

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 \$362.263 billion by 2022
- As a corporate governance approach, FinOps can help you achieve a cost savings of 10-20%
- FinOps teams had an average of 4 people in 2020 but are expected to grow by 75% through out 2021.

2

- 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%
- 53% of enterprises spend \$1.2 million or more annually on AWS
- 77% of technical professionals measure cloud progress according to cost efficiency/savings

FinOps doesn't revolve around cost savings – its purpose is to make the most of every dollar spent in the cloud, helping you turn your deployment into a long-term investment.

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.

1

No centralized cloud procurement policies

2

No centralized location for cost-related data

3

Poor visibility over the cloud estate

4

Difficulty using automation to control variable costs

5

Lackluster reporting mechanisms

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

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1

Perform a licensing assessment:

- a. Review current licenses
- b. Identify areas of underutilization and overspending

2

Build a business case:

- a. Determine organizational KPIs and what drives them forward
- b. Rank drivers in order of importance
- c. Consider the volume of resources that each application uses

3

Identify initial workload:

- a. Outline and rank the business case for each license
- b. Consider dependencies to ensure consistent operations

4

Develop an implementation roadmap:

- a. For an AWS migration, determine Amazon Elastic Compute Cloud (EC2) instance types and Amazon Elastic Block Store (Amazon EBS) volumes
- b. Assign applications and infrastructure elements to migration groups based on shared databases, shared servers, and application communication requirements

5

Innovate and modernize:

- a. Assess the complexity of database modernization
- b. 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

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 new AWS and FinOps eBook.