

CASE STUDY

How OKQ8 Unlocked SEK 3 Mn Cost Savings in Cloud with a Strategic Cloud Cost Optimization Approach





The client

OKQ8 is a leading fuel provider in Sweden and a vanguard in driving the region's transition to a sustainable future.

With over 773 stations across the country, OKQ8 serves diverse sectors beyond traditional vehicles, offering fuel solutions for industries, shipping, workshops, and agriculture. With its unwavering commitment to sustainability and innovation, OKQ8 continues to set the bar for responsible business practices in Scandinavia.

As the company expands its clean energy offerings and fosters collaboration across sectors, it remains at the forefront of the region's transition to a more sustainable future. OKQ8's story is not just about fuel. It is about driving positive change and leaving a legacy for generations to come.





Challenges

OKQ8 encountered challenges with their cloud spend that necessitated a detailed examination of the existing and legacy cloud environments. The issues primarily stemmed from the dynamic nature of workloads and the suboptimal allocation of cloud resources. The lack of comprehensive visibility into the intricate expenditure patterns and a well-defined cloud cost optimization strategy led to high costs.



Inefficient resource allocation

The inherent complexity of managing a diverse set of resources on the Azure cloud platform contributed to inefficiencies in resource allocation. Instances of underutilized virtual machines and misconfigured resource parameters further exacerbated the situation.



Lack of visibility

The absence of robust monitoring and tracking mechanisms hindered the ability to gain real-time insights into spending patterns. This lack of visibility prevented the timely identification of cost anomalies, making it challenging to implement corrective measures promptly.



Absence of cost optimization

OKQ8 operated without a well-defined strategy for cloud cost optimization, exposing them to unnecessary expenses. The absence of a strategic approach prevented the implementation of best practices, such as right-sizing resources and leveraging cost-saving features offered by Azure.



Chargeback mechanism

Implementing an effective chargeback mechanism posed a challenge, hindering the precise allocation of cloud costs to individual products and platforms.



Solution highlights

The company recognized the imperative to conduct a thorough analysis and implement targeted solutions leveraging Azure's technical capabilities for cost management and optimization. This set the stage for implementing specific measures to address each aspect of their cost-related challenges.

Azure cost management and billing

- Implemented Azure Cost Management for real-time insights into cloud expenditures
- Set up budgets and alerts to proactively monitor and control costs
- Implemented Tags across the resources to identify individual products and platforms to enable chargeback mechanisms
- Leveraged the showback and chargeback features to allocate costs accurately across departments and projects

Resource right-sizing

- Utilized Azure Advisor and Azure Monitor to conduct an in-depth analysis of virtual machines and other resources
- Established a continuous optimization process to identify and resize underutilized instances

Reserved Instances (RI)

- Analyzed usage patterns and reserved instances for predictable workloads
- Leveraged Azure Cost Management to track and optimize RI utilization

Azure policy enforcement

- Established Azure Policies to enforce tagging standards for resources
- Implemented policies to shut down or scale down non-production resources during off-hours automatically
- Utilized Azure Policy to enforce naming conventions, ensuring clarity and accountability in resource identification

Continuous monitoring and optimization

- Implemented Azure Monitor to continuously monitor performance, resource utilization, and spending patterns
- Utilized Azure Cost Management's recommendations for further optimization opportunities
- Regularly reviewed and adjusted the cost optimization strategy based on evolving business needs



Business benefits

OKQ8 achieved immediate cost savings equivalent to 30% of cloud consumption, established a foundation for ongoing cost efficiency and scalability, and strategically aligned cloud spending with organizational growth objectives.

Proactive monitoring, right-sizing, and utilization of RI significantly reduced Azure Cloud costs by SEK 3 million annually.

Implementing policies, tagging standards, and showback features enabled better tracking, accountability, and allocation of costs.

Budgeting and alerting capabilities provided by Azure Cost Management enabled better cost predictability.

Predictable costs enabled accurate financial planning, reducing the risk of budget overruns and giving financial stakeholders greater confidence in resource allocation.





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