

Kyndryl FinOps

Driving financial accountability across technology, business, and finance

Kyndryl works with you to
build your FinOps capability.



We advise



We implement



We operate
and optimize

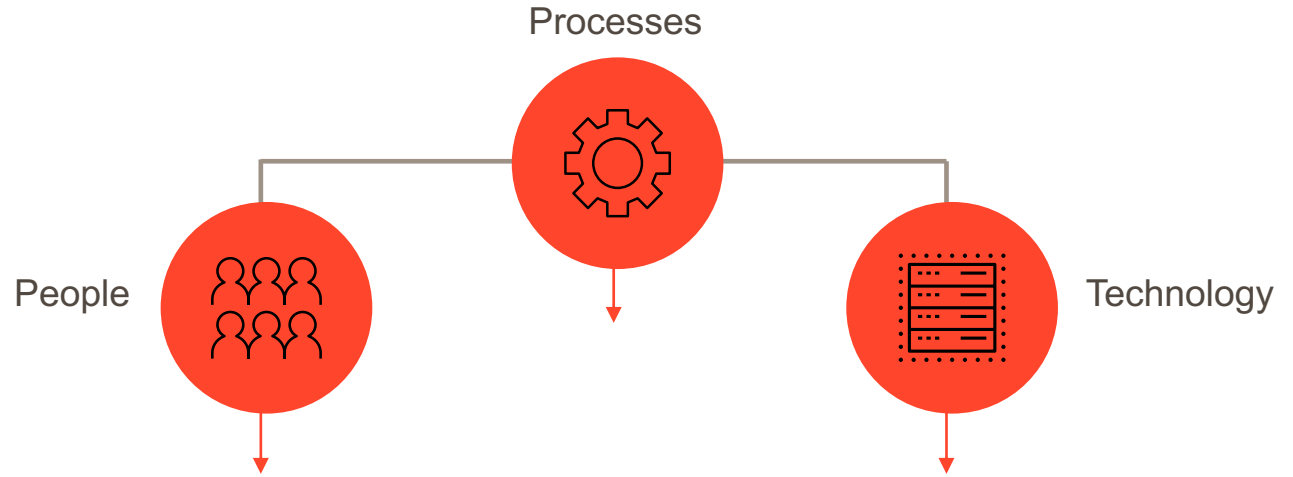
Kyndryl's FinOps point of view

Kyndryl ModernOps – The Smarter Operating Model

ModernOps is an operating model that focuses on our clients' digital journeys and desired outcomes. We integrate people, processes, and technology to deliver solutions that iterate on where our customers are today, where they need to go, and the steps that are needed for the transformation

ModernOps is:

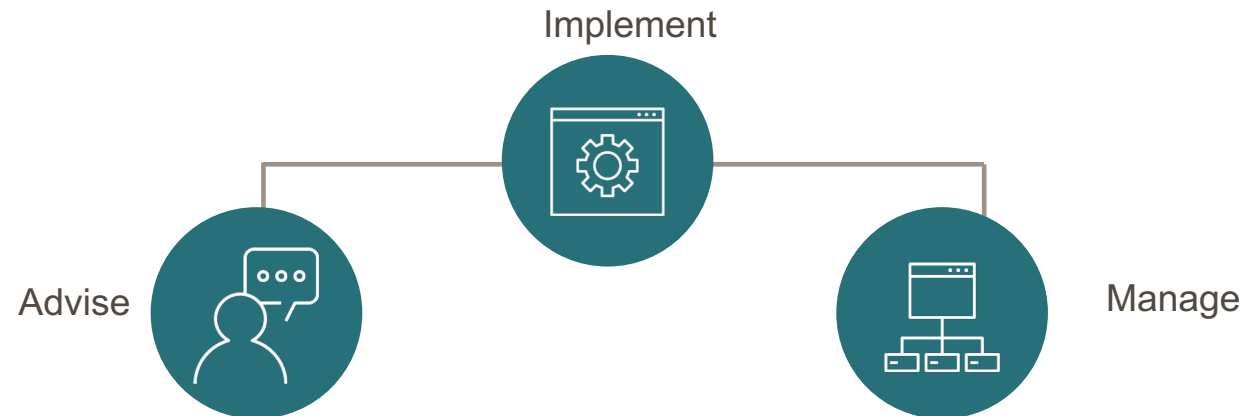
- Data-driven
- Outcome-oriented
- Standardized, yet flexible
- Lean and integrated



Our experts identify where you are on your journey, and we help chart the path forward

We leverage our proven **processes** and assets to design and build solutions for your transformation

We iteratively deploy and operate innovative **technology** and services to help you sustain the transformed state



IT decision makers express concern over control and predictability of the Cloud cost

Security / governance

57%

cannot easily identify why they have security issues¹

47%

say operating model doesn't enable quick decisions on changes to the business¹

Cost

48%

struggle to control and predict IT costs in the cloud¹

70%

of G1000 will increase FinOps maturity within their IT discipline²

Tools / talent

80%

identify lack of resource/expertise as a cloud challenge³

42%

said they do not have the right skillset¹

Strategy

61%

Say their current technology does not allow them to sufficiently modernize operations¹

64%

manage/optimize costs of cloud is central IT's priority³

As a result, cloud adoption slows/stalls, and innovation suffers

1. [Forrester opportunity snapshot | February 2023 \(Kyndryl sponsored report\)](#)
2. [IDC "FutureScape: Worldwide Cloud 2023 Predictions" \(#US48602322\), October 2022](#)
3. [Flexera 2023 State of the Cloud Report](#)

Market - What is FinOps

FinOps is the intersection of **finance, business, & technology** to drive financial accountability to the edge and create a cost-conscious culture to help maximize return on IT investment

Diversification

Enable the enterprise to leverage multiple suppliers cost effectively across the entirety of IT environment: Data Center, Private Cloud, Public Cloud

Balance

Balance of spend vs governance to achieve optimal business outcomes

Cross-functional Collaboration

Breaking down the silos between technical, functional, finance and purchasing teams and working in a squad towards same KPIs

Smart Hybrid IT Spend

Data-driven insights to inform most cost-effective deployments of workloads

Shift-left

Accountability and empowerment of IT spend shifts to development teams

Culture Change

Promotion & animation of good practices and financial engineering strategies within the organization

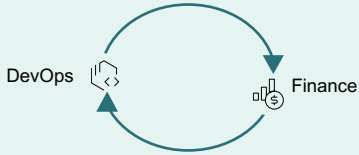


FinOps changes the way IT, finance, and business groups interact



Traditional model

An IT team that requires hardware to install an application would first present a complex business case to finance for approval and validation. If all criteria is met, then IT would proceed to order / delivery / installation / configuration of components, etc.



- Engineers requesting
- Predictable and static expenditure
- Finance approves
- Long procurement cycle
- High cost of failure



Cloud model

Cloud and DevOps have changed the dynamics of purchasing. Several product or service teams, decentralized, able to create a platform with code, automated consoles that provision resources automatically in the Cloud, without worrying about financial issues



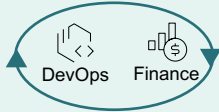
- Engineers spend money on code
- Finance without visibility
- Dynamic and less predictable spending
- Agile experimentation (low waste)
- Lack of communication



FinOps model

FinOps is fundamentally changing the way IT, finance and business groups interact to accomplish organizational goals.

FinOps brings financial accountability to the highly variable expenses of the cloud



- Engineers and finance acting together
- Financial culture throughout the organization
- Instant, predictable and transparent spending
- Agile experimentation with reasonable budgets
- Sharing, reporting and visibility on costs and expenses



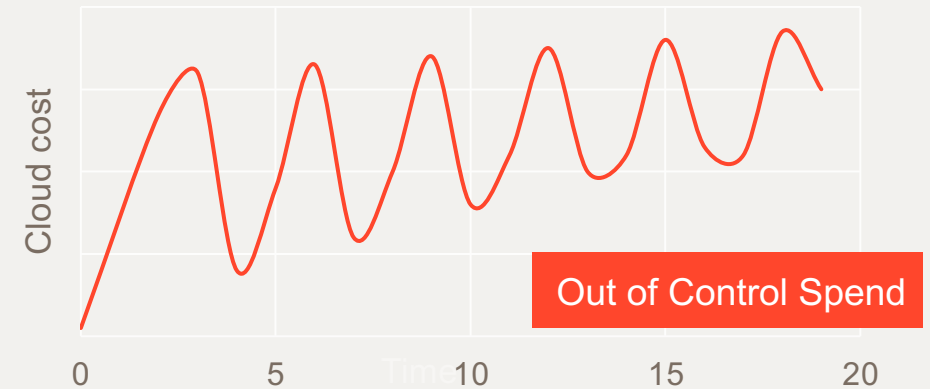
Not just a savings initiative - FinOps helps drive continuous improved outcomes

FinOps is not a fad, it is a permanent part of the cloud operating model

Reactive cloud cost optimization exhibits big improvements up front that tend to diminish over time

- These optimization efforts must be maintained to be sustained
- What's more, the focus on cost efficiency rarely diminishes. The horizon is always moving, and the environment to be optimized is dynamic (by design)
- Therefore, you need cost optimization to be imbedded in the cloud operating model

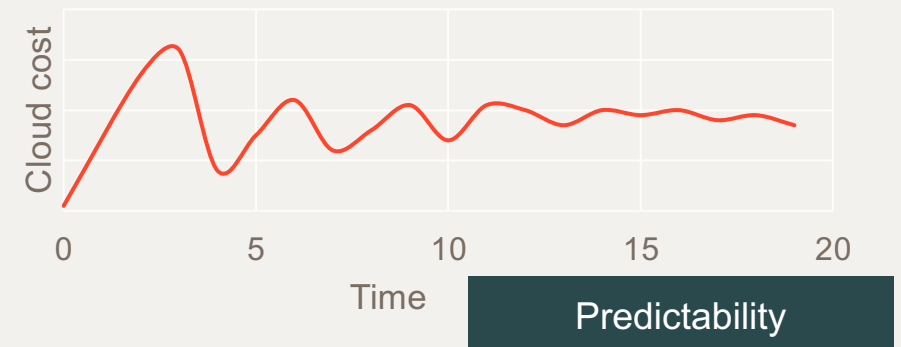
Cloud Cost Optimization – Reactive



FinOps is the **Systemic** approach to cloud cost optimization

- Continuous operational refinement and automation
- Provide predictable, reliable and continually optimized cloud consumption and operations
- Strategic spending with a balance of speed, quality, and cost to achieve the optimal business outcomes

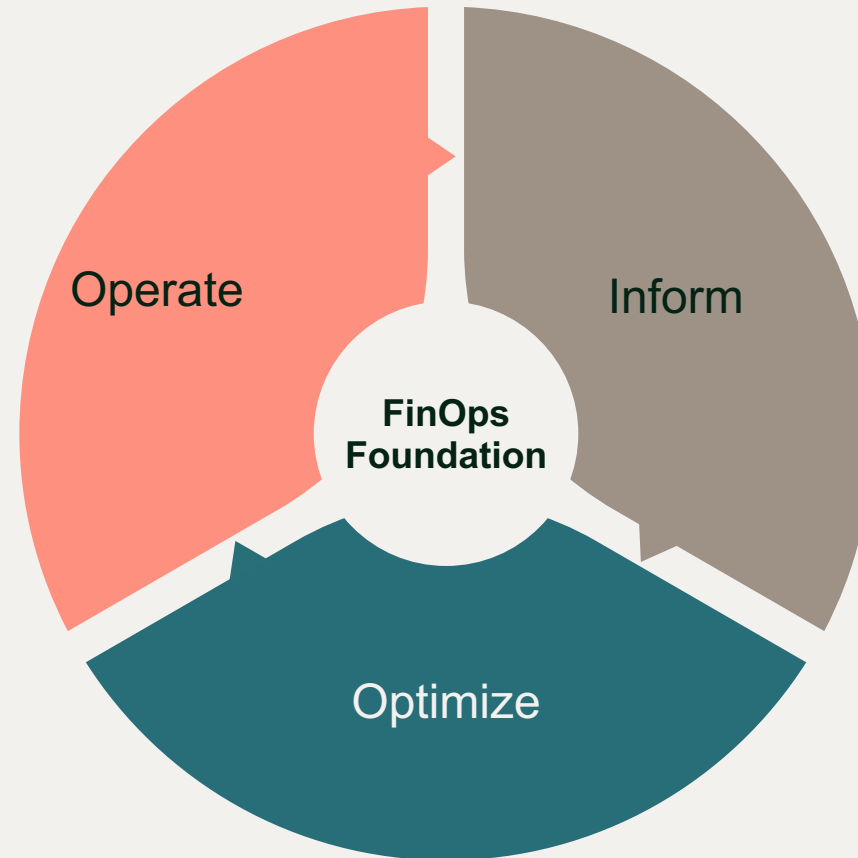
Cloud Cost Optimization – Systemic



Achieving FinOps at scale requires continuous improvement

Operationalize optimization

- Drive optimization into the service design and use
- Implement governance across the service lifecycle, from planning to consuming, to operating to paying
- Establish and reconcile financial controls (budgets) on the front and back of the process
- Institute systemic multi-supplier governance practices



Aggregate visibility

- Measure to manage
- Visibility has immense value in that it is the first step towards transparency
- Transparency builds trust, which is fundamental in achieving transformation

Apply attribution for cost allocation

- Metadata (tagging) strategy aligned to business and operational requirements
- Tagging deployment
- Tagging compliance
- Other allocation approaches: by algorithm, by subscription, etc.

Identify and validate optimization opportunities:

- **By inspection:** good data drives good decisions
- **By exception:** automate using policies
- **By algorithm:** AI/ML to identify optimization opportunities

Why Kyndryl

End-to-end Value Chain

Advisory -> Transformation (Function) & Implementation (Kyndryl CAM) -> Operation & Continuous Improvement

Alliances

Close partnerships with major hyperscalers provide:

- Rich experience and best-practices for architecting and optimizing hyperscaler environments to drive business value
- Deep understanding of hyperscaler-specific cost models

Multi-Cloud

Ability to combine hyperscaler-specific cost models and tooling with Kyndryl CAM and/or 3rd party FinOps tools into powerful solutions to plan and manage costs in complex, multi-cloud environments

Deep Insights

Many years of architecting and operating complex, hybrid customer IT environments provide deep insights into:




- The interplay between technology and costs
- IT cost models and cost management
- Ability to extend FinOps models beyond dynamic, cloud-driven costs to include traditional IT costs

How we deliver

The Kyndryl FinOps maturity model helps us describe the journey

FinOps Framework by FinOps Foundation

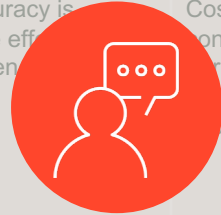
FinOps Client Maturity Map

		Inform		Optimize	Operate
		Visibility	Allocation		
FinOps Client Maturity Map	Innovative	Future spend can be forecast based on business plan(s) in addition to deterministic analysis of the data	The enterprise has determined how it will automate the attribution/allocation spend of shared services The enterprise has determined how it will attribute/allocate the cost of services that cannot be tagged	Optimization candidates are continuously determined by observable data and automatically acted upon by the system	
	Systemic 	Enterprise-wide cloud spend & usage is understood, continuously updated & disseminated. Forecast accuracy is continuously measured The effectiveness of visibility is managed by benchmarked KPIs	Cost center managers can actively manage their cloud spend Cost center managers forecast accuracy is continuously measured. The effectiveness of attribution is managed by benchmarked KPIs Process & technology is in place to prevent exceptions to attribution of cloud spend	Optimization candidates are continuously determined by observable data, disseminated and can be acted upon by the cost center at scale. The effectiveness of optimization is managed by benchmarked KPIs Anomalies in cloud spend & usage patterns can be recognized. The data and experience exists to strategically leverage supplier volume programs	FinOps is operationalized within the enterprise. The enterprise has a balanced scorecard of collective KPIs that are tracked against enterprise objectives and industry benchmarks The data and experience exists to recognize deviations from the new / realized steady state
	Proactive 	Enterprise-wide cloud spend & usage is understood & disseminated without allocation. A baseline of spend is understood and enterprise-wide cloud spend can be forecast with a degree of accuracy	Cost center managers are made aware of their spend & usage. A baseline of spend for each business unit is understood and can be forecast with a degree of accuracy The business can govern and remediate attribution of cloud spend	Optimization candidates are determined by observable data The enterprise has a validated process to enable a business unit to optimize their cloud spend	The enterprise has determined the need for an integrated operating model (people, process & technology) to manage their cloud spend and usage Select Cost center managers are enabled to optimize their cloud spend
	Reactive 	Enterprise-wide cloud spend is understood (but usage isn't) by select back-office roles & can be used to "guesstimate" future spend	The enterprise has determined how it will attribute/allocate cloud spend but hasn't deployed it at scale	Optimization candidates are determined by gut feel. The enterprise selectively/sparsely makes use of supplier volume programs. Optimization occurs in response to acute financial pressures	People, Process & Technology to manage cloud spend is allocated on an as-needed basis, focused mainly on tools
	Unmanaged	Enterprise-wide cloud spend is unknown not monitored	The enterprise has not determined how it will attribute/allocate cloud spend	There is little to no attention paid to optimizing cloud spend & usage	The enterprise doesn't know how much to budget for financial governance

Our engagement framework helps the client realize their FinOps maturity goal

		Inform		Optimize	Operate
		Visibility	Allocation		
FinOps Client Maturity Map	Innovative	Future spend can be forecast based on business plan(s) in addition to deterministic analysis of the data.	The enterprise has determined how it will automate the attribution/allocation spend of shared services. The enterprise has determined how it will attribute/allocate the cost of services that cannot be tagged.	Optimization candidates are continuously determined by observable data and automatically acted upon by the system.	
	Systemic	Enterprise-wide cloud spend & usage is understood, continuously updated & disseminated. Forecast accuracy is continuously measured. The effectiveness of visibility is managed by benchmarking against enterprise objectives and KPIs.	Cost center managers can actively manage their cloud spend. Cost center managers forecast accurately & continuously measured. The effectiveness of attribution is managed by benchmarking process & technology is in place to address exceptions to attribution of cloud spend.	Optimization candidates are continuously determined by observable data & disseminated and can be acted upon by the cost center at scale. The effectiveness of optimization is managed by benchmarked KPIs. Anomalies in cloud spend & usage patterns can be recognized. The data and experience exists to strategically leverage supplier volume programs.	FinOps is fully realized within the enterprise. The enterprise has a balanced board of collective KPIs that are against enterprise objectives and benchmarks. The data and experience exists to recognize deviations / realized steady state.
	Proactive	Enterprise-wide cloud spend & usage is understood & disseminated without allocation. A baseline of spend is understood and enterprise-wide cloud spend can be forecast with a degree of accuracy.	Cost center managers are made aware of their spend & usage. A baseline of spend for each business unit is understood and can be forecast with a degree of accuracy. The business can govern and remediate attribution of cloud spend.	Optimization candidates are determined by observable data. The enterprise has a validated process to enable a business unit to optimize their cloud spend.	The enterprise has determined the need for an integrated operating model (people, process & technology) to manage their cloud spend and usage. Select Cost center managers are enabled to optimize their cloud spend.
	Reactive	Enterprise-wide cloud spend is understood (but usage isn't) by select back-office roles & can be used to "guesstimate" future spend.	The enterprise has determined how it will attribute/allocate cloud spend but hasn't deployed it at scale.	Optimization candidates are determined by gut feel. The enterprise selectively/sparingly makes use of supplier volume programs. Optimization occurs in response to acute financial pressures.	People, Process & Technology to manage cloud spend is allocated on an as-needed basis, focused mainly on tools.
	Unmanaged	Enterprise-wide cloud spend is unknown not monitored.	The enterprise has not determined how it will attribute/allocate cloud spend	There is little to no attention paid to optimizing cloud spend & usage.	The enterprise doesn't know how much to budget for financial governance.

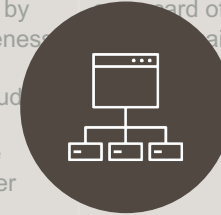
Advise



Implement (Iterative)



Operate (Continuous)



Kyndryl Cloud Financial Operations - Advise



We identify where you are (the **diagnostic assessment**), where you need to be (the **plan**), and how to get from here to there (the **design**)

*developed from [FinOps Foundation](#) maturity model

		Inform		Optimize	Operate
		Visibility	Allocation		
FinOps Client Maturity Map	Innovative	Future spend can be forecast based on business plan(s) in addition to deterministic analysis of the data.	The enterprise has determined how it will automate the attribution/allocation spend of shared services. The enterprise has determined how it will attribute/allocate the cost of services that cannot be tagged.	Optimization candidates are continuously determined by observable data and automatically acted upon by the system.	To-be
	Systemic	Enterprise-wide cloud spend & usage is understood, continuously updated & disseminated. Forecast accuracy is continuously measured. The effectiveness of visibility is managed by benchmarked KPIs.	Cost center managers can actively manage their cloud spend. Cost center managers forecast accuracy is continuously measured. The effectiveness of attribution is managed by benchmarked KPIs. Process & technology is in place to prevent exceptions to attribution of cloud spend.	Optimization candidates are continuously determined by observable data, disseminated and can be acted upon by the cost center at scale. The effectiveness of optimization is managed by benchmarked KPIs. Anomalies in cloud spend & usage patterns can be recognized. The data and experience exists to strategically leverage supplier volume programs.	
	Proactive	Enterprise-wide cloud spend & usage is understood & disseminated without allocation. A baseline of spend is understood and enterprise-wide cloud spend can be forecast with a degree of accuracy.	Cost center managers are made aware of their spend & usage. A baseline of spend for each business unit is understood and can be forecast with a degree of accuracy. The business can govern and remediate attribution of cloud spend.	Optimization candidates are determined by observable data. The enterprise has a validated process to enable a business unit to optimize their cloud spend.	The enterprise has determined the need for an integrated operating model (people, process & technology) to manage their cloud spend and usage. Select Cost center managers are enabled to optimize their cloud spend.
	Reactive	Enterprise-wide cloud spend is understood (but usage isn't) by select back-office roles & can be used to "guesstimate" future spend.	The enterprise has determined how it will attribute/allocate cloud spend but hasn't deployed it at scale.	Optimization candidates are determined by gut feel. The enterprise selectively/sparsely makes use of supplier volume programs. Optimization occurs in response to acute financial pressures.	People, Process & Technology to manage cloud spend is allocated on an as-needed basis, focused mainly on tools.
	Unmanaged	Enterprise-wide cloud spend is unknown not monitored.	The enterprise has not determined how it will attribute/allocate cloud spend	There is little to no attention paid to optimizing cloud spend & usage.	The enterprise doesn't know how much to budget for financial governance.

As-is

Kyndryl Cloud Financial Operations - Implement



In an iterative fashion, we implement the applicable **technology** and **processes** to move you along the journey

*developed from [FinOps Foundation](#) maturity model

		Inform		Optimize	Operate
		Visibility	Allocation		
FinOps Client Maturity Map	Innovative	Future spend can be forecast based on business plan(s) in addition to deterministic analysis of the data.	The enterprise has determined how it will automate the attribution/allocation spend of shared services. The enterprise has determined how it will attribute/allocate the cost of services that cannot be tagged.	Optimization candidates are continuously determined by observable data and automatically acted upon by the system.	To-be
	Systemic	Enterprise-wide cloud spend & usage is understood, continuously updated & disseminated. Forecast accuracy is continuously measured. The effectiveness of visibility is managed by benchmarked KPIs.	Cost center managers can actively manage their cloud spend. Cost center managers forecast accuracy is continuously measured. The effectiveness of attribution is managed by benchmarked KPIs. Process & technology is in place to prevent exceptions to attribution of cloud spend.	Optimization candidates are continuously determined by observable data, used at scale. The effectiveness of optimization is managed by benchmarked KPIs. Anomalies in cloud spend usage patterns can be recognized. The data and experience exists to strategically leverage supplier volume programs.	FinOps is operationalized within the enterprise. The enterprise has a balanced scorecard of collective KPIs that are tracked against enterprise objectives and industry benchmarks. The data and experience exists to recognize deviations from the new / realized steady state.
	Proactive	Enterprise-wide cloud spend & usage is understood & disseminated without allocation. A baseline of spend is understood and enterprise-wide cloud spend can be forecast with a degree of accuracy.	Cost center managers are made aware of their spend & usage. A baseline of spend for each business unit is understood. The business can govern and remediate attribution of cloud spend.	Optimization candidates are determined by observable data. The enterprise has a validated process to enable a business unit to optimize their cloud spend.	The enterprise has determined the need for an integrated operating model (people, process & technology) to manage their cloud spend and usage. Select Cost center managers are enabled to optimize their cloud spend.
	Reactive	Enterprise-wide cloud spend is understood (but usage isn't) by select back-office roles & can be used to "guesstimate" future spend.	The enterprise has determined how it will attribute/allocate cloud spend but hasn't deployed it at scale.	Optimization candidates are determined by gut feel. The enterprise selectively/sparingly makes use of supplier volume programs. Optimization occurs in response to acute financial pressures.	People, Process & Technology to manage cloud spend is allocated on an as-needed basis, focused mainly on tools.
	Unmanaged	Enterprise-wide cloud spend is unknown not monitored.	The enterprise has not determined how it will attribute/allocate cloud spend	There is little to no attention paid to optimizing cloud spend & usage.	The enterprise doesn't know how much to budget for financial governance.

As-is

Kyndryl Cloud Financial Operations - Operate

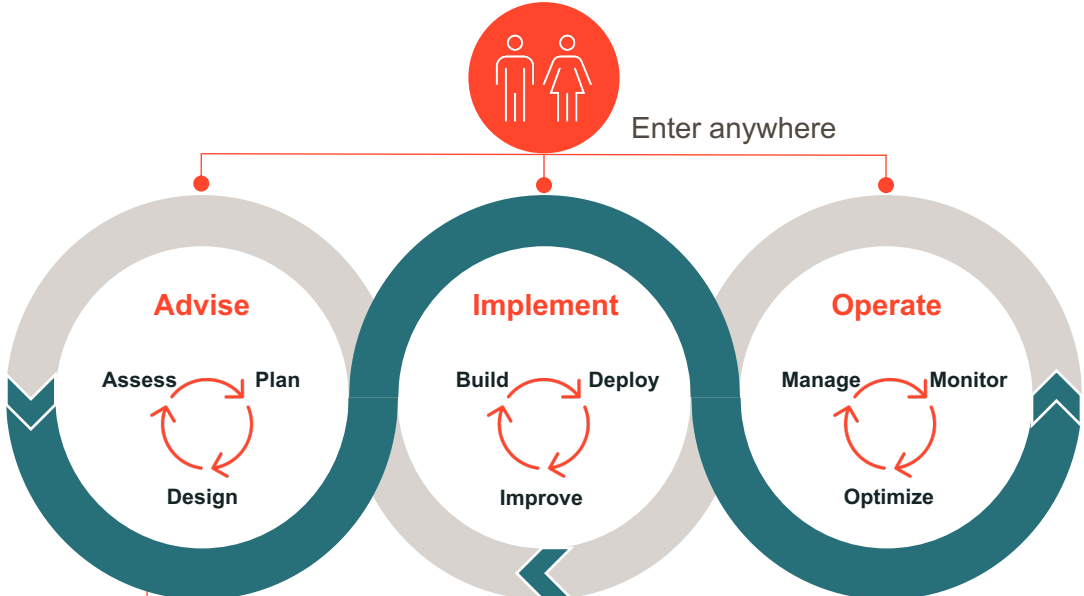


After the new capability is sustainable, we will **monitor** and **optimize** the solution for continuous improvement. This helps you to achieve **maximum value**.

*developed from [FinOps Foundation](#) maturity model

		Inform		Optimize	Operate	
		Visibility	Allocation			
FinOps Client Maturity Map	Innovative	Future spend can be forecast based on business plan(s) in addition to deterministic analysis of the data.	The enterprise has determined how it will automate the attribution/allocation spend of shared services. The enterprise has determined how it will attribute/allocate the cost of services that cannot be tagged.	Optimization candidates are continuously determined by observable data and automatically acted upon by the system.		
	Systemic	Enterprise-wide cloud spend & usage is understood, continuously updated & disseminated. Forecast accuracy is continuously measured. The effectiveness of visibility is managed by benchmarked KPIs.	Cost center managers can actively manage their cloud spend. Cost center managers forecast accuracy is continuously measured. The effectiveness of attribution is managed by benchmarked KPIs. Process & technology is in place to prevent exceptions to attribution of cloud spend.	Optimization candidates are continuously determined by observable data, disseminated and can be acted upon by the enterprise. The enterprise has a balanced scorecard of cloud spend KPIs that are tracked against business objectives and anomalies in cloud spend & usage patterns can be recognized. The data and experience exists to strategically leverage supplier volume programs.		
	Proactive	Enterprise-wide cloud spend & usage is understood & disseminated without allocation. A baseline of spend is understood and enterprise-wide cloud spend can be forecast with a degree of accuracy.	Cost center managers are made aware of their spend & usage. A baseline of spend for each business unit is understood and can be forecast with a degree of accuracy. The business can govern and remediate attribution of cloud spend.	Optimization candidates are determined by observable data. The enterprise has a validated process to enable a business unit to optimize their cloud spend.		The enterprise has determined the need for an integrated operating model (people, process & technology) to manage their cloud spend and usage. Select Cost center managers are enabled to optimize their cloud spend.
	Reactive	Enterprise-wide cloud spend is understood (but usage isn't) by select back-office roles & can be used to "guesstimate" future spend.	The enterprise has determined how it will attribute/allocate cloud spend but hasn't deployed it at scale.	Optimization candidates are determined by gut feel. The enterprise selectively/sparsely makes use of supplier volume programs. Optimization occurs in response to acute financial pressures.		People, Process & Technology to manage cloud spend is allocated on an as-needed basis, focused mainly on tools.
	Unmanaged	Enterprise-wide cloud spend is unknown not monitored.	The enterprise has not determined how it will attribute/allocate cloud spend	There is little to no attention paid to optimizing cloud spend & usage.		The enterprise doesn't know how much to budget for financial governance.

What is our solution - engagement framework for the client journey



Services

<p>Advise</p> <p>1. 2-weeks Rapid Assessment</p>	<p>Advise</p> <p>Strategic Planning and Design</p>	<p>Implement</p> <p>1. 6-weeks QuickStart Implementation</p> <p>2. Standard Implementation</p> <p>3. Co-development / Custom</p>	<p>Operate</p> <p>1. Basic Operate (managed service)</p> <p>2. Standard Operate (managed service)</p> <p>3. Co-managed / Custom</p>

Deliverable examples

<ul style="list-style-type: none"> • FinOps maturity assessment • Cloud optimization potentials • Case for change • FinOps adoption (including FinOps metrics) • FinOps architecture 	<ul style="list-style-type: none"> • FinOps organization and governance (Incl. FinOps views) • FinOps implementation of tool and operating model 	<ul style="list-style-type: none"> • Regular cadence optimization review • Continuous monitoring and optimization • Further steps across maturity model
---	--	--

Consulting-focused

Implementation-focused

Delivery-focused



The FinOps Journey (example) – Helping our clients realize sustainable improved outcomes

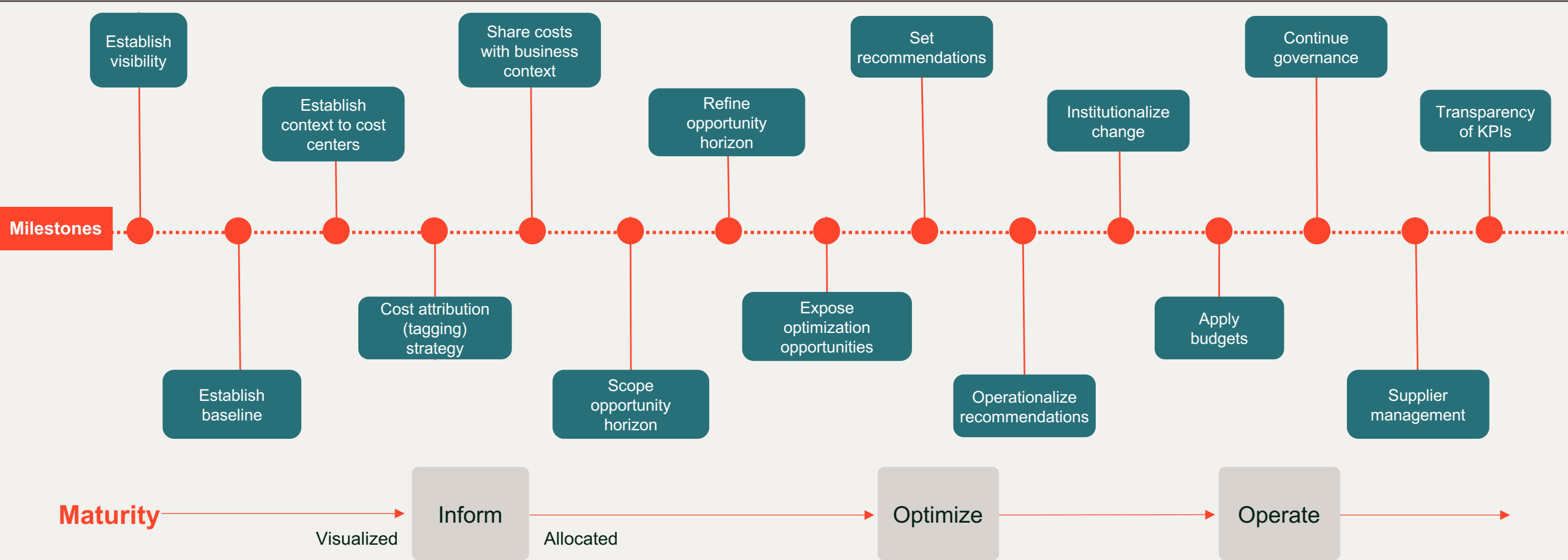
Engagement types

Diagnostic assessment

Strategic planning & design

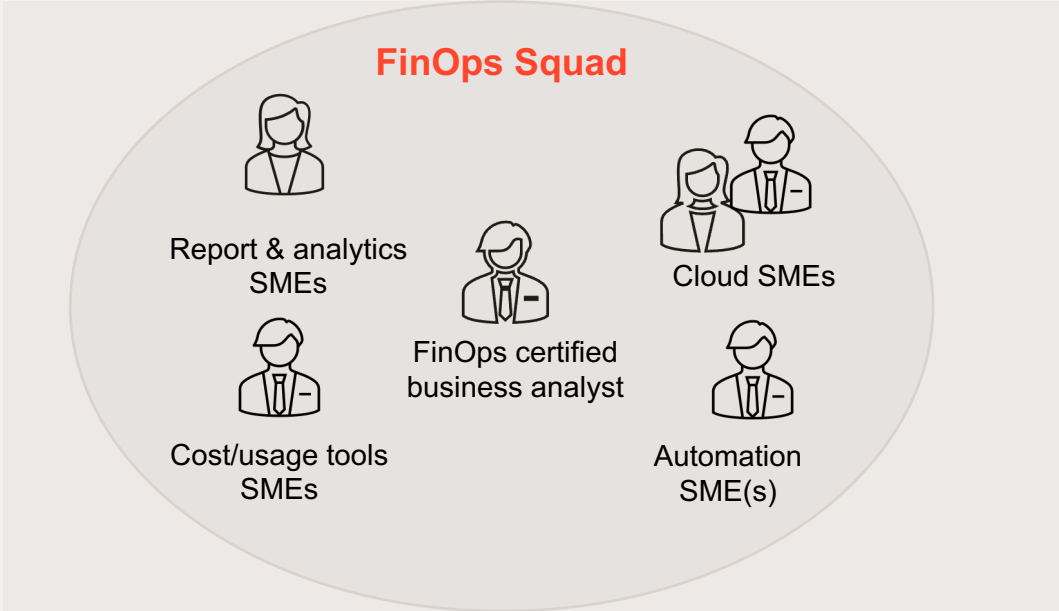
Agile co-develop / co-source

Fully-managed FinOps as-a-Service

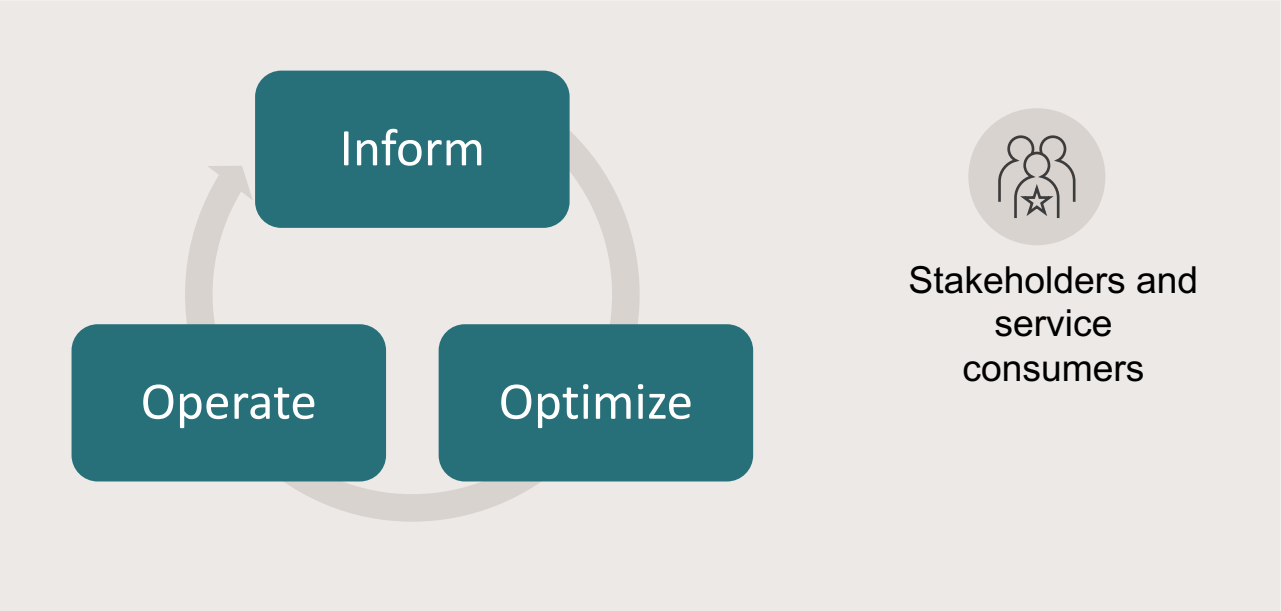


Kyndryl's agile approach to FinOps drives the transformation

We establish a cross-functional, multi-discipline FinOps squad



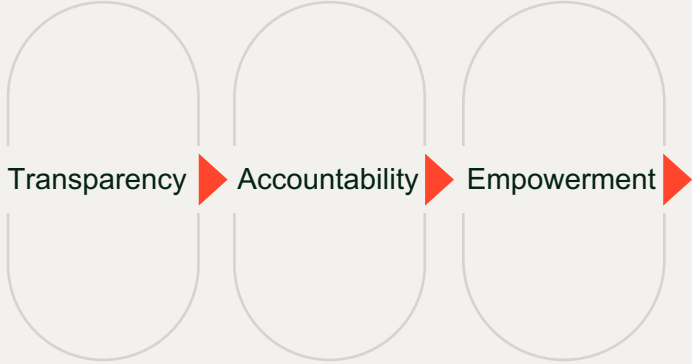
We collaborate with business stakeholders to enable the FinOps practices



We measure progress with a balanced scorecard of KPIs



We drive change with a culture of transparency, accountability, and empowerment

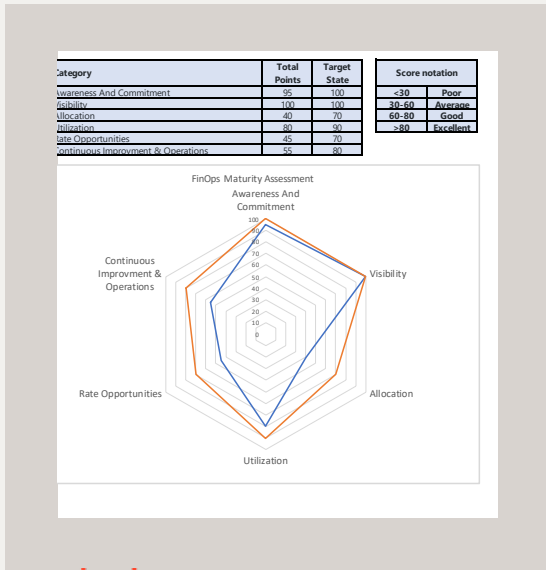
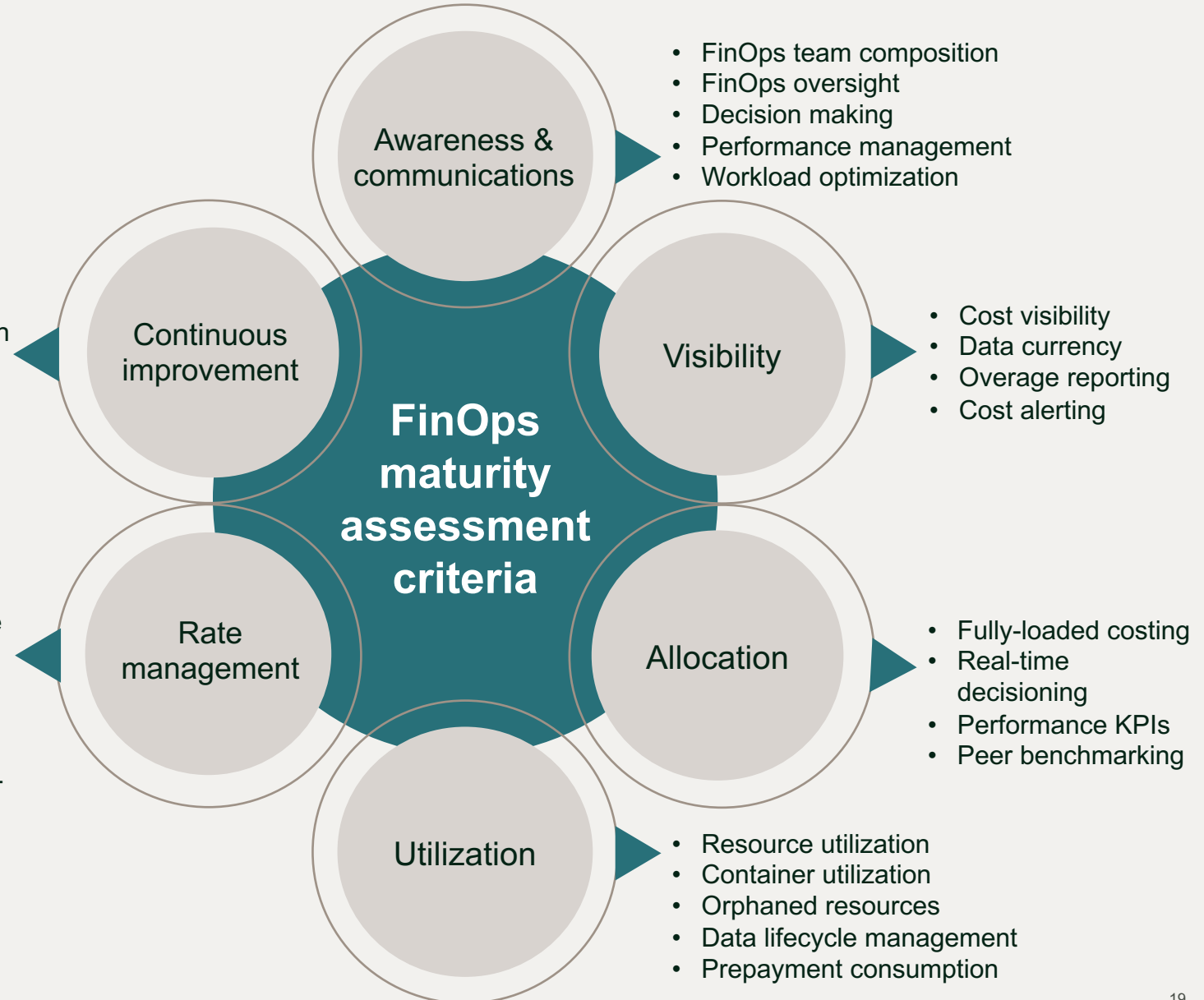


We start with a proven diagnostic assessment methodology

We assess the 6 most critical functional areas to determine organizational readiness and/or maturity for formal FinOps. Each area is reviewed and scored based on utilization of industry FinOps practices


- Policy enforcement
- Elasticity optimization
- Cost avoidance
- CI/CD
- Red/green zone optimization

- Policy & governance
- Enterprise agreements
- Private pricing agreements
- Red/green zone pre-pay
- Pre-pay oversight




Kyndryl's cloud financial governance dashboard enables the FinOps journey


IT financial management: Hybrid, data center and cloud/multi-cloud environments **Single governance view**

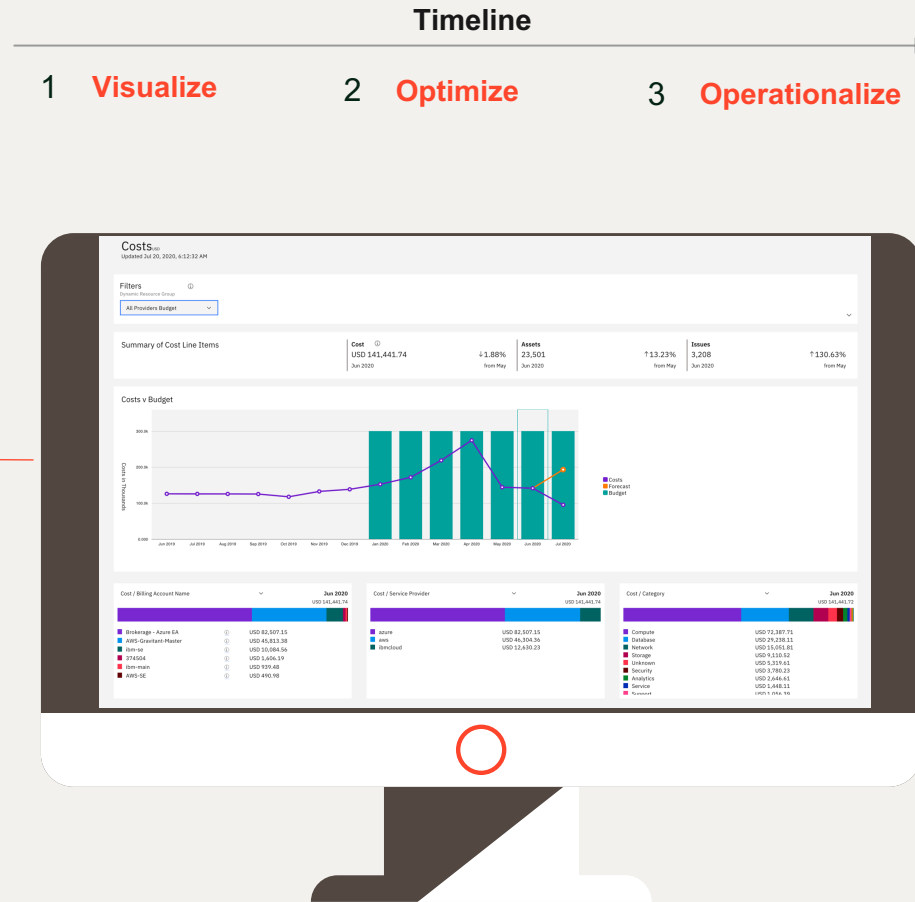
 Kyndryl and/or client IT financial controller (FinOps squads)


- Aggregate costs
- Allocate costs
- View costs by dimensions
- Visualize trends
- Recognize anomalies
- Monitor budget deviations
- Gain insights to optimization
- Leverage supplier programs


 Executives


 IT service consumer (developers, architects)

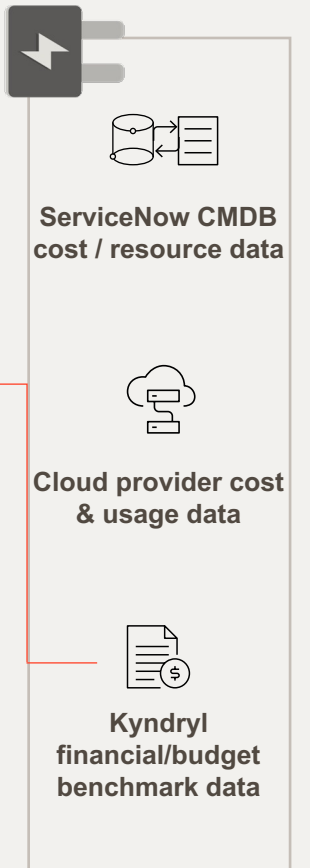
 Business units



 Kyndryl ModernOps AI

 Kyndryl ModernOps data lake of IT operational data

 Access control



Case studies

FinOps – Large North American Health Insurer

Cost optimization for cloud savings

Business challenge

Customer cloud usage was growing and maturing from traditional IaaS based services to PaaS and Serverless services. Individual application teams' provision and spend of cloud resources was out of control. Customer also had multiple sources and ways of fetching their cloud spend data.

Transformation

- Identify and aggregate data sources across multiple providers
- Develop model for automation where it's appropriate
- Generate regular cadence reports
- Collaborate with customer to implement recommended actions (rightsizing, shutdown, downsize, reserve instance, etc.)

Results

- Kyndryl's FinOps squad provide consistent consultative services while leveraging Kyndryl's cloud management platform to monitor daily cost trends and surface proactive intervention and action.
- Saved client over **\$5M USD** for the first year
- Another **\$3-5M USD** of estimated savings to be realized in year 2
- Identified **4000+ AWS instances** for cost optimization



Thank you

