

Case Study | 2022 TBM Council Award: Cloud Transformation

How UBS is Using TBM & FinOps to Successfully Enable their Cloud Journey

A UBS Case Study

Executive Summary

With UBS's initial cloud adoption resulting in a dramatic surge of demand for services, new tools and operational perspectives were needed to expand its cloud usage successfully and cost-effectively.

In conjunction with establishing a FinOps team, insights from cloud consumption dashboards provided a broader and more detailed picture of cloud usage and costs across the entire organization. Additionally, educational programs and a shift toward a greater sense of self-ownership allowed the UBS FinOps team to manage the rapid increase in data and cost allocations.

UBS Overview

UBS convenes the global ecosystem for investing, where people and ideas are connected and opportunities brought to life, and provides financial advice and solutions to wealthy, institutional, and corporate clients worldwide and private clients in Switzerland. UBS offers investment solutions, products, and impactful thought leadership. It is the leading global wealth manager and provides large-scale and diversified asset management, focused investment banking capabilities, and personal and corporate banking services in Switzerland. The firm focuses on businesses that have a strong competitive position in their target markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

UBS is present in all major financial centers worldwide. It has offices in more than 50 regions and locations, with about 30% of its employees working in the Americas, 29% in Switzerland, 20% in the rest of Europe, the Middle East, and Africa, and 21% in Asia Pacific. UBS Group AG employs more than 72,000 people around the world. It lists shares on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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Website

www.ubs.com

Founding date: 1998

Employee count: 72K (based on 2021 YE)

Headquarters: Winterthur, Switzerland

Revenue: \$37.222B (based on 2021 YE)

Industry: Banking & Financial Services

TBM Solutions:

Apptio Cloudability™

Apptio TBM Studio™



“They followed the steps, and you could see people deleting their resources in real-time. That’s incredibly powerful.”

Joanne Ng

UBS Cloud FinOps team

The Challenge

In 2018, UBS began accelerating the bank's cloud migration and adoption strategy. Following the first year, it was clear that the firm needed a solution to help automate its cloud cost allocation processes. Furthermore, they needed a way to address recurring queries from clients looking to understand their cloud costs and expenditures. Quickly, growing demand in cloud consumption made their Excel-based and manual processes unscalable and unsuitable in the face of such a large-scale transformation.

Establishing the Solution

UBS introduced its Technology Business Management solution and CloudFinOps practices at the beginning of 2020 and connected team members across departments to implement new processes that would address the overwhelming demand of transitioning to the cloud.

The Result

Leveraging technology to manage overwhelming demand

When UBS introduced TBM at the beginning of 2020, the firm had approximately 1 million rows of billing data each month. UBS now has nearly 17 million rows a month and anticipates this to grow further. With their rules defined in TBM, they can allocate direct and shared cloud services to users across the organization. Additionally, they've managed this exponential growth without increasing the size of the billing team.

While it was evident from the earliest stages the FinOps team needed to support their cloud migration, it was also clear they'd need a range of tools to help them. The team built a case for investing in TBM tooling based on the expected optimization benefits and then made an initial investment. The team's experience with the new TBM tools exceeded their original expectations.

Benefits:

- Increased from 1 million rows of billing data each month to nearly 17 million rows a month.
- Allocation of direct and shared cloud services to users across the organization.
- Ability to implement cloud initiatives across the entire organization more effectively.
- Understand costs for cloud resources and services and determine possible savings with lower-cost data storage locations.

Data generated through the organization's billing processes was rich enough to develop a 'cloud consumption dashboard' that provides details of cloud costs and offers in-depth profit and loss insights. Furthermore, the dashboard optimizes cloud usage by incorporating recommendations from a rightsizing engine — a capability that merges expenditure and utilization data to reveal opportunities to reduce waste.

The dashboard also paired cloud cost data with on-premise cost data, allowing UBS to identify parallel running costs for applications that have migrated to the cloud and on-premises applications they can decommission. Since the firm's cloud service provider did not provide the reporting structure UBS needed, they developed APIs to build pricing tools that helped clients understand costs for cloud resources and services and determined possible savings by highlighting lower-cost data storage locations.

Executive sponsorship and building a team to drive cultural change

Accompanying this technical transformation was a set of cultural and behavioral changes. UBS established a small FinOps team with finance and cloud engineering expertise to centrally govern and control cloud costs. Partnering with cloud leads and application teams from divisions across the organization, the team provided comprehensive visibility into cloud expenditures, highlighting the

areas where UBS was gaining the most value from its investment.

Leveraging the available data, the team created foundational cloud consumption data dashboards that tracked cloud adoption and provided insights into actual and forecast cloud expenditures at every level of the organization. Executives and business leaders use the dashboard to identify opportunities and drive decisions regarding the overall planning and execution of the organization's cloud strategy.

Managing the monthly billing process, the team allocated direct and shared costs for cloud usage. By providing transparency tools and training, they helped stakeholders gain a more in-depth understanding of the main drivers of cost.

Enablement and education have been major drivers of success for UBS. After noticing a spike in costs related to unattached disks, the team led a follow-along session with over 150 application owners. "They followed the steps, and you could see people deleting their resources in real-time. That's incredibly powerful," said Joanne Ng, UBS Cloud FinOps team.

With executive sponsorship within and across their technology teams, UBS has been able to implement cloud initiatives across the entire organization more effectively.

Driving change with a holistic view of cloud spend

UBS has taken on a far more agile, ownership-driven outlook that has resulted in greater flexibility when it comes to cloud management. While evaluating their processes, one of the main challenges was the need to address some behavioral changes from implementing new technology. With application owners increasingly being held accountable for their cloud expenditure,

they needed to assign the location of their workload based on the most favorable price. There was an inherent tendency for application owners to use Swiss data centers as the base for their development and testing — UBS headquarters are in Switzerland, and these data centers are geographically convenient. However, with no performance benefits from being "next door" — whether latency improvements or additional capabilities — there is little reason why databases shouldn't be in the most cost-effective locations.

Obtaining a holistic view of cloud costs across the organization was one of the main enhancements made by the FinOps team. For example, the team highlighted the scale of spend on the logging service with the firm's cloud service provider. After further investigation of consumption across the entire organization, the FinOps team recognized they were logging more data than needed, which came with associated costs. Researching the data allowed them to understand the situation better, enabled the appropriate conversations with teams that use the service, and allowed them to make a fundamental change to what was logged on the cloud.

UBS recognized the need for all parties involved to think differently about their relationship with their technology. To enhance all aspects of their cloud usage — from the technical to the economic — the team initiated a series of educational courses designed to promote a culture of financial accountability within technology.

Conclusion

As a winner of the 2022 TBM Council's Cloud Transformation Award, the UBS TBM and FinOps leaders provided advice for earlier-stage TBM practices.

Moving to the cloud is more than a technical change. It is a cultural one. Duncan Mok, Head of Cloud FinOps at UBS, said, "It's important that the financial responsibility for cloud spend is closely aligned to the application owner. This will ensure that the incentives to manage that spend are aligned." He further highlights that educating the stakeholders on the tools is critical. "Your application and business owners need to know how to navigate the transparency tools that you provide, how to navigate in their new cloud environment, and understand that every decision they make in the cloud has a financial impact, positively or negatively."



Join the TBM Council

Founded in 2012, the Technology Business Management (TBM) Council is a nonprofit business entity dedicated to advancing the discipline of TBM through education, standards, and collaboration. Governed by an independent board of both global and regional business technology leaders, this diverse group represents some of the world's most innovative companies, including Mastercard, Wells Fargo, State Farm Insurance, Nike, Stanley Black & Decker, Equifax, ANZ Group, Commonwealth Bank of Australia, Adidas, Bank of Ireland, and more. The TBM Council provides best practices for leaders to leverage so they can react quickly to changing market dynamics and optimize cloud and agile strategies to deliver on business objectives.

Learn more and become a member at

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