

# FinOps Ready™



# Why is FinOps Important?

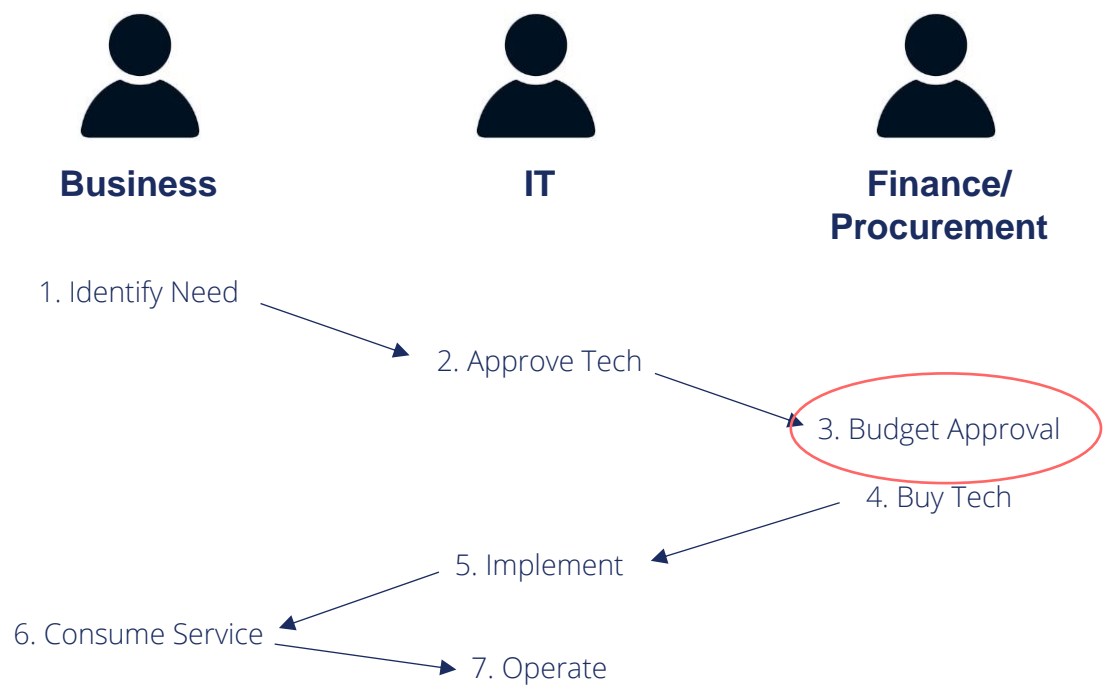
- ✦ 91% of companies report wasted cloud spending\*
- ✦ Contributing factors:
  - ✦ Lack of needed skills
  - ✦ Over provisioning of resources
  - ✦ Idle or underused resources
  - ✦ Inability to automate enforcement of policies/regulations
  - ✦ Lack of expiration date on temporary cloud resources



# How did FinOps Become So Important?

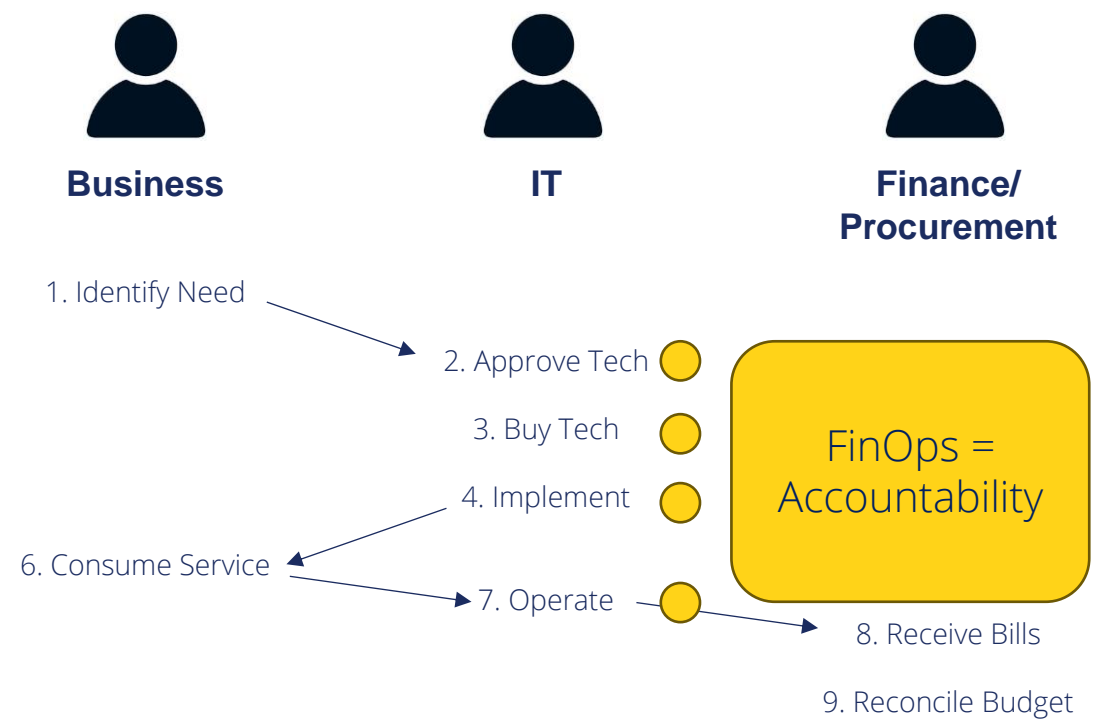


## Old Capex Model



Cost fixed based on Depreciation of Capital Spent

## New Opex Model



Cost variable based on Actual Consumption

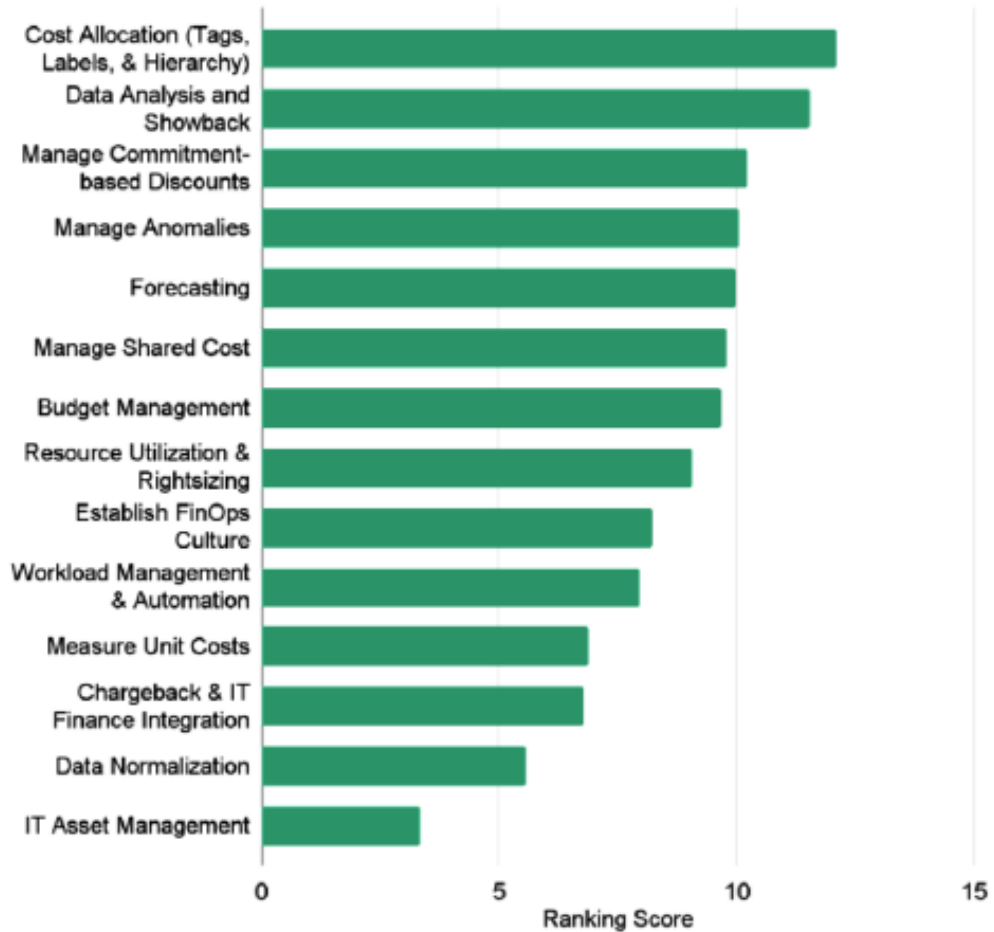
# What is FinOps?



- ◆ Goal: Track Dollars Spent to ROI
- ◆ Accountability to Value
- ◆ Requires Cultural Shift
  
- ◆ Pillars of FinOps:
  - ◆ Visibility (Cost Management, Unit Economics)
  - ◆ Optimization (Cost, Workload, Data Driven Decision Making)
  - ◆ Governance (Policies, Accountability)



# Most Important FinOps Capabilities



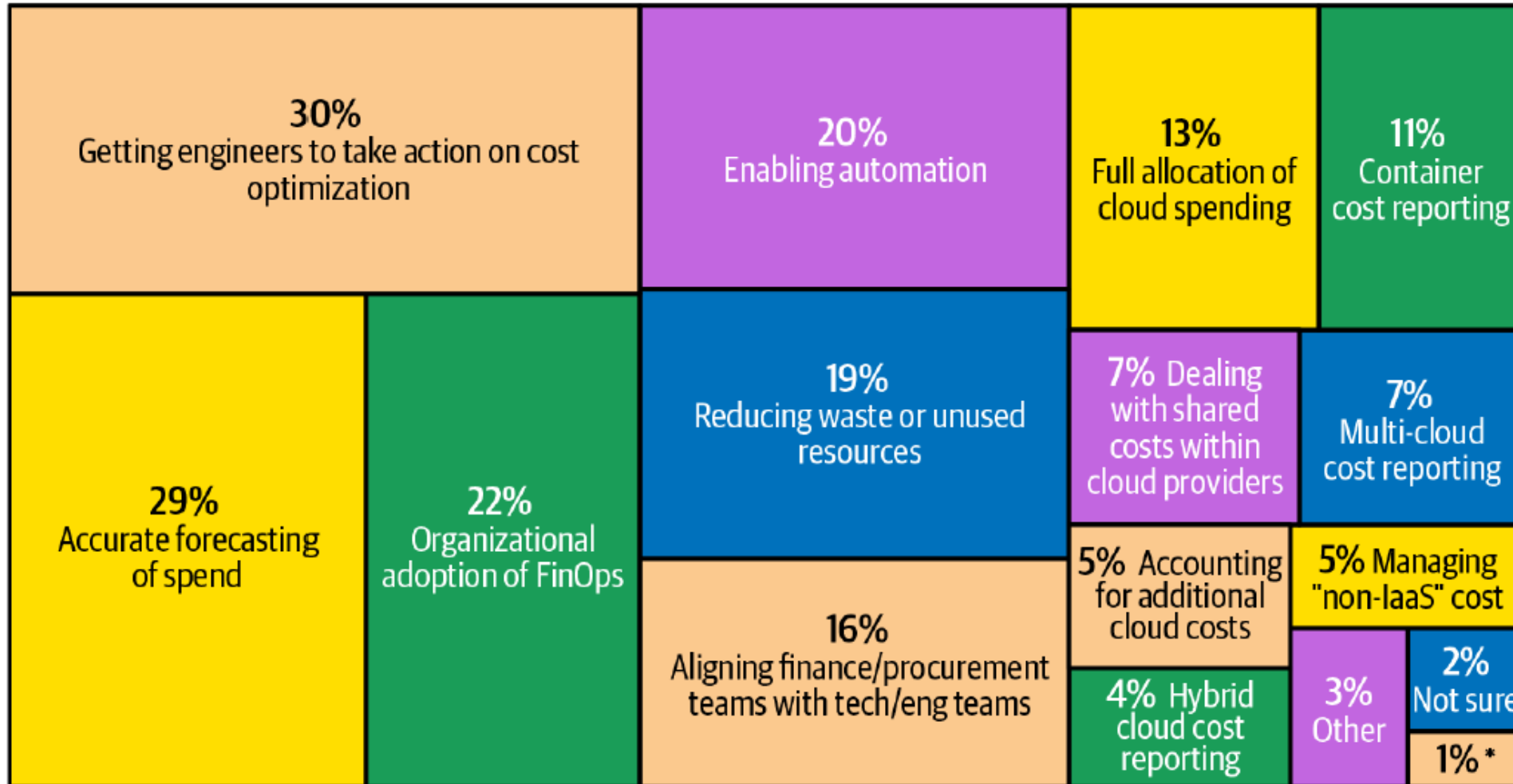
**Top 4 capability priorities**

1. Cost Allocation
2. Data Analysis & Showback
3. Manage Commitment Based Discounts
4. Manage Anomalies

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# Top Pain Points for Cloud Management

(Respondents selected two; answers total more than 100%)



Source: FinOps Foundation State of FinOps Report

\*Multi-currency reporting

# FinOps Concepts and Overview

## FinOps Framework

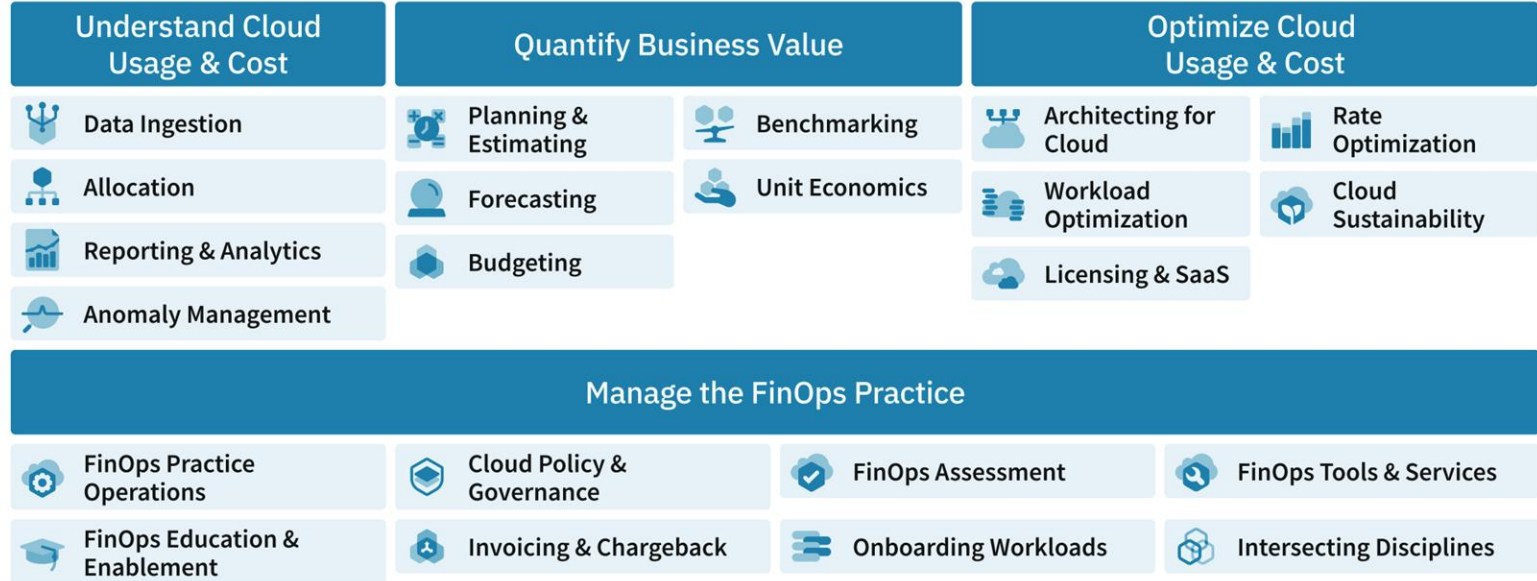
FinOps is an operational framework and cultural practice which maximizes the business value of cloud, enables timely data-driven decision making, and creates financial accountability through collaboration between engineering, finance, and business teams.



### Principles

- Teams need to collaborate
- Decisions are driven by business value of cloud
- Everyone takes ownership for their cloud usage
- FinOps data should be accessible and timely
- A centralized team drives FinOps
- Take advantage of the variable cost model of the cloud

### Domains & Capabilities



### FinOps.org

### Core Personas



### Allied Personas



### Phases



### Maturity



# FinOps Maturity Model



## Crawl



## Walk



## Run

### Characteristics

- Very little reporting and tooling
- Measurements only provide insight into the benefits of maturing the capability
- Basic KPIs set for the measurement of success
- Basic processes and policies are defined around the capability
- Capability is understood but not followed by all the major teams within the organization
- Plans to address “low hanging fruit” – focus on cost savings
- Establish alignment across Organization

- FinOps capability is understood and mostly followed within the organization
- Difficult edge cases are identified but decision to not address them is adopted
- Automation and/or processes cover most of the FinOps capability requirements
- Most difficult edge cases (ones that threaten the financial well-being of the organization) are identified and effort to resolve has been estimated
- Medium to high goals/KPIs set on the measurement of success

- Capability is understood and followed by all teams within the organization
- Difficult edge cases are being addressed
- Very high goals/KPIs set on the measurement of success
- Automation is the preferred approach
- Full attribution of business value to cloud spend and accountability throughout the organization

### Business Outcomes / Maturity Measurement

- Start focusing on cost savings opportunities
- Should be able to allocate at least 50% of cloud spend
- Resource-based commitments discount target coverage of approximately 60%
- Forecast spend to actual spend accuracy to a maximum variance of 20%

- Should be able to allocate at least 80% of cloud spend
- Resource-based commitments discount target coverage is approximately 70%
- Forecast spend to actual spend accuracy to a maximum variance of 15%

- Greater than 90% of spend can be allocated
- Resource-based commitments discount target coverage is approximately 80%
- Forecast spend to actual spend accuracy to a maximum variance of 12%



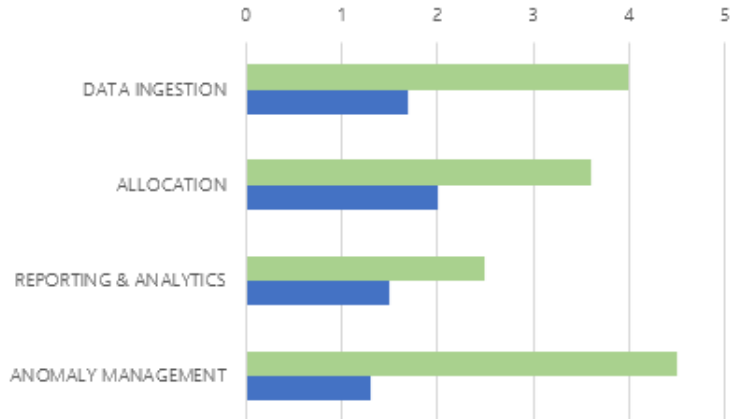
# Assess FinOps Maturity Assessment to Identify Gaps



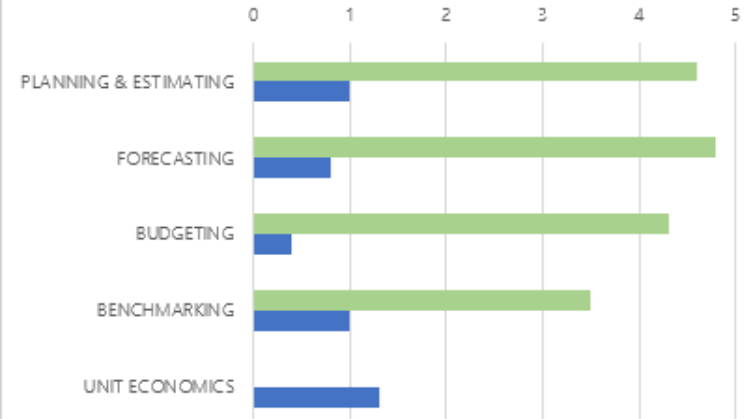
## FINOPS READY™ FINOPS MATURITY ASSESSMENT



### COST MANAGEMENT

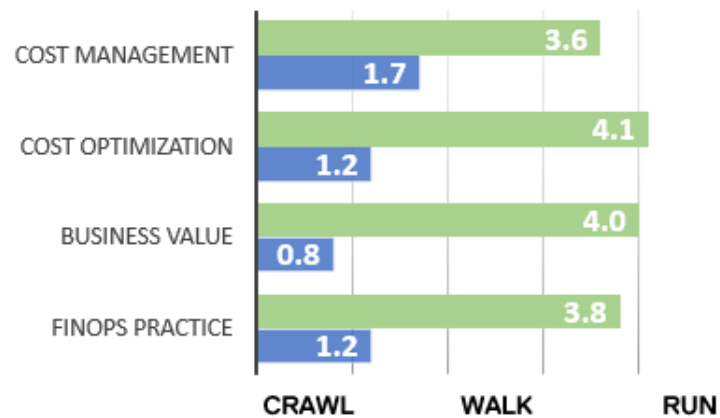


### BUSINESS VALUE

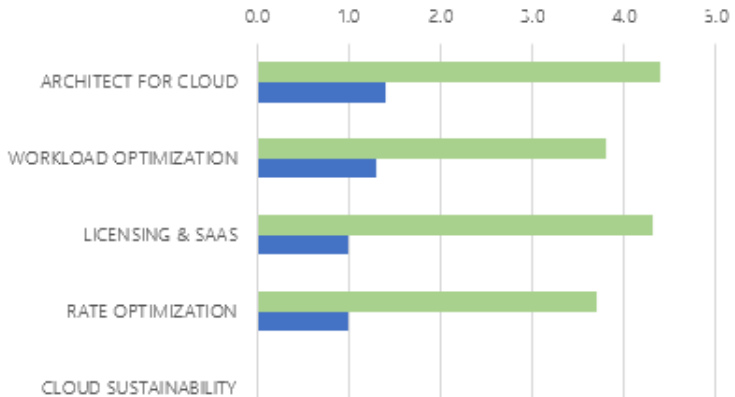


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## OVERVIEW



### COST OPTIMIZATION



### FINOPS PRACTICE

