



RAISING THE CURTAIN ON IT COSTS & EFFICIENCY

The IT Ops Problem Solvers Series



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In this series, we will tackle the biggest problems facing enterprise IT Ops leaders and explore how they are addressing these problems with Galileo.

INTRODUCTION

When trying to improve efficiency and manage operations without negatively impacting operational performance, almost every IT Ops leader faces a significant challenge in understanding the detailed operational costs that impact this balancing act.

Yet, this detailed visibility and transparency is necessary across a whole set of situations, including:

- Outsourcing negotiations
- Oversight and governance of outsourced providers
- Preparing for migrations to the cloud
- Managing cloud operations
- Enabling IT chargebacks
- Routine management and improvement of IT operational efficiency

While cost visibility and transparency sound simple, the complexity of the modern, hybrid technology stack — spread across everything from legacy architectures to modern cloud environments — makes it almost impossible to create a single, unified view of your operational estate and its underlying cost components.

The good news is that Galileo's unique, operator-centric approach to operational management creates exactly this sort of cost visibility and transparency, enabling you to improve efficiency, manage migrations, and provide necessary oversight — all without putting operational performance at risk.

In this report we'll cover:

- **Why cost visibility and transparency are so difficult** to achieve in today's complex, hybrid IT environments
- **The critical challenges** created by a lack of cost transparency and why it's essential to look at cost and performance simultaneously
- **The essential components** required to overcome the visibility and transparency gap
- How large organizations are **leveraging Galileo to solve this problem** and the results of their efforts

The Cost Visibility & Transparency Trap

If you're an IT operations leader, cost has always been an issue. From the moment the first business leader wrote the first check for a piece of technology they didn't really understand, there's been pressure to create visibility and transparency around the money spent on IT operations and what those investments were delivering.

The good news/bad news situation is that until recently, delivering cost transparency came down to a somewhat crude association between CapEx spend and the business processes of any given technology supported. This approach has created an unintentionally deluded state of bliss.

As you hear calls for greater cost transparency and visibility, you may think you've got it handled. Box checked. The reality is that you may not even realize you have a problem.

That is, you don't realize it until it comes time to renegotiate a contract, you're asked to provide detailed oversight of an outsourced provider, or you're asked to migrate a workload to the cloud — and it suddenly becomes clear that you don't have nearly enough data to accomplish the task without putting the organization at some level of risk.

It's at that moment that you realize just how hard it is to get this information. It's hard because in today's workload-centric world, it's no longer sufficient to measure costs or performance at a systems or even business process level.

Senior management is now demanding much higher levels of detail and fidelity because outsourcers and cloud providers are building their contracts around this level of data. As a result, you need to understand specific cost components and understand them in the context of specific performance expectations. Moreover, you need to understand the cost/performance relationship at both the most detailed, specific level — and across your entire technology stack to execute your management mandate effectively. The moment you understand the complexity of this need — and the stakes involved — you realize that you need to take a new and different approach to how you raise the curtain to create cost visibility and transparency. And it all begins with understanding and quantifying the real price of the haze created when you don't have it.

The Real Price of Cost-Performance Haze

Perhaps the greatest challenge with recognizing the need for cost visibility and transparency when it comes to the IT operational estate is that even when you recognize the issue, you can easily underestimate its scope and true impact.

The mere fact that you've operated for so long without this sort of detailed visibility can lead you to believe that it's a non-urgent issue. The truth is that your inability to collect and leverage meaningful cost and transparency data over time has resulted in what we call the *Cost-Performance Haze*.

With so much going on, it's difficult even to know what you don't know or genuinely assess the impact of this lack of visibility. Moreover, it makes it challenging to understand the real impact this lack of visibility is having on your ability to make critical operational decisions. The hard-to-see truth is that the nuanced and complex relationship between operational costs and performance leaves you in an unenviable position — flying blind into a storm.

All of these challenges present themselves in the context of a rapidly changing world for the IT operator, leaving you ill-prepared to make these critical decisions precisely when those decisions matter the most. Whether it's during a renegotiation, in performing your oversight and governance activities, executing a critical migration, or just executing your management responsibilities, this lack of data at a critical juncture has real, quantifiable costs that you can measure in dollars, operational risk, and reputation.

You have probably already experienced this firsthand and have the bills (and battle scars) to show for it.

But know that you are not alone.

The Real Price of Cost-Performance Haze

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One simple example is the experience that a large apparel maker's operational team went through when they migrated some critical workloads to the cloud. They lacked this type of detailed cost-performance visibility and transparency. They executed their project assuming a cloud budget of \$70,000 per month but then discovered that it was almost double what they expected.

This single lack of cost-performance visibility and transparency for a single workload had an annual price tag of almost \$1 million until they adopted some of the practices we'll describe momentarily.

The point is that this problem is real, pervasive, and quantifiable. And it's a price you can't afford to pay.

Eliminating the haze is more difficult than it sounds, and before you can truly address it, you need to understand why it's so difficult to tackle.

ELIMINATING THE HAZE

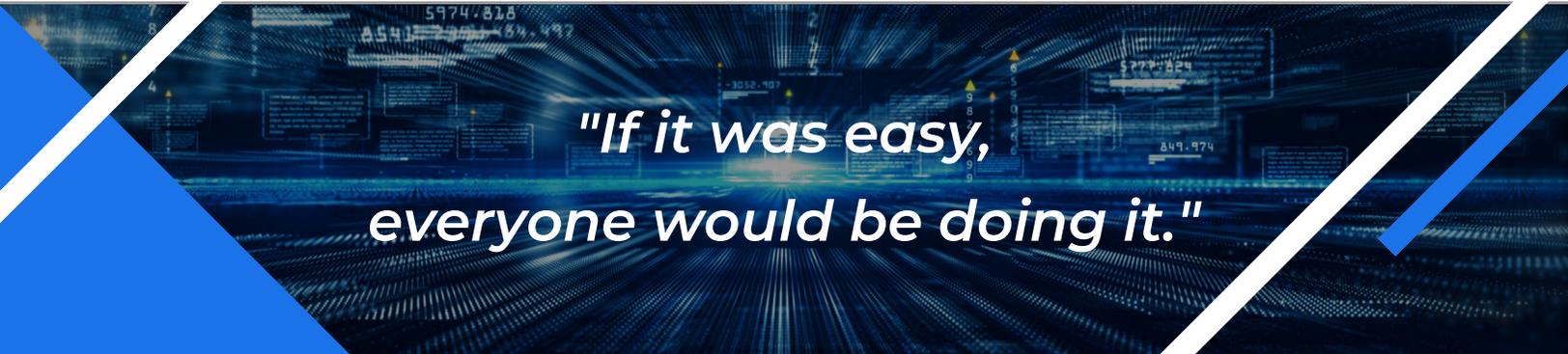
Let's take a closer look at the specific results the North American apparel maker achieved using Galileo:

- **REDUCED SPENDING:** The IT organization cut \$50,000 off its monthly cloud bill using right-sizing and cloud provider recommendations from Galileo.
- **SMALLER FOOTPRINT:** Galileo helped the manufacturer spot waste in their cloud environment and reduced over-allocated resources, so they only paid for what they needed.
- **TIME BACK IN THE DAY:** The organization moved away from tedious accounting work and drastically reduced the time spent calculating future migrations.

CHAPTER 3

Why Creating IT Operational Cost Visibility & Transparency is Difficult

You're likely wondering why, if cost visibility and transparency are so costly and such a significant issue to address, everyone isn't rushing to fix it. It's not just you, and it's not that enterprise leaders have simply chosen to ignore this issue.



*"If it was easy,
everyone would be doing it."*

The vast majority of vendors that provide the tools to help you manage the IT tech estate act as if cost plays no role in operational decisions. They provide *operational and performance visibility* but ignore the cost part of the equation entirely.

The reason is pretty simple: *doing this right is hard to do.*

"Before Galileo, we had multiple monitoring tools, and none were capable of monitoring every single asset that we have," explained the systems administrator from that large apparel company. "We weren't able to accurately measure because our tools were all over the place."

Clearing the cost-performance haze requires that you pull together some essential elements that are difficult to assemble.

First, you need data. Lots and lots of data.

"Before Galileo, we had multiple monitoring tools, and none were capable of monitoring every single asset that we have. We weren't able to accurately measure because our tools were all over the place."

But it's not just about having data. You need deeply detailed data from across your entire tech stack. And you need to be able to correlate the various operational elements of capacity, performance, and cost. You can't look at anything in a vacuum.

To understand these correlations correctly, you need to analyze that data in the context of time to understand how the relationships between the various elements change over time.

But even that's not enough.

You also need to be able to understand how various technical elements of your stack are contributing to capacity, performance, and cost characteristics at any given time or in any specific context.

Therefore, clearing the haze requires two things:

01 Deep, detailed, **contextual data**

02 Deep, detailed **expertise** on how to interpret the data the tech stack generates

Finally, you need one more thing: you need a way to operationalize the entire process so you can transform all this data into meaningful and actionable insights that will enable you to make the right decisions. That last requirement also demands that you integrate those insights into your business workflows. Phew.

You're probably a bit exhausted just reading all of that — let alone doing it. **And that's why most vendors don't go there.**

Instead, they collect the data and leave the rest to you. It's up to you to establish context. Your team needs to have the operational expertise to make sense of it. And you need to figure out how to transform it into insights and operationalize it. But you don't have time to do all of that, right?

That's why the haze continues to exist in most organizations — and will continue to exist. It's also why you can create a tremendous competitive advantage and drive significant efficiency gains by addressing it — if you select a partner that takes a more proactive and balanced approach to doing so.



CHAPTER 4

Three Stories of Game-Changing Cost Visibility

While creating true cost-performance visibility and transparency is difficult, Galileo recognized that it was the critical missing piece that IT operations leaders needed to manage their environments effectively today.

Therefore, the company applied its deep expertise and experience managing operational systems and baked that hard-earned knowledge into its platform, making a point to collect and correlate the exact capacity, performance, and cost data that IT operations leaders require.

The result is a platform that enables organizations to finally and continually clear the cost-performance haze. However, it's one thing to have a vendor tell you that they can solve the problem. What's more meaningful is to share stories of how other organizations have actually done so.

These are those stories. Ready?

Health Services Provider

A health services company employing over 100,000 associates and serving over 100 million people through its integrated healthcare solutions strategically decided to outsource critical IT operations to a major outsourcing provider.

In doing so, it realized that having the right data was critical in managing its new strategic relationship. Specifically, it realized it needed deep visibility and reporting across its different data centers and hosted systems to govern the relationship effectively.

Galileo was the answer. *"We use Galileo for real-time troubleshooting, performance management, and reporting, and our governance teams use it to ensure our service providers meet our SLA and KPIs,"* said the company's Technical Program Director.

After its initial implementation, the company added additional data points to gain ever-greater visibility. This cost-performance visibility and transparency have enabled it to **save thousands of dollars** by continually tuning its relationship with its outsourcing provider.

The health services company explains that it comes down to easily visualizing where a workload is running in its complex environment and how it's performing. With this data, company operational leaders can make better decisions and identify where they can save money or leverage resources in other ways. This often leads to actions such as environment consolidations, the migration of workloads to lower-cost platforms, or the decommissioning of unneeded workloads.

Health Insurance

A health insurance company providing health coverage to over 1.5 million people in upstate New York had made the strategic decision to leverage a hyperconverged infrastructure platform as a core part of its operational platform.

The challenge was that the data the company was getting from the manufacturer on its operational environment was incomplete and not detailed enough for them to make effective decisions. Specifically, they needed the ability to evaluate storage, CPU, and memory discretely, particularly in the context of their redundancy factors.

Unfortunately, the data provided by the manufacturer did not give the company's IT operations leaders the data they needed to understand the true state of their environment. *"The data provided by Galileo is far superior to what we are getting from [the manufacturer],"* said the company's Cloud Engineer. *"[The platform] often reports that we are out of capacity, but Galileo consistently proves otherwise. With it, I am able to see accurate measurements and trends to keep my hardware costs down."*

While Galileo utilizes the same data, what made the difference is their ability to carve it out, detect anomalies in it, and report it distinctly in exactly the way the company required.

As a result, the company can use Galileo to **react to immediate issues** as they present themselves, assess long-term trends, and **make the best cost-performance decisions** in the short and long term.

The Service Provider and The Large Government Agency

A large, government-focused IT solutions provider landed a ten-year, \$100 million contract with a massive government agency to provide a range of data center services to the behemoth government organization, giving it one of those “Oh yeah! Oh crap!” moments. The government agency had negotiated a strict contract and was known as a good but tough customer.

To simultaneously satisfy the customer and turn a profit, the solution provider had to generate an extremely detailed usage-based bill—unlike anything it had done before. The contract called for complex billing calculations based on average and maximum usage, with fine-grained levels of detail. It also included contractual obligations around specific capacity and performance criteria.

It was precisely the sort of cost-performance management challenge we discussed in this report, and the solution provider had no idea how it would do it. It had acquired software that promised all the data it needed. The good news is that it delivered (most of) the data. The bad news is that it was up to the company to somehow turn that into an operational platform and a bill—something that turned into an impossible task.

The company finally turned to Galileo. The Galileo team was able to extend its out-of-the-box functionality to not only give it the data it required but also do so precisely how it needed to compute its bill to the government agency.

Moreover, Galileo completed the complex calculations based on the solution provider’s precise specifications and integrated the resulting figures into operational dashboards (to enable it to manage its commitments) and into an actual bill that the company would then deliver to the government agency.

Galileo is at the heart of the solution provider’s management model today. It enables capacity planning, enables the company to monitor delivery compliance, and allows it to bill the government agency based on specific and complex usage calculations — all feats that would otherwise require massive amounts of manual work, resulting in significant costs and risks. Instead, Galileo helps the solution provider ensure that its government contract is both successful and profitable.

CONCLUSION

Raising the Curtain on IT Costs, Performance, and Efficiency in Your Organization



These three stories approach the same challenge from three wildly different perspectives.

- One focuses on **governing an outsourced provider**.
- The second is about **providing the right data to enable effective in-house management**.
- The third concerns the need for **granular cost and performance data to deliver on contract commitments**.

But all three of these cases revolved around the same thing: raising the curtain on the balance between cost and performance at a deep and fine-grained level.

This need seems obvious. But as we've covered and these stories make clear, it is exceptionally difficult to deliver.

In that fact lies a critical opportunity.

The stakes for every IT operations leader are rising every day. The pressure to move workloads to the cloud, the desire to outsource more operations, and the need to replicate cloud-like usage-based cost controls with owned-technology assets are all leading IT ops leaders to demand a management capability that delivers greater visibility and transparency into the costs and performance of their tech estate.

Most organizations will struggle to deliver this capability if they rely on traditional approaches and tools, putting them at a distinct disadvantage in the market.

However, organizations that break out of the traditional management paradigm and adopt tools such as the Galileo Suite will find the opposite to be true. They will be able to move rapidly and adapt to market shifts with a clear-eyed view of continually changing cost-performance dynamics. They will manage, govern, and operate more efficiently and will never again find themselves flying blind into a storm.

A WORD FROM GALILEO
Ready to Take the Next Step?

FREE
30-DAY TRIAL

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When it comes to managing IT infrastructure, the stakes have never been higher. Virtually every part of the tech stack has direct business and customer-facing exposure. IT organizations need a new, data-centric way to manage their infrastructure stack.

We know firsthand how traditional monitoring tools fall short.

Like you, we manage complex systems. And we've felt the pain of configuring a slew of overly complicated tools that failed to give us what we needed. It's a dumpster fire of time and cash.

That's why we built Galileo. Unlike traditional monitoring architectures, Galileo leverages contextual data to expose your operational reality. By combining raw historical data with a purpose-built analytics engine and intuitive 3D navigation (uniquely built on a state-of-the-art gaming engine), Galileo delivers the visibility and insights IT teams need.

Set up a Galileo demo, change how you see your infrastructure, and analyze its health – FOREVER!

ABOUT THE AUTHORS



CHARLES ARAUJO

Charles Araujo is a technology analyst and internationally recognized authority on Digital Transformation, the Digital Enterprise, the Digital Experience, and the Future of Work. Researching Digital Transformation for over 10 years, he is now focused on helping leaders transform their organizations around the digital experience and reimagine the future of work.

Publisher and principal analyst of The DX Report, founder of The DX Institute, founder of The Institute for Digital Transformation, co-founder of The MAPS Institute, and author of three books, he is a sought-after keynote speaker and advisor to technology companies and enterprise leaders.



GALILEO SUITE is the data-driven enterprise solution for proactive monitoring, optimization, and strategic management of complex modern and legacy infrastructure stacks, living on-prem or in the cloud. Since 2007, Galileo has enabled organizations to manage the growing complexity within their infrastructures and develop actionable blueprints for growth and transformation. Thoughtfully created by industry experts bearing the weight of managing complex systems, Galileo helps IT teams see what is relevant, anticipate and adapt to system changes, increase speed to resolution, and reduce operational costs.