



Are you struggling with cloud economics?

Making a business case for cloud

If you don't master the commercial aspect of cloud, your business will lose out. Multicloud economics is moving way beyond a cost control exercise and fast becoming a key building block in value creation.

Everything moves super-fast in the cloud. Procurement requests that took weeks in on-premises data centers can take seconds with a self-service consumption model. This speed, however, comes with some enormous challenges in terms of cost variability and making meaningful monthly spend predictions.

When adopting cloud, enterprises often forget the many nuances in moving from a capital model allocation to an operating one, while still paying to run existing infrastructures. At the same time, there is often a disconnect between business and IT, which further confuses the situation. Business wants the best solution to deliver its strategic outcomes without much concern about how it is fulfilled.

CIOs must make the commercial value of cloud more tangible for businesses to accelerate cloud transformation. To do this, the whole cloud estate must be more transparent, making it easier to forecast spend and create cost savings by adopting different technologies, consolidating workloads, and using cloud services more efficiently.

Some organizations are forward-looking and have implemented FinOps as a means of cost control for cloud consumption. However, to fully realize and demonstrate business value for cloud transformation (not just consumption), CIOs and CTOs need to consider the wider impact including organizational change; alignment with business stakeholders, corporate strategy and decision making; and cloud resourcing and training strategies. The Orange approach to cloud economics considers all the strategic areas for cloud value creation, not just cloud consumption governance with FinOps.

By 2023, 80% of organizations using cloud services will establish a dedicated FinOps function to automate policy-driven observability and optimize cloud resources to maximize value.¹



FinOps: creating a culture of financial management for cloud

FinOps is essentially an operating model for cloud, designed to ensure you get the most from your investment based on implementing an effective governance framework and cost controls.

As the FinOps Foundation puts it, FinOps is “an evolving cloud financial management discipline and cultural practice that enables organizations to get maximum business value by helping engineering, finance, technology and business teams to collaborate on data-driven spending decisions.”²

FinOps offers up financial and operational control for cloud and cloud-related budgets. It can help you better figure out your cloud spend and provide valuable insight into managing cloud consumption in a dynamic environment. With many enterprises over budget on their cloud spend by an average of 13% and expecting to increase their cloud spend by 29% in the next twelve months, optimizing cloud costs is now more critical than ever.³

FinOps operates on a continuous cycle of three phases: inform, optimize and operate. Inform delivers visibility; optimization enables real-time decision making, predictions, and better planning capacity purchasing; operate clarifies how IT, business, and finance can achieve their shared goals through continuous improvement.⁴

According to a recent report, FinOps continues to expand its remit due to the variety of challenges it can tackle to help bring order to cloud cost management.⁵ This includes allocating shared and unallocated costs across departments, forecasting variable spending, aligning tech and finance teams, reporting on container costs in cloud-native environments, and reducing waste.

The Orange way: a cultural, communication, and people movement is required for FinOps to deliver value

When bringing together business, finance, and technology, enterprises must not forget that FinOps also requires cultural change. Often leaders think that FinOps is centered around optimizing cloud spend and right-sizing. That is the first step. The biggest leap is creating a culture that can deal with a new way of spending and how that spend can be most effective and utilized in the most cost-efficient way.

Enterprises need to move from having finance manage IT costs to it being a shared responsibility that will allow for greater agility, faster operations, enhanced resource utilization, and savings to re-invest in areas such as innovation.



Balancing cloud finances and business goals

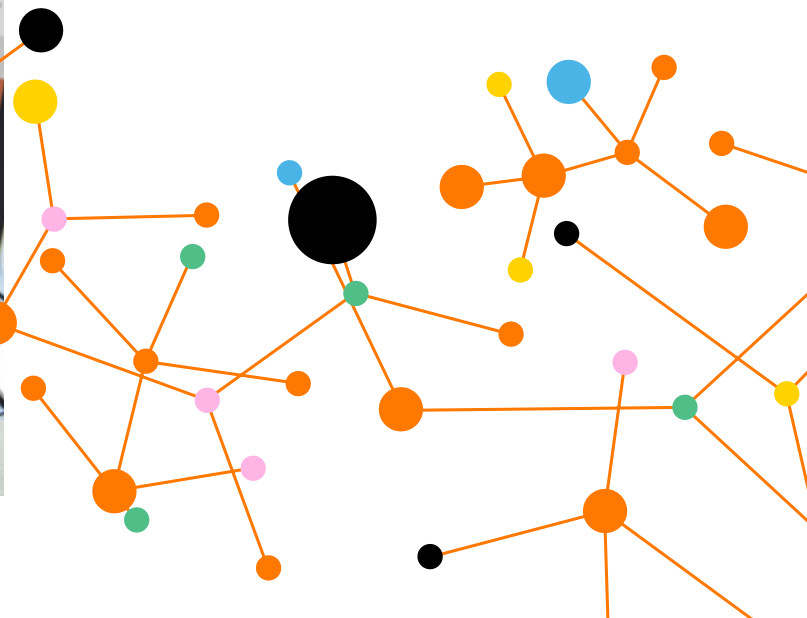
FinOps is a powerful framework for controlling variable cloud costs and establishing true accountability across the enterprise. It is not only about saving money; it will also help drive business value and innovation.

To help you establish a successful FinOps framework, you should consider the following points:

- 1** Create an agile, centralized cross-functional FinOps team comprising leaders from multiple domains, including finance, IT, business, operations, and development to collaborate in better managing cloud costs and improving visibility and accountability.
- 2** The first critical step is to gain visibility of the entire cloud estate. This not only provides a basis for enhanced control and management but also for educating departments across the organization on cloud usage.
- 3** Viewing cloud costs as a business value driver rather than a technology expense is central to a successful FinOps operation and requires a cultural shift in thinking.
- 4** Identify and create a living document that is regularly revisited, formulating FinOps practices and processes.
- 5** Create a robust communications channel to explain FinOps practices to organizational stakeholders and drive cultural change.
- 6** Align your business roadmap and communications strategy with your FinOps planning.
- 7** Develop consensus on a cloud value model and determine the metrics you will use to monitor it. There are a variety of KPIs available, and they will vary from industry to industry. Common ones include unused asset percentage, purchasing effectiveness and potential versus realized cost savings.
- 8** Reporting cloud cost data is pivotal to FinOps. Put best-in-breed tools in place to harvest, correlate and analyze cloud cost data.
- 9** Accept that shadow IT is a reality for cloud operations; cloud economics is not a way to control shadow IT, it is a way to align technical value creation.
- 10** View the variable costing model that comes with the cloud as an advantage, not a risk, and take advantage of it.
- 11** FinOps is not a tick box exercise. It is a journey of continuous improvement and operations and requires executive buy-in, energy, and collaboration on an ongoing basis to be successful.



Cloud economics will become the grammar of business and technical alignment. To get ahead of the curve it is paramount that you adapt to this new cloud cost environment now or you will find yourself lagging when it comes to the technical, business, and financial benefits of cloud deployment.



Why choose Orange Business Services for your cloud economics needs?

Whether you are just starting on your cloud journey or are ahead on the cloud maturity curve, gaining business value from the cloud or even basic FinOps can be a daunting task. Orange Business Services has two offerings that can make this process much easier, helping you quickly and efficiently take back control of your cloud estate.

We provide both a one-off FinOps assessment and a fully managed FinOps service:

One-off Orange FinOps Assessment

This provides you with a set of recommendations based on a technical audit, interviews, and analysis carried out by our team of expert cloud consultants. It will show you how to adopt cloud cost management effectively, consolidate workloads, and better utilize services to make savings.

The in-depth assessment, which also looks at resource effectiveness, cost governance, and supply and demand management, is directly connected to the size and complexity of the existing environment. Typically, clients make immediate savings of between 10 and 20%.

Fully managed FinOps service

For enterprises that may not have the time, in-house skills, or technology to run a FinOps program we also offer a fully managed FinOps service that provides the tools, visibility, and guidance to control and optimize cloud spend and provide continuous recommendations as your cloud business needs change.

Our cloud economics and FinOps service offerings are supported by other key capabilities to support your cloud journey

-  15 years of experience operating private, public, and pan-European sovereign clouds
-  2,500 Orange Cyberdefense experts, 5,500 SDx experts and 2,600 cloud experts
-  3,900 data and artificial intelligence experts
-  700 developers, integrators and digital and IoT experts
-  800 expert integrators of communications and collaboration solutions
-  Specific tools and technicians skilled in connectivity, multicloud networking, and security
-  Global reach and local care capabilities in 220 countries and territories
-  24 x 7 cloud support via five major service centers across the globe
-  Business practices with in-depth knowledge of big data and analytics, AI, ML, IoT
-  Extensive experience in designing, building, and running digital infrastructure and cloud solutions
-  Orange participates in the development of European standards, including GAIA-X, HLEG AI, 3IA, HLEG on AI
-  Orange Business Services is an AWS Advanced Consulting Partner with the AWS Direct Connect Service Delivery and the capacity to address AWS cloud transformation needs on a global scale

FinOps is the start of the conversation when it comes to cloud economics. To find out more about FinOps, our offerings, and how we can help you get more value from your cloud investment with greater technical and financial flexibility contact us here <https://www.orange-business.com/en/any-request>

1. IDC FutureScape: Worldwide Cloud 2022 Predictions
2. FinOps Foundation: What is FinOps
3. Flexera: 2022 State of the Cloud Report
4. FinOps Foundation: State of FinOps Report 2021
5. FinOps Foundation: State of FinOps Report 2021