

Developing Effective FinOps Practices for AWS

FinOps makes it possible for organizations to maximize the value of their cloud deployment through more informed decision-making. To get started, there are a few best practices that your organization can follow.



Fast Facts about FinOps

- 1 Gartner predicts worldwide public cloud services spending will total **\$362 billion** by 2022.
- 2 As a corporate governance approach, FinOps can help you achieve cost savings of **10-35%**.
- 3 FinOps teams had an average of 4 people in 2020 but are expected to grow by **75%** throughout 2021.

Uniting the Power of FinOps and AWS

- 1 Organizations tend to underestimate wasted spend. The average organization reports that **12%** of their technology spend is wasted, but research has found the actual amount to be **30%**.
- 2 **53%** of enterprises spend \$1.2 million or more annually on AWS.
- 3 **77%** of technical professionals measure cloud progress according to cost efficiency/savings.



With effective FinOps, an organization can begin to control its cloud spend and fully realize the benefits of migrating to AWS. Driven by a shared understanding of business and financial objectives, the collaboration of AWS and FinOps creates a culture of accountability that enables informed decision-making for efficient cloud management.

What Causes Out-of-Control Cloud Costs?

Overspending on technology is an age-old issue, but the cloud adds an additional layer of complexity. This is because the cloud shifts organizations into an operational expenditure framework, which creates variable costs that are difficult to quantify.



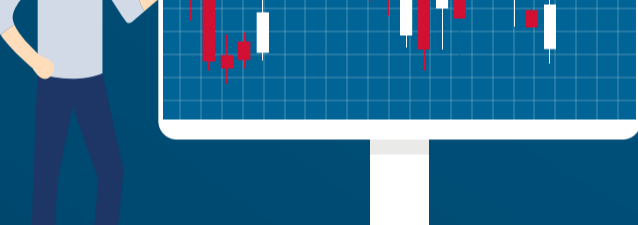
- No centralized cloud procurement policies
- No centralized location for cost-related data
- Poor visibility over the cloud estate
- Difficulty using automation to control variable costs
- Lackluster reporting mechanisms
- Lack of expertise in cloud cost optimization strategies

81% of technical professionals found a lack of good quality data to be a “significant” or “somewhat significant” challenge to making IT decisions

Flexera “State of Tech Spend 2021”

5 Steps to Reduce Costs & Enhance AWS Operations

Starting your FinOps approach for AWS is as easy as following a step-by-step process. By taking these steps, you'll build the framework for a mature FinOps strategy.



1. Perform a licensing assessment:

- Review current licence commitments, e.g. Microsoft, Oracle and SAP
- Identify areas of underutilization and overspending

2. Build a business case:

- Collate all existing IT infrastructure and software costs
- Estimate AWS cloud costs based on required application resources
- Determine the cost and level of effort for migration

3. Identify initial workload:

- Identify software license renewal dates and rank priority
- Consider dependencies to ensure consistent operations
- Assess internal skills to perform the migration

4. Develop an implementation roadmap:

- Create cost-optimized AWS architectures adopting recommended best practice
- Implement tool-based migration methodologies
- Implement cloud cost governance and cost optimization processes

5. Innovate and modernize:

- Assess the complexity of database modernization
- Assess the impact of adopting containers and serverless technologies to modernize your application



Building Your FinOps Dream Team

People, processes, and technology are all crucial to creating a mature FinOps approach. When you're building a FinOps team, make sure the following departments are included:

- FinOps/Cloud Financial Management
- IT/Engineering or DevOps
- Executive Leadership
- Cloud Vendor or Cloud Management
- Solution Vendors
- Finance
- Procurement



Getting the Tools You Need to Enable FinOps for AWS

Creating an excellent FinOps framework for AWS requires an in-depth understanding of all IT expenditures and an organizational structure that values governance and accountability. This often requires an investment in tools that provide the following capabilities:

- Visibility into software and cloud subscriptions
- Easily digestible cost-saving data
- Automated tagging hygiene
- Customized dashboards and reports
- Adopt best practice principles following the Well-Architected Framework
- Define application modernization strategies

Viewing your AWS deployment through the lens of FinOps principles will provide your organizations with new ways to scale, innovate, and continue to grow. Investing in the future of your cloud deployment will help you gain an edge in today's competitive marketplace.

Interested in learning more? Get all the best practices by reading SoftwareONE's AWS & FinOps eBook.