

MARKET NOTE

SoftwareOne Offers a Unique Approach to FinOps Services

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Maturing FinOps Practices Key to Driving Business Value

This IDC Market Note covers SoftwareOne's North American summit held April 24 and 25, 2023, in Milwaukee, Wisconsin. The company covered its recent performance and current strategy to help customers in their cloud and FinOps journeys. A growing area of focus is providing modular services to help enterprises implement and mature their cloud FinOps processes. A team of relevant IDC analysts covered the event, focusing on their coverage areas.

Key Takeaways

- SoftwareOne's base of 65,000 customers provides an opportunity to expand the company's consulting and advisory services into new areas such as FinOps.
- With 61% of large enterprises telling IDC that they have implemented some form of FinOps, many customers need help growing and maturing their FinOps practices.
- It will be helpful to review the five Cs of FinOps: culture of accountability, communication, centralized team, continuous improvement, and collaboration.
- Let's not forget that SaaS-based (software-as-a-service) spending can be two to three times higher than an enterprise's public cloud (infrastructure-as-a-service) spending. This must be included in the FinOps team's scope.
- The FinOps Foundation provides independent best practices while providing FinOps team members valuable training and certifications.

Source: IDC, 2023

IN THIS MARKET NOTE

SoftwareOne recently announced the opening of its new North American headquarters on April 15, 2023, located in the Historic Third Ward in Milwaukee, Wisconsin. Set in 20,000 sq ft of The Dye House downtown, it will serve as a SoftwareOne hybrid office for its 135 local area employees. In addition, SoftwareOne has over 9,060 employees worldwide, an increase of 349 over the prior year. SoftwareOne's global headquarters is in Switzerland, with a presence in 90 countries and annual revenue of \$1.1 billion.

The premier SoftwareOne global industry analyst summit was held at the new headquarters later that month. The summit brought together global executives from SoftwareOne's various business areas to discuss their performance and future strategies with IDC's analysts. SoftwareOne has expanded its focus from a software reseller and asset management company into a full-service software and cloud solutions firm. SoftwareOne has 65,000 customers, assisting them with 8.8 million cloud users under management. An important area of focus for SoftwareOne is FinOps.

About the Event

One of SoftwareOne's core capabilities is to provide cloud advisory services to its clients. By "following the money," SoftwareOne helps clients find wasteful spending on software and cloud licenses and overpaid subscriptions. These savings can then fund an enterprise's application modernization and transformation. SoftwareOne assists customers with the seven Rs of cloud transformation: rehost, relocate, replatform, refactor, retire, retain, and relicense. No one size fits all for a customer. SoftwareOne has an "all-in-one" approach to advising its clients across the Rs simultaneously based on their specific needs. To continually find savings to fund future innovations and modernization, a second critical step is to assist its customers in building out a mature FinOps practice for a continual "flywheel" of savings and optimization.

FinOps is considered a practice by SoftwareOne. This practice aims to become embedded in all SoftwareOne's go-to-market services (service lines), such as Software Sourcing and Portfolio Management, Cloud Services, SAP Services, Application Services, and Digital Workplace. In addition, with the rapid growth of public cloud hyperscalers and FinOps interests piquing worldwide, SoftwareOne utilizes its FinOps practice to assist clients in establishing and maturing their FinOps practices. No one size fits all services offerings as SoftwareOne has moved to a modular approach for its FinOps practice. This option allows customers to pick and choose what FinOps elements they need SoftwareOne's assistance with.

SoftwareOne is positioned to assist customers through its relationships with procurement teams for software licenses and cloud subscriptions as well as providing advisory expertise based on insights developed from 30 years of commercial experience. This position allows it to assist customers faster and to get value quicker during the initial consulting and road map phase. The next step is to help customers manage the culture change of FinOps and drive adoption. This phase requires open and honest conversation for *all* team members. SoftwareOne has tools to ensure that even the quietest voices at a company are heard. Finally, with the road map defined and team members trained, it is time to move into the continual improvement phase and deliver business value.

SoftwareOne follows the five Cs of FinOps: culture of accountability, communication, centralized team, continuous improvement, and collaboration. When new teams are formed, it is essential to get everyone aligned, even when they feel the goals are clear. However, SoftwareOne data shows that teams will only agree on their own goals 45% of the time. Therefore, the focus is more on people and

processes than tools in a consultative approach to help customers with the five Cs. SoftwareOne also offers ongoing managed services to keep FinOps teams moving forward and delivering value.

When it does come time for FinOps tool selection, SoftwareOne has a long history of software partnerships. As a result, it can help customers pick the best tool for their requirements. SoftwareOne is agnostic on which tool is selected, giving customers an independent recommendation based on knowledge of the customer's business. In addition, through pilots and proof of value, SoftwareOne can provide customers with confidence in the savings a tool will identify and that it meets their needs.

IDC'S POINT OF VIEW

Customers looking to implement or mature their FinOps teams should consider investing in outside partners to help jump-start their journey. Change management, accountability, and open communication are critical for successful FinOps teams. These mature processes are often complex for internal teams to achieve without outside assistance. The FinOps Foundation is an excellent resource no matter where an enterprise is on its FinOps journey. It also offers multiple levels of certifications. Before selecting an implementation partner, ask about the number and level of certifications the partner has.

IDC data shows that 61% of companies have implemented some form of FinOps. With adoption significantly increasing in FinOps worldwide, it is logical for SoftwareOne to use its existing relationships with enterprises to "land and expand" into FinOps advisory services for these customers. Many companies are likely lower on the maturity scale and could use additional outside assistance. The FinOps Foundation defines three levels of maturity: Crawl, Walk, and Run. As enterprises increase maturity levels, other business benefits can be achieved.

IT Executive Recommendations

- **Focus on the cultural practice of FinOps to break down the walls between IT, finance, and lines of business to create accountability.** Develop processes around this, such as moving from showback to chargeback for cloud costs.
- **Make sure the right people are involved and trained.** The team should be centralized and led by a full-time FinOps practitioner. An executive sponsor and mentor for this practitioner should be identified. In addition, including procurement, finance, the DevOps team leader, CloudOps, and line-of-business owners improves collaboration.
- **Note that proper tool selection is critical to building trust and creating a single source of truth.** Pilot a cloud cost tool in your environment first to prove savings opportunities and capabilities.
- **Develop metrics and forecasts and then measure progress.** Continual monthly improvement with root cause discussion on missed metrics is essential to mature processes. Metrics and KPIs should be developed for board-level audiences and more technical IT-related metrics should be developed for IT, each tracked separately.
- **Don't forget SaaS-based (software-as-a-service) spending.** This can be two to three times higher than public cloud spending (infrastructure as a service).
- **Once higher maturity levels are reached, move toward unit economics.** This is where the full impact of cloud costs and revenue is collected and analyzed for business value.

LEARN MORE

Related Research

- *Downturn Economics: The Recession Tech Playbook – Focus on Cloud Economics* (IDC #US49989823, January 2023)
- *Worldwide Cloud Cost Transparency Market Shares, 2021: Rapid Growth Continues* (IDC #US49543623, November 2022)
- *IDC FutureScape: Worldwide Cloud 2023 Predictions* (IDC #US48602322, October 2022)
- *FinOps QuickStart Guide for Enterprise Adoption* (IDC #US49689622, September 2022)

Synopsis

This IDC Market Note covers SoftwareOne's North American summit held April 24 and 25, 2023, in Milwaukee, Wisconsin. Companies should consider a third-party partner, like SoftwareOne, to implement or mature their FinOps teams. Investing in people, training, and developing FinOps processes/metrics are crucial to success. Selecting a single-source-of-truth cloud cost tool to enable the FinOps team is an important step too. A partner that can implement, and train users on, multiple cloud cost tools ensures a company selects the right tool. In addition, following the five Cs of FinOps can lead to a competent FinOps team.

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