

The background features a vibrant blue gradient with subtle, wavy horizontal lines. In the bottom right corner, there is a colorful, abstract shape in shades of purple, pink, and orange. The AWS logo is positioned on the left side of the main title.

aws SUMMIT

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GSAWS003

Driving a cost conscious culture with FinOps

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Agenda

- Rise of cloud economy
- Cloud consumption model
- Current challenges
- Drive success with FinOps (Cloud Financial Management)
- AWS solutions for CFM
- Key takeaways



The rise of the cloud economy

Cloud spending has reached a tipping point

Public cloud spend
\$661B
by 2025

Gartner, Forecast Analysis: Public Cloud Services, Worldwide, 1Q21 Update

2000s

2006

Now

Data center-centric IT
Fixed cost
CapEx weighted spend

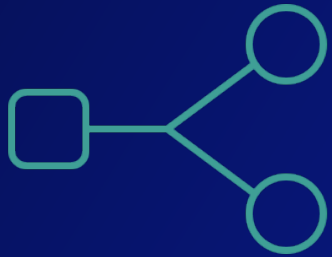
"Born in the web"
companies

Amazon EC2
launched; rise of
Agile and DevOps

Cloud-centric IT
Variable cost
OpEx weighted spend



Cloud model – Rethink ways to manage IT spend



Decentralized

Engineers siloed from Finance (and Procurement) are empowered to commit the company to spend



Variable

Variable cloud spend replacing data center/fixed cost spend



Scalable

Instant access to resources enables innovation but often results in overprovisioning

Traditional financial management leads to undesirable outcomes

Poor cloud cost management impacts the business¹.

80% of respondents acknowledge that **poor financial management** related to cloud costs has had a **negative impact on their business**.

Slows/halts cloud adoption (53%)

Cripples innovation (25%)

Lowers quality of service (38%)

Leads to sprawl/underutilization of resources (40%)

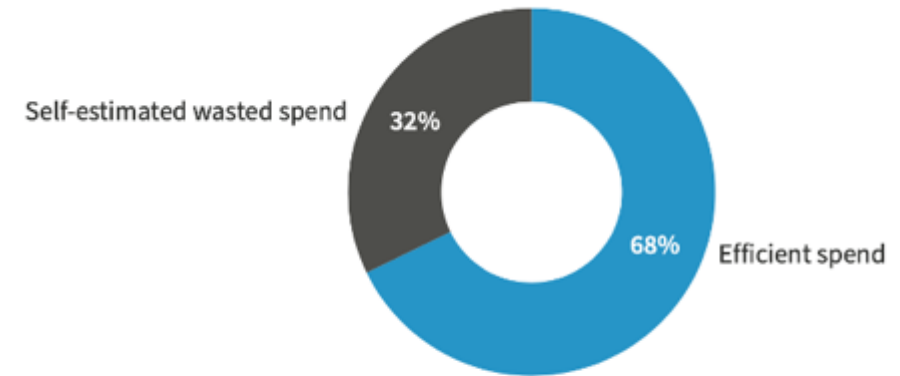
Increases cost (22%)

Sources:

1. (451 Research Report) Cost Management in the Cloud Age Enterprise readiness threatens innovation. (451 Research study commissioned by Cloudability, 2019)
2. Flexera 2022 State of the Cloud Report

Cloud cost optimization is the top cloud initiative for the sixth year in a row².

Respondent self-estimates of wasted cloud spend for all organizations



N=753

Source: Flexera 2022 State of the Cloud Report

Flexera

Key challenges to solve

What are the new **financial management processes in cloud**?
How can you **track Spend**?

How can **you get started**? What **AWS tools** can help you budget and forecast ?

What have other customers done that **worked well**?

How can you be **nimble and cost efficient**? What **tools available** for cost optimization ?

How to **understand billing and variations** ?



AWS Cloud Financial Management (CFM) solutions



Finops or Cloud Financial Management

Manage, optimize, and predict AWS costs at scale

See



Measurement and
accountability

Save



Cost
optimization

Plan



Planning and
forecasting

Run



Cloud financial
operations

AWS Cloud Financial Management

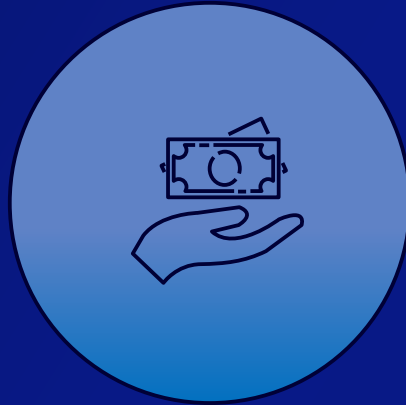
SEE



Measurement and Accountability

AWS Cost Explorer
AWS Cost & Usage Reports
AWS Cost Categories
AWS Application Cost Profiler
AWS Billing Conductor

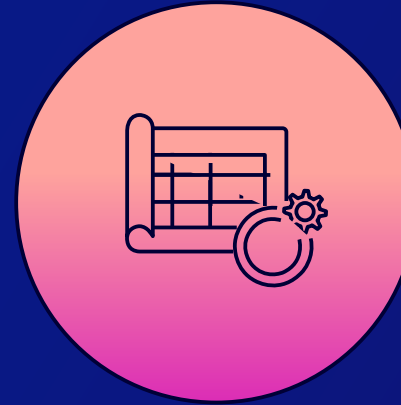
SAVE



Cost Optimization

Savings Plans
Reserved Instances
Rightsizing
Recommendations

PLAN



Planning and Forecasting

Migration Evaluator
AWS Pricing Calculator
AWS Budgets

RUN

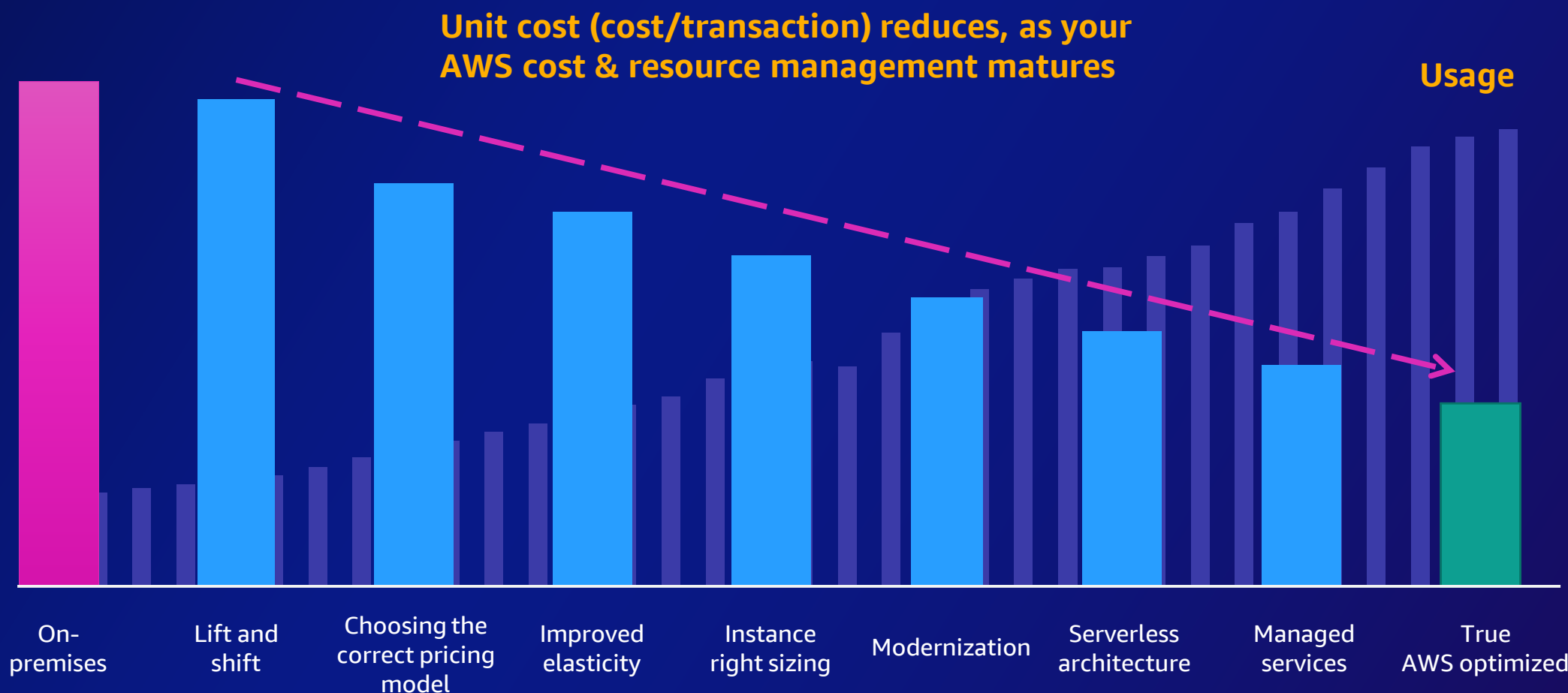


Cloud Financial Operations

AWS IAM
Billing Console
AWS Purchase Order
Management
AWS Budget Actions
AWS Cost Anomaly Detection

Your path to an optimized environment

WHAT GOOD LOOKS LIKE



See – Measurement and Accountability

Measurement and Accountability



Activities	Outcomes
Implement an account structure and tagging dictionary.	Cost and usage mapped to workloads and org structure.
Establish reporting and monitoring for cost and usage.	Decisions made with near real-time data and costs under budget.
Allocate cloud costs.	Cost-aware cloud consumption.
Measure and circulate efficiency/value KPIs.	Verifiable cloud investment decisions and outcomes.

- AWS Organizations
- AWS Cost allocation tags
- AWS Control tower
- AWS Resource Groups
- AWS Cost Categories

- AWS Cost Explorer
- AWS Cost & Usage Reports
- AWS Cost Categories
- AWS Application Cost Profiler
- AWS Billing Conductor



Cost traceability and allocation



TAGS provide a more granular view of your organization's consumption pattern

AWS organizations

Tools for cost visibility based on granularity



1. Monthly
AWS invoice



2. AWS billing
console

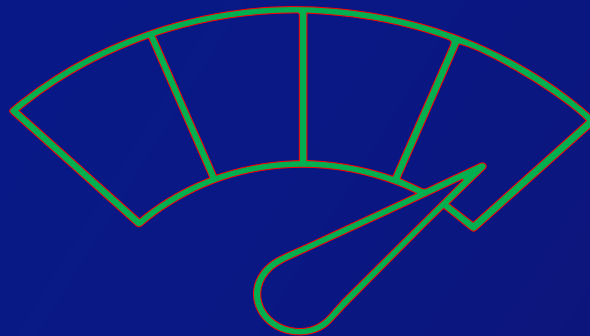


3. AWS Cost
Explorer and
AWS Budgets



4. AWS billing file
(CUR) analysis, DIY
dashboards, and
third-party tools

Simple, static,
small environment



Complex, dynamic,
large environment

Save — Optimize costs with pricing and resource recommendations

Cost optimization



Activities

Architect and design for value.

Identify and eliminate cloud waste.

Choose the best purchase option.

Evolve with new cloud offerings.

Outcomes

Unnecessary spend avoided as early as possible.

Wasteful spend repurposed for innovation and experimentation.

Improved unit economics.

Cloud provider innovation used to reduce costs.

Cost optimisation is the #1 customer priority, regardless of cloud maturity.

Flexera 2022 State of the Cloud Report

- Savings Plans
- Reserved Instances
- Rightsizing Recommendations
- AWS Compute optimizer
- AWS Trusted Advisor
- AWS Auto Scaling
- AWS instance Scheduler
- AWS S3 lens



The optimization opportunity



Rightsizing with AWS Compute Optimizer

1 Make the right choice

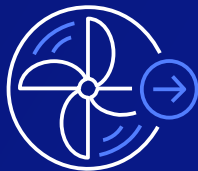


Applies insights from millions of workloads to make recommendations



Saves time comparing and selecting optimal resources for your workload

2 Ensure you are **consistently** making the right choice



Continuously scan your resource usage and match your workload to optimal resources

Plan — Improved planning with flexible budgeting and forecasting

Planning and forecasting



Activities

Budget and forecast cloud costs dynamically.

Estimate cloud workload costs.

Quantify cloud business value.

Integrate cloud with IT financial management planning.

Build a data-driven business case for AWS.
Accelerate decision-making for migration to AWS
at no cost with these services

Outcomes

Increased forecast accuracy and business predictability.

Faster cost-based decisions.

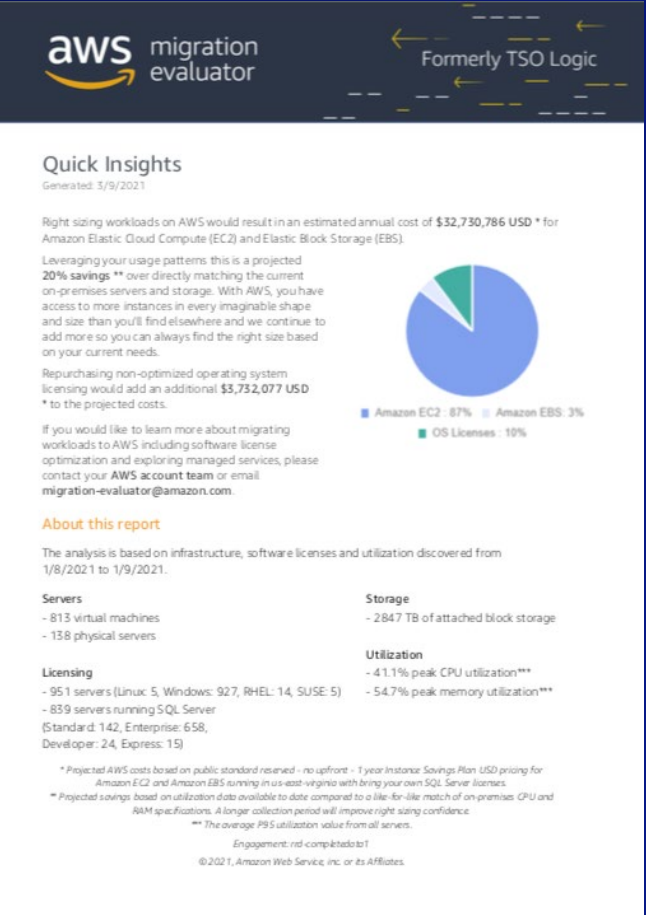
Prioritized projects based on expected value creation.

Consolidated planning across entire IT estate.

Migration Evaluator
AWS Pricing Calculator
AWS Budgets
AWS Budgets Reports
AWS Cost Explorer – Usage based forecasting

Migration evaluator: What it delivers

Quick insights



Run — Cloud financial operations

Run- Cloud financial operations



Activities

Secure executive sponsorship for a CFM function.

Align stakeholder understanding of cloud cost.

Implement cloud consumption guardrails.

Evolve processes, automation and tools.

Outcomes

Programmatic approach to cost management.

Self-sustaining cost-aware culture.

Business agility and cost governance.

Continuous cost efficiency at scale.

- AWS IAM
- Billing Console
- AWS Purchase Order Management
- AWS Budget Actions
- AWS Cost Anomaly Detection



AWS services for run



AWS Billing Dashboard



AWS PO Management



AWS Cost Anomaly
Detection



AWS Budgets
(report, alert, actions)



Manage Billing and Control Cost

Learn about centralized billing, payment,
and cost governance

aws.amazon.com/aws-cost-management/manage-billing-and-control-cost/

Driving a cost-conscious culture

Start your AWS Cloud Financial Management journey

AWS Organizations



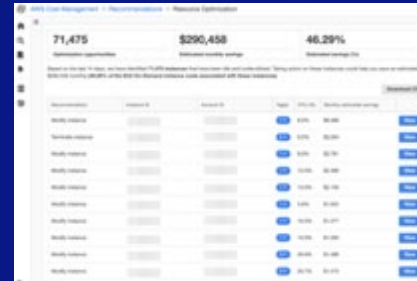
AWS Cost Allocation Tags



AWS Cost Explorer



AWS Cost Explorer (EC2 Rightsizing Recommendations)



AWS Budgets



AWS Cost Anomaly Detection



1. CFM ownership

Identify an owner (individual or team) responsible for driving cloud financial management activities

2. Organizational partnership

Create a Finance and Technology partnership and establish a regular communication cadence to create and maintain alignment

3. Cost allocation

Implement an account structure, and tagging strategy to allow allocation of cost to lines of business, products or teams

4. Cost visibility

Report cloud costs to Technology teams in order to raise cost awareness, and establish efficiency KPIs for finance and business stakeholders

5. Cost optimization

Use services and tools to identify and implement cost savings opportunities

6. Cost forecasting and monitoring

Improve cost predictability and monitor spend variances

Continuous: Education

Identify cloud-focused training offerings from AWS Training and Certification to eliminate knowledge blind spots for stakeholders



Recognition



Implement a recognition strategy to bring attention to optimization **progress** or optimization **opportunity** within your organization.

Recognition can come in **many forms** – announcements, prizes, and awards are a few

Choose a method that fits **your company culture**



Summary & key takeaways

- ✦ **CLEAR** CFM ownership is critical
- ✦ **COST VISIBILITY** is key to success
- ✦ **EXPERIMENT, RECOGNIZE** and **ITERATE** to find what works for you!

Before you go

Learn

Connect



AWS CFM website: service and solutions
<https://aws.amazon.com/aws-cost-management/>



AWS CFM blog: news and best practices
<https://aws.amazon.com/blogs/aws-cloud-financial-management/>



AWS CFM user guide: detail instructions
<https://docs.aws.amazon.com/account-billing>



AWS CFM Peer Connect
<https://aws.amazon.com/aws-cost-management/cfm-peer-connect/>



AWS CFM Talks webinar series
<https://aws.amazon.com/aws-cost-management/aws-cfm-talks/>



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Thank you!

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