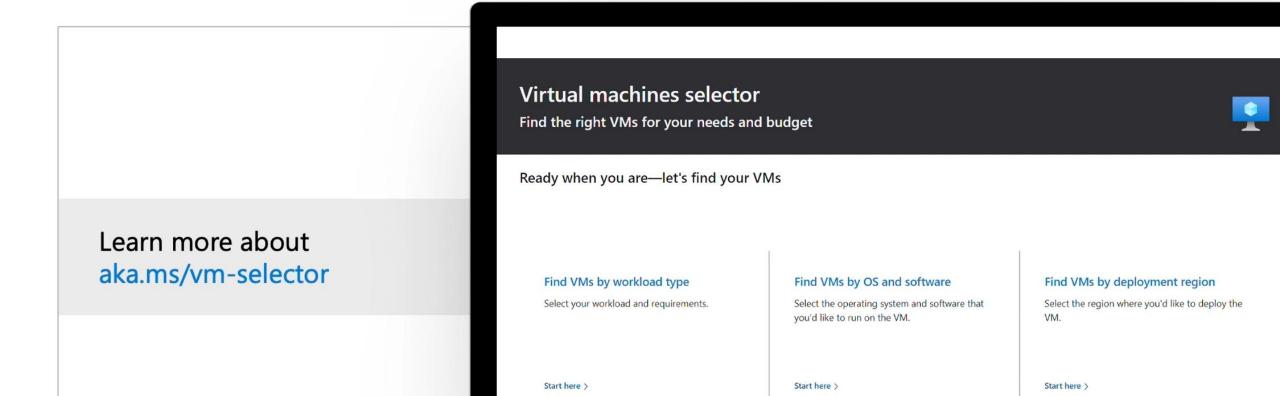
# Demo

• Azure Reservations



# News from Ignite (Nov 2.-4. 2021)

Virtual machines selector: Demo





Free account

Search ,

### Find the right VMs for your needs and budget

Find your VM > Workload type > Disk storage > Operating system > Region > Results page

#### Tell us about your workloads

#### Workload type

Azure provides cloud infrastructure for every workload. Select the type of workloads you'd like to deploy and we'll help you find the best VMs for your purpose. (Unselect any that don't apply to your scenario)

- ✓ Select all/none
- ✓ General-purpose workloads
- ✓ Compute-intensive workloads
- Memory-intensive workloads
- Storage-intensive workloads
- ✓ GPU-enabled workloads
- ✓ High-performance computing (HPC) workloads

#### Your selections

#### 312

Current eligible VMs

#### Workload type

General-purpose workloads

Compute-intensive workloads

Storage-intensive workloads

Memory-intensive workloads

GPU-enabled workloads

High-performance computing (HPC)

workloads

#### Disk storage

#### OS Disk

Premium SSD

Standard SSD

Standard HDD

Ephemeral OS Disk

#### Data Disk

Ultra Disk Storage

Premium SSD

Standard SSD

Standard HDD

Back

Next

#### Operating system

OS: Windows

Type: (OS Only)



## Tips & tricks

### Stop services when not in use

- VMs\*
  - Based on tags/uptime policies
  - Azure
     Functions/Azure
     Automation
  - Auto-shutdown
- Azure Kubernetes Service
- Application Gateway

### Right-sizing

- Virtual Machines, App Service Plans, etc
- Leverage Azure Monitor
- We often size for peaks – take advantage of cloud native features like VM Scale Sets & App Service Autoscaling instead

### Storage

- Tiering of storage -Azure Archive Storage (recently available in Norway East)
- Re-evaluate Geo Redundant Storage (GRS)

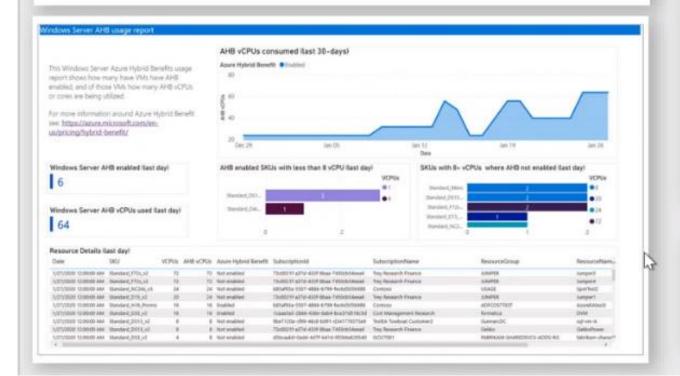
#### Additional tools

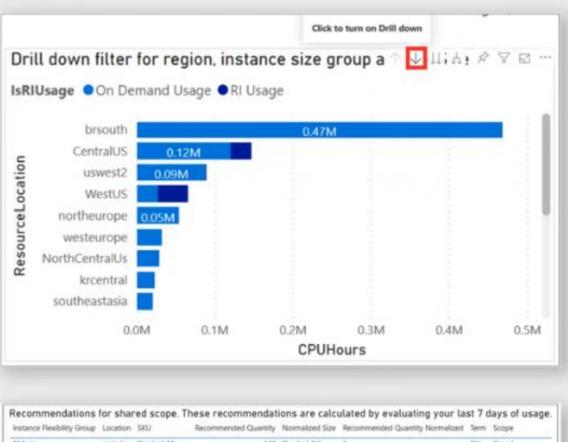
- Azure Workbooks
- Cost Management
   Power BI App for
   Enterprise
   Agreements (EA)

<sup>\*</sup> Make sure to deallocate. A stop from within the OS is not sufficient to stop billing.

### Azure Cost Management PowerBi App

The Cost Management Application provides insights into which subscriptions or resource groups consume the most resources. It also provides visibility into spending trends and overall usage.





Instance Flexibility Group	Location	SKU	Recommended Quantity	Normalized Size	Recommended Quantity Normalized	Term	Scope
85 Series	centralus	Standard_82s	1.00	Standard (Eth)	8	PSY	Shared
DSVZ Series	certralus	Standard_DS1_x2	1.00	Standard_DS1_x2	1	FDV	Shared
DQv2 Saries	certralus	Standard_DS2_v2	2.00	Standard_DS1_x2	4	PIV	Shared
Di/2 Series	certralus	Standard_D1_v2	2:00	Standard_D1_v2	2	FIV	Shared
Dv2 Series	certralus	Standard_D3_v2	2.00	Standard_D1_v2	4	PIV	Shared
Dv2 Series High Memory	certratus	Standard 014 x2	2.00	Standard D11 v2	16	FIV	Shared
Total			10.00				



# Tips & tricks

- Overview & insight
  - Azure community workbooks
    - Log Analytics workspace usage
      - Export to storage account based on threshold
    - Azure Application Gateway without backend pools
- <u>Cost allocation for shared services</u>
- Azure dev/test pricing
- Azure Well Architected Framework
  - Cost optimization module
- Cost Optimization is a continous process
  - https://azure.microsoft.com/nb-no/blog/tag/cost-management

Prefill percentage to	Proportional to total cost	V
Total cost from sources:	TARGETS	% TO ALLOCATE FROM SOURCE
\$234.00	( ResourceGroup1	1
(See target breakdown)	( ResourceGroup2	38
	ResourceGroup3	58
	( ResourceGroup4	3
		Total 100°

Blogg / Cost Management Cost Management Azure Cost Management and Billing updates - October 2021 October ushers Cost Management and Billing into a new world - from coverage of Microsoft 365, Dynamics 365, and more to a new tool that helps you reduce cost and manage your on-prem licenses. You can also update your address or purchase order number on existing invoices or try an early preview of subscription cost anomaly detection. All this plus 12 new cost-saving options, 3 new videos, and 7 documentation updates. We hope you're as excited about what the Michael Flanakin, Program Manager, Azure Cost Management Virtual Machines Storage, Backup & Recovery Database Management Updates Government Hybrid Azure Stream Analytics Azure Cost Management and Billing updates - September 2021 This is an exciting month for organizations using Azure reservations - you can now scope your reservations to a management group for even more savings. You'll also find a new cost view optimized around the products and services you use, new previews in Cost Management Labs for scheduled emails and better multitasking, as well as 7 new savings opportunities and video and documentation updates. Read on for the details and let us know what you think! Michael Flanakin, Program Manager, Azure Cost Management Web Virtual Machines Storage, Backup & Recovery Networking Database Management Updates Azure Cost Management and Billing updates - August 2021 As August comes to a close, you'll find new download options available from the cost analysis preview and quick access

to common subscription and resource group operations in Configuration. You'll also see the general availability of Azure Government Top Secret and improved migration and modernization tools and programs as well as the 14 new

cost saving options and 3 documentation updates. Lots of great stuffl

### Demo

- Azure Automation runbook for managing uptime policies
- Start/stop Azure Kubernetes Service
- Start/stop Azure Application Gateway
- Azure Workbook (inventory)



# FinOps





# Cloud Solution Provider (CSP)

- Azure Cost Management & Billing currently supports the following types of billing accounts:
  - Microsoft Online Services Program: An individual billing account for a Microsoft Online Services Program is created when you sign up for Azure through the Azure website. For example, when you sign up for an <u>Azure Free Account</u>, account with pay-as-you-go rates or as a Visual studio subscriber.
  - Enterprise Agreement: A billing account for an Enterprise Agreement is created when your organization signs an Enterprise Agreement (EA) to use Azure.
  - **Microsoft Customer Agreement**: A billing account for a Microsoft Customer Agreement is created when your organization works with a Microsoft representative to sign a Microsoft Customer Agreement.



### Crayon Cloud Economics

### Case Studies

### Azure Analysis with realization support

### Shipping:

- Annual Azure spend:
- Identified cost savings:
- Optimization potential:
- Realized savings:

### Agriculture:

- Annual Azure spend:
- Identified cost savings:
- Optimization potential:
- Realized savings:

### Food Company:

- Annual Azure spend:
- Identified cost savings:
- Optimization potential:
- Realized savings:

### **Azure**

18,0 MNOK

4,1 MNOK

Azure

**5.8 MNOK** 

**1,6 MNOK** 

Azure

4,4 MNOK

1,05 MNOK

23,9 %

28,0 %

22,7 %

2,87 MNOK (16%)

1,42 MNOK (24,5%)

1,28 MNOK (29,1%)

### Risk management company:

- Annual Azure spend:
- Identified cost savings:
- Optimization potential:

### Road safety solutions

- Annual Azure spend:
- Identified cost savings:
- Optimization potential:

### Car dealership

- Annual Azure spend:
- Identified cost savings:

### **Azure Analysis**

### **Azure**

41,7 MNOK

10,2 MNOK

24,5 %

### **Azure**

**5.0 MNOK** 

1,25 MNOK

25,0 %

### **Azure**

3,1 MNOK

0,56 MNOK

17,8 %

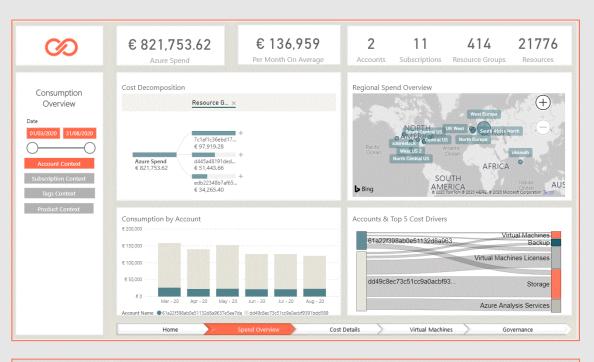
- Optimization potential:

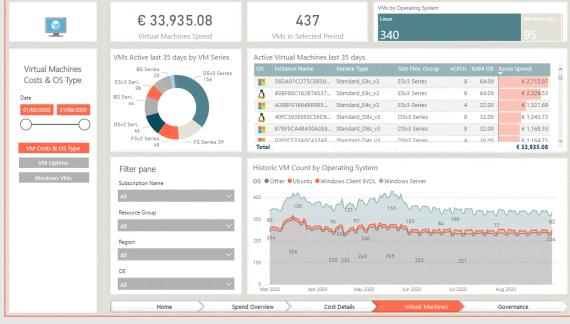
#### **OUR DELIVERABLES**

### BI Reports and dashboards

A set of BI reports based on your cloud commitment

- Spend overview
- Cost details
- Virtual machines overview
- Governance overview





#### **OUR DELIVERABLES**

### Full Analysis Report

Full study with in-depth analysis (typically quarterly)

- Spend overview
- Cost optimization details
- Governance
- Recommendations and detailed list of actions

#### 4. Executive Summary

This report presents findings from Crayon's analysis of CUSTOMER's running services in Asure. The report provides insight into cloud consumption and presents cost saving opportunities along with other recommendations, based on historic usage from January 2020 until July 2020.

CUSTOMER's monthly spend in July 2020 was approximately \$3,1 million. Monthly spend has remained at a steady level throughout the period, representing an estimated annual spend of \$37 million for the next 12 months.

Crayon has identified annual potential savings of \$11,4 million, i.e. 30 % of CUSTOMER's estimated spend for the next 12 months (see Table 1).

Potential awaings relate to changes in database tiers, reuse of SQL and Windows Server fecenses and reserved capacity across multiple products. In addition to these quantified savings, Crayon has identified other areas of potential future cost optimization, such as block blob tiering and app service rightsizing.

Throughout the period in scope, CUSTOMER has used 21 resource tags in Azure and the fraction of costs tagged was 16 % in July 2020. Crayon recommends that defining resource standards and resource tags.

After implementing RI and AHB, CUSTOMER needs to effectively manage these cost optimization activities. Crayon recommends that CUSTOMER implement governance process to ensure that current and future cloud economics tasks are implemented, monitored and followed up according to comment standards:

Crayon's recommendations are based on historical data, and savings can be materialized when future plans for the environment has been taken into account.

Table 1: Potential Savings. \*Only applicable #AHB is applied to SQL Databases

Product Category	Cost Saving Measure	Annual Savings 1 year RI (\$)	Annual Savings 3 year RI (\$)	
Virtual Machines	Reserved Instance	948 000	1 530 000	
Virtual Machines	AHB Windows Server	1 411 000	1 411 000	
SQL Database	DTU to vCore + AHB	4 100 000	4 100 000	
SQL Database	Reserved Instance*	1 900 000	3 000 000	
Tiered Block Blob	Reserved capacity	390 000	490 000	
Cloud Services	Reserved capacity	632 000	882 000	
Total Savings		9 381 000	11 415 000	



5

7. Spend Overview & Trends

CUSTOMER's monthly spend in July 2020 was \$ 3 056 248. Monthly spend has increased by \$387k year to date, i.e. an increase of 14,5 % Current spend represents estimated annual

Five product categories account for 90 % of CUSTOMER's total consumption in July 2020

Table 2 lists these categories along with category spend July 2020. These categories constitute

costs of nearly \$37 million over a 12 months negot

the focus area for Crayon's analysis and reporting

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Action List

those databases

for the number of vCores migrated, for a period of 1.3 years.

Implement Hecycle policy for block

according to findings in 1), E.g. purchase 2 x 100 TB reservations f North Europe in the Hot access tier



#### 8.3. Recommendations

If qualifying SQL licenses are available for reuse in Azure, 6-7 of CUSTOMER's <u>Premium DTU</u> databases should be migrated to the vCore based pricing model (a few clicks in the Azure portal).

The migration will make databases elibible to Arure Hybrid use Benefit discounts and capaci reservations, which can reduce the annual overall database cost by up to \$7.1 million.

Table 5 shows estimated annual savings from the following actions:

- 1. Migrate 6 7 SQL databases from DTU to vCore based pricing model
- Rightsize / Validate that mapped vCore databases meet performance requirem
   Inable Asure Hybrid use Benefit on the databases to cut license costs.
- Purchase reserved instance for up to 30 32 vCores in North Europe region within the Business Critical tier, with 1 – 3 year commitment.

Table 5: Databases with cost saving potential from AHB and RL \*Includes monthly cost of premium SSD storage by

Oli Norre:	Off	OIU/mm			12 Mo Seve AHII	AND BRITE	
	P1 D169	28 Stij P	71 148 F	37 368 F	0.0	21376F	86.93
	PTI DIUs	4292147	500 628 #	270 124 P	1 909 202 F	2002 474 F	3 275 76
	PO OTHER	570319	71 140 P	37 369 P	235 952 P	361 562 P	401.10
	10 0756	570319	31 540 9	37 389 P	228 552 9	363 362 F	431.12
	PARTONIA	114 063 F	122 702 #	65 T43 P	575 028 P	830 249 F	305.36
	PAIDIUs	114 063 P	133 702 #	65 T43 P	575 026 P	830 249 F	965 36
	AN DOM:	314 04 X F	132 702 9	86 141 P	575 020 P	330 240 P	265.28
Total		914 049 P	1 121 176 P	500 710 P	4 106 125 P		7 122 65

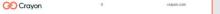
Note that as the DTU Premium ter maps to Business Critical SQL databases in the vCore model, SQL Enterprise Edition licenses with Software Assurance is required to be eligible for discounts from Arure Hybrid use Benefit. Hence, a total of 30 – 32 vCores, i.e. 15 – 16 SQL Enterprise 20cm Sceness with SA are required.

Also note that reserved instance alone not necessarily justifies migrating from the DTU pricin model. However, if Arure Hybrid use Benefit can be activated, running costs for vCore based databases will reduce dramatically, and reservations will further reduce costs.

Assumptions in 8.3.1 should be validated carefully prior to applying steps 1-4 above



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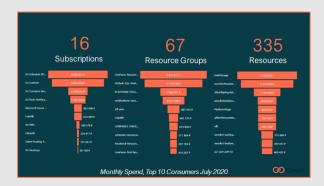


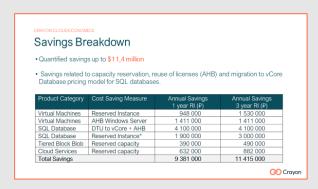
#### **OUR DELIVERABLES**

### **Cloud Board Meeting**

A meeting of up to 2 hours where Crayon presents the findings, conclusions, recommendations and actions from the full analysis to internal management and key stakeholders.

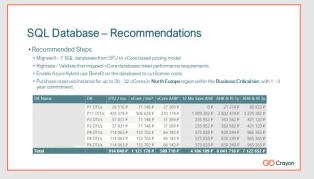
Internal consensus and mandate is vital to secure governance and to actionize the recommendations for cost optimization.

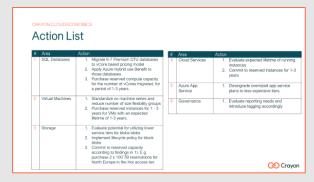




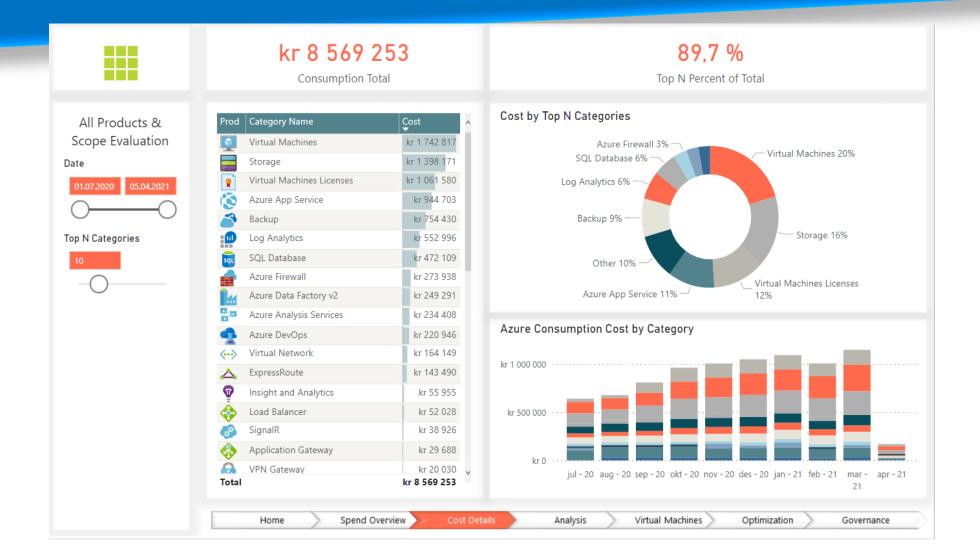








# Example of PowerBI CCMO Dashboard







# Summary

- Built-in tools
  - Azure Advisor
  - Cost Management & Billing
- Cost saving offerings
  - Azure Hybrid Benefit
  - Azure Spot Virtual Machines
  - Reservations
- Tips & tricks
  - Stop services when not in use
  - Tiering of storage
  - Right sizing
  - Power BI App for Cost Management

### Resources

- Slides & demos (link will also be shared via @JanEgilRing on Twitter)
  - <a href="https://github.com/janegilring/Presentations">https://github.com/janegilring/Presentations</a>
- Cloud Economics v2.0: The FinOps Handbook
  - <a href="https://sway.office.com/1qZwGxVuQnHoZMac">https://sway.office.com/1qZwGxVuQnHoZMac</a>
- Azure Cost Management and Billing
  - <a href="https://azure.microsoft.com/nb-no/services/cost-management">https://azure.microsoft.com/nb-no/services/cost-management</a>
- Monthly Azure Cost Management and Billing updates
  - <a href="https://azure.microsoft.com/nb-no/updates/?product=cost-management">https://azure.microsoft.com/nb-no/updates/?product=cost-management</a>







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