



# A Simple Guide to Cloud Cost Management: FinOps for Beginners

FinOps Is The Intersection Of Finance, DevOps, And Business, Where Teams Collaborate To Optimize Cloud Investments, Control Costs, And Achieve The Desired Business Value From The Cloud.

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# Why Cloud?

## Cloud Adoption and Market Growth

★ **More than 90% of organizations use the cloud**

Source: O-Reilly

★ **Cloud-based workloads account for 75% of workloads in 1 out of 5 organizations**

Source: Fortinet 2021

★ **90% of organizations will adopt hybrid cloud by 2027.**

★ **All cloud segments are projected to experience double-digit growth in 2025.**

## Forecast for Public Cloud Spending



Worldwide end-user spending on public cloud services is forecast to total \$723.4 billion in 2025, up from \$595.7 billion in 2024, according to the latest forecast from Gartner, Inc.



Cloud use cases continue to expand with increasing focus on distributed, hybrid, cloud-native, and multicloud environments supported by a cross-cloud framework, making the public cloud services market achieve a 21.5% growth in 2025.

Source: latest forecast from Gartner, Inc.

## Worldwide Public Cloud Services End-User Spending Forecast, 2024-2025

(Millions of U.S. Dollars)

	2024 Spending	2024 Growth	2025 Spending	2025 Growth
Cloud Application Infrastructure Services (Paas)	171,565	19.1%	208,644	21.6 %
Cloud Application Services (SaaS)	250,804	18.1%	299,071	19.2%
Cloud Desktop-as-a-Service (DaaS)	3,466	7.7%	3,849	11.1%
Cloud System Infrastructure Services (IaaS)	169,818	21.3%	211,856	24.8%
<b>Total Market</b>	<b>595,652</b>	<b>19.2%</b>	<b>723,421</b>	<b>21.5%</b>

Source: Gartner (November 2024)

Gartner expects end-user spending on cloud infrastructure and platform services (CIPS) will grow 24.2% in 2025 to reach \$301 billion. In 2025, CIPS offerings are projected to account for 72% of IT spending on IaaS and PaaS, up from 70% in 2022.

Sid Nag, Vice President Analyst At Gartner

Undoubtedly, the cloud has become the backbone of modern business operations, driving innovation and efficiency.

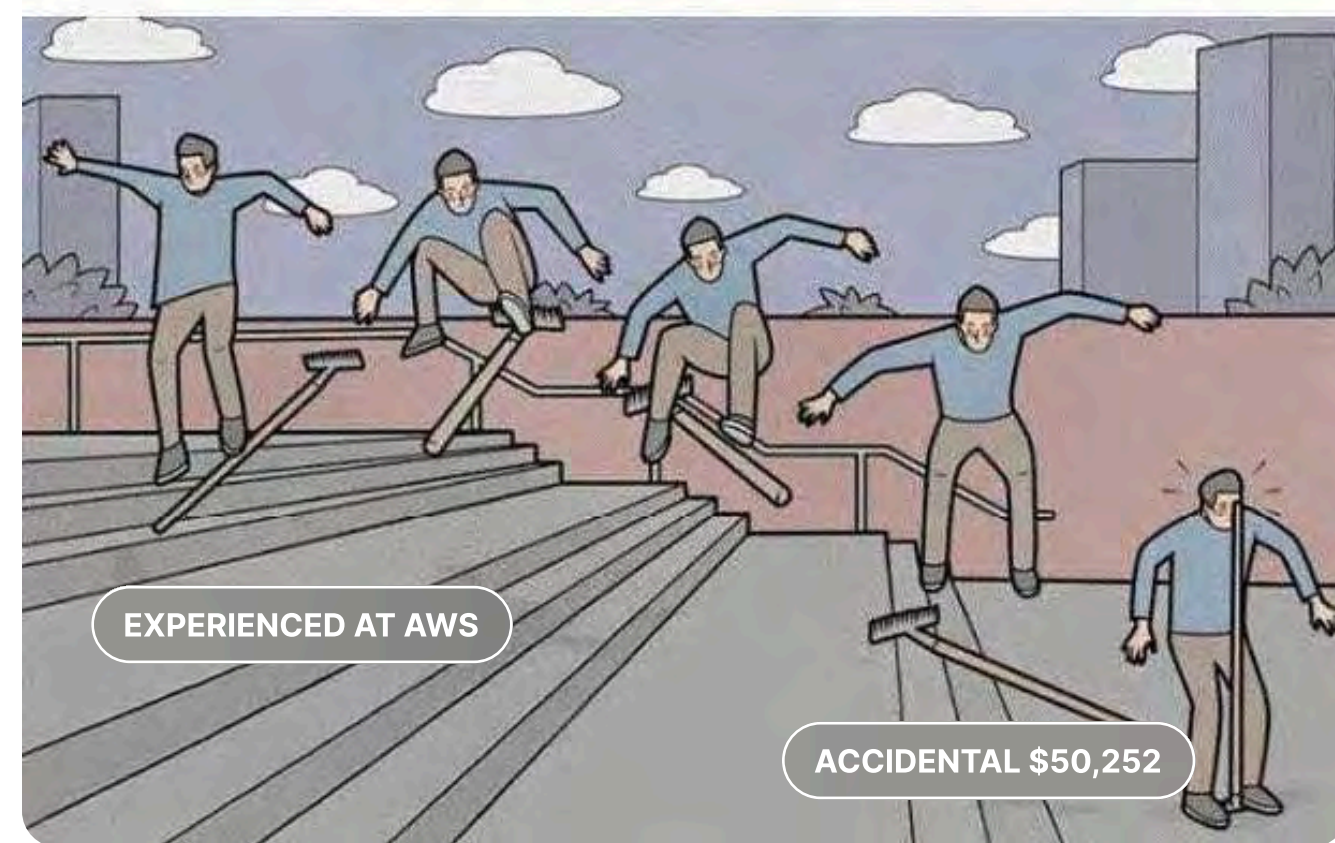
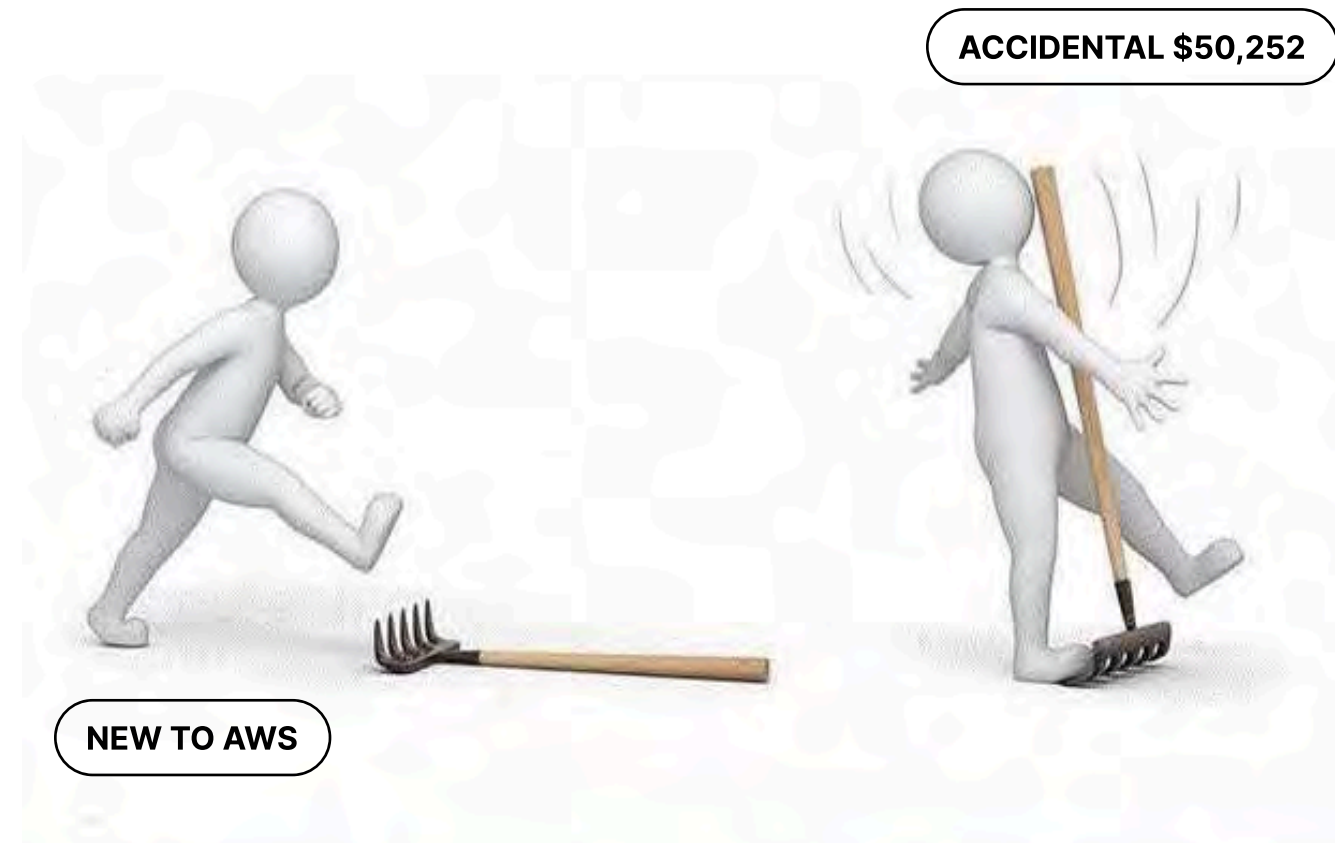


THE CHALLENGE

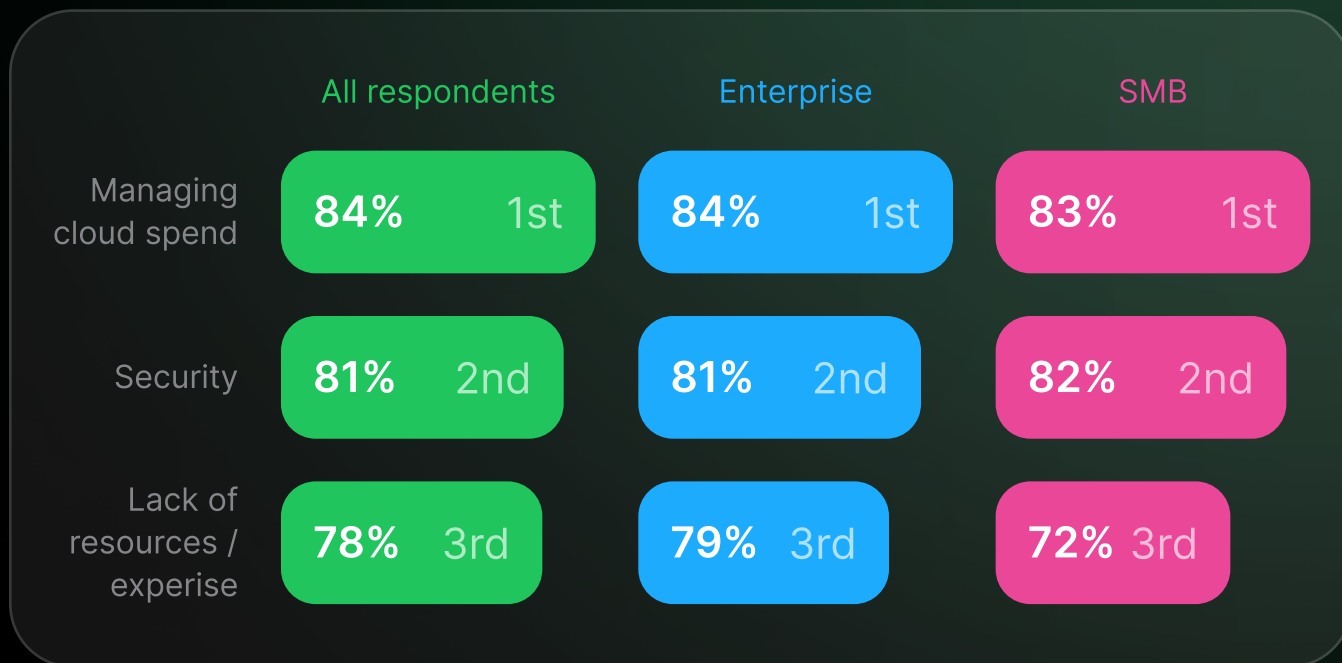
# Managing Cloud Costs



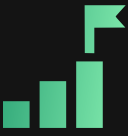
Cloud cost overruns have emerged as a major challenge for companies embracing the cloud.



# Top Cloud Challenges



Source: 2023 State of Cloud Report by Flexera

 Managing cloud spend maintains its rank as the top cloud challenge

The **2023 State of Cloud report by Flexera** includes a statistic about annual public cloud waste being at 28%. According to that same report, almost a quarter of respondents (24%) currently spend more than \$12 million annually on the public cloud.

Extrapolating the average annual public cloud waste spend based on the possible maximum spend for just these organizations, cloud waste amounts to ~\$7.2M for each Enterprise and ~\$1M for each SMB.

# Why Do Cloud Overruns Happen?

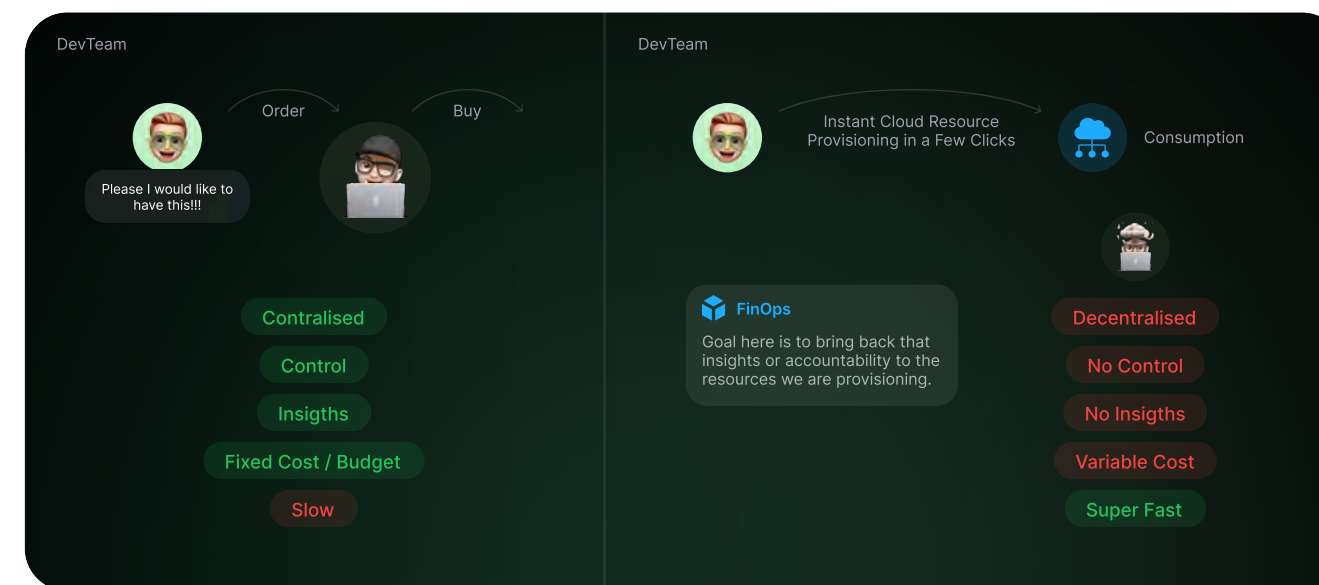
The adoption of cloud computing offers unparalleled flexibility and scalability, but it also introduces significant challenges—particularly in managing costs.

In traditional IT procurement (based on CapEx), centralized control was the norm. Budgets, resources, and timelines were carefully planned, ensuring fixed costs and clear insights into spending. However, this process was inherently slow and rigid.

With the cloud, the paradigm has shifted. Resource provisioning (based on OpEx) is now decentralized and incredibly fast. Teams can instantly spin up servers, deploy applications, and scale resources on demand. While this has unlocked agility and speed, it has also introduced several risks:

- **No Centralized Control:** Teams often bypass centralized approval processes, resulting in unmonitored expenses.
- **Lack of Insights:** Limited visibility into cloud usage makes it challenging to identify waste or optimize resource allocation.
- **Variable Costs:** Unlike traditional fixed budgets, cloud costs fluctuate based on usage, leading to unexpected spikes.
- **Speed vs. Accountability:** The rapid pace of cloud provisioning can result in disorganized environments and wasted resources.

These factors contribute to a chaotic consumption model, where costs can spiral out of control without proper accountability. This poses a critical operational challenge for modern businesses.



## Cloud Cost Management Solutions

**To overcome cloud cost overruns, cloud cost management tools and strategies might be effective, but they only partially address the issues of cloud wastage and the chaotic consumption model.**

## Cloud cost management solves immediate problems

Most people understand what cloud cost management is—optimizing cloud resources to control and reduce expenses—and are familiar with tools like AWS Cost Explorer, Azure Advisor, and similar offerings from other vendors. These tools provide detailed insights and recommendations for managing cloud costs effectively.

However, acting on these recommendations is often more complex than it seems. Cloud cost management tools generate lengthy reports, but IT teams can only implement about 20–30% of the recommendations. The rest require collaboration with engineers managing workloads like testing, development, and R&D.

Engineers, focused on their primary tasks, often over-provision resources to avoid risks like performance issues, making cost optimization a lower priority. This delay or deprioritization leaves IT teams with limited control over reducing costs.

**While these tools provide valuable insights, the real challenge lies in bridging the gap between analysis and implementation.**

Cloud cost management solves immediate problems, but without a structured process or proper framework, implementing recommendations can be difficult.

Highlighting savings is one thing, but achieving them requires a structured process/framework and active collaboration with engineers.





# Introduction to FinOps

## What is FinOps?

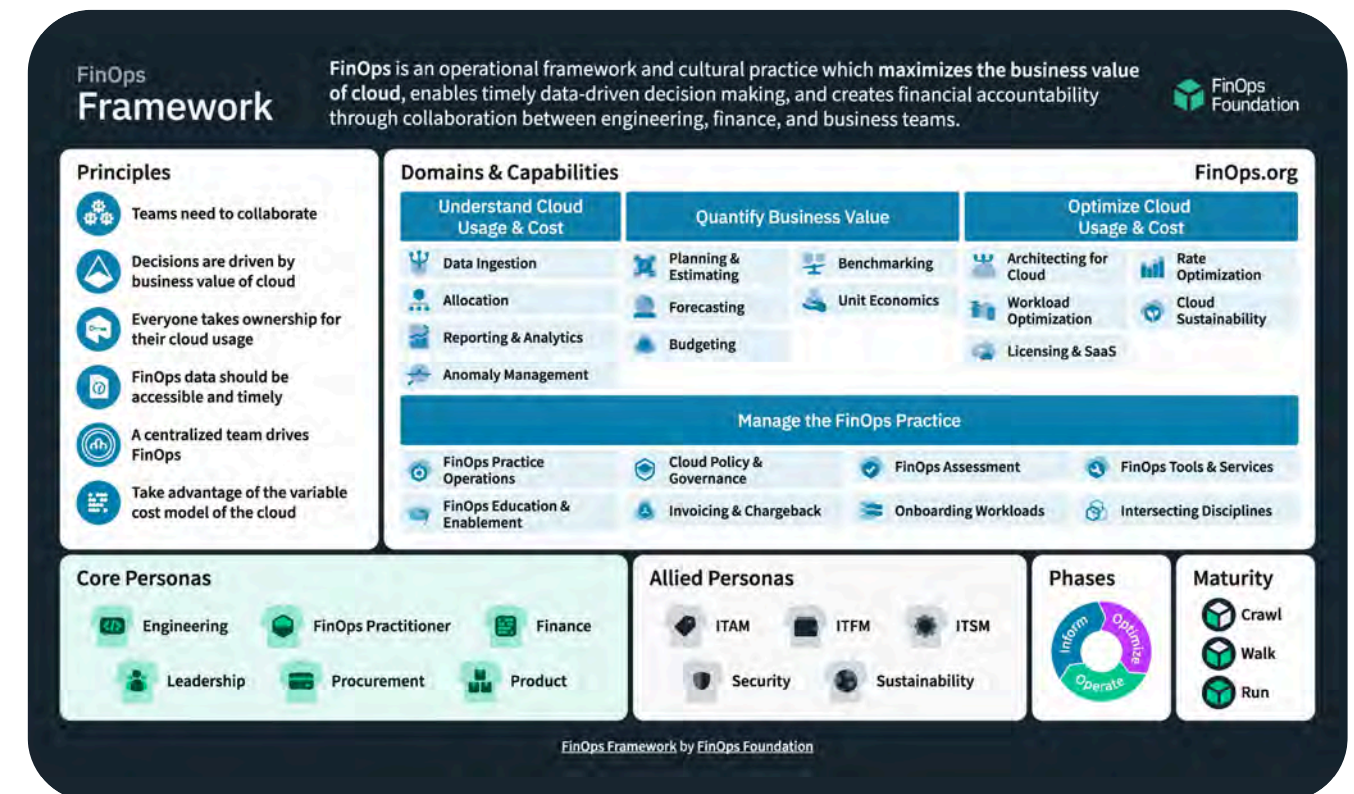
This is where FinOps comes in—a collaborative framework that brings together engineering leaders, financial teams, business teams and engineers to ensure financial accountability in cloud cost management. Engineers, as the primary users of cloud resources, play a crucial role by staying informed about their resource usage and taking responsibility for managing it effectively throughout its lifecycle.

It ensures that every dollar spent on the cloud is understood and accounted for. For every \$1 spent, FinOps helps you answer:

- What am I spending?
- Why am I spending it?
- What value did I get from this spending?

## FinOps Framework

The **FinOps Framework**, provided by the **FinOps Foundation**, offers a structured approach to mastering cloud cost management. It serves as a comprehensive guide, helping organizations implement best practices and maximize the value of their cloud investments.




FinOps Framework by FinOps Foundation


## Key Takeaways from the FinOps Framework

The FinOps Framework emphasizes a collaborative and structured approach to managing cloud costs. Here's what organizations can take away to turn the framework into action:


### Transparency

 Achieve clear visibility into cloud spending and forecast future costs with confidence.


### Efficiency

 Identify and eliminate waste to get the most value out of every dollar spent on the cloud.

### Control

 Build processes to consistently monitor, manage, and optimize cloud resources and expenses.

### Collaboration

 Engage teams across engineering, finance, and leadership to share accountability and work toward common cost-saving goals.

## FinOps Team

Effective cloud cost management requires more than tools—it needs teamwork. Aligning business goals, finances, and technical operations is impossible in silos.

This is where a FinOps team comes into play. It brings together:



**FinOps Practitioners:** Bridge business, engineering, and finance teams with real-time insights to align cloud strategies with goals.



**Executive Leaders:** Translate company strategy into actionable cloud cost objectives.



**Finance Teams:** Handle budgeting, forecasting, and cost control.



**Engineers and Operations Teams:** Manage cloud resources effectively while ensuring performance and scalability.

# Success Stories of FinOps Adopters

FinOps practices have helped companies across industries achieve remarkable cloud cost optimizations while improving efficiency and performance. Here are some standout examples:



Achieved a 27% reduction in Amazon S3 costs and 60% in Amazon OpenSearch Service costs through Savings Plans and actionable cost data.



Reduced compute costs by 42% using committed-use discounts and other optimization strategies.



Saved over \$100,000 annually by optimizing cloud resource usage.



Reduced GCP costs by 25% while improving platform stability and engineering quality.



Reduced cloud costs by 40% in six months using AWS native services and internal tools.



Cut cloud costs by 28% and optimized 96% of compute resources by assigning cost ownership across AWS accounts.



Reduced Amazon EC2 spend per unit by 45%, improving cost efficiency for their mobile gaming platform.



Reduced compute costs by 42% using committed-use discounts and other optimization strategies.



Created cost-aware consumption and cut cloud expenses by 30%.

FinOps is not a one-time solution —it's a continuous process of improvement. Success doesn't rely on the size of your company, industry, or cloud budget.



# The FinOps Practitioner

A FinOps Practitioner is a key role responsible for bridging the gap between business, finance, and engineering teams to manage and optimize cloud costs effectively. They ensure that cloud strategies align with organizational goals while promoting accountability and collaboration across all stakeholders.

## Roles and Responsibilities

Their daily tasks include:

- 
**Facilitating Collaboration:** Coordinating between teams to align cost management goals.
- 
**Tracking Cloud Usage:** Monitoring cloud resources to ensure spending aligns with budgets.
- 
**Creating Cost Insights:** Providing real-time visibility into cloud expenses for informed decision-making.
- 
**Defining Best Practices:** Establishing guidelines and processes to optimize cloud costs.
- 
**Supporting Financial Planning:** Assisting in creating accurate budgets and forecasts for cloud operations.
- 
**Reporting and Analysis:** Generating reports to highlight trends, opportunities, and areas for improvement in cloud spending.

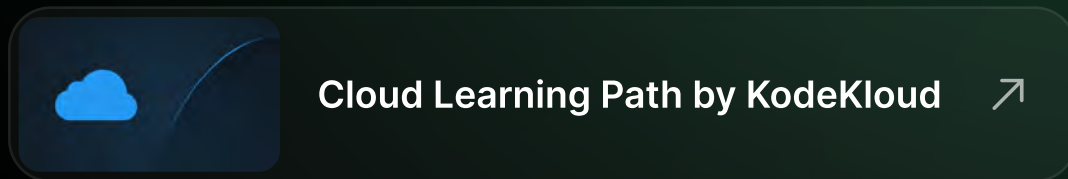
TRAIL MAP

# How to Become a FinOps Practitioner

Becoming a FinOps Practitioner requires a combination of technical, financial, and collaborative skills. Here's a roadmap to get started:

## Understand Cloud Fundamentals

Gain knowledge of cloud platforms like AWS, Azure, or Google Cloud, including resource management and pricing models.



## Learn Financial Basics

Familiarize yourself with budgeting, forecasting, and cost control principles to align cloud spending with business goals.

## Master FinOps Principles

Study the FinOps Framework, focusing on its principles, capabilities, and best practices for managing cloud costs effectively.

## Develop Analytical Skills

Learn to analyze cloud usage and cost data to provide actionable insights and recommendations.

## Focus on Collaboration

Build strong communication and collaboration skills to work effectively with business, finance, and engineering teams.

## Get Certified

Consider certifications like the FinOps Certified Practitioner (FOCP), FinOps Certified Engineer, FinOps Certified Professional from the FinOps Foundation to validate your expertise.





## Gain Hands-On Experience

Work on real-world cloud cost management projects to understand practical challenges and solutions.

# Why KodeKloud?

 **90+**  
Courses

 **700+**  
Hands-on Labs

 **1,000,000+**  
Students

 **4.8**  
Rating

## Our Mission

Our mission at KodeKloud is to foster DevOps excellence and mastery. We're dedicated to equipping learners with hands-on, practical skills for digital transformation, emphasizing efficient learning, timely skill application, and effective teaching methods to shape the future of technology professionals.

KodeKloud is dedicated to empowering students with the everything they need to learn, develop, and change the world.



(4.8) based on 900 reviews



4.8 out of 5 stars

