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Cloud assessment uncovers significant cost savings and greater financial visibility

Ausgrid | Energy & Utilities

Business opportunity

Ausgrid is the largest distributor of electricity in New South Wales (NSW), providing power to 1.8 million customers and powering 60% of NSW's GDP. The organization's vision is for its communities to have the power in a resilient, affordable, and net-zero future.

The Ausgrid leadership team's Information and Communications Technology (ICT) strategy to transition to a hybrid cloud approach is directly aligned with that vision. But when they saw rising and unpredictable costs in their cloud-based model, they sought an experienced partner to take a deep look at what was causing the cost increases and make recommendations for improvements.

Technical challenge

Ausgrid commenced their migration of workloads to cloud in 2019 and by mid-2023 a significant percentage of their workloads were running on Microsoft's Azure platform.

Several business groups within Ausgrid were tapping into the cloud-based resources for computing, storage, applications, databases and more. Ausgrid was spending a significant amount of their monthly budget on Microsoft Azure, with Azure costs increasing by 25% within the first six months of 2023.

Concerned with the upward trending and unpredictable cloud costs, Ausgrid needed actionable insights and financial visibility into cloud operations. Kyndryl FinOps experts pulled together the Ausgrid ICT, Finance and Business teams to collaborate on a solution.

Our solution

Ausgrid started with a **Kyndryl Cloud Spend Optimization Assessment**. Using both its Cost and Asset Management (CAM) and Azure cloud native tooling, Kyndryl hybrid onshore and offshore FinOps practitioners collected and extensively analyzed cloud usage and spend data, then identified cloud savings opportunities and developed a transformation roadmap in just six weeks.

Assessment recommendations included:

→ Right-size the mix of VMs, which accounted for 45% of the total cloud usage, by appropriately distributing on-demand vs. reserved instances, remove 13% of VMs that have very low utilization rates, and allocate VMs on an on/off schedule.

→ Right-size underutilized and unattached storage disks and balance standard and premium disks.

→ Tackle underutilized MS Azure SQL databases and balance on-demand with reserved instances.

→ Address inefficient application services and tagging.

Kyndryl identified 1,264 potential cloud optimization savings opportunities totaling over 8% of Azure cloud spend, with a potential Ausgrid ROI (return on investment) of 23 to 1 (potential cloud savings vs this engagement cost).

What progress looks like

Identified 1,264 potential cloud optimization savings opportunities totaling over 8% of Azure cloud spend across Compute, Storage, Database, Network, and Application Services.

Ausgrid and Kyndryl are in discussions on implementing the FinOps improvement recommendations - with completion expected in 2024.

About Ausgrid

Ausgrid is the largest distributor of electricity in NSW, providing power to 1.8 million customers and more than 4 million people.

Meet the team

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