Xero Drives Profitability and Optimization with CloudHealth

Xero is changing the game for small businesses. They proudly provide cloud-based accounting software to more than 1.4 million subscribers worldwide. Founded in 2006 in New Zealand, the company now employs more than 2,000 people and has a presence in more than 180 countries.

Xero's cloud challenges

Xero began their cloud journey by evaluating several cloud providers and determining a strategy that would complement their rapidly scaling business. Amazon Web Services (AWS) was chosen as their primary cloud service provider and, to reduce risk, they adopted a multi-cloud strategy with a portion of their infrastructure running on Microsoft Azure.

As their infrastructure continued to grow, Xero encountered obstacles when it came to visibility and cost optimization. The company recognized the need for a cloud management solution that could show all of their spend and usage, and help them find opportunities to rightsize their environment and take advantage of Reserved Instances (RIs).

Finding a solution

After extensively evaluating the leading cloud management solutions in the market, Xero selected CloudHealth for its comprehensive cost optimization and governance capabilities.

"CloudHealth is a best-of-breed solution. I have been using it for six months and it has really helped me. I wouldn't be able to do my job without it."

Jamie Watt, Platform Cost Specialist, Xero

Industry
Financial services

Headquarters location
Wellington City, New Zealand

Employees
1,000–5,000

VMware footprint
CloudHealth®

Key features
RI management
RI utilization reports
Cost History Report
Governance features

Clouds
AWS, Azure

Key benefits
- An RI Utilization Report shows the team underutilized instances to identify areas for cost savings.

- In three months, adoption of CloudHealth doubled from 60 to 120 users.

- Xero is able to identify which products are the most profitable and if any are running with slim margins.

CloudHealth by **vmware**®

Within the company, the site reliability engineering (SRE) department is responsible for making sure the Xero platform is up and running at all times, while being mindful of costs. Jamie Watt is the platform cost specialist for the department tasked with optimizing the company's AWS and Azure spend, along with any software they are using.

The results

Xero now has the visibility they need into consumption across all resources. With a large AWS bill, every month Watt splits out Xero's spend by cost centers. He describes himself as fully immersed in the platform: "It's scary how many tabs I have open for CloudHealth, probably 15 tabs with separate reports." Among those reports is the Cost History Report based on tags. At Xero, there is a tagging compliance project underway that involves being able to break down the cost by products using tags. The SRE team is building scripts to disable resources that are deployed without tags, and Watt is using CloudHealth to monitor progress.

"Once a week, I'm easily able to generate a report that shows everyone how they are tracking with their tag compliance," said Watt.

In addition to governance and cost reporting, Watt is taking advantage of the CloudHealth RI management capabilities. When asked which reports he uses most often he said, "without a doubt, RI utilization reports. I have a policy set up that sends an email every morning showing me which RIs aren't being utilized properly. We only use Convertible Reservations, and this email triggers me to log in to AWS and make an exchange for a different instance type."

With the help of CloudHealth, Watt and his team are able to identify which Xero products are the most profitable and, conversely, if any are running with slim margins. Xero is excited to see massive savings come out of CloudHealth as they continue to optimize their spend.

What's next for Xero?

The support Watt has received from VMware's CloudHealth Customer Success team has been an integral part of his experience. Driving awareness of CloudHealth throughout the company has become one of Watt's goals. In the past three months, the adoption of CloudHealth has doubled, with users increasing from 60 to 120. "I would like to see us at about 400 users," he claims. "I want everyone to have a CloudHealth tab open to see what their assets are doing, without me having to tap them on the shoulder to do so."

Watt's advice for his peers is simple: "I think a third-party tool like CloudHealth to look at your cloud spend, whether it's AWS, Azure, Google, whoever, is basically a requirement. I've used native tools before and, to be fair, they just can't do what a tool like CloudHealth can do."