

Billing and Cost Transparency with Cloud Infrastructure Services



Brett Petersen
Cofounder at Zen Enterprise

Published on February 7, 2018

When sourcing cloud infrastructure services such as AWS or Azure including Compute/CPU, Network or Storage, it is important that you configure the management structure of your services, to allow for cost transparency and to support invoice reconciliation and expense management.

Having invoice and billing data in a [standardised digital format](#) provides the opportunity for more effective cost management including greater transparency, improved productivity and elimination of cost leakage.

Azure and AWS use the term “Tag” for the related meta data associated with Resource (price point) and it is important that the taxonomy structure is set up properly in the first place, not as an after thought once resources are being consumed. The flexibility allowed in defining the Tags can lead to unstructured and poor data standards, limiting the effectiveness of reporting and analysing cloud consumption, and ultimately not having the knowledge and agility to optimise investments in cloud provisioning.

For example, by establishing an effective cost allocation taxonomy, you will have ability to effectively understand where resources are being consumed, by which applications, business areas and environments. The cloud providers have their own reporting tools that allow you to analyse and report on invoice and supporting billing data. But more importantly the billing data can be provided in

tabular format which allows the data to be automatically uploaded into corporate applications, such as [contract expense management systems](#).

Minimum requirements that should be considered when establishing the cost allocation taxonomy with any cloud provider include:

- Chart of Accounts (General Ledger level) – to support automated accruals, journals and chargeback;
- Cost Centre Hierarchy – to support business unit consumption transparency (either directly or via an assigned application);
- Application – assignment of resources to Application supports cost analysis (e.g. Application TCO/ROI analysis);
- Environment – such as Non-Production and Production environments, again supports TCO analysis and reporting; and
- Optional metrics include User, Location, Service Request or Project

If your embarking on a sourcing or procurement activity for cloud services and you want to make sure you have set it up to optimise its value from a reporting, analysis and management perspective then I'd love to hear from you. Further, if you are already using cloud infrastructure services and want to ensure you have the right structures in place to gain your optimal ROI, then get in touch.

Brett Petersen is co-founder of Zen Enterprise, providing contract expense management solutions and consulting services, and can be contacted at:

brett.petersen@zenenterprise.com.au