Augmented FinOps: The next era for cloud cost management

CLOUDBOLT
The cloud ROI company ™

The cloud ROI problem

The digital success of every modern company depends on effectively harnessing cloud power to remain competitive, boost agility, and drive innovation. However, most businesses still struggle to fully quantify the value of the cloud. Despite extensive efforts to manage costs in past years, cloud adoption expenses continue to increase while expected returns fall short.

It's like running a marathon with no finish line in sight – IT leaders are feeling the burn, tirelessly chasing cost efficiencies that always seem just out of reach.

This pain is familiar to many IT leaders, who have invested in practices solely focused on implementing cloud financial best practices within their organizations. Due to their notable savings achievements, cost-cutting measures, and initial successes, FinOps teams have begun to earn significant respect.

Unfortunately, low-hanging fruit runs out. The initial cost "savings" are the easiest. Once that dries up, the real question emerges - "What now?" The demand for more strategic, innovative approaches is at an all-time high. FinOps leaders, central to this growing pressure, recognize the need to transition from tactical cost management to effectively tracking and understanding the value their cloud investments generate.

As FinOps teams strive to transform into ROI-centric cloud organizations, they encounter significant challenges.

Overcoming key transformation barriers

Several interlocking themes impede meaningful progress toward a value-centric cloud operation:

Misaligned incentives

Cloud teams rarely consider the return on investment when making technology decisions, especially in the cloud.

Uninformed decisions

Users do not have the insights and means to make value-oriented decisions in their day-to-day activities.

Incomplete visibility

Quantifying and exposing the financial impact of cloud decisions is cumbersome, so it is often left out of the equation.

In most cases, FinOps leaders look to their existing cloud financial platforms to help solve these challenges - only to quickly realize that existing solutions were never designed to solve the cloud value problem.

The failures of conventional FinOps solutions

While the technology to help overcome many cloud financial management hurdles exists, current FinOps solutions concentrate narrowly on the old way of thinking. They fail to take a systematic approach that provides complete, actionable intelligence and predictive guidance.

Critical shortcomings:

- **Manual data wrangling** - Getting answers to pressing cost questions requires tedious and error-prone manual manipulation of massive datasets. User interfaces cater to data analysts, not business users.

- **Lagging indicators** - The financial insights delivered offer rearward-facing views that spotlight existing problems. What is lacking is predictive, forward-looking visibility that enables users to steer future performance.

- **Reactive optimization** - Instead of detouring waste proactively, current tools retrospectively pinpoint savings opportunities after waste has already occurred. This reactive angle misses chances to embed preventative financial guardrails.

- **Inflexible automation** - Competitor process automation offers little customizability to match unique cloud team requirements. These rigid playbooks often end up discarded as shelfware.

- **One-size governance** - Blunt policy guardrails either throttle agility with overbearing controls or enable unseen costs to silently inflate from lax oversight. Nuance around risk tolerance is missing.

- **Fragmented cloud visibility** - Despite outward sophistication, lack of support for private cloud and SaaS results in dangerous observational gaps across today's hybrid environments.

In the face of these organizational and technology blockers, practitioners in the community are beginning to realize that truly transforming cloud financial management will require a quantum leap forward... One only Augmented FinOps makes possible.

Introducing Augmented FinOps

Augmented FinOps marks a significant advancement in cloud financial management. For the first time, practitioners can leverage and utilize AI/ML-informed insights and integrate intelligent automation and orchestration both retrospectively and proactively. This approach allows users to achieve complete cloud lifecycle optimization, rapidly and confidently transforming insights into actions. These actions maximize cloud value and simplify FinOps for everyone involved.
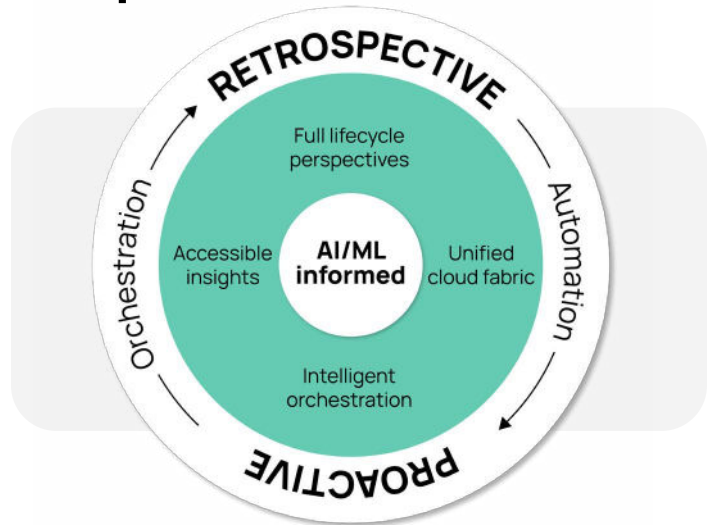
Augmented FinOps consists of three core innovations

AI/ML-informed cost insights provide enhanced cost observability and analysis, catering to various personas and perspectives.

Full Lifecycle FinOps applies insights and automation across all resource stages, ensuring data-driven decision-making for cloud resources.

A unified control framework facilitates the convergence of public and private clouds. This allows organizations to manage their diverse cloud computing resources as a single entity, offering a common access point and a unified user experience.

AI-enhanced financial intelligence

By extracting hidden insights from vast datasets spanning cloud usage, spending, and business KPIs, Augmented FinOps elevates observability into financial performance to new heights. Sophisticated machine learning algorithms help to:

- **Bring data alive with conversational experiences** – Using natural language interfaces to lower the barrier of entry to accessing financial insights and recommendations.

- **Surface unknown unknowns** - Detect subtle trends, anomalies, and projections across multiple data streams. This heightened visibility empowers more informed decisions.

- **AI-assisted forecasting** - Leveraging AI to boost the accuracy and reliability of predictive analytics for future cost trends and patterns.

- **AI-assisted anomaly detection** - Employing AI to analyze multi-modal cost and performance data to pinpoint or predict anomalies in cloud spending.

Full lifecycle FinOps

This approach embeds financial visibility, control, and automation throughout the cloud lifecycle, from design to day-to-day operations:

- **Preemptive Guidance** - Establishing architectural guardrails and best practice recommendations to set optimal configurations before incurring expenses.

- **Autonomous Remediation** - Implementing orchestration to expedite the transition from cost insight to action, enabling rapid correction of inefficiencies.

- **Feedback Loops** - Integrating FinOps learnings into cross-functional practices to reduce future incidents of overspending, non-compliance, or financial missteps.

Extending FinOps beyong public cloud

As technology portfolios diversify, focusing solely on AWS, Azure, and GCP creates gaps in visibility, optimization, and governance.

Augmented FinOps addresses these challenges through:

- **Custom cost adapters** - Integrating expenses from private clouds, SaaS, and other systems with flexible integration capabilities.

- **Unified data plane** - A redesigned data architecture that consolidates and standardizes usage, performance, billing, and custom business data for comprehensive analysis, irrespective of the source.

- **Custom datasets** - The ability to ingest, analyze, and report on any non-cloud or vendor-specific financial datasets that are used in IT.

Realizing the vision: Augmented FinOps is the future of cloud financial management

There is a pressing need to address the gap in cloud value realization. To find alignment between technology actions and financial outcomes through informed decision-making. IT leaders realize a paradigm shift is needed to address the multifaceted challenges faced by organizations in cloud financial management.

Augmented FinOps makes this vision a reality.

By integrating cutting-edge AI with cloud financials, Augmented FinOps transforms how organizations understand, manage, and derive value from their cloud investments.

The pioneering capabilities of Augmented FinOps – AI-enhanced financial intelligence, full lifecycle FinOps, and expanded scope beyond public clouds – offer a comprehensive solution. These capabilities ensure that organizations can overcome standing barriers and pitfalls and pave the way for realizing full ROI in their cloud.

CloudBolt's Stance: Making Augmented FinOps a Reality

CloudBolt believes that the FinOps domain is set for extraordinary growth and diversification, yet its potential is hindered by limited scope and disjointed solutions. CloudBolt intends to dismantle these obstacles by introducing a comprehensive, AI-driven platform. This platform extends FinOps to every part of your cloud environment, including data centers.

With an innovative vision and a suite of capabilities scheduled for launch in 2024, we aim to instill order and accountability in cloud spending and management on a large scale. CloudBolt equips organizations with the necessary tools, intelligence, and flexibility to optimize financial management, enhance efficiency, and pave the way for new growth opportunities.

Our team is diligently developing CloudBolt's next-generation capabilities, and we are eager to share them with you. Starting in January 2024, CloudBolt will begin showcasing these features to interested parties. We will release new functionalities into beta channels throughout the year before their public launch. We invite you to participate in this exciting journey of redefining FinOps by staying connected with us.

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