LIGHTNING COURSE

FinOps 101

- What is FinOps?
- Why is FinOps important?
- The FinOps Cycle
- Challenges & solutions
- The future of FinOps
- FinOps & ITAM

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What is FinOps?

FinOps Definition

- FinOps, a portmanteau of “Finance” and “(Dev)Ops,” is a cutting-edge approach and cultural practice focused on cloud financial management, aiming to maximize business value by aligning engineering, IT, finance, and business teams.

Collaboration & Accountability

- Central to FinOps is the collaboration between cross-functional teams, promoting visibility, best practices, and accountability to the variable spending model of cloud computing. Everyone in the organization, from engineers to finance leaders, takes ownership of their cloud costs.

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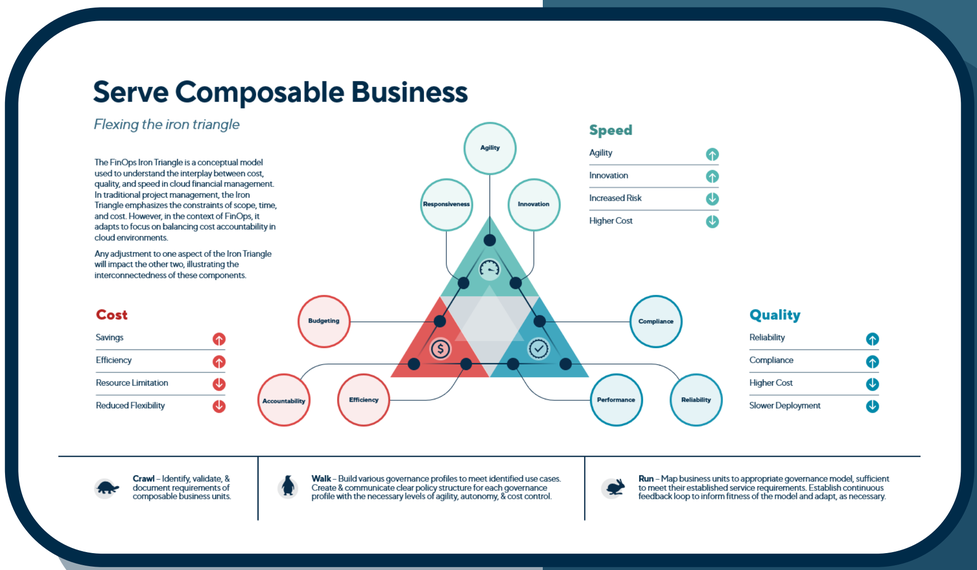
What is FinOps?

Balancing Cost, Quality, & Speed

- FinOps guides decision-making based on the business value of cloud services. It emphasizes making informed trade-offs between cost, performance, and time to market, ensuring that cloud investments drive optimal value for the organization.



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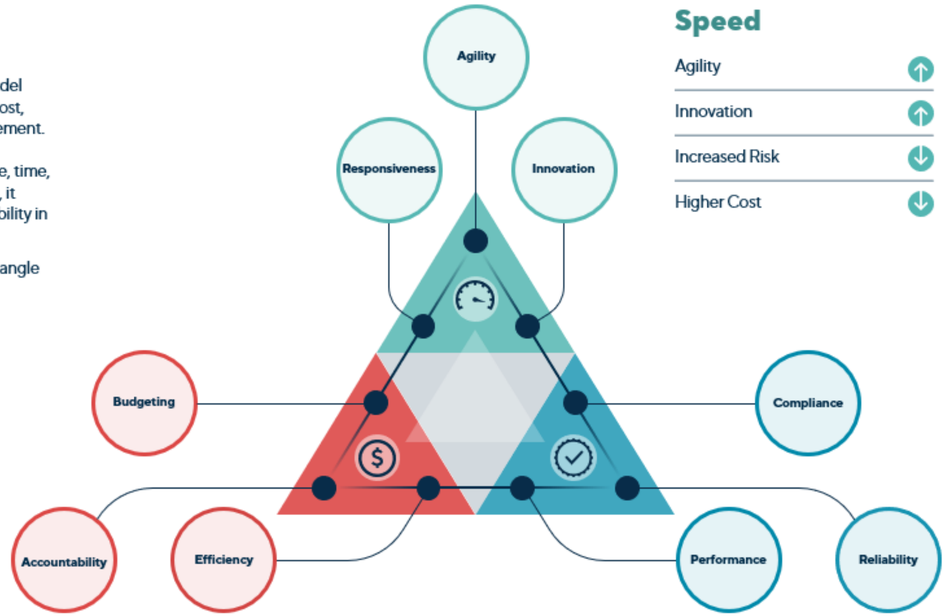
Serve Composable Business

Flexing the iron triangle

The FinOps Iron Triangle is a conceptual model used to understand the interplay between cost, quality, and speed in cloud financial management. In traditional project management, the Iron Triangle emphasizes the constraints of scope, time, and cost. However, in the context of FinOps, it adapts to focus on balancing cost accountability in cloud environments.

Any adjustment to one aspect of the Iron Triangle will impact the other two, illustrating the interconnectedness of these components.



Speed

Agility	↑
Innovation	↑
Increased Risk	↓
Higher Cost	↓

Cost

Savings	↑
Efficiency	↑
Resource Limitation	↓
Reduced Flexibility	↓

Quality

Reliability	↑
Compliance	↑
Higher Cost	↓
Slower Deployment	↓

Crawl – Identify, validate, & document requirements of composable business units.

Walk – Build various governance profiles to meet identified use cases. Create & communicate clear policy structure for each governance profile with the necessary levels of agility, autonomy, & cost control.

Run – Map business units to appropriate governance model, sufficient to meet their established service requirements. Establish continuous feedback loop to inform fitness of the model and adapt, as necessary.

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Why is FinOps Important?

Enhanced Collaboration & Decision Making

Real-time Financial Transparency & Optimization

Cultural Shift Toward Cost Accountability

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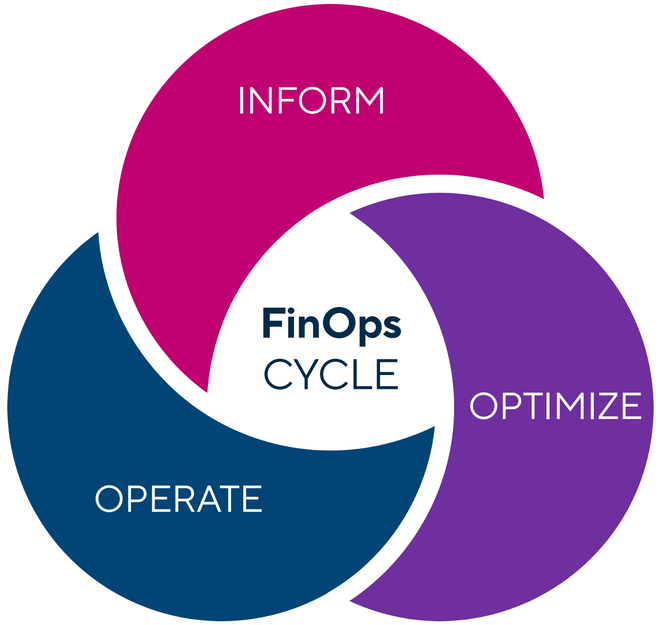
The FinOps Cycle

- **INFORM**
  - Drive accountability through data transparency
- **OPTIMIZE**
  - Identify opportunities to optimize consumption pricing
- **OPERATE**
  - Processes and automation for better-informed decisions



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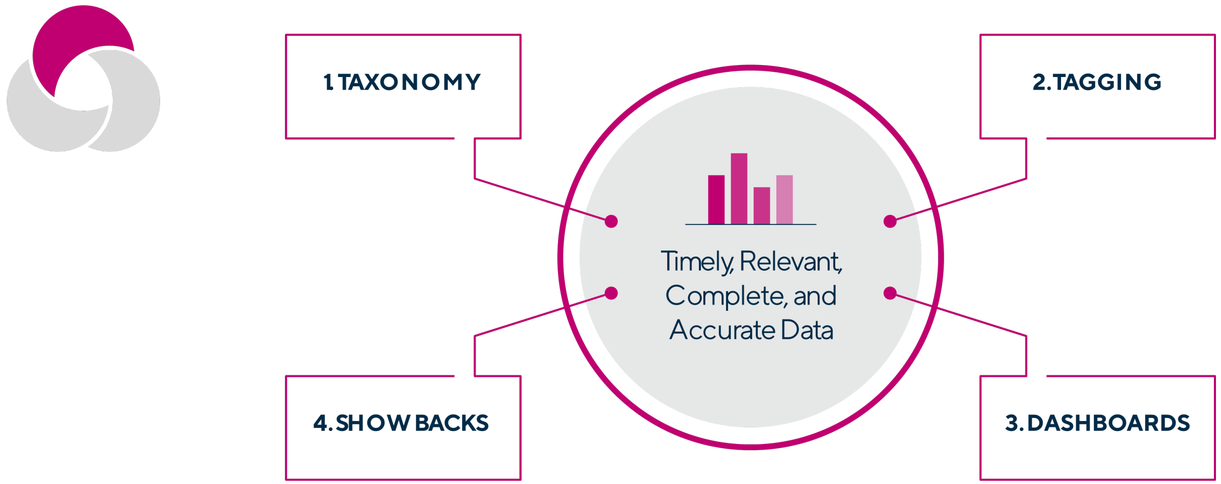
The FinOps Cycle

The FinOpsCycle – INFORM



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The FinOps Cycle

The FinOps Cycle – OPTIMIZE

$$ROI = \frac{\text{Return}}{\text{Investment (P x Q)}}$$

Quantity / Consumption (Decentralized)

- Elimination of Unneeded
- Smart Scheduling
- Rightsizing (Autoscaling)

Pricing (Centralized)

- Contract Negotiations
- Reserved & Spot Instances
- Provider & Geo Selection

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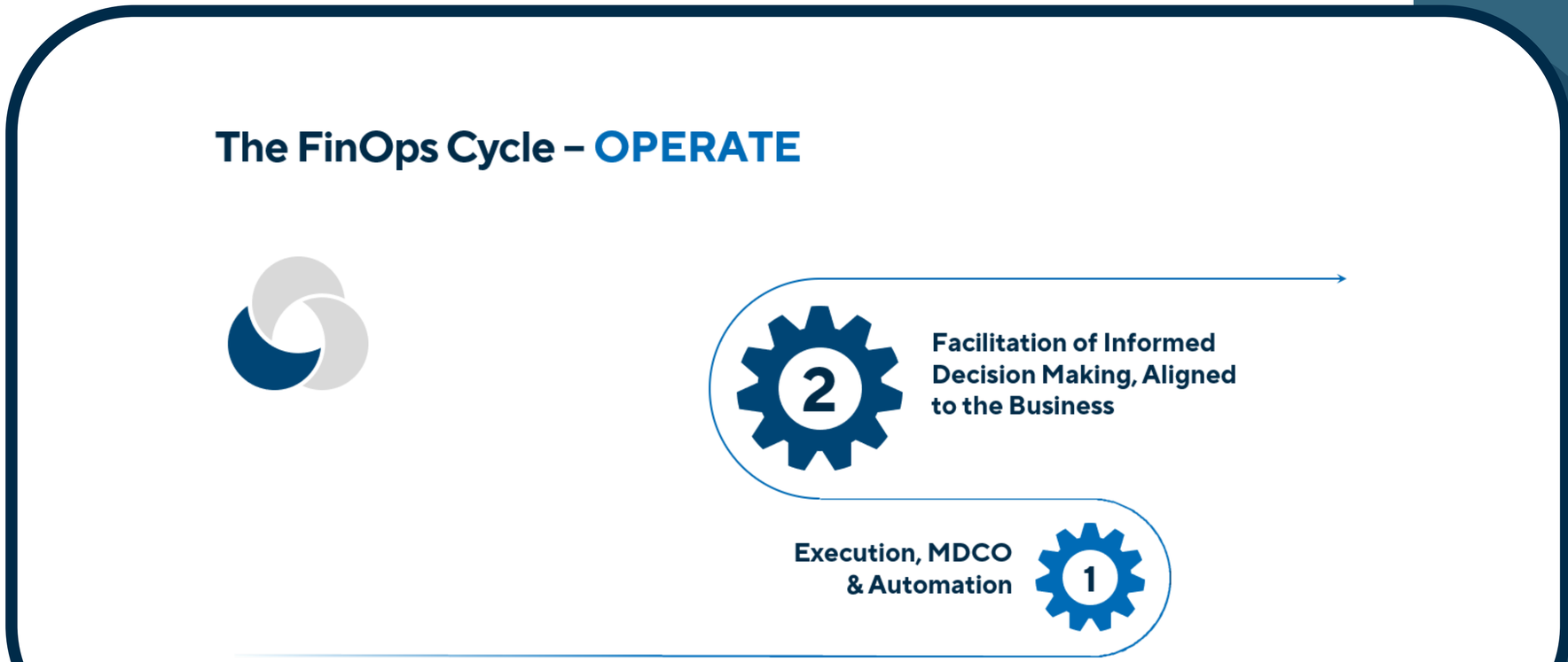
The FinOps Cycle



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Challenges & Solutions

Cloud Cost Management

Organizational Conflicts

Workflow Integration

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Challenges & Solutions

- Iterative Adoption & Demonstrating Quick Wins
- Cloud Center of Excellence (CCoE)
- Cloud Management Platforms (CMPs)
- Engineering Engagement

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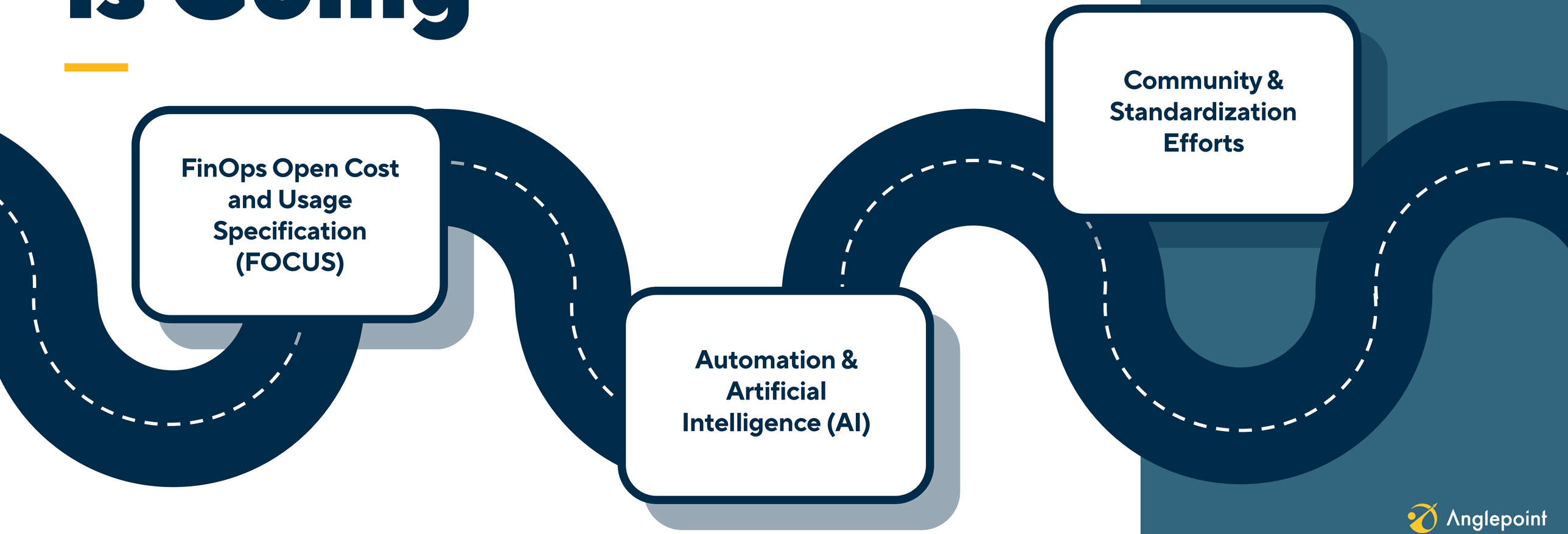
Where FinOps is Going



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FinOps & ITAM

Hybrid Infrastructure Management

- The combination of FinOps and ITAM practices signifies a strategic shift toward a more cohesive, transparent, and efficient management of IT assets and cloud finances.

Data Sharing & Understanding Priorities

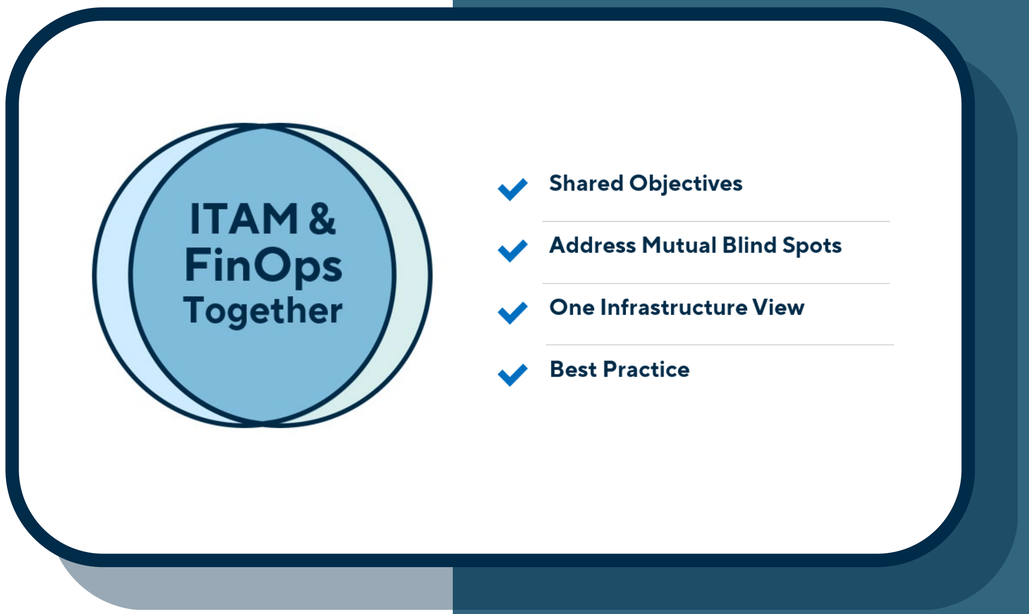
- A close relationship between ITAM and FinOps, characterized by regular and comprehensive data sharing, is integral for the growth and development of businesses utilizing software and cloud services.

Unified Language & Strategic Alignment

- FinOps professionals and ITAM leaders are converging to define a common language, build enablement strategies, and develop communication programs.

Cost Optimization & Efficiency

- The convergence of ITAM disciplines with FinOps can lead to optimized cost management, especially in hybrid and multi-cloud environments.



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