Discover and Drive Action with **FinOps**

A Microsoft Solution Offer by
Tech One Global

The content of this presentation is based on the framework guidance published by the FinOps Foundation. www.finops.org

Agenda

- ▣ **Introduction to FinOps (25 minutes)**

- ▣ **FinOps lifecycle, domains, and capabilities (25 minutes)**

- ▣ **Building a FinOps culture (10 minutes)**

- ▣ **MSFT Solutions for FinOps - Lab included (80 minutes)**

- ▣ **FinOps assessment & roadmap (70 minutes)**

- ▣ **Q&A and next steps (10 minutes)**

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Introduction to FinOps

Cloud growth forecast

Organizations continue to adopt the cloud

Gartner® predicts that

by 2026 ⊕

75% of organizations will adopt a digital transformation model predicated on cloud as the fundamental underlying platform.

Gartner Press Release Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly $600 Billion in 2023 April 19, 2023

75%

2024　2025　2026

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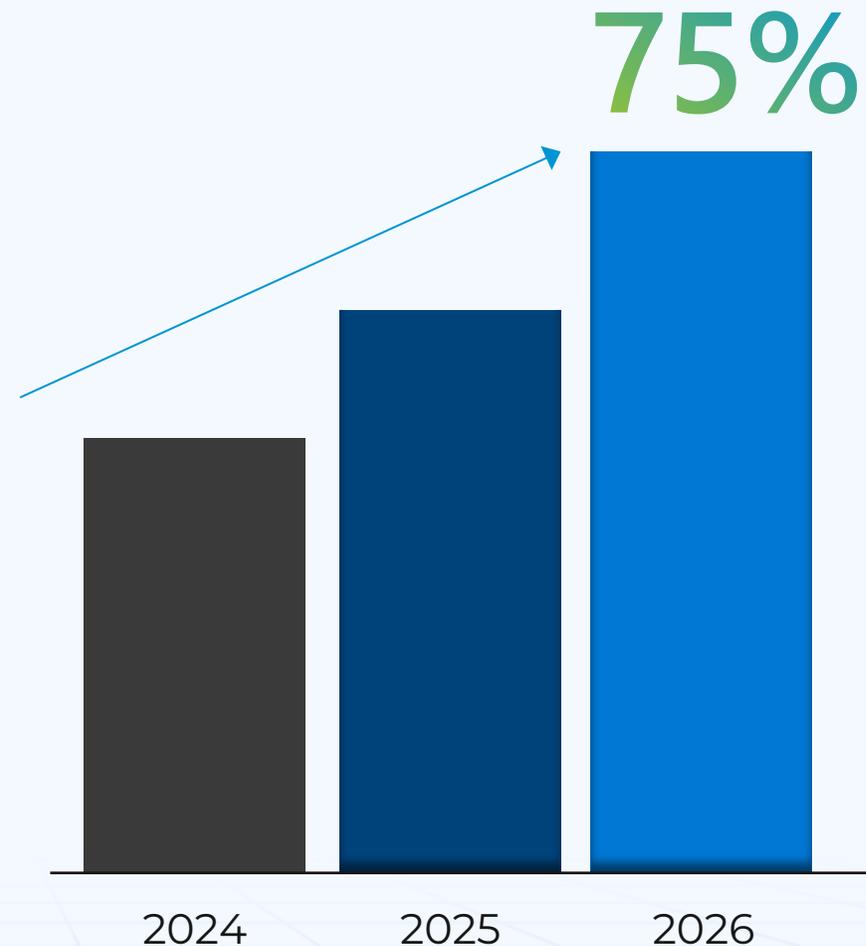
Managing costs is fundamentally different in the cloud

CAPEX Model

Centralized Decisions

Fixed Cost

Slow to Scale

On-premises
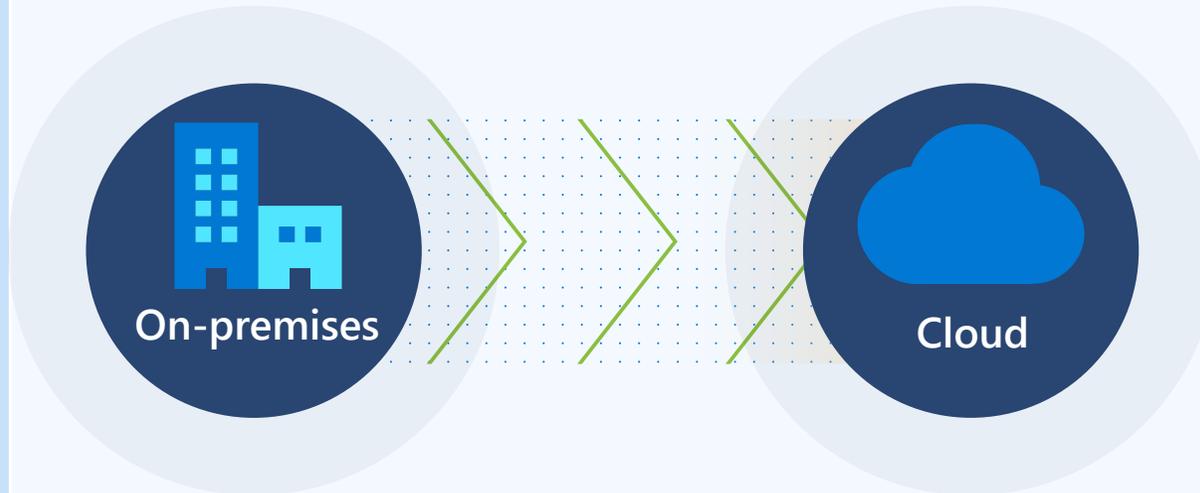
Cloud

OPEX Model

Decentralized Decisions

Variable Cost

Fast to Scale

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Benefits and challenges of managing costs in the cloud

The OPEX Model delivers many benefits...

Cost efficiency: Pay as you go

Tax benefits: Deduct operating expenses

Focus on core business: Outsource infrastructure management

Scalability: Scale resources up or down quickly

Lower TCO: Reduce maintenance, hardware, and operational costs

Reduced Risk: Avoid large upfront investments

...but also, some challenges

Cultural and Skill Shifts: Transitioning from CAPEX to OPEX might require changes in the organization's culture and skill sets.

Variable Costs: Some organizations might experience unexpected expense hikes due to the lack of governance and accountability.

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Roadmap to success

To capitalize on the benefits of the cloud, organizations need to go through an **organizational and cultural transformation** that enables their teams to leverage the **OPEX model**. To accomplish this objective, the FinOps framework provides best practices that can support this journey.

FinOps

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What is FinOps?

- ✓ Cultural practice
- ✓ Framework
- ✓ Manage cloud costs
- ✓ Maximize cloud business value

"FinOps is an evolving cloud financial management discipline and cultural practice that enables organizations to get maximum business value by helping engineering, finance, technology and business teams to collaborate on data-driven spending decisions."

 - as per FinOps Foundation Technical Advisory Council

Definition Updated: November 2021

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North star objectives - FinOps Principles
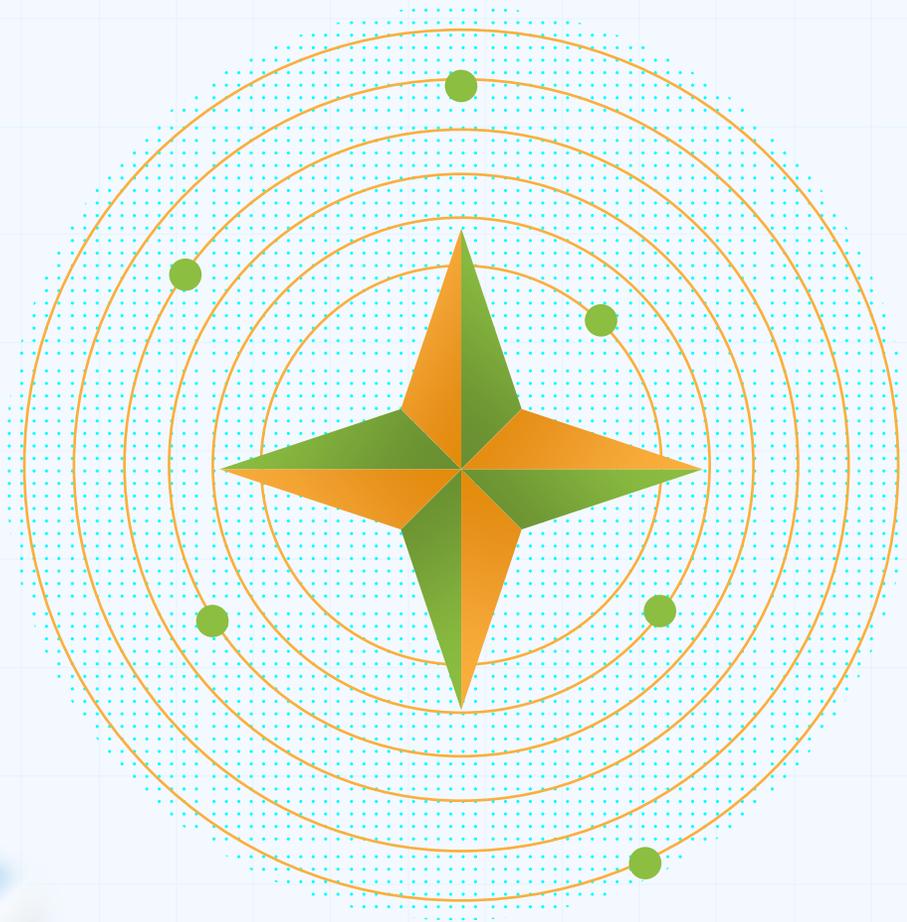
→ A centralized team drives FinOps

→ Teams need to collaborate

→ FinOps data should be accessible and timely

→ Everyone takes ownership of their cloud usage

→ Decisions are driven by the business value of cloud

→ Take advantage of the variable cost model of the cloud

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FinOps Principles at-a-glance

Teams need to collaborate

- Finance, technology, product, and business teams work together to continuously improve efficiency and drive innovation

- Break down the silos between teams

- Fast decision-making

Why is this principle important?

Cross-functional teams must create accountability based on shared experience, terminology, and goals. By eliminating silos, collaboration drives faster alignment, adoption and innovation.

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FinOps Principles at-a-glance

Decisions are driven by the business value of cloud

- Use unit economics and value-based metrics to demonstrate business impact
- Make conscious trade-off decisions among cost, quality, and speed
- Think of cloud as a driver of innovation

Why is this principle important?

Decisions based on business value result in efficient cloud usage balanced against the performance and availability of services.

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FinOps Principles at-a-glance

Everyone takes ownership of their cloud usage

- Accountability of usage and cost is pushed to the edge

- Individual feature and product teams are empowered to manage their own usage of cloud against their budget.

- Technical teams begin to consider cost as a new efficiency metric

Why is this principle important?

Individual teams are empowered to manage their own cloud spending against their budget and make value-based decisions within that scope.

FinOps Principles at-a-glance
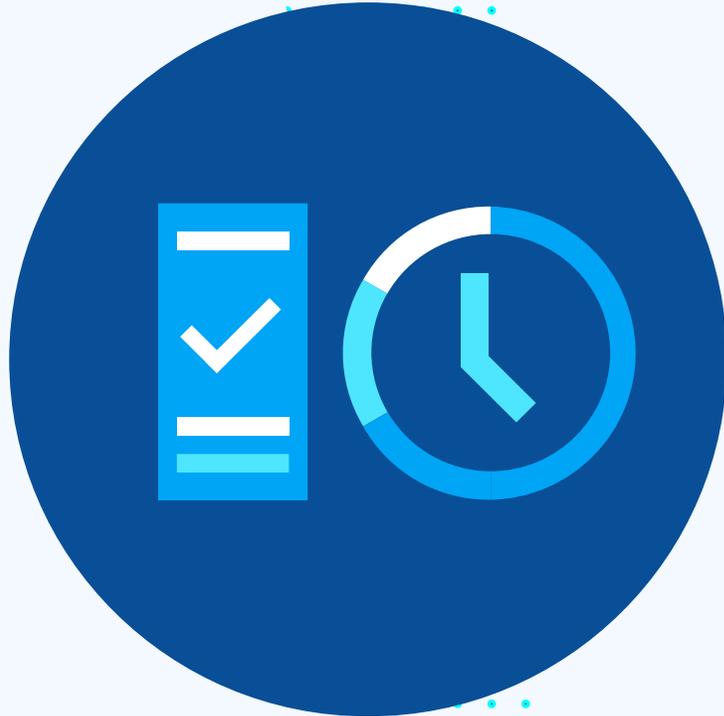
FinOps data should be accessible and timely

- Visibility into cloud spend is provided to all levels of the organization

- Process and share cost data as soon as it becomes available

- Create, monitor, and improve real-time financial forecasting and planning

Why is this principle important?

Provides the visibility required to determine how your resources are performing, while trending and variance analysis help explain cost fluctuations.

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FinOps Principles at-a-glance

A centralized team drives FinOps

- The central team encourages, evangelizes, and enables best practices
- Executive buy-in
- Rate and discount optimization is centralized

Why is this principle important?

A centralized team removes negotiation discussions from key teams so they can focus on value-added efforts from a cost optimization perspective. It creates clear segregation of roles and responsibilities and drives alignment among IT and business teams.

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FinOps Principles at-a-glance
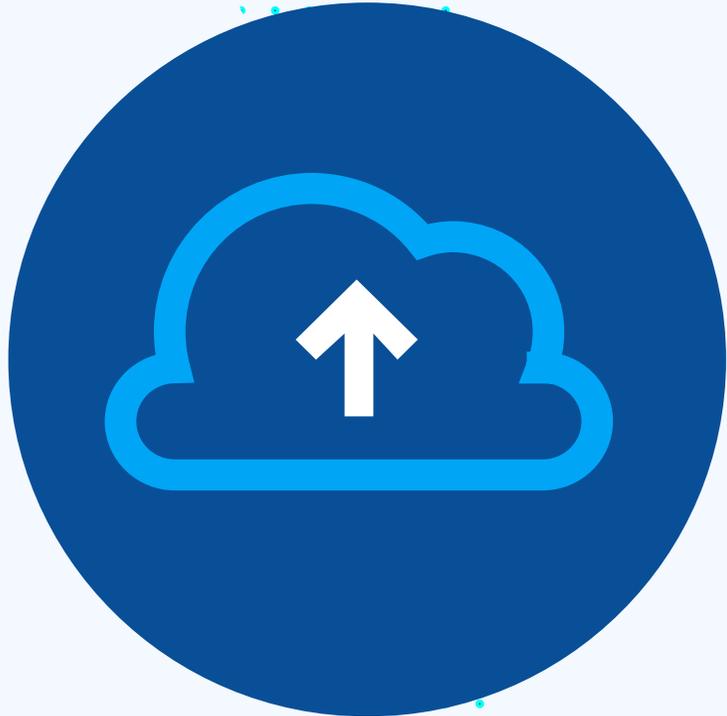
Take advantage of the variable cost model of the cloud

- The variable cost model is an opportunity, not a risk
- Agile, iterative planning
- Embrace just-in-time prediction, planning, and purchasing of capacity

Why is this principle important?

The pay for what you use nature of resource provisioning means budgets can be set and shifted according to business priorities.

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Benefits of adopting FinOps

Overall, FinOps empower organizations to accomplish tactical and organizational benefits.

- Cost Optimization
- Better Decision Making
- Continuous Improvement
- Forecasting and Budgeting
- Cost Transparency
- Risk Management

- Increased Accountability
- Alignment with Business Goals
- Collaboration
- Resource Efficiency
- Scalability
- Training and Skill Development

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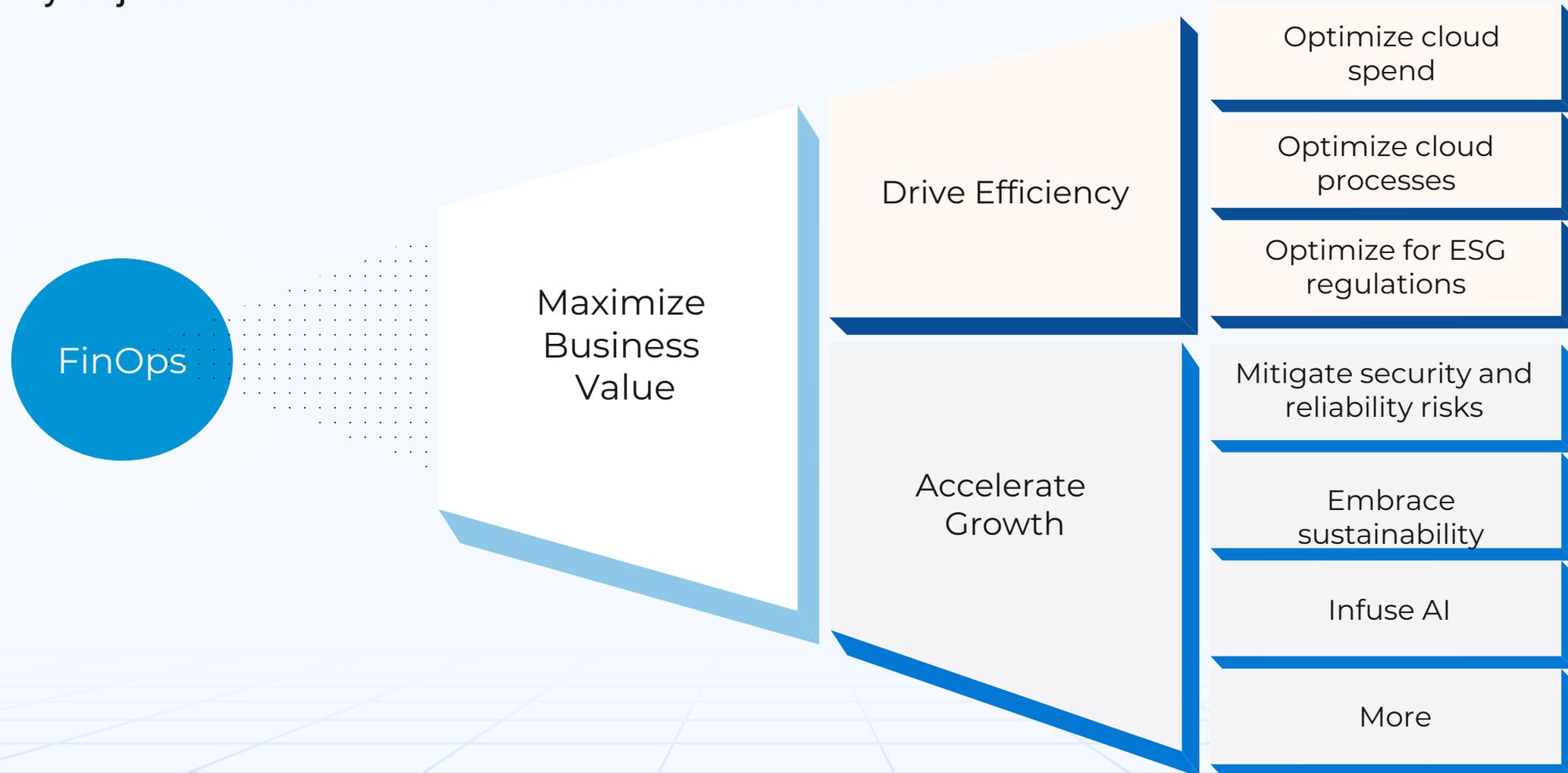
Drive market differentiation through efficiency

Business use case

Sample business challenge

Unblock funds to innovate:

The organization aims to create new products using AI technology but cannot invest additional funds to achieve this objective.
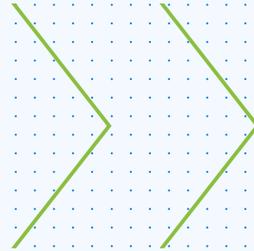
Sample solution through FinOps

Improve efficiency:

The organization can follow FinOps best practices to unblock funds by:

- Optimize cloud spend using commitment-based offers.

- Enhance accountability for cloud spending to optimize cloud investments.

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