The National Rural Electric Cooperative Association reduces infrastructure costs by 30%

With Cloudability providing cloud cost transparency, NRECA was able to make cost-conscious spend decisions and reinvest savings to serve its customers.

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Overview

As a not-for-profit organization, wise money management has always been a priority for the National Rural Electric Cooperative Association (NRECA).

The organization exists to serve its members, and every dollar saved is one that can be spent on delivering more value to its member organizations. This philosophy permeates every part of NRECA, including the technology division.

"Cost avoidance is important to us," says Chuck Boyer, Principal Enterprise Architect for cloud strategy at NRECA.

This mindset of cost avoidance combined with the need to modernize the organization's applications led NRECA's leaders to explore migrating to the cloud. In 2020, the organization tested the viability of public cloud, moving select applications to Amazon Web Services (AWS) and evaluating the results. Pleased with the outcome, NRECA's leaders developed a five-year strategy to implement a hybrid cloud architecture for the organization.

"We had three reasons for moving to the cloud: to avoid purchasing hardware for our data center; to improve our business-continuity and disaster-recovery capabilities; and over the long-term, to make our applications more elastic, resilient and scalable," Boyer says.

During 2021, NRECA migrated one third of its applications to AWS. The migration went well, but soon the technology leaders recognized they needed more visibility into their cloud expenses. Boyer noted there was concern about managing cloud spend and preventing cost overruns as well as allocating shared costs across the different groups in the organization.

NRECA's organizational structure added to the complexity of these challenges. To attribute costs accurately, the IT leaders needed to apply specific business rules across a combination of accounts and resource tags every month.

"Coming from a data center environment, we were very hardware-centric," Boyer says. "But moving to the cloud, we were now becoming resource-centric. We had to figure out what resources we were using and how much they cost, and then determine the total cost of ownership of a particular application so we could calculate return on investment."

To help them realize their goals, NRECA's IT leaders contacted Apptio. They were aware that Cloudability enables organizations to fully allocate cloud spend, optimize costs and correlate cloud spend with business value, and they wanted to explore the product's capabilities. After a pilot project, NRECA's leaders decided to purchase Cloudability in September 2021. "We were focused on controlling our cost, but the scope and breadth of the Apptio portfolio, including the integration options with other products, were also drivers in our decision," Boyer says.

30%

reduction in infrastructure costs

70%–90%

reduction in cloud expenses

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Chuck Boyer
Principal Enterprise Architect, Cloud Strategy
NRECA

Increased cost awareness reduces spend by 30%

One of the biggest benefits of Cloudability, according to Boyer, has been increased visibility of NRECA's cloud environments. "I'm very excited about being able to show our teams how much impact they have on cost," he says.
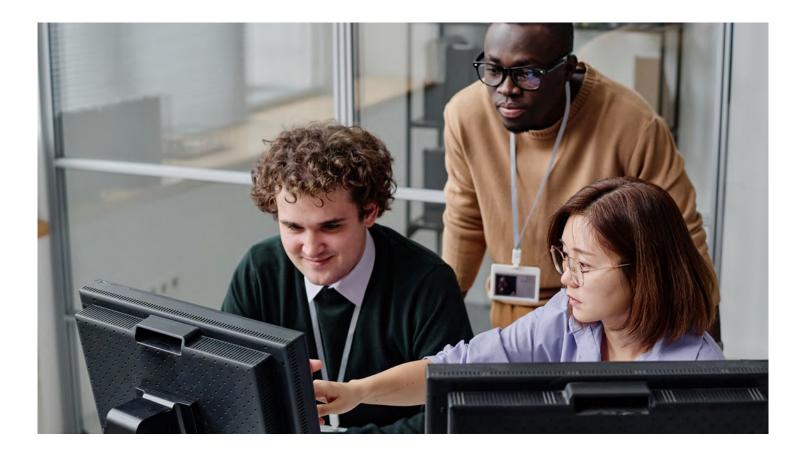
Traditionally, Boyer says, NRECA operated much like any other IT organization. Its internal customers would come to the application development team and request a new application or feature. The application team would work with the customer to develop the functionality and then go to the infrastructure team to request the hardware they needed as specified in the business case.

"Once the hardware was purchased and deployed, the application team really didn't understand how much it cost to run it," he says. "But with Cloudability, not only can everyone understand the cost of running cloud infrastructure, but we can see the savings of moving applications from on-prem to cloud."

Savings have varied by application. In one case, according to Boyer, NRECA saw a 70% cost reduction benefit; in another example, it experienced better than a 90% reduction. Overall, moving to the cloud has delivered substantial savings to the organization.

"It's about cost avoidance," Boyer says. "By moving to the cloud, we don't have to purchase hardware for our data center. Cloudability helps us demonstrate to our development teams that moving an application to the cloud saves us money. As a result, we have reduced our infrastructure costs 30% across the board."

"With Cloudability, we can show our solution architects that they are not just delivering functionality to our end users, they are saving us money. And because they saved us money, we can now do more for our membership."

Chuck Boyer
Principal Enterprise Architect, Cloud Strategy
NRECA

Moving up the value pyramid

Cloudability has helped NRECA reduce its infrastructure costs and manage its cloud spend. But there is much more to come, according to Boyer. "We want to continue the gains we've made and improve on them," he says.

One way NRECA plans to increase cost savings is by using Cloudability's optimization features, such as the reserved instance and savings plan recommendations, to achieve a high level of commitment coverage and reduce hourly rates.

Another method, Boyer says, is by using Cloudability to help NRECA move up the value pyramid with its customers. "It's very important to really understand, from a holistic perspective, what we are doing, why we are doing it, what it costs, and what value it is delivering," he says. "In the past, that wasn't an area of focus for our application teams. But with Cloudability, we can demonstrate that value. And that's going to help us continue to improve our relationship with our business partners."

About National Rural Electric Cooperative Association (NRECA)

NRECA (link resides outside of ibm.com) is a not-for-profit organization that represents over 900 consumer-owned, not-for-profit electric cooperatives, public power districts and public utility districts in the US. Formed in 1942, NRECA serves cooperatives that supply electricity to more than 56% of the nation's land mass, providing essential services to 42 million people and powering more than 20 million businesses, homes, schools, and farms in 48 states.

Solution component

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