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Banking case study

Optimizing cloud costs helps bank fund strategic IT initiatives

By implementing FinOps, a US regional bank cuts cloud spending by millions—and reallocates the savings to fund key IT investments.

At a glance

Industry
Banking

Challenge
To rein in its cloud spending, a US regional bank implemented FinOps, saving $3 million annually and redeploying the funds for strategic IT initiatives

Success Highlights

- Secured an initial savings of $3 million for IT reinvestment
- Expanded cost savings opportunities by 50%, amounting to $6 million
- Trained IT staff in FinOps concepts, practices and processes

The challenge

In cloud computing, the meter is always running and that can mean mounting costs. When annual costs for Microsoft Azure soared to $18 million, a large US regional bank sought to rein in cloud expenses and, equally important, develop a more educated and informed approach to cloud consumption.

The CIO tapped Cognizant to help the bank shift its cloud use

from reactive to proactive. The goal was to not only prioritize and execute savings in on-demand cloud usage but also to reallocate the funds to strategic initiatives, such as data center consolidation and investments in payments and deposits improvements.

To help the growing bank meet its business goals, Cognizant developed a custom program that introduced the concept of FinOps to the IT staff, extending it beyond cost savings to include transforming the culture and processes for better cloud cost optimization.

Our approach

The FinOps engagement extended Cognizant's five-year relationship with the bank on managed services that range from application development and platform support to automation and quality engineering. Our strong ties with the organization extended to the CIO and senior management.

We kicked off the FinOps program with an eight-week assessment. The bank's monthly Azure spend topped $1.6 million, with more than 35,000 + line items across multiple Azure resources. IT needed controls in place to understand what each line item was, who owned it and where the cost should be allocated.

During the assessment, our team identified a bank-wide backlog of over 800 cost optimization opportunities. Potential areas of waste included more than $400,000 in monthly costs for services related to compute, storage, database, analytics and networking. In addition, the assessment found pockets of cloud use occurring in departmental silos that the bank had little visibility into.

The findings weren't unexpected. Our FinOps team routinely identifies these volumes and savings opportunities. The bank was able to begin remediation almost immediately.

Initial estimates of annual savings topped $2.8 million. To help the bank realize the savings, we created a structured workflow to track and execute the backlog. Each backlogged opportunity was identified, implemented and verified in the cloud invoice.

Visibility into cloud usage was a key project goal. We built dashboards that enabled IT leaders and application owners to more easily visualize the bank's Azure spend. We also instituted a monthly meeting with the CIO and IT leadership team to review progress, align on next steps and escalate risks and blockers.

Business outcomes

For IT leaders, visibility into the bank's Azure use was eye-opening. The bank quickly set a goal of making cloud cost optimization part of its DNA, and in addition to instituting Azure sprint cycles, it participated in a FinOps Maturity analysis. In response to the findings, it piloted a FinOps 101 training for IT staff that emphasizes cost transparency. Key training principles included helping teams better understand the financial impacts of technology decisions and how engineering and development practices impact cloud spend.

The FinOps program has generated the following business outcomes:
- Realized cumulative savings of $4 million, enabling IT leadership to reinvest
- Increased cost savings opportunities by 50%, totaling $6 million
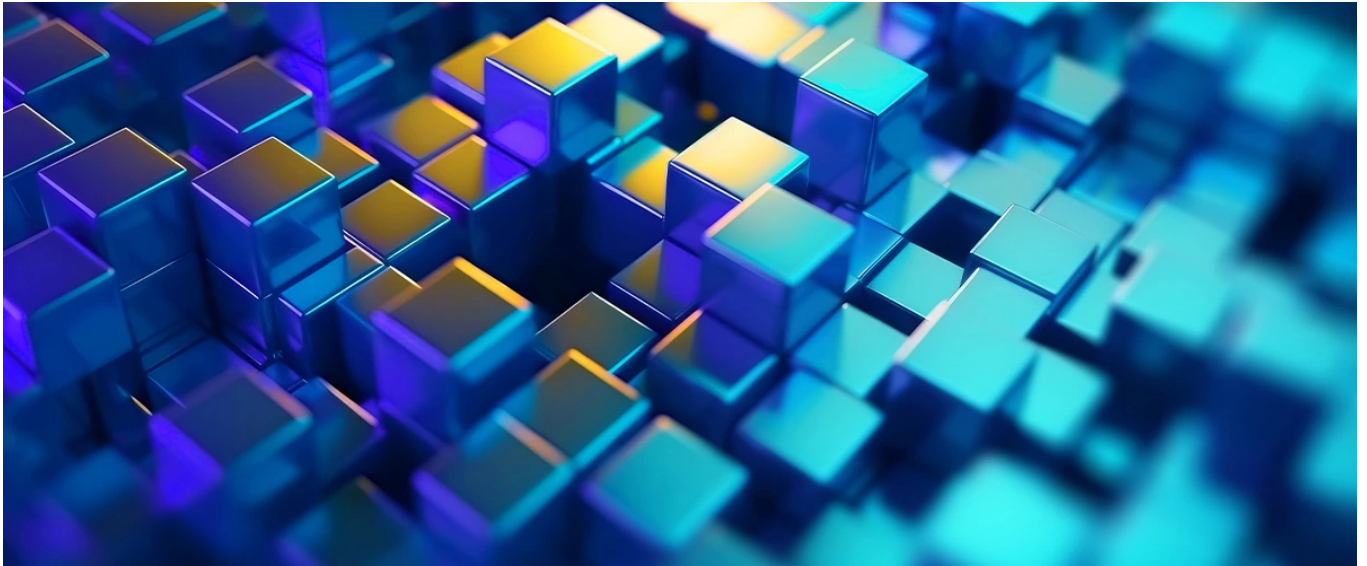
The bank's plans to extend its use of FinOps highlight the program's success: IT leaders are now looking to expand FinOps to include AWS usage and the cloud operations of a newly acquired bank.