

Embrace a
FinOps
Journey to
Unlock
Your Full
Potential



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What is FinOps and why is it important?

Spending on public cloud services, is expected to rise by 48% between 2022 and 2024 to over \$724 billion¹. With cloud spending being a significant element of many IT budgets, it needs governance to tame the potential for runaway costs without accountability.

Financial Operations, shortened to FinOps, is a key component to bring clarity and enable expenditure to be managed without sacrificing the many benefits cloud services deliver. When it is embedded well there is visibility and collaboration across an organisation.

The results include:

- Greater understanding of cost and profitability impacts.
- Enhanced decision making with a cost awareness that is balanced with technical and performance considerations.
- Reduction in wastage, allowing material funding to be reinvested in technology projects.
- Improved management information that supports fiscal responsibility.
- An ability to forecast and plan, with less uncertainty and shocks.

FinOps is more than just understanding bills. It is a framework to help maximise value made from IT investments. With quality insights, businesses can be more agile and efficient, delivering more from the same financial outlay – savings can make budget available to drive innovation and competitive advantage.

In this guide, we explore FinOps practices and tools that drive excellence and fit with the other pillars of cloud governance. You will discover how embracing a FinOps journey can unlock the full potential of cloud investments.

¹] Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023

Are you using cloud services efficiently?

Probably not. Insight's experiences shows that the vast majority of organisations have significant potential to optimise – either through reducing costs for current consumption or getting the most out of investments already made. Significant double-digit returns are achievable, often from minor investments in FinOps activities.

The concepts of pro-active Software Asset Management (SAM) apply across Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS).

Industry surveys support this experience, with 30% being a ballpark benchmark for the [potential level of wastage without FinOps](#).

This will only increase as cloud spending increases, Flexera states the top spend optimisation challenges are: **91%** are challenged with increased prices from vendors and **87%** with ensuring spend efficiency². You can see the challenges are only compounding when it comes to managing spend effectively.

YouGov research suggests most enterprises are

spending more than 10% of budgets

on unused or mismanaged software, SaaS and cloud infrastructure.³

A 2023 Flexera State of the Cloud report showed that estimated wastage although

falling from 32% in 2022,

remained high at 28% in 2023.⁴

Without effective FinOps, cloud services can easily become a money pit.

2] Flexera 2023 Tech Spend Pulse | Report
3] YouGov 2023 Snapshot Survey: SaaS and Cloud Spend Optimization & Automation, 2023.
4] Flexera 2023 State of the Cloud Report, 2023.

What are the challenges that FinOps helps to overcome?

You can have too much of a good thing and FinOps helps uncover that when it comes to the cloud. It is easy to start new projects and grow them, it can be empowering to deploy resources to address business needs. But it is much easier to start things up than it is to make sure they are being utilised, so monitoring utilisation and closing down underused or inefficient deployments can be difficult. Plus, the financial impact can take a while to be discovered. This can be complicated further by the web of data which can be difficult to analyse.

One of the triumphs of FinOps is its ability to provide a clear lens into trends, specific costs and consumption patterns. It provides the insight into strategic financial control. Extending FinOps from its basic level, it enables cost to be clearly understood and allocated. It is for this reason that many organisations start with understanding consumption and billing data.

This links back to the catalyst for taking action – the rightful perception that resources are inefficient – both in terms of technology expenditure and efforts to report and act on them.

The default portals can provide visibility into the opportunities to reduce waste, but they are typically limited by several factors, including:

1

The people who typically have access to information are not those who are motivated by commercials.

2

Out of the box reporting – from native and many third-party tools – is not always useful. Huge numbers of saving recommendations of low value are a false economy.

3

Opportunities need to be meaningful and qualified. Just because an opportunity exists, it does not mean it is right to pursue it. For example, there will always be a need for performance overheads in critical resources or carry a float of licensing to be able to rapidly onboard additional users.

4

Once agreed, action to realise optimisation opportunities needs to be taken. This is often at the hands of technical resources who have high workloads or where activity to implement automation in FinOps is not the highest priority.

All of these reasons highlight that success does not lie at the door of one group. It needs to be adopted across the organisation.

The journey to embedding successful FinOps

FinOps is a cross-functional cultural practice, which provides significant potential for failure from the various stakeholders each having other primary duties. For FinOps to be effective, leadership needs to come from a Cloud Centre of Excellence (CCoE) – an individual or team in a virtual matrix or fixed in a hierarchical function. The CCoE role is essential in driving along the path to success whether it is aligned to Finance, SAM, the CTO office, IT Operations or business functions. No matter where ultimate ownership lies, accountability and responsibility for FinOps is widespread.

For FinOps and the CCoE not to be perceived as yet another process or overhead limiting creativity, agility or innovation projects, it should be inclusive. The required infrastructure, security, data, commercial and analysis skills come from disparate groups communicating regularly. The barrier of unclear and asymmetric information needs to be overcome.

An objective of FinOps is to break down silos and assist cooperation. The FinOps Foundation movement has made great strides to support the advancement of FinOps practices – especially for IaaS and PaaS – and has an excellent reference framework. With the foundations set, a successful journey is more assured.

Insight supports and follows the principles and good practices of the FinOps Foundation in helping clients deliver tangible results. The reasons for this include the fact that FinOps:

- Shines a light on consumption and costs, with reporting and allocation at the heart of the Inform phase.
- Enables optimisation through leverage of insights to streamline operations and drive cost efficiency.
- Gives control through an operating framework of automated systems, communication, feedback and continuous improvement.

To get the most out of FinOps, it needs to be embedded culturally. This is an iterative journey combining the Inform, Optimise and Operate phases from the framework. Furthermore, the FinOps principle should be applicable across cloud services, including SaaS, and link into other governance functions, such as IT Asset Management and procurement.



The FinOps Framework

Inform

A vital element to make data meaningful to act upon reporting and enable the Optimise phase. Readily available information allows cloud financials to be understood, patterns and exceptions to be analysed, costs to be allocated and a variety of related reporting to be generated quickly. Metrics can be put in place along with simplified budgeting.

Optimise

This phase uses insights from improved information to drive efficiency. With clear data driven insights and knowledge of cloud platforms, FinOps can qualify and act on opportunities with a balance between operational excellence and cost efficiency. The main levers from ongoing monitoring are right-sizing and applying commercial levers.

Operate

With the right tooling, data is democratised and form a common base for FinOps stakeholders to have productive discussions. Combined with stakeholder management, organisations are well positioned to drive ongoing improvement, financial responsibility and support for business goals.



Insight's approach to continuous financial improvement

Insight believes that organisational change management is imperative for successful FinOps. Analysing impacts of changes, gaps and risks allows a tailored change strategy to result in delivery, adoption and maintenance of the following capabilities:

- Collect and analyse – review current cloud spend and deployment structure to uncover savings opportunities.
- Optimise costs – recommend actions, automation and technical changes to deliver savings and improve efficiency.
- Financial governance - recommend roles, reporting, processes and team alignment to effectively manage spending.
- Implementation roadmap – create a prioritised implementation roadmap for recommendations for stakeholders.
- Platform cost strategy – document the appropriate tooling, platform and overall approach to control costs.

Insight has combined its Solution Integrator experience across technical, commercial and adoption activities to curate a portfolio of services to support clients – big or small – to succeed. We provide consulting and managed services on specific topic and platform issues, as well as holistic multi-platform offerings. Examples include:

- Rapid assessments of your current position and how you can shape your path to FinOps success.
- Accelerator projects to increase your internal FinOps capabilities.
- Cost governance, billing and consumption optimisation support programmes.
- Technical services such as cost informed migration planning, technical engineering and configuration activity.
- Building and monitoring automated processes.
- Managing cloud environments.
- GreenOps and ESG support.
- Change and adoption management.

FinOps in Practice

To highlight an ongoing service from our portfolio, using Azure and M365 as an example. We rapidly consolidate your consumption data using read-only access for our FinOps engine. We democratise reporting with a wealth of standard charts and tables to facilitate chargeback, uncover optimisation opportunities and enable a range of other reporting purposes. With data transformed into practical information and democratised, it can be refined for different user group needs, including overlay reporting and alerts without making technical changes to your environment.

Alongside this, our specialist consultant will support in qualifying and building actions plans to realise optimisations across Azure and M365. Our service drives ongoing improvement and is flexible to cover related areas, such as support to adopt productivity features and advise on security topics.

Insight's approach to continuous financial improvement

A primary goal of our FinOps offering is aligned to a cost efficiency ethos. This can be to improve bottom line profitability, although more frequently it allows savings to be reinvested to either drive innovation, increase revenue or improve productivity.

We deliver business outcomes specific to your circumstances and priorities, such as:

- Demonstrable savings with reporting on returns on investment.
- Tailored reporting and cost allocation or chargeback.
- Managed purchasing and retirement activity.
- Automated cloud and SaaS management for cost efficiency within your governance framework.
- Transparency to support reporting, such as ESG.

All of the above lead towards sustainable competitive advantage for you.

For more information, check out our solution briefs, which delve into more detail to help you unlock potential in your FinOps journey:

[Azure Cost
Governance Service](#)

[FinOps
Accelerator Service](#)

[FinOps
Assessment Service](#)

