

» E-BOOK

# Is your cloud commitment portfolio in good hands?

What to ask a commitment  
management vendor before  
signing an agreement

flexera™





## Introduction

Managing commitment<sup>1</sup> discounts is a foundational FinOps practice from the “Crawl” phase of the [FinOps Foundation Maturity Model](#). Its prominent KPIs are commitment coverage, utilization and Effective Savings Rate (ESR)—all measured by percentage. Minimizing unutilized commitments is key to meeting these KPI goals.

However, managing commitments at scale across multiple cloud providers and services can be extremely complex. Therefore, driving savings effectively with commitments requires considerable effort and expertise. This is where third-party solutions step in.

Third-party commitment management vendors can offer expertise, visibility, automation and innovative optimization strategies to help businesses navigate the intricacies of managing and maximizing their investment in commitments. Consequently, the vendor you select will greatly impact your cloud spend.

This document aims to guide FinOps practitioners to ask the right questions of their commitment solution vendors. It will assist practitioners who are looking to select a vendor for the first time, as well as provide guidance when organizations are considering changing vendors.

1. Reserved Instances (RIs), Savings Plans (SPs), and Committed Usage Discounts (CUDs) are generally referred to as “commitments”.

## QUESTIONS TO ASK ABOUT **the vendor's strategy**



### **What savings can we expect?**

Beware of vendors promising you 70%+ savings. Cloud providers do indeed offer a discount up to 72% (compared to the on-demand pricing) on some commitments. However, actual discount rates vary between cloud providers, services, commitment types and commitment periods. Usually, 3-year compute RIs offer the greatest discounts, while Savings Plans, or non-compute RIs/SPs, offer smaller discounts.

Moreover, discount rates and savings are two different things. The FinOps definition of Effective Savings Rate (ESR) considers commitment spend against the on-demand equivalent of actual usage, then offsets management costs. This means that both underutilization and the vendor's fee greatly impact your savings, making a 70% saving highly unrealistic.

Depending on your cloud resource needs and commitment blend, a good ESR can vary between 30-60%. The vendor's estimation should rely on deep analysis of your cloud account, your risk preferences, architectural plans and similar customers, if they exist.

Discover how smarter commitment strategies accelerate FinOps maturity—from Crawl to Run.

**SPEAK TO AN EXPERT**





## When will we start seeing savings?

Your vendor should be able to deliver savings immediately during the POC or the first billable month. This applies even if you already have good commitment coverage or some portion of savings plan lock-in. Ask about the strategies that will yield immediate savings, seek to understand how much these will be, and compare them to the vendor's fee to ensure your positive ROI.



## What percentage of our commitments will be flexible?

With rapidly changing market conditions and hyperscalers' release of new instance types, commitment lock-in and/or lengthy vendor contracts can undermine savings. You'll want to see a portfolio in which the share of convertible/exchangeable commitments is large—and no less than your historical volatility range (the amount of your largest peaks and valleys).



## What will our average commitment period be?

Maximizing savings with the lowest commitment requires a balanced portfolio that takes advantage of many savings strategies, commitment types, and commitment lengths. You'll want to see tiered purchasing strategies that involve at least 50% of your total commitment amount expiring in up to

6 months. This strategy will continuously create opportunities to make big adjustments to your commitment strategy should your needs change.



## How can we see our savings?

You deserve transparency of your cloud investments and your vendor's performance. Ask to see this information, ideally in a dashboard. Understand what metrics are displayed there, what they mean and how frequently they are updated. At the least, you'll want to track coverage and savings by cloud and service.



## Will our savings increase the longer we work with you?

Your vendor should scale your commitments to match your cloud environment's growing size and complexity. Over time, your commitments should also fit more tightly with actual resource usage, minimizing wasted capacity. To support that, ask which strategies generate long-term savings and how they enable increased savings over time.

# QUESTIONS TO ASK ABOUT the vendor's solution



## What cloud services do you support?

Like the various components of your cloud estate, commitment discounts are not limited to compute alone. Hyperscaler services such as databases, analytics, storage, AI and even SaaS, all have some commitment offers attached to them. Ask the vendor for the full list of supported services to ensure they can help you save on every major service you use.



## Does your solution support multiple clouds?

Beyond supporting multiple clouds, Flexera One Cloud Commitment Management acts as a centralized control plane for commitment governance. It enables consistent policy enforcement and savings strategies across AWS, Azure, and GCP—reducing cloud provider lock-in and simplifying multi-cloud management.



## What strategies do you employ to generate savings? How do they balance risk and reward?

Your vendor must use various strategies to generate the greatest savings as quickly as possible and increase your effective savings over time—all while limiting your lock-in exposure. These strategies include purchasing multiple small commitments over time, convertible RI exchanges, AWS RI Marketplace transactions, etc. Seek to learn the vendor's full range of strategies and the benefits of each.



## How do you handle volatile usage?

Changes to demand or internal production schedules can lead to large increases or decreases in cloud resource needs. Your commitment strategy must be highly adaptable in real-time to minimize waste. Seek to understand how “real” is “real-time” by testing response-time SLAs and keeping track of the time needed to apply automated and manual changes.





## I'm a startup/global retailer/enterprise/MSP. What characterizes the commitment needs of customers like me, and how do you support them?

Your vendor should be able to meet you where you are and support your business every step of the way. You can be a startup with usage spikes from application testing or a giant retailer with massive Black Friday peaks. Either way, your vendor must have experience optimizing commitments for businesses like yours.



## How will my commitment purchases be synced with my actual infrastructure needs?

While commitment management is a powerful lever for cloud savings, its full potential is unlocked when paired with Flexera One Cloud Cost Management insights. Cloud Cost Management transforms analytics into action and automatically executes commitment strategies that align with your business goals, risk tolerance and infrastructure evolution.

Cloud Commitment Management also integrates seamlessly with your FinOps ecosystem, feeding data into dashboards, aligning with tagging strategies, and supporting chargeback/showback workflows to ensure end-to-end visibility and governance.



## How much work will our team have?

Modern commitment management solutions should prioritize maximizing savings, but a clear secondary goal should be to minimize time and effort for your team. With modern solutions it's possible to create a program that achieves high ESR (40%+) while being virtually hands free for your team, whether through automation or preferably, an expert team from the vendor.

As with many things in cloud spend management, purchasing a commitment is not the hard part. It is understanding if, when and how you should best act. This is where your vendor's expertise comes in. How available will they be to support your questions, tailor a plan that matches your needs and report back on exactly what is happening in your infrastructure to optimize spend?



## Will our commitment portfolio be unique?

In commitment management, there is no one-size-fits-all. Businesses in the same industry and of similar size might have very different preferences for resource types and risk tolerance. Additionally, your needs will likely evolve as your business expands its cloud usage. You want to work with a vendor that can provide a tailored approach and has the expertise and agility to adapt your portfolio to evolving demands.



## As I am a new customer, you won't have any historical data on my cloud usage. How will you make informed decisions?

Finding the best, most compatible RIs for each customer requires extensive predictive algorithms. These algorithms are trained on historical cloud cost data. Without enough data—from at least a few years back—forecasting is unreliable and risky.



## QUESTIONS TO ASK ABOUT the vendor's business



### How do you charge for your service?

As savings vary monthly, your vendor should charge accordingly. Seek a vendor that shares the risk and only charges based on recognized savings that they garner. Fixed pricing or high minimum fees might shrink your effective savings.



### Will the way you charge remain the same if my cloud usage decreases?

Be careful of convoluted contracts that limit your ability to decrease cloud usage during slowdowns. Seek to understand exactly what your contractual obligations are, and how they affect your vendor bill.



### How do you manage hyperscaler policy changes?

FinOps is constantly evolving, and cloud providers constantly add new capabilities and adjust policies. Your vendor must be knowledgeable of these changes (ideally ahead of time). This requires strong alliances with the hyperscalers (AWS, Azure, GCP) and a team who can support these changes immediately.



### Who are some of your long-standing customers? How long have they been on board? What results did you achieve for them?

Seek a vendor with a track record of success with businesses like yours. Read their case studies and ask for reference contacts who can share their experience with you.



### How long have you been managing commitments?

Large, established vendors are less likely to disappear and leave you on the hook for commitments you don't need or don't fully use.

Ready to dig in deeper with an expert?

[CONTACT US](#)



# Optimize your reserved commitments with Flexera One Cloud Commitment Management

## Experience an all-in-one commitment management solution

Flexera One Cloud Commitment Management combines automation, machine learning, and human overview to continuously optimize your commitment portfolio and offer the deepest savings while avoiding lock-in. It also provides the widest array of savings strategies across the most commitment types and cloud providers, which ensures your business is supported regardless of where you are in your cloud journey.

## Ensure you gain maximum value from your commitments

Cloud commitment management isn't just about cutting costs—it's about unlocking strategic agility.

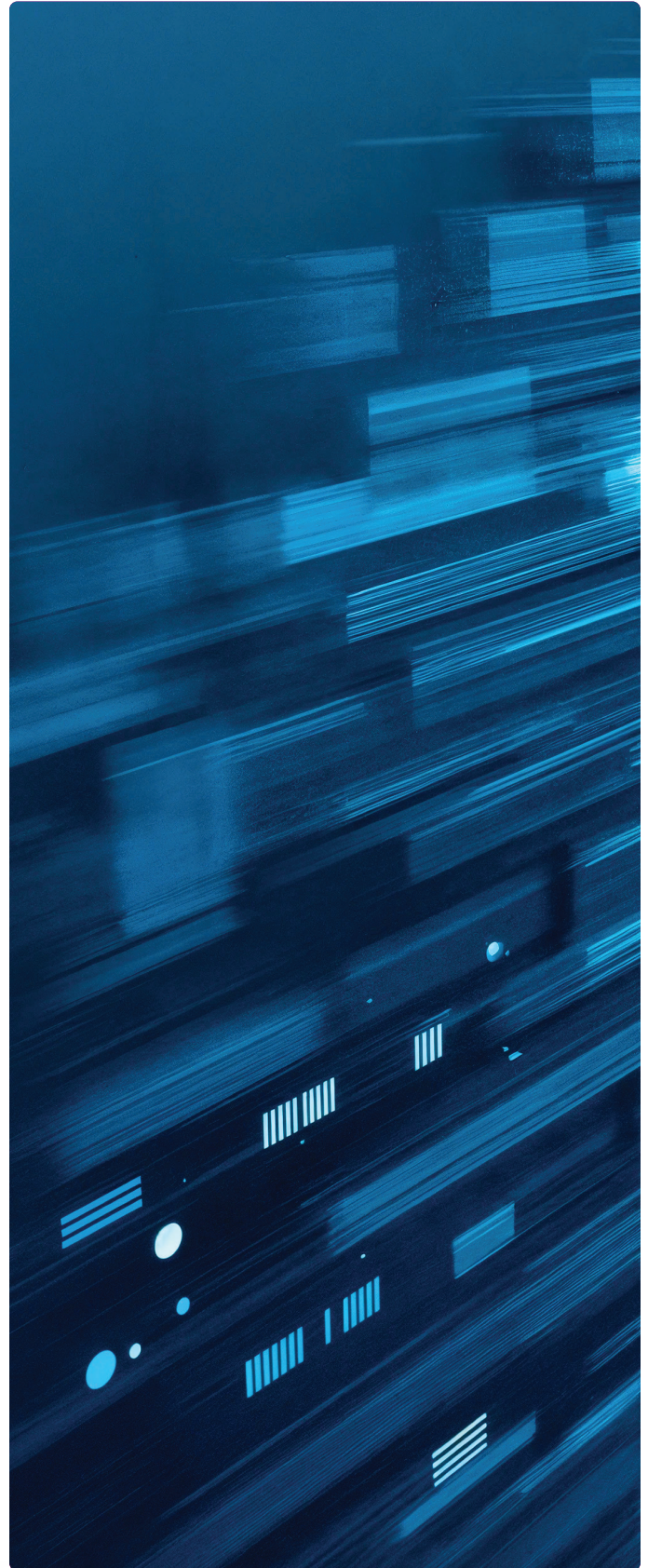
By minimizing over-commitment, you free up budget and flexibility to invest in innovation, scale workloads and respond to market shifts with confidence.

Unlike traditional cloud cost management tools that offer point-in-time recommendations, Flexera One Cloud Commitment Management continuously adapts your commitment portfolio in real time. It ensures your savings evolve with your cloud usage and business needs.

## Flexera One Cloud Commitment Management: Rooted in the Flexera FinOps ecosystem

Now part of Flexera's unified platform, Cloud Commitment Management is a key component in helping organizations manage cloud costs with greater precision and less overhead.

It does this by offering automated risk-free savings that natively integrate into the visibility and analytics of Flexera One Cloud Cost Optimization.





# Discover how to maximize your organization's commitment value with a Flexera expert.

Schedule a session →

## About Flexera

Flexera helps organizations understand and maximize the value of their technology, saving billions of dollars in wasted spend. Powered by the Flexera Technology Intelligence Platform, our award-winning IT asset management, FinOps and SaaS management solutions provide comprehensive visibility and actionable insights on an organization's entire IT ecosystem. This intelligence enables IT, finance, procurement and cloud teams to address skyrocketing costs, optimize spend, mitigate risk and identify opportunities to create positive business outcomes.

More than 50,000 global organizations rely on Flexera and its Technopedia reference library, the largest repository of technology asset data. Learn more at [flexera.com](https://flexera.com).