Everything You Need to Know About FinOps

FinOps is a solution for controlling operational costs in a cloud environment and offers ways for teams to manage their cloud costs, wherein everyone takes ownership of their cloud usage.

FinOps term is coined by combining Finance + DevOps. It's an evolving cloud financial management discipline and cultural practice.

In practice, FinOps means establishing performance indicators on an organization's cloud costs based on service, business unit, environment, etc. and diagnosing the organization's consumption based on these indicators.

FinOps is also referred to by the following names: Cloud Financial Management; Cloud Financial Engineering; Cloud Cost Management; Cloud Optimization; and Cloud Financial Optimization.

Key Market Drivers for FinOps

- **Reduce wasted cloud spend** – As per the latest 2022 analyst and vendor reports, 32% of total cloud spend is wasted spend i.e., out of every 100 USD spent in cloud, 32 USD is wasted spend.
- **Cost management across multiple clouds -** 90% of organizations across Geos are using multiple clouds. Traditional cost management tools provided by CSPs/Hyperscale's like AWS, Azure, and GCP support only their respective cloud and don't support cloud cost management across multiple clouds.
- **Strong demand from end customers to optimize cloud spend** - There is an increasing demand for timely reports on cloud spend + accountability on the cloud spend with allied business value obtained. Organizations are looking for FinOps/ Cloud Management

Platforms (CMP) that can be leveraged to optimize cloud spend across all cloud environments.

KPI Categories Tracked as Part of FinOps

FinOps relies heavily on key performance indicators (KPIs). KPIs are used to gain visibility and a metric perspective to streamline the cost-controlling process. FinOps KPIs can be broadly categorized as follows:

- **Cloud Visibility KPIs** – includes metrics related to cost, consumption, performance, configuration, security, and availability across cloud environments
- **Cloud Optimization KPIs** – includes metrics related to cost savings, production incidents, mean time to repair, security lapses, etc.
- **Cloud Governance and Automation KPIs** – includes metrics related to financial management governance, operational governance, security, and operational governance

Interesting right?

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