


# Wild spending and cryptic billing prompts calls for better cloud strategies

## Article



**The trend:** Cloud migration has become an essential part of digital transformations for enterprises. But for some, spending has gotten out of control, prompting demand for more effective cost-control strategies.

- Companies said **optimizing for cost savings was the No. 1 cloud priority for the year**, according to a Flexera 2022 State of the Cloud Report survey from March [cited by](#) Protocol.

- Data-driven management of cloud spending known as **FinOps** can **reduce cloud spending by 20% to 30%**, according to Accenture data cited by Protocol.

**The road less taken:** Although moving from on-premises data centers to public cloud providers can help companies effectively harness AI, ML, and big data analytics tools, it's a false assumption that immediate cost savings will materialize—**Dropbox saved \$74.6 million** by pulling its data from **Amazon Web Services (AWS)** to its own infrastructure, per Data Center Knowledge.

And over **75% of companies** use more than one cloud provider, per Insider. That can help cut costs if businesses get more competitive rates for specific services, but it can also exacerbate the spending problem: **Home Depot shaved \$30 million** off of its cloud costs by solely relying on a **committed-use plan** from **Google Cloud** as opposed to several providers, per Insider.

**How we got here:** Because many enterprises lack cloud management expertise, cloud spending can easily spiral out of control. And the more complex cloud computing applications become, the harder it is to decipher providers' billing statements.

- Not only has pricing increased, but the usage-based billing model adopted by the top three providers—**AWS, Microsoft Azure** and **Google**—has made it easier for companies to overspend inadvertently.
- Cloud providers offer some cost management tools and technical support but fall short of solving companies' spending problems.
- “For virtually every customer out there, the cloud bill every month is what the provider tells them it is, because who’s going to have the energy to dissect it, let alone argue?” **Corey Quinn**, chief cloud economist for **The Duckbill Group** told Protocol.

**What's next?** With AI systems becoming more elaborate and big data only getting bigger, cloud computing isn't going anywhere. While some capable outfits might have the resources to develop in-house infrastructure, a majority of businesses will have to find better cloud management solutions.

- Third-party software providers will increasingly enter the cloud arena to provide automated savings.
- But that involves a spending-to-save model that also requires cost management. This could give rise to cloud budget analyst roles at companies seeking niche in-house expertise.

- It also means that average employees will have to get more savvy about data management, including tagging all data stored in the cloud for efficiency.
- If soaring costs make companies scale back or exit the cloud, providers will have to offer more transparent billing options and competitive rates.

## Public Cloud End-User Spending Worldwide, by Service Category, 2021-2023

*billions*

	2021	2022	2023
Cloud application services (SaaS)	\$152.18	\$176.62	\$208.08
Cloud system infrastructure services (IaaS)	\$91.64	\$119.72	\$156.28
Cloud application infrastructure services (PaaS)	\$86.94	\$109.62	\$136.40
Cloud business process services (BPaaS)	\$51.41	\$55.60	\$60.62
Cloud management and security services	\$26.67	\$30.47	\$35.22
Desktop as a service (DaaS)	\$2.07	\$2.62	\$3.24
<b>Total</b>	<b>\$410.92</b>	<b>\$494.65</b>	<b>\$599.84</b>

*Note: numbers may not add up to totals due to rounding  
Source: Gartner as cited in press release, April 19, 2022*

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