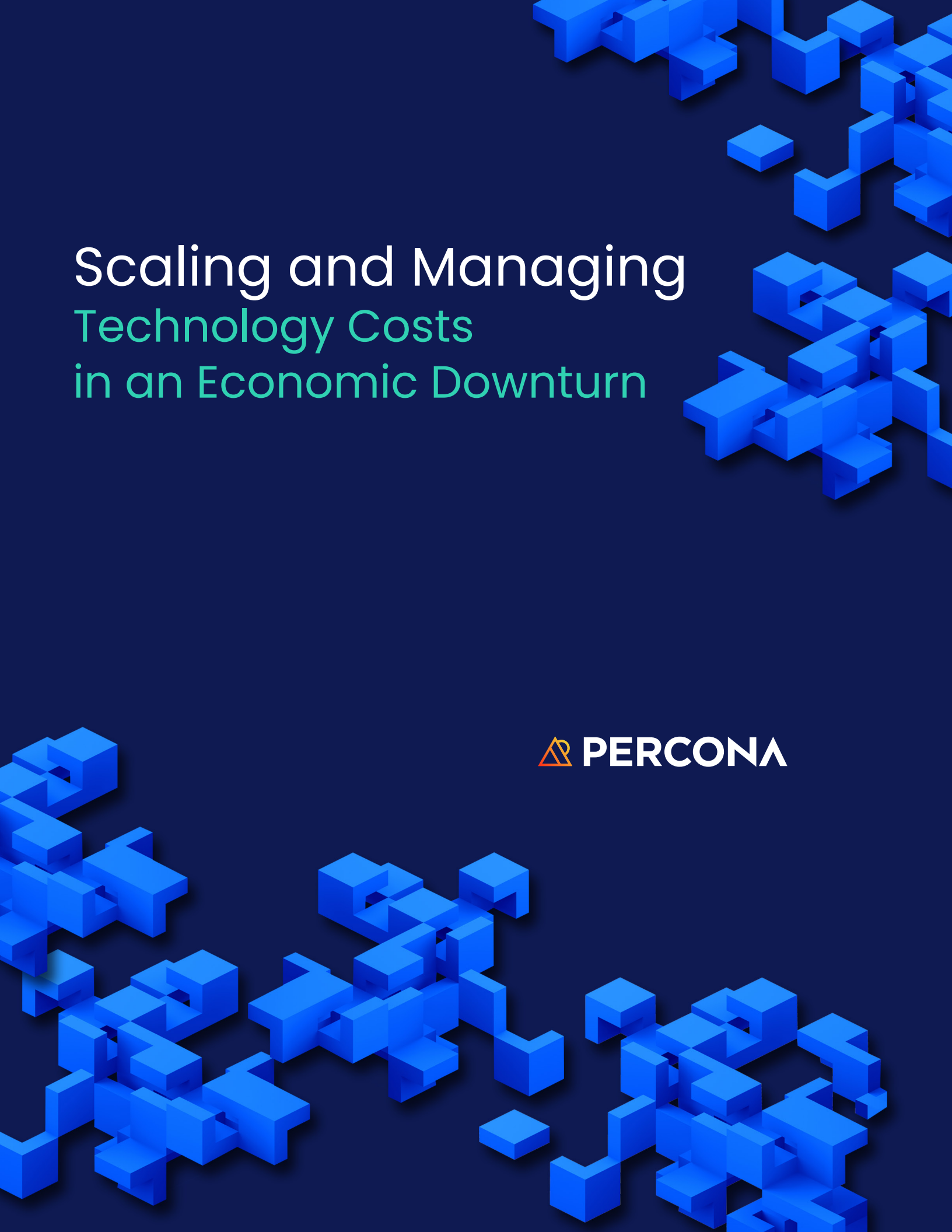
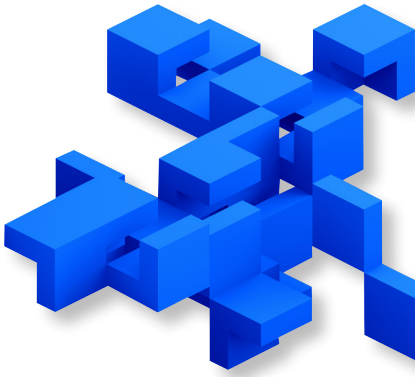
Scaling and Managing
Technology Costs in an Economic Downturn





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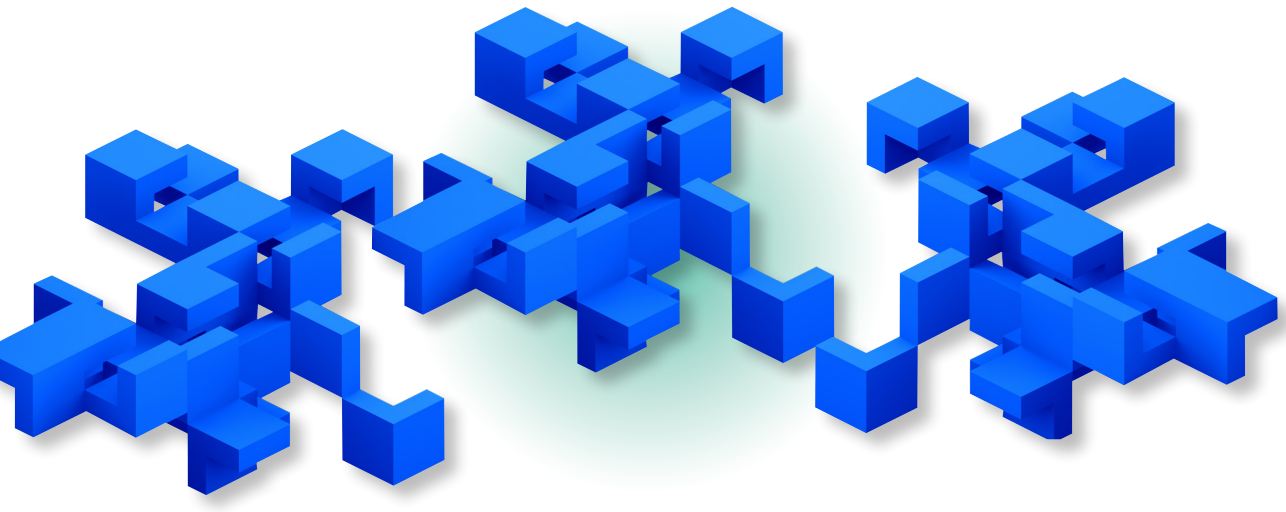
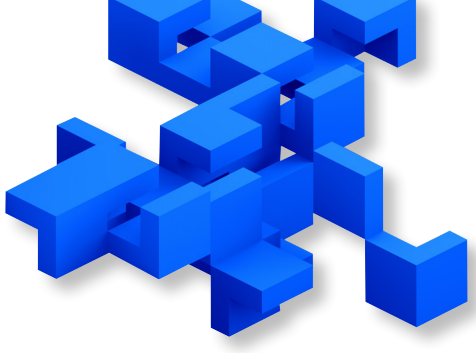
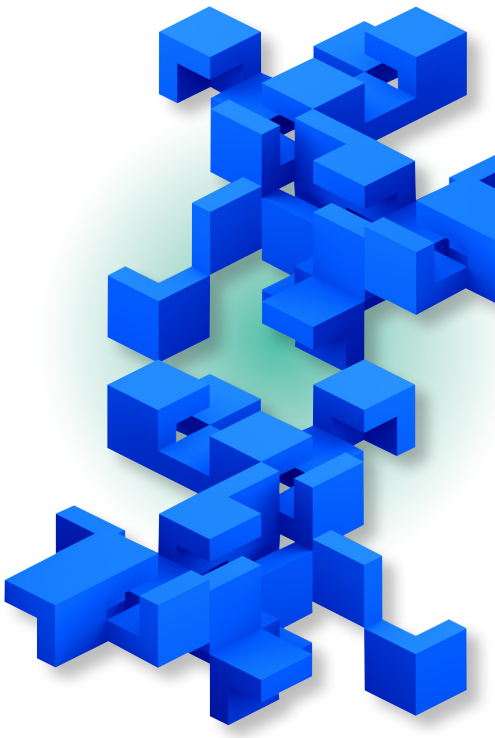




Scaling and Managing Technology Costs in an Economic Downturn

Since the outbreak of COVID-19 in 2020, the global economy has been turbulent. The ongoing economic recovery from the pandemic has been uneven across the world, with some countries bouncing back relatively fast and others continuing to struggle with shutdowns. Most of us have felt at least one of the consequences – the inefficiencies of global supply chains, exacerbated by spikes in consumer demand.

Now as we face ongoing inflation, governments worldwide are hiking interest rates, most notably the U.S., in an attempt to avoid the worst. Despite these efforts, the International Monetary Fund is warning of a global recession within the next few months, as we begin to see signs of softening markets, such as layoffs and hiring freezes.



In the face of economic headwinds, businesses need to adapt their strategies and prudently manage their budgets to not just survive but emerge strong.

Below we consider some steps that you and your team can take to reduce infrastructure and database costs while remaining effective through tough economic times.

Five easy ways to cut costs quickly

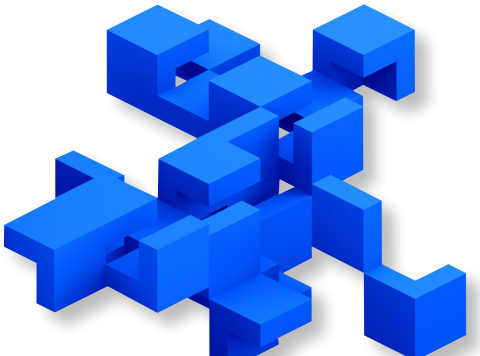
1 : Scale down

Scaling databases and systems to respond quickly to growth and customer demand has always been a hot topic. But when thinking about scaling, businesses often either ignore, or simply forget to consider, procedures and options for scaling down if demand drops.

Cloud as a managed service is a good example. Businesses appreciate the elastic capacity of the cloud but mainly think about how to use it to scale up. Figuring out how to match fluctuations in both directions, however, can significantly reduce hosting costs. Companies can cut up to one-third of their costs simply by rightsizing to appropriately match demand.

Here are a few ways you can reduce hosting costs:

- **Consolidate workloads:** In the past, you might have wanted to split out additional replicas or cluster nodes to process specific types of workloads, such as reporting. But you may not need them as demand decreases. You can consolidate these workloads and add them back later if needed.
- **Shrink your footprint:** If you consolidate and reduce your workloads, moving to smaller instances can help you decrease costs. In addition, hoarding digital data is expensive. Cutting back on the amount of data you store can lead to big savings.
- **Audit your systems:** Auditing your system for unused servers and eliminating those servers can reduce your cloud spend. If needed, you can spin up a backup.
- **Take full advantage of your existing tools, systems, and services:** Making the most of all your existing tools, systems, and services should be critical for your business at any time, but especially now. Take an inventory of what you have, and make sure you're maximizing all of your resources.
- **Consider alternative services or components:** Many cloud providers offer long-term storage, serverless, or component options for specific needs, with vastly different pricing models. Evaluating whether your applications are set up in an optimal way can help you identify where to cut costs. For example, if you have an application that consumes a lot of resources, serverless may not be the cheapest option.



Five easy ways to cut costs quickly

2 Tune and optimize to improve performance

Spend some time tuning and optimizing your database environment, especially if you're using cloud resources. Many companies scale and tune by credit card instead of optimizing their code and tuning their underlying infrastructure.

Although it may take a few days or weeks, tuning and optimizing your environment eases your workload and can dramatically decrease your overall costs. With proper database management, it's possible to cut your bills in half.

3 Cross-train

Investing in your employees is always a good idea, but expanding their skill sets can also reduce costs. For example, involving DBAs in development or system administration duties helps them become more well-rounded as they experience the challenges and processes that other groups face.

In addition, training employees to step into site reliability engineering (SRE) roles helps delay costs and build teams that better understand the touchpoints between business units.

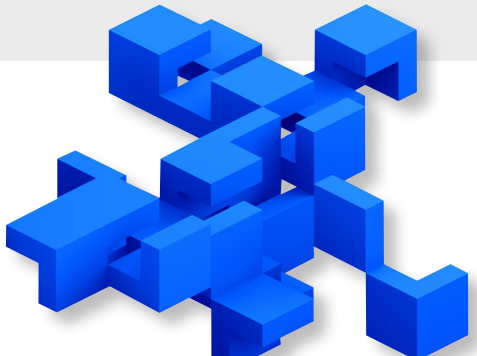
4 Audit your toolbox

In the age of software-as-a-service (SaaS) subscriptions, we all have something we've paid for but don't use as often as we thought we would. These smaller expenses can add up quickly. For example, a subscription that costs $99 USD per month, per user, and includes a group of 100 users, comes out to over $120,000 a year!

Sometimes the question is not so much "Do you need this software," but "Do all of these people need access to it?" Many companies overprovision the number of users on their software subscriptions. You can cut costs quickly by eliminating unnecessary licenses.

5 Consider flexible staffing

The ability to add or remove some of your workforce as demands or projects come and go can help you control costs without negatively impacting your full-time employees. Using flexible staffing during uncertain times allows you to avoid committing to long-term expenditures while still supporting your immediate needs.

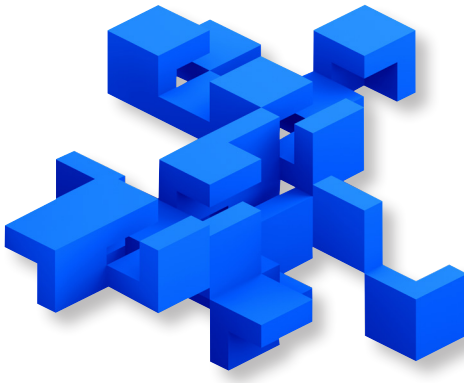


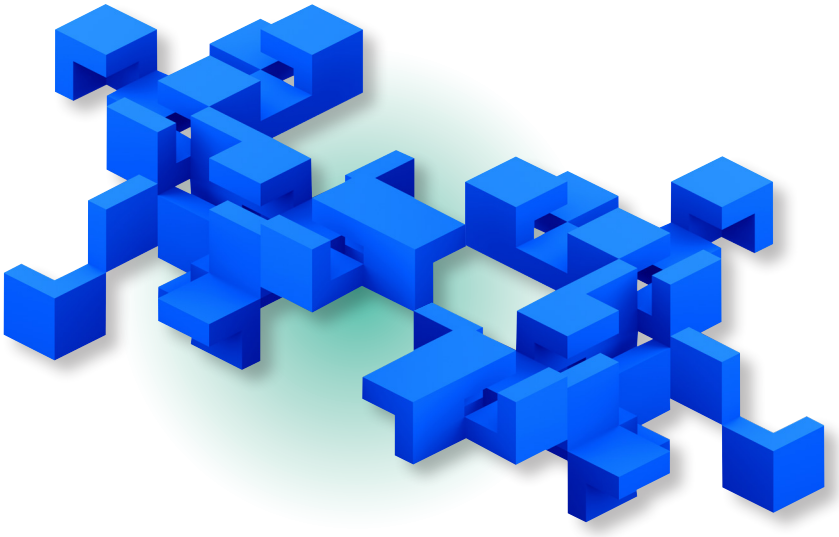
Tough questions to consider

Should I accelerate a move to the cloud?

Choosing a platform that allows you to expand and shrink costs and resources can provide huge advantages if you manage your environment effectively. Migrations, however, are not a simple "lift and shift." According to Gartner, one of the biggest mistakes companies make with respect to data migration is underestimating how difficult and time-consuming it is.

Before you commit to the cloud, carefully evaluate the specific needs of your applications. Does it make sense to migrate them now or even at all? Will a particular application still yield value a year from now? If not, it may not be worth migrating. Also, while the cloud may offer more flexibility, it can also be harder to control costs.





BOTTOM LINE:

Cloud migrations can be complex, and every migration has unique challenges. If you're already planning for it, stick to those plans, but you probably shouldn't accelerate or decelerate those efforts just because of new economic pressures. If you hadn't yet considered migrating or were on the fence, now may be a good time to rethink your options.

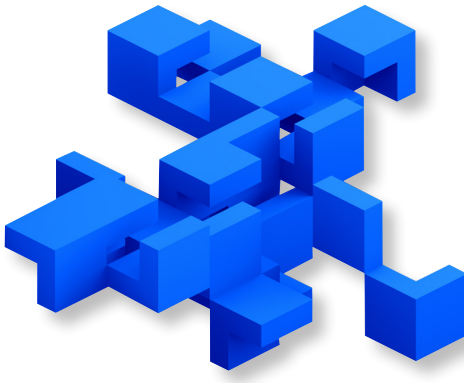
Should I replace proprietary databases with open source?

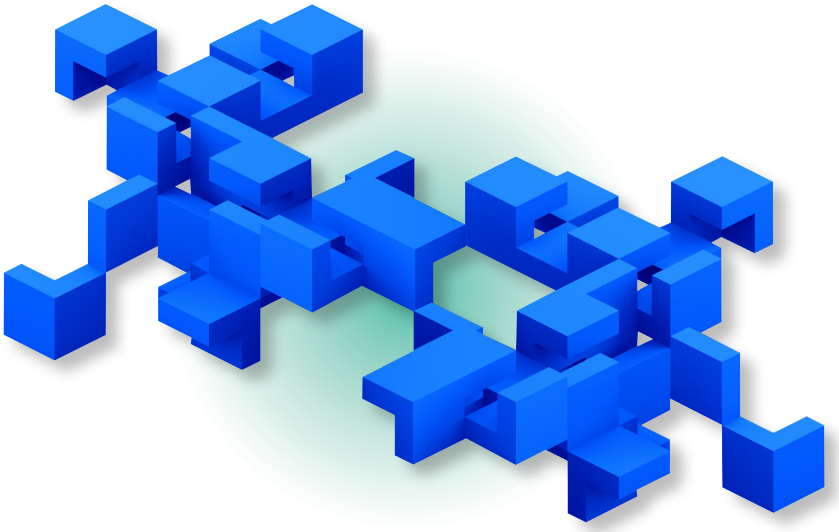
Yes – but the answer was always yes!

Moving to open source is not about immediate cost reductions. It's about being nimble and better prepared to adapt to changing business demands over the long term.

Smaller and medium-sized databases and applications can often be migrated to an open source solution more easily than larger applications.

These legacy applications are where most of the licensing and support costs lie. In this age of database complexity, most companies run Oracle or SQL Server next to open source databases. But even if a company can move applications quickly, most classic enterprise database support contracts are annual or multi-year.





BOTTOM LINE:

A recession or economic hiccup should not be the only reason for evaluating open source. Open source offers many advantages, including avoidance of forced price hikes and vendor lock-in, lower overall costs, portability, faster innovation, and higher quality software. Although the payoff may not always be immediate, the cost reductions and savings can be substantial over the course of a year or two.

Should I cancel or delay a project?

Certainly, canceling or delaying projects can reduce your immediate database spend, but will delaying those efforts harm your business in the long run?

To help you determine which projects you should shelve or delay, consider the following questions:

- Were there solid business reasons for undertaking the projects currently in your queue?
- Are those reasons still viable? Will your business need these projects in the future for profitability?

What's the downside if you put them off?

- Can you evaluate your projects in terms of simple return on investment (ROI)?

If you have applications with low ROI, it may make sense to put them into maintenance mode and allocate resources to others that have a higher ROI potential.

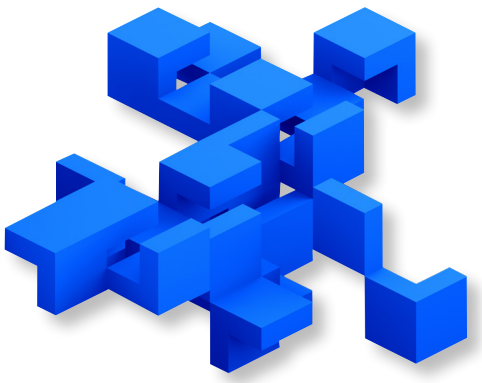
- Will there be immediate and detrimental impacts of not completing a project?

When facing budget pressures, you may be tempted to cut corners. But if doing so could lead to outages, slowdowns, or missed user expectations, eliminating certain projects will only make things worse.

- The economy will turn around at some point.

What will happen to these projects when it does?

- Will the delay or cancellation of a project impact your ability to ramp your business back up?



BOTTOM LINE:

Evaluate your projects case by case based on clear business impact and ROI data. Making data-based decisions will improve your focus and allow you to better staff your critical development work. Also, if you do go into maintenance mode, be sure to define what that means and who is responsible for keeping the lights on.

Where to get help when the going gets tough

As businesses plan their response to the projected economic downturn, they're looking for new ways to navigate the challenges. When COVID-19 hit, many companies not only survived, but transformed the way they did business, accelerating innovative projects that they had canceled, postponed, or had been tackling slowly.

Percona can help you figure out the best approach to reducing costs while maintaining your effectiveness. Our team of open source experts finds ways to save you money and improve ROI, ensuring that you're making the most of what you already have.

We ensure that your infrastructure maximizes your critical business operations and that you get the best performance from your applications wherever they're deployed – in the cloud, on a managed DBaaS platform, on-premises, or in a hybrid environment.

Percona is widely recognized as a world-class open source database software, support, and services company. The organization is dedicated to helping businesses make databases and applications run better through a unique combination of expertise and open source software. Percona works with numerous global brands across many industries creating a unified experience for monitoring, managing, securing, and optimizing database environments on any infrastructure.

Percona equips organizations with the freedom to choose, the freedom to create, and the freedom to make a difference – helping them scale and innovate with speed as they grow.

For more information, visit **Percona.com**.

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For more information please contact us at:

+1-888-316-9775 (USA),
+44 203 608 6727 (Europe),
or via email at sales@percona.com

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