Make Cloud A Powerful Business Asset

Cloud Financial Management
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THE TRUE VALUE OF CLOUD

Cloud has become somewhat of an imperative for all companies irrespective of size. It allows for the latest cutting-edge technology, such as scalable infrastructure, machine learning, or IoT available on-demand. Products and services require shorter time to market, since teams can focus less on infrastructure and more on productivity. Moreover, companies gain the ability to deliver highly competitive and sophisticated products and services to customers, hence improving that all coveted customer-centric philosophy.

Taking all the benefits of the cloud into consideration, its true values emerge - scalability and innovation.

With the proliferation of cloud computing and infrastructure, cloud spend across companies and organizations is growing and becoming a substantial part of budgets. As such, it impacts both top and bottom lines for enterprise P&Ls.

Without adequate cloud financial management processes in place, companies face several less desirable outcomes:

- Business slows down as it becomes inefficient due to cloud bloating - consuming resources they don’t actually require
- Monthly cloud bill sends them into sticker shock, dumbfounded by the unexpectedly high price
NEW PROCESSES FOR NEW TECH

Waiting for the IT bill at the end of each month is no longer an efficient way to manage cloud spend. In the cloud, practically anyone with a company credit card can buy more resources and have them up and running in a matter of minutes. This offers a new level of flexibility, unheard of with on-premise infrastructure. It also raises new issues regarding tracking and allocating IT spend.

With such diminished level of control over budgets and spending, where employees are not in the position to show restraint in spending, processes are required that will impose a high level of control. Unfortunately, your existing processes established for on-premise infrastructure fall short when it comes to the cloud.

The good news, however, is that cloud computing has been around long enough for IT and finance experts to put in place processes and practices for managing cloud environments and costs. All your enterprise has to do is implement them.

*Companies that are unaware of the mistakes made in their cloud adoption will overspend by 20 to 50%.*

*source: Gartner*
ACCOUNTABILITY OF USAGE

When it comes to cloud bills, finance teams have their work cut out for them if not using a specialized cloud cost management solution. With a cloud bill that spans over thousands of lines in an excel sheet, just monitoring each month spend is challenging. Add to it the fact that the procurement process is decentralized when it comes to cloud infrastructure, finance teams require a cloud cost management methodology such as FinOps.

“FinOps is about cultural change, in terms of breaking down the silos between teams that historically haven’t worked closely together. When this is done correctly, the finance team uses language and reporting that moves at the speed and granularity of IT, while engineering teams consider cost as a new efficiency metric”
O’Rilley Cloud FinOps, J.R. Storment & Mike Fuller
To reach optimal cloud financial management, teams in finance and technology need to work together following the Crawl, Walk, Run model. Start slow, have a centralized team learn and implement the basic FinOps principles and then gradually extend the knowledge across all teams in your organization.

Even though cloud spend is now an essential part of budgets, the cloud operating model itself still has plenty of room to grow. Cloud doesn't only transform the IT department; it does the same for the financial operations.

Cost allocation without Cloud Cost management solution

Cost allocation with Cloud Cost management solution
WHAT AFFECTS YOUR CLOUD SPEND

There are two main areas affecting your cloud spend. The first one is “what”. This requires a clear view into your cloud spend and resources so your company can avoid unnecessary costs. It is done by terminating idle resources, rightsizing oversized ones, scaling down the number of resources running in off-peak times and shutting them down over nights and weekends. It is vital to instill these new processes to decentralized decision makers.

The other one is, of course, “how much”. There is a way to achieve rate reduction in the cloud. You can take advantage of several cloud billing constructs (which differ from provider to provider):
- Reserved instances
- Committed Use discounts
- Custom pricing programs
- Spot instances or preemptible instances

THE ROLE OF EXECUTIVES IN CLOUD FINANCIAL MANAGEMENT

FinOps is based on teams working together in the way they approach cost efficiency in the cloud, sticking to set budgets and offering high-quality service with minimal issues and outages.

Executives are the ones defining cloud-first strategies, driving their teams into and through the cloud. Their motivation is clear:
- Shorter time-to-market for new services
- Competitive advantage
- Digital business transformation
- Proven value of tech investments

However, executives should keep in mind that, as they guide their enterprise into the cloud, it is as important for IT teams to track and balance costs, since it is no longer a task resting solely on the backs of the finance teams.
KNOW WHAT YOU ARE SPENDING
- THE FIRST STEP IN YOUR CLOUD STRATEGY

With on-premise, you were used to getting monthly and quarterly reports on your infrastructure. Cloud disrupts existing processes by allowing near real-time reporting in cloud spending, allowing a granulated view into your costs and providing a much-needed flexibility in your IT.

1 BE INFORMED ABOUT YOUR CLOUD SPEND

The first phase, Inform, is where you can finally understand what your costs are, what and who drives them. Your teams will have a complete insight into who is spending what and why.

Once you have mapped spending data to your business, you will define budgets and budget thresholds, and manage your teams accordingly.

Furthermore, you will allocate shared costs according to appropriate ratios to responsible parties, whether you decide to share them equally or based on metrics such as spend and compute hours.
2 SET GOALS, MEASURE AND OPTIMIZE

The second phase in your cloud strategy boils down to improvements to the cloud. This is where you plan the processes that will set and track your near-real-time business decisions. Do this by identifying anomalies, and not just in spend, but also usage spikes.

The next method of optimization revolves around underutilized services. Maybe some teams procured more resources than were actually used. You can then re-allocate them to where they’re going to be of actual use. This will be done for all cloud resources: compute database, storage or networking.

Another important part of your cloud strategy is cost-avoidance and cost-optimization. Use a cloud cost management solution that will provide recommendations on resources based on past usage, and then create processes to rightsize resources. You can calculate savings at this stage of your strategy for some real tangible results.

Tracking your cloud commitments and reservations will provide insight into which resources are effective and should be further provisioned. Understanding the efficiency of usage is a powerful cost-avoidance strategy.

3 OPERATE YOUR CLOUD FOR SUCCESS

You have set your goals in the optimize phase, and now you can set the processes in place. This is where you make decisions and plans that will address the goals from the Optimize phase.

This phase is all about automation, data analysis and streamlining processes. Rightsize your instances and services according to recommendations based on cloud usage; automate resource optimization; refine targets, goals and processes (metric-driven cost optimization).

Cloud spend is best viewed through the lens of tangible business outcomes, so make sure to scale the cloud according to your business growth.
CLOUD COST MANAGEMENT
BASED ON PHASES OF FINOPS

CloudVane is a cloud cost management solution which pools all your cloud data into a single pane of glass. It enables overall visibility of your cost so you can better manage your cloud through recommendations, reports, automatization and other features.

By implementing FinOps methodology through features, we enable every CloudVane user to introduce the best FinOps practices into their company or organization in the simplest way possible.
WHAT YOU CAN DO WITH CLOUVANE

Business Mapping
Using cloud to promote innovation and gain a competitive edge is only achieved via mapping the Multicloud to your business correctly. Use CloudVane to associate your business architecture and your cloud usage.

Budgets and Reports
With near-real-time visibility into your Multicloud cost you can accurately define budgets, actions and thresholds that will keep you on top of your spending. Notifications and reports eliminate any and all surprises regarding your cloud environments.

Automation
Witness the actual impact of using CloudVane on your monthly bill. Cut down your day-to-day tasks in order to maintain the consistency of your Multicloud operations. Continue to improve to increase efficiency and facilitate innovation.
CLOUDVANE FEATURES

INFORM

1. See Clearly
Stay informed about your Multicloud costs and resources in order to make smart decisions. CloudVane’s dashboard brings you a single-pane-of-glass view into cloud reports, budgets, budget thresholds and organization hierarchy.

OPTIMIZE

2. Spend Wisely
CloudVane does the thinking for you and offers rightsizing recommendations, insights on resource usage, detects anomalies, enables reserved instance planning and show exactly how much you have saved in cloud cost and resources.

OPERATE

3. Manage Successfully
Operate your Multicloud with continuous improvement using CloudVane’s automation options, prevent overspending using resource actions and action groups, and automate day-to-day tasks using scheduler and notifications.
CLOUD DRIVES INNOVATION

If you wish to tap into the full potential of the cloud, let your decisions be driven by the business value of the cloud. This is where FinOps’s capability is unrivaled, enabling companies to switch from talking about dollars spent and instead start talking about the efficiency and value of the cloud spend.

Cloud drives innovation by being on demand, scalable and self-serviceable. Instead of prepurchasing huge amounts of equipment in three- to five-year cycles, cloud allows companies to buy small units of resources on the go, as required, facilitating shorter time to market for new products and services, competitive advantage and digital business transformation. And the price is incomparable.

A successful FinOps practice expands and accelerates the business benefits made possible by the cloud.

O’Rilley Cloud FinOps,
J.R. Storment & Mike Fuller

EXPERIENCE CLOUDVANE

If you are ready for to integrate a cloud cost management solution into your cloud journey, we will arrange a demo of CloudVane! Get in touch!