



# Managing Cloud Spend: Your Top 5 FinOps Qs Answered





Investments in cloud spend run into the billions every year as organizations tap into the agility, reliability, and flexibility that the cloud offers. With the sudden increase in cloud investment has come the problem of excessive and wasteful spending.

**Implementing FinOps – cloud financial management practices designed to maximize business value – is the most effective way for organizations to gain better control on cloud spend, avoid waste and keep projects running efficiently without compromising on end results.**



Over 30% of cloud spend is **reported** to be wasted every year. This number is projected to hit \$30 billion by the end of the year.

Here are some of the most common questions and concerns our customers, stakeholders and decision-makers have before embarking on a FinOps journey.

Our in-house experts at Cloud Kinetics, led by FinOps Managed Services Director Aubrey Bent, provide insight and pointers based on their extensive experience working with a global client base.





## 1. What is the best way to kickstart FinOps practices in my organization?

When it comes to FinOps, one step at a time works better than a big-bang approach. Implement the approach in small incremental steps, allowing the organization to fully understand and slowly settle into the new approach. Here's a roadmap:



### Get senior stakeholder management support and sponsorship.

Identify pain points like cloud costs, cost overruns or lack of cost visibility and define the goals right from the team composition to the operating model and milestones for the first phase. For instance, you may need to make decisions on things like whether a FinOps centre of excellence team is being set up.



### Create a FinOps roadmap/plan to define the future state.

This should include an operating model to clearly define what the FinOps team will be doing. A Responsible, Accountable, Consulted, Informed (RACI) model will have to be created explaining what each person's roles and responsibilities are and identify KPIs to measure the FinOps function and performance of business and application teams.



### Prepare an engagement plan.

This will help show how you will engage and collaborate with your finance, business, engineering and procurement teams.



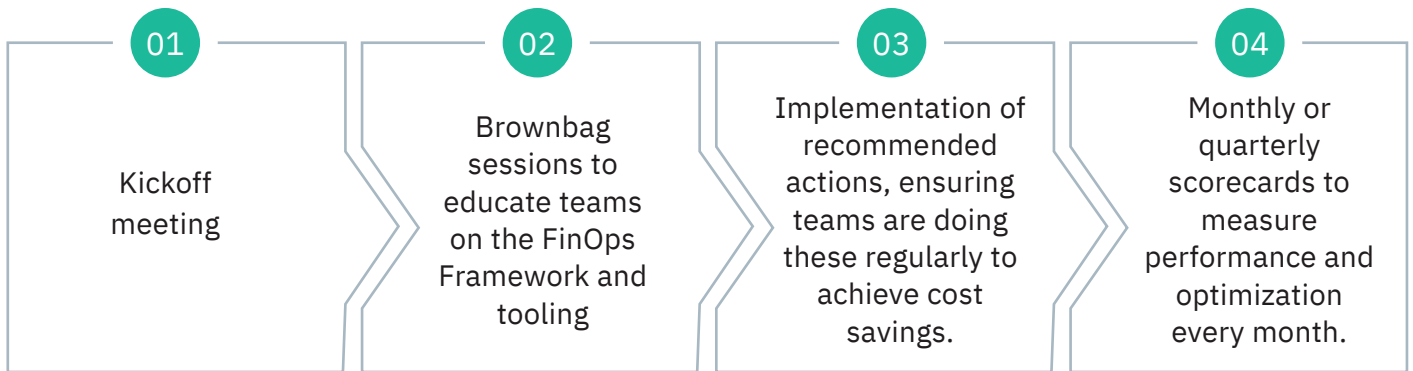
### Create an ongoing review plan.

After about 3-6 months, gradually move onto the next phase where you can implement your KPIs, do some more dashboards for creating useful cost optimization reports, and bring automation in as well. The system will evolve over time and you will get better results.

## 2. How important is training to FinOps success?

Training and education is paramount to the successful implementation of FinOps. It's also where the entire exercise can fail.

Get internal teams – such as the business and app teams – together. Conduct these 4 training activities on an ongoing basis.



Repeat these actions month on month till it becomes part of their DNA – if they don't do it on a regular basis FinOps cannot be successful.

### 3. How do we effectively measure FinOps results – any metrics to look at?



You can define several measurable parameters. For instance, **Reserved Instance or Savings Plan Coverage** must be >80% every month. Another metric could be that after 30 days of idle instance, you stop or decommission your instance.



You could track accountability and enablement with a metric like **Cloud Enablement %**, the number of business leaders trained and certified / the total number of business leaders in the organization as a percentage.



The **Cost Optimization Realized Savings %** measures the ratio of total cloud services optimized to total cloud services optimizable. This brings attention to areas for potential cost savings – pricing optimizations like Committed Use Discounts as well as resource optimizations of wasteful resources that haven't brought/added any business value. The latter could be from over-sized databases, idle instances, etc.



**Annual Forecast Accuracy %** is another useful metric that looks at the ratio of actual annual cloud spend vs the forecast cloud spend per annum. The number stabilizes as the gap between actual and forecast narrows, allowing the business to plan better and avoid any unexpected spikes in spends.



#### 4. What are some challenges businesses typically face when managing cloud spend and what are some best practices to address them?

FinOps might sound simple but there can be some challenges.

The hardest one is to change the ways of working within an organization especially if someone has come from an on-premises world and is also new to cloud. It needs a mindset shift.

Additionally, FinOps can become complex because of the intrinsic need for collaboration and getting the finance team and the procurement teams involved isn't always straightforward.

The best way to overcome these issues is to educate them and train them on the benefits and value from FinOps, so that all the teams are ready to come on your journey. FinOps is relatively new to the cloud industry and many people do not know about it, so training sessions and brownbag sessions help build cadence with them and smoothen the process.

The next thing is to try and automate these actions as much as possible so that less manual effort is required from them.



Surveys show that 30% of the challenge is getting the DevOps team to do the actions needed to enable FinOps. DevOps teams tend to already be very busy doing development and project work which is their priority and key focus.

#### 5. What are some tools or services that Cloud Kinetics offers that can help businesses better manage their cloud spend?

Cloud Kinetics has best-in-class partnerships with multiple providers/tools in the field, including Apptio and Spot by NetApp. We have extensively utilized Cloudability by Apptio for FinOps in our engagements with customers as we have found that it meets most of our customers requirements – from easy-to-use dashboards and a benchmarking scorecard to insights into right sizing and unused resources.

Cloudability has APIs allowing one to integrate with DataDog, PagerDuty and ServiceNow...etc. For example, if you have a workflow or want to put your billing into one central location like ServiceNow it can integrate as well. This tool can store the data for 1-2 years, allowing for forecasting, right sizing recommendations, unlike native tooling which has a limited window for storage of billing data.

That said, at Cloud Kinetics we ensure we always choose the best-fit solutions and tools for your organization based on your requirements and goals.

If you have further questions on FinOps or around cloud implementation at your organization, please contact us at [contactus@cloud-kinetics.com](mailto:contactus@cloud-kinetics.com). We'd be happy to help you realize the full value of your cloud!

#### Contact Us



[www.cloud-kinetics.com](http://www.cloud-kinetics.com)



[contactus@cloud-kinetics.com](mailto:contactus@cloud-kinetics.com)

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