FinOps

Make cost optimisation 'business as usual'

This FAQ explains how implementing FinOps practices can help your organisation control cloud costs and fund innovation. Learn about SoftwareOne's approach to creating a flywheel of cost-optimised innovation and the practical steps you can take to transform cloud spending from a cost centre into a strategic asset.

What is ‘FinOps’?

FinOps is a cultural practice that brings financial accountability to the variable spend model of cloud computing. It unites technology, finance, and business teams to optimise cloud costs while maintaining speed and quality.

The core principles of FinOps include providing visibility into cloud usage, optimising resources and spend, and establishing accountability across teams. Rather than treating cost control as a periodic exercise, FinOps makes it an ongoing part of your operational culture.

What technical and business challenges does FinOps address?

FinOps addresses several critical cloud management challenges:

- **Uncontrolled cloud spending:** According to Gartner[1], 60% of IT teams underestimate cloud expenses, resulting in cost overruns
- **Limited visibility:** Many organisations struggle to track cloud resource usage and spending across teams
- **Inefficient resource allocation:** Unused and over-provisioned resources waste significant budget
- **Lack of accountability:** Without clear ownership, cloud costs can spiral across departments
- **Reactive cost management:** Many companies only address costs after receiving unexpectedly high bills
- **Innovation barriers:** Without optimised spending, resources that could fund innovation are wasted

How does FinOps differ from traditional cost management?

FinOps represents a fundamental shift in how organisations approach cloud spending.

Traditional Approach	FinOps Approach
Reactive cost reviews	Continuous cost optimisation
IT-only responsibility	Cross-functional collaboration
Limited visibility	Real-time cost transparency
Static budgeting	Dynamic resource allocation
Cost cutting focus	Value optimisation focus
Periodic intervention	Cultural transformation

This shift makes cost management an ongoing part of operations rather than a periodic fire drill after costs have spiralled out of control.

How does FinOps create a ‘virtuous cycle’ of cost optimisation and innovation?

Recent research[2] from SoftwareOne identifies high-performing companies (we call them ‘Optimised Innovators’) who use a flywheel approach where cloud cost optimisation directly funds innovation. FinOps is part of that picture:

1. **Implement FinOps practices** to identify and eliminate cloud waste and inefficiency
2. **Channel savings** directly to innovation initiatives rather than general budget
3. **Invest in innovations** that generate business value and new efficiencies
4. **Reinvest resulting savings** to fund the next wave of innovation
5. **Build momentum** with each cycle, creating a self-sustaining model
6. **Maximise business value** by consistently monitoring cloud investments and adjusting spend accordingly

This approach transforms cloud cost management from a negative (cost-cutting) to a positive (innovation-funding) activity within the organisation, turning cost optimisation into business as usual.

What specific FinOps capabilities should organisations prioritise?

A comprehensive FinOps approach incorporates these capabilities:

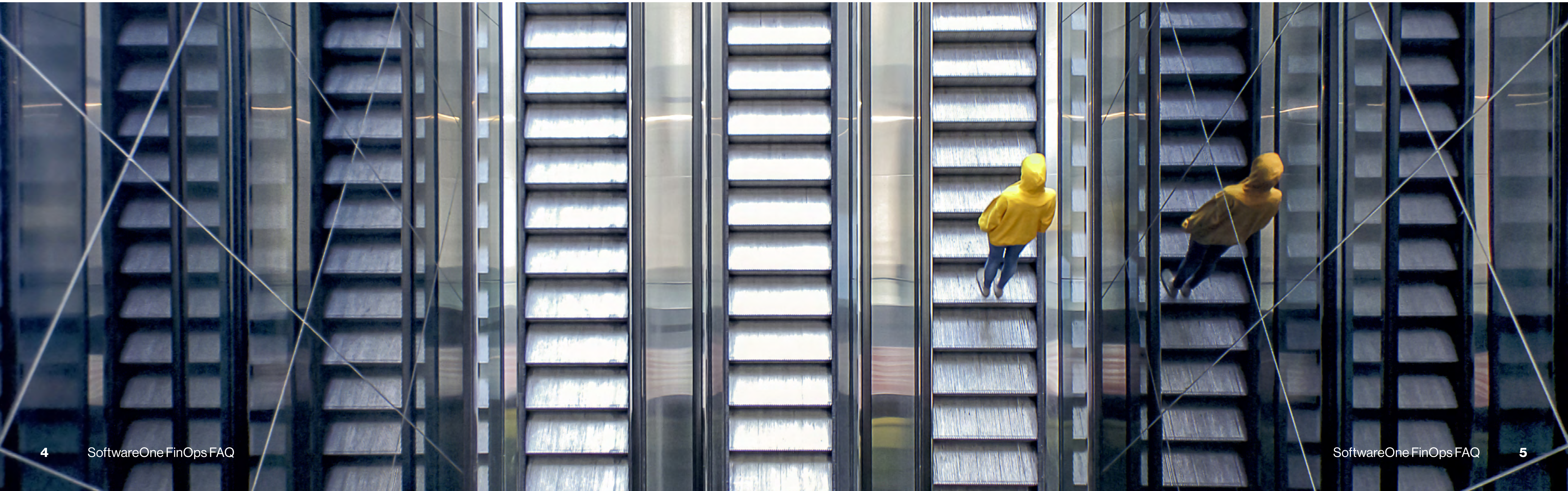
- **Visibility and reporting:** Real-time dashboards and allocation of costs to teams and projects
- **Optimisation tools:** Automated identification of unused resources, right-sizing, and reserved instance opportunities
- **Governance framework:** Policies, guardrails, and approval processes for cloud spending
- **Cultural adoption:** Processes that create cost awareness and accountability across teams
- **Forecasting and budgeting:** Tools that predict future spending and establish appropriate budgets
- **Integration with procurement:** Alignment with vendor agreements and volume discounts

Leading companies apply these principles through dedicated teams, tools, and processes that connect financial and operational considerations throughout the cloud lifecycle.

What are the four steps to implementing FinOps in your organisation?

These four practical steps should get you started on your FinOps journey:

Establish Visibility • Deploy cloud cost monitoring tools • Create consistent tagging and categorisation strategies • Develop dashboards for real-time spending insights • Give all stakeholders appropriate access to cost data	**Build Cross-Functional Collaboration** • Form a FinOps team with IT, finance, and business representatives • Define clear roles and responsibilities • Establish regular review cadences • Create shared KPIs balancing cost and performance
Implement Optimisation Processes • Identify and eliminate unused resources • Right-size over-provisioned services • Use reserved instances and savings plans • Optimise application architecture for cost efficiency	**Drive Accountability** • Attribute cloud costs to specific teams or projects • Build cost awareness into development processes • Create incentives for cost-efficient behaviour • Make cloud spending transparent and understandable



What results have companies achieved with FinOps?

Organisations implementing FinOps with SoftwareOne have achieved significant outcomes:

- A healthcare provider (ZorgSpectrum) reduced cloud spending by 75%
- A financial services firm saved $500K in cloud costs while maturing internal capabilities
- A global energy company implemented a FinOps strategy resulting in $2.5 million in savings
- A healthcare IT provider (Alpine Health Technologies) achieved $150K in savings over three years

What are the most common misconceptions around FinOps?

Misconception	Reality
"FinOps is only for large enterprises"	73% of mid-market Optimised Innovators prioritise FinOps implementation
"FinOps requires expensive tools"	Many organisations start with existing cloud provider tools and evolve gradually
"FinOps is purely technical"	Effective FinOps balances technical, financial, and business perspectives
"Implementation is too complex"	A phased approach makes FinOps accessible to organisations of all sizes

What are the next steps for my organisation?

SoftwareOne recommends these initial steps to begin your FinOps journey:

1. **Assess:** Evaluate your current cloud cost management maturity
2. **Strategise:** Develop a FinOps implementation roadmap tailored to your goals
3. **Implement:** Start with quick wins that demonstrate immediate value
4. **Evolve:** Build a continuous improvement cycle for ongoing optimisation

1. 6 ways cloud migration costs go off the rails, Gartner, 2021
2. Driving business outcomes through cost-optimised innovation, SoftwareOne, 2025

For a more personalised approach, SoftwareOne offers FinOps assessment services that evaluate your current maturity and identify your most valuable next steps. Get in touch today to learn how SoftwareOne can help you implement FinOps to drive cost savings that fund innovation across your organisation.

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