MAXIMIZING CLOUD VALUE: A GUIDE TO CLOUD FINOPS EXCELLENCE

Infosys cobalt

Infosys®
Navigate your next
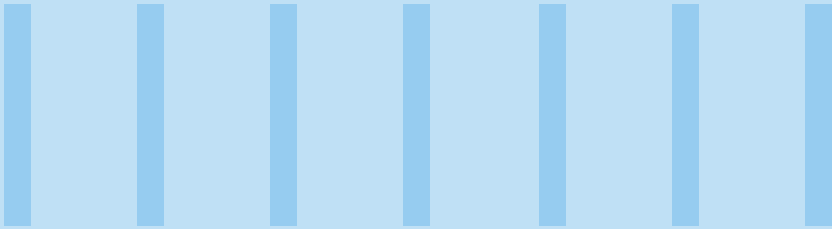
Cloud FinOps: A Catalyst for Realizing Cloud's Value

The **Infosys Cloud Radar 2023** report aptly calls out the cloud as an enabler for enterprises as they started their digital transformation journeys. While cloud has been a necessary lever for growth and transformation, enterprises are now facing new problems, such as the inability to control cloud spends, security and governance[1].

Cloud FinOps emerged due to the adoption of cloud's pay-as-you-go models, complex pricing structures, and resource scalability that necessitated specialized financial management practices. FinOps Foundation Technical Advisory Council says, "Cloud 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[2]."

Its agenda is clear - by implementing Cloud FinOps practices, organizations can get better visibility into costs at granular level, thereby optimizing costs while ensuring performance and reliability. Equally relevant for a startup or a large enterprise, Cloud FinOps is fast becoming a critical part of any cloud strategy with its promise of helping them get the most out of their cloud investments and achieve their business goals.

However, in the absence of well-implemented FinOps solutions, enterprises are struggling with a wide range of issues. The FinOps Foundation Report 2022[3] reports on the numerous issues that companies face.

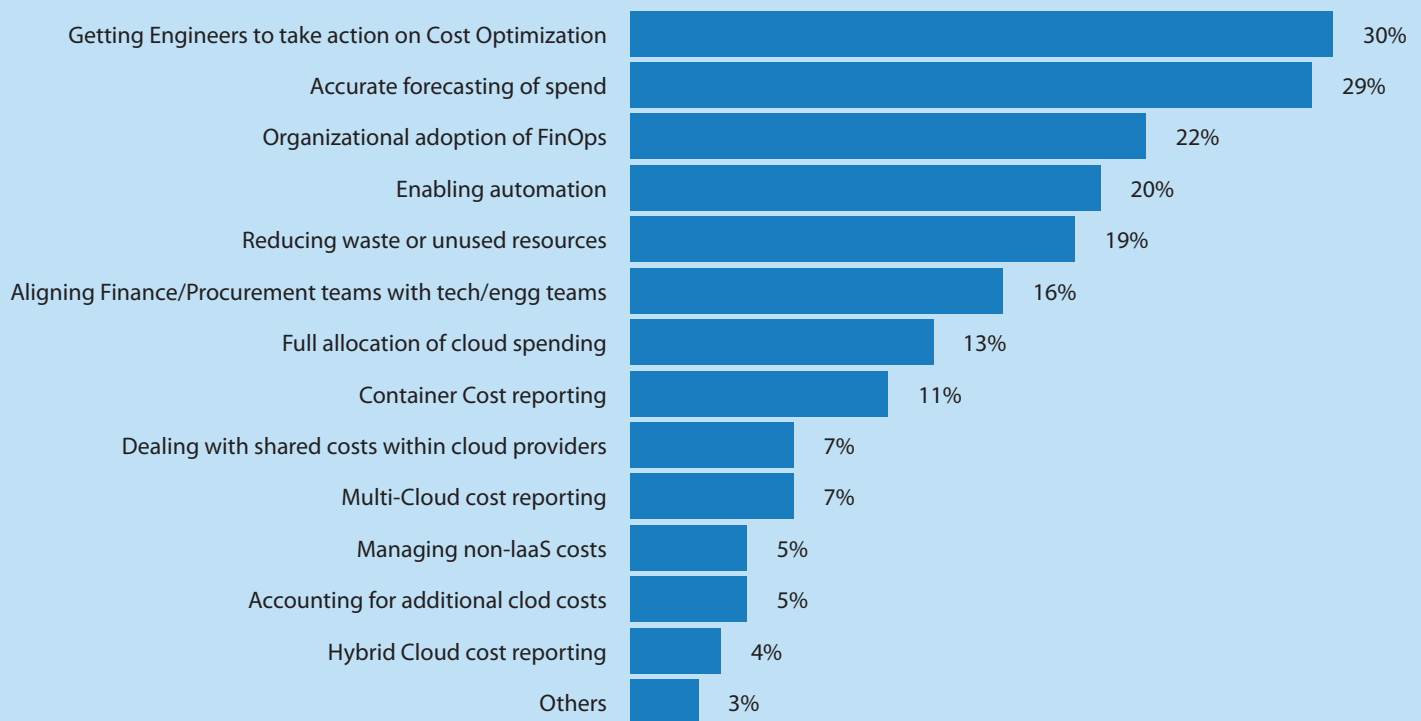| Pain point	Percentage
Getting Engineers to take action on Cost Optimization	30%
Accurate forecasting of spend	29%
Organizational adoption of FinOps	22%
Enabling automation	20%
Reducing waste or unused resources	19%
Aligning Finance/Procurement teams with tech/engg teams	16%
Full allocation of cloud spending	13%
Container Cost reporting	11%
Dealing with shared costs within cloud providers	7%
Multi-Cloud cost reporting	7%
Managing non-IaaS costs	5%
Accounting for additional clod costs	5%
Hybrid Cloud cost reporting	4%
Others	3%

Figure 1 Top pain points

Consider the top three challenges – they are people related and suggest that the implementation went awry. That's why the time is now ripe for enterprises to implement FinOps correctly.

Infosys discusses the best way to implement Cloud FinOps in this paper.

[1]Infosys Cloud Radar Report 2023

[2]FinOps Foundation - What is FinOps?

[3]SoftwareOne's Top 3 takeaways: FinOps Foundation Report 2022 | SoftwareOne Blog

The Roadblocks to FinOps Success

Infosys has gathered intelligence on this topic through its client experiences and deeply understands the critical issues that prevent FinOps from being the differentiator it can be.

We found that Cloud FinOps challenges can be broadly cast into four buckets.

1. Visibility and accountability

Enterprises seldom have an accurate view of costs, such as chargebacks or allocating cloud costs to individual portfolios. A typical enterprise is usually in a multi-cloud scenario where it uses at least two hyperscalers in addition to private clouds and SaaS applications. The Infosys Cloud Radar 2023 report[4] validates that top performers strongly lean towards a hybrid multi-cloud mix. Clearly, visibility is essential in these situations.

Cloud FinOps is often a cross-functional responsibility, with infrastructure teams handling the cloud contract procurement and infrastructure while application teams actually consume the cloud. In most organizations, there is a disconnect between the two teams as their objectives are fundamentally different. The infrastructure team aims to contain costs, while the application teams intend to pursue a course that aligns with business requirements. As a result, the application teams may consume more of the cloud resources than budgeted, leading to issues. Moreover, cloud resources are shared across multiple teams and applications, resulting in a lack of granularity in cost allocation. So, disputes arise, and budgets are overshot. In such cases, accountability assumes importance.

2. Adherence to the business case

A common issue in our clients' experience is utilizing significantly more cloud resources than the business case had estimated. Several reasons can lead to this predicament - the dynamic nature of cloud landscape, lack of cost granularity, complex pricing models and a lack of capability to map business characteristics with cloud usage.

3. Financial governance

FinOps governance should include metrics for effectiveness of FinOps across planning, implementation and reporting processes. Organizations need to consider metrics such as accuracy in cost allocations to various units, accuracy in tagging costs, timely cost allocation reporting, recommendations on cost optimization and timely implementation of recommendations.

4. Long term vision

FinOps is more than short term planning for better cost control. Focusing on getting immediate wins may result in deeper problems down the line.

The FinOps Blueprint: Deriving the Maximum Value from a FinOps Implementation

Any solution that must effectively tackle the many challenges in Cloud FinOps implementations must be conceptualized on these tenets:

- A FinOps strategy aligned with business objectives

- Policies and governance ensuring holistic coverage

- Tools and reports – ensure the right tools, which could be a combination of hyperscaler and third-party tools, to arrive at the right level of visibility

- Right operating model with KPIs and continuous optimization – the operating model must be tailored to an organization's context to succeed

Infosys' keen understanding of these challenges enabled it to develop a solution to address them and set the enterprise on the right Cloud FinOps path.

A Holistic Solution from Infosys

Infosys Cloud FinOps solution has been crystallized from real-life experiences with global businesses. It constitutes a straightforward three-step approach.

- **Establish the practice**

To establish effective Cloud FinOps practices, Infosys begins by defining a structured account hierarchy, establishing clear cost allocation models, and developing a robust tagging strategy to define rules and practices. These foundational steps include business, finance and technology teams to enable precise tracking and allocation of cloud costs to departments, teams or projects. Additionally, deploying dedicated FinOps tools and integrating them seamlessly into the cloud environment is crucial in providing real-time visibility through dashboards into spending, automating cost optimization tasks and facilitating compliance monitoring.

- **Reporting & recommendations**

Efficient Cloud FinOps practices involve distributing financial reports that provide detailed cost allocation insights across various departments or teams. These reports serve as the foundation for informed decision-making. It also includes recommendations for optimizing cloud costs across pricing models, resource usage, architecture and tools. By combining comprehensive financial reporting with actionable cost optimization recommendations, organizations can achieve greater cost efficiency and control in their cloud operations.

It is essential to highlight that most tools have a narrow focus – large enterprises need a tool or platform that will give multi-cloud, multi-dimensional data. The goal is to optimize cost – more specifically, drive down the per unit cost of transactions. So, the solution lies in adopting the middle path by selecting the proper spend to implement FinOps and demonstrating quick results. The criticality of identifying the correct spend cannot be overemphasized.

- **Implementation**

This phase includes implementing infra centric and application and deployment centric recommendations. At this point, while the tools have identified potential cost savings unless the next steps of action are performed, there will be no tangible savings. The Infosys solution takes care of this by ensuring the optimization recommendations are implemented, such as:

- Deploying the right commercial model with a cloud service provider(CSP) and ensuring maximum utilization of the same
- Implementation with no impact to performance and reliability, especially in case of application owners
- Working with various stakeholders to meet targets across application, security, governance and compliance teams

By starting with the foundation of setting up a solid FinOps practice and ending with the implementation of optimization recommendations, Infosys ensures an end-to-end solution.

The client's journey with Infosys' solution

- Align with technology business management and finance
- Dedicated Cloud FinOps roles
- Improve cloud FinOps knowledge
- Introduce ways of working
- Define policies, processes and standards

FinOps Organization

Induct the right tools

- Select tools to meet the defined ways of working
- Integrate with upstream functions like finance CSP billing and downstream functions like project budgeting, finance

- Centralized FinOps team
- Refine the provisioning process for migration and new projects with cost considerations

Realign processes with a cost focus

Clear and timely reporting

- Real-time cost reporting and usage tracking
- Cost optimization recommendations
- Deviations from policies and guidelines

- Commercial construct with hyperscalers and saving plans
- Tagging, right sizing, resource lifecycle management
- Cloud native tools adoption, deployment optimization
- Application refactoring and re-architecture

Regularly implement the recommendations

Real-world Outcomes: How Cloud FinOps Made a Difference

Many enterprises are experiencing the benefits of the Infosys solution.

A healthcare firm that uses the Infosys Cloud FinOps experienced almost 30% immediate savings and additional savings year-on-year. Infosys was involved in policy definition, activities around culture change, awareness development and real-time reporting.

A global semiconductor manufacturing company saved more than 20% on costs immediately and ~8-10% year-on-year when Infosys implemented FinOps on its AWS landscape. Another client - a fire and safety equipment leader showed similar savings when FinOps was implemented on an Azure ecosystem through third-party tools.

Many such examples exist and clearly show that adopting a holistic approach and not narrowly focusing on cost optimization alone makes the Infosys solution a winner.

Beyond Cost Savings

In the ever-evolving landscape of cloud technology, business and finance, Cloud FinOps stands as a dynamic and indispensable discipline. As they delve into the intricacies of Cloud FinOps, enterprises must remember that its real power lies not only in the tools and practices but in the cultural shift it fosters—a shift towards collaboration, accountability, and a relentless pursuit of value. There is a need to balance seeking immediate wins with a long-term approach towards delivering real value. Organizations must embrace it to thrive in the cloud-driven future.

For more information, contact askus@infosys.com

Infosys
Navigate your next

Infosys.com | NYSE: INFY

Stay Connected