Getting started with FinOps

A step-by-step guide to getting the most out of cloud financial management

Organisations migrate to the cloud for scalability and flexibility, which can transform businesses and enable them to innovate faster and reduce IT costs. According to Gartner, by 2025 51% of spending in application software, infrastructure software, business process services and system infrastructure markets will have moved to the public cloud[1]. However, without effective financial management, moving these four categories to the cloud will see licence and service costs can increase rapidly, with none of the benefits achieved.

With the complexity of managing multiple clouds, cloud services and workloads, businesses can quickly lose control of their cloud environment, especially when the IT team lacks the necessary cloud skills. According to Flexera's 2024 State of the Cloud report[2], public cloud spend was over budget by an average of 15% with wasted cloud spend running at 24%.

Cloud financial management, or FinOps, allows you to make the most out of your cloud migration and maximise ROI, while controlling your expenses. After supporting clients with hundreds of FinOps implementations, SoftwareOne has formulated tried and tested guidelines to adopting FinOps.

The Four Stages of FinOps Adoption

The first step is to establish where you are on your FinOps journey. Find out if there are FinOps activities already taking place within your organisation. Identify what those activities consist of and which teams are responsible for enacting them. Also check to see if other teams are involved in each FinOps initiative. This helps to establish a baseline of where you are, including how well current FinOps activities are being carried out. Armed with this knowledge, you will be able to form a complete picture of what steps you need to take to achieve full FinOps maturity.

Your FinOps baseline is your start point to FinOps maturity. Now you can track your organisation's progress and pinpoint areas that require immediate improvement. With a baseline in place, you can tailor your strategy, so your FinOps implementation runs as smooth as possible.

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[1] Gartner report: 'Market Impact: Cloud Shift — 2022 Through 2025'   [2] Flexera 2024 State of the Cloud report

There are four stages of FinOps maturity:

1 **Pre-crawl** This is the stage when you develop an accurate forecast of cloud spend. Knowing where you are enables you to set goals that are realistic and achievable.

2 **Crawl** At the 'Crawl' stage you develop measurement and reporting capabilities and establish some basic KPIs. You will allocate resources efficiently, prioritising areas that need immediate, medium-term and long-term attention. Doing this helps you focus on only the most critical items in your cloud spend and enables you to maximise internal resources – namely, your team's time.

3 **Walk** When you are ready to 'Walk', you will have better insights into how the business is using its cloud resources. At this stage, you can start to align all stakeholders across finance, IT and business divisions for better accountability. This also helps ensure you are all working towards the same business goals. Aligning stakeholders in this way means you can begin to automate your FinOps function, putting in place clear policies and procedures to manage spend and resources.

4 **Run** When you arrive at the 'Run' stage, you will have a full 360-degree view of your cloud use and know who is responsible for which costs. At this stage, FinOps capabilities should be embedded across the whole organisation, meaning you can use data to make cost-reducing decisions. The organisation is now set for continuous improvement and ongoing optimisation. FinOps excellence starts here.

11 Best practices for an uncomplicated FinOps adoption

Good intentions for successful FinOps adoption alone will not get you very far. McKinsey notes that many organisations operate a 'wait and see' policy due to any overwhelm when setting up a cloud programme . This strategy could, however, cost your business a lot. It's always better to create a detailed FinOps adoption roadmap and keep cloud costs under control as early as possible. Our checklist sets out all the steps you need to become a FinOps champion.

1. Understand FinOps. Familiarise yourself with the core principles of FinOps, such as collaboration, financial accountability and the necessity of data-driven decision making. Bear in mind that FinOps evolves on a continual basis. Ensure you keep abreast with current best practices by referring to credible sources. The FinOps Foundation is a good place to start.

2. Build a FinOps team. To keep cloud expenditure under control, assemble a team that includes IT, finance, technology and business (including C-suite) functions.

3. Understand information. Get a view on what your cloud consumption looks like for each business unit and the decision-making processes for each one. This will give you a baseline to work from and help you standardise your cloud usage.

4. Define your goals. Establish clear financial and operational goals for your FinOps practice. For example, developing measurement and reporting capabilities, and defining your KPIs.

5. Keep on migrating. If your cloud move is slowed down or stopped, you will incur greater costs, which might deter you from making full use of the cloud. With careful planning and cost management cloud migration costs can run smoothly and keep costs in control.

6. Automate. Automated tools help you with reporting to track your costs and understand budgeting processes.

7. Go for full cost transparency. Ensure that you get visibility of cloud usage and costs across the organisation. You need to understand where resources are allocated, too. This includes IT expenses, suppliers, software, contracts and projects. A good FinOps function should break down spending by services and business units.

8. Continually monitor. Regularly review and optimise cloud spending through collaborative problem solving and cost reviews. This helps maintain effective resource allocation, continuing to identify savings opportunities and keeping service quality levels at their peak.

9. Get full cost transparency. What gets measured gets managed. Track, target and measure what you are using to get the cloud expenditure data you need to make the best decisions about cloud costs to identify new savings.

10. Keep an eye on the future. Forecasting isn't just for meteorologists. Budgets can easily overrun if you don't have an eye on what costs will look like in the future. FinOps helps ensure you achieve reliable and predictable budget cycles.

11. Stay flexible. What works today might not work tomorrow. Make sure you can adapt to changing demands by adapting your infrastructure while controlling cloud costs.

SoftwareOne and IBM Apptio Cloudability: support for wherever you are on your FinOps journey

SoftwareOne has the expertise to accelerate the adoption of cloud financial management practices. Our FinOps services are certified by the FinOps Foundation and help businesses to quickly achieve measurable improvements.

With IBM Apptio Cloudability you can manage all types of cloud setup, from single cloud to multi-cloud, and save up to 40% on cloud expenses. IBM Apptio Cloudability gives businesses the solutions they need to control cloud spend, wherever they are on their cloud journey, from pre-migration to full maturity.

SoftwareOne is an IBM Platinum Partner and has proven expertise that helps businesses optimise their cloud spend and reduce their bills.

Elevate your decision making with SoftwareOne and IBM Apptio Cloudability by gaining a complete, connected view of cloud spend, so you can achieve your business goals and continue to innovate and grow.

Learn more about SoftwareOne's FinOps capabilities and services by speaking with our experts.

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