

# What have we learned from over \$1bn of cloud and infrastructure optimization?

As technology estates grow more fragmented and expensive across cloud, SaaS, labor, and on-premise infrastructure, organizations can unlock significant value through targeted optimization and consolidation.

## 1. What's driving change?

Many enterprises are grappling with structural inefficiencies and outdated practices that undermine cloud & infrastructure value realization and operational agility.

- **Fragmented estates:** M&A activity and decentralized teams have created duplicated infrastructure, inconsistent tools, and incompatible models that hinder scalability and raise operational overhead.
- **Cloud cost opacity:** Poor tagging, scattered provisioning, and immature FinOps practices obscure true cloud spend, making accountability and optimization difficult.
- **Legacy inertia:** On-premise systems and outdated outsourcing contracts remain embedded in critical processes, slowing and raising the cost of modernization.
- **Developer-led sprawl:** Teams provision environments independently, bypassing governance, inflating costs, and complicating security and compliance.
- **Underpowered FinOps:** Internal FinOps or optimization teams can lack the technical depth to challenge decisions or drive savings.

## 2. Where can value be created?

Value is being unlocked by systematically targeting five high-impact levers that reduce cost, streamline operations, and strengthen technology foundations.



### Remove Waste

Cut idle resources or licenses  
*e.g. up to 30% savings from cloud resource clean-up*



### Adjust Capacity

Rightsize infrastructure & software  
*e.g. 20% savings from platform rightsizing*



### Buy Efficiently

Leverage discounts & buying-power  
*e.g. \$55m saved via contract re-negotiation*



### Lean Architecture

Consolidate & modernize technology  
*e.g. 15% run-rate cut from container platform consolidation*

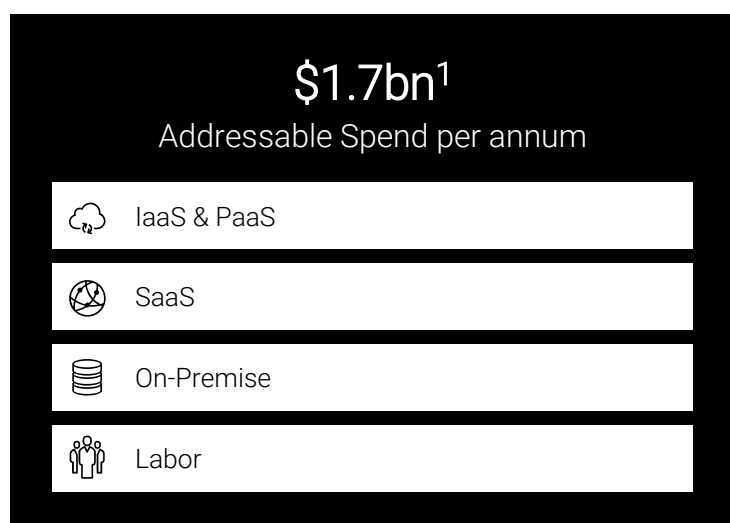


### Optimize Workforce

Centralize, automate & streamline  
*e.g. 10-20% headcount capacity created via team consolidation*

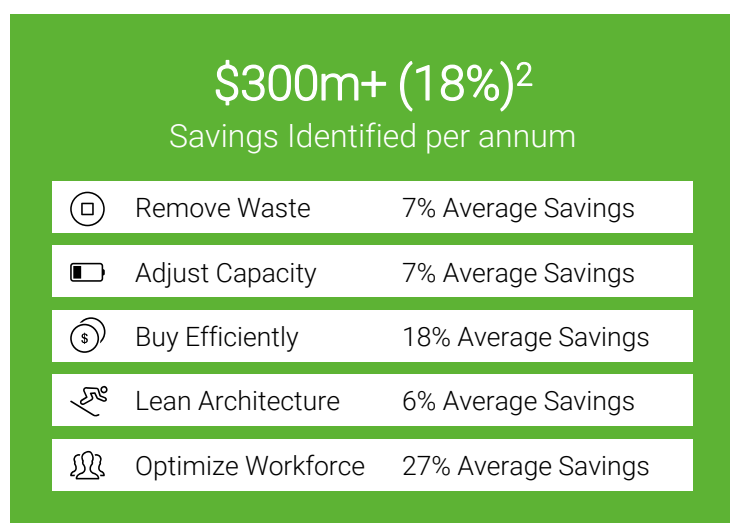
### 3. What's the quantifiable impact?

Targeted cloud and SaaS optimizations, platform consolidation, license management, and workforce streamlining delivered 10-40% savings across infrastructure, software, and labor through rightsizing, governance, automation, and strategic procurement.



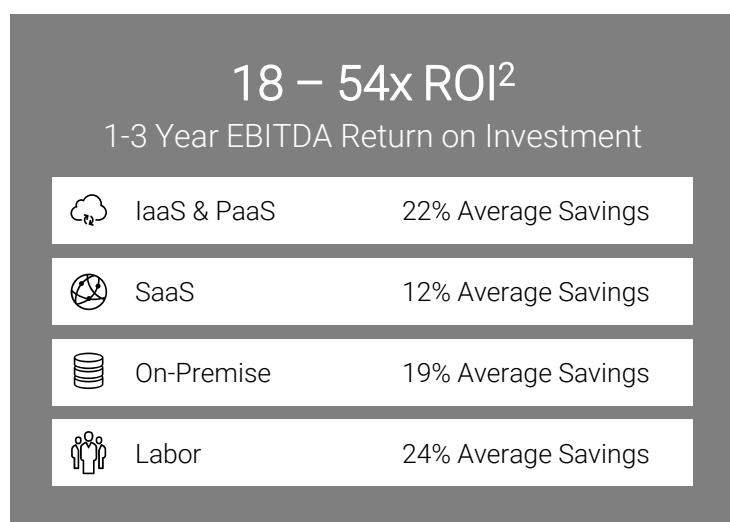
#### Addressable Spend:

- A **sample of 50 client engagements** completed within the last 3 years across a range of industries from Technology, Media & Telecoms to Retail.
- Cumulative annual **revenue of over \$400 billion per annum** across the 50 organisations engaged ranging from businesses with over \$30 billion per annum in revenue to under \$200 million per annum.
- An **addressable spend of over \$1.7 billion per annum**
  - Infrastructure and Platform-as-a-Service
  - Software-as-a-Service
  - On-premise Infrastructure
  - Cloud & Infrastructure Labor



#### Savings Identified:

- Total **savings of 18%** against addressable spend per annum across IaaS, PaaS, SaaS, On-Premise and Labor.
- **Multiple levers typically applied** to addressable spend (e.g. combining Remove Waste and Buy Efficiently).
- Total savings as high as **56% in some environments**
- Over half of the sample client engagements delivered **savings of more than 20%**.
- Average savings across all 10 industries assessed of between **14 and 32%** per annum.



#### Return on Investment (ROI):

- **High Return on Investment** (i.e. improvement on Earnings Before Interest, Taxes, Depreciation & Amortization) relative to engagement duration.
- Material **savings realized in-year** particularly within IaaS, PaaS and SaaS environments utilising pay-as-you-go models.
- **Savings possible within days or weeks** particularly where the Remove Waste, Adjust Capacity and Buy Efficiently optimization levers are applied.

<sup>1</sup> Addressable Spend is a sub-set of overall IT spend. <sup>2</sup> Internal AlixPartners analysis from 50 previous engagements.

## 4. What can erode value creation?

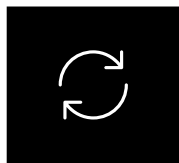
Without strong execution, governance, and accountability, even well-identified savings can quickly erode—turning potential value into missed opportunity.

- **Execution failure:** Even when savings are identified, lack of ownership, political resistance, and weak delivery accountability often stall progress and prevent realization of value.
- **Governance gaps:** Without foundational elements like CMDBs, tagging standards, or centralized tooling, organizations struggle to establish cost baselines or track optimization impact.
- **Tool sprawl:** The use of multiple FinOps tools and inconsistent data sources leads to confusion, fragmented insights, and diluted optimization effectiveness across teams.
- **Sustainability risk:** Without embedding changes into the operating model—such as new roles, controls, and processes—initial savings quickly erode and optimization becomes a one-off event.
- **Decentralized ownership:** When infrastructure decisions are distributed across teams without centralized oversight, visibility is reduced and cost accountability becomes fragmented, undermining long-term efficiency.

“Through deep diagnostics and hands-on execution across cloud, SaaS, labor, and infrastructure, we’ve learned that meaningful savings—often 10-40%—are achievable quickly, but only when backed by strong governance, centralized platforms, and sustained action.”

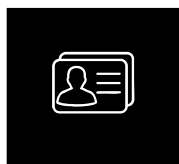
## 5. What have we learned?

We’ve seen that even well-established teams frequently face common pitfalls and missed opportunities.



### Savings are repeatable

Rightsizing, tiering, and buying efficiently consistently deliver 10–40% savings across cloud environments



### Labor is critical

Labor optimization is often overlooked despite its potential for significant reduction (e.g. 40-60% of spend)



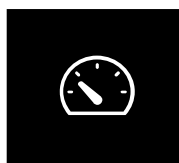
### Consolidation pays

Merging and centralizing common capabilities improves density and reduces time-to-market



### FinOps maturity matters

Centralized and long-term usage modelling drives sustained savings (e.g. increasing RI coverage to 90%+)



### Speed is key

Quick wins must be executed whilst momentum is high – analysis paralysis and delayed decisions erode value

## 6. Want to know more?

For more information contact:

**Paul Kelly** - Partner and Managing Director  
pkelly@alixpartners.com

**Clive De Silva** - Partner and Managing Director  
cdesilva@alixpartners.com

**Nikhil Suri** - Partner  
nsuri@alixpartners.com

**Adam Gogarty** - Director  
agogarty@alixpartners.com

**Chris Moore** - Director  
cmoore@alixpartners.com

**Jay Mohapatra** - Senior Vice President  
mmohapatra@alixpartners.com

## ABOUT US

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

The opinions expressed are those of the authors and do not necessarily reflect the views of AlixPartners, LLP, its affiliates, or any of its or their respective professionals or clients. This article Tech 10 Plain Talk ("Article") was prepared by AlixPartners, LLP ("AlixPartners") for general information and distribution on a strictly confidential and non-reliance basis. No one in possession of this Article may rely on any portion of this Article. This Article may be based, in whole or in part, on projections or forecasts of future events. A forecast, by its nature, is speculative and includes estimates and assumptions which may prove to be wrong. Actual results may, and frequently do, differ from those projected or forecast. The information in this Article reflects conditions and our views as of this date, all of which are subject to change. We undertake no obligation to update or provide any revisions to the Article. This Article is the property of AlixPartners, and neither the Article nor any of its contents may be copied, used, or distributed to any third party without the prior written consent of AlixPartners.