

CloudBolt Industry Insights Report:

The REAL State of FinOps





OVERVIEW

The global economic downturn of 2023 helped usher in a milestone in the evolution of Cloud. For the first time, IT leaders were asked to reduce the rate of spending growth in the cloud, hold flat, or even cut. This created a perfect storm for the explosion in the adoption of FinOps – the discipline of cloud financial management. Established by The FinOps Foundation (an offshoot of the Linux Foundation), FinOps comprises a comprehensive set of standards, operating principles, and recommendations regarding best practices, organizational structure, capabilities, and benchmarks designed to help companies optimize cloud value at scale. In a matter of just a few years, FinOps has seen mercurial growth, rapidly evolving from a set of early adopters to being accepted by the global mainstream as the answer to taming cloud costs.

Before FinOps was formally introduced, pockets of individuals and teams were attempting to manually implement cloud spend visibility. Using rudimentary tools and a whole lot of spreadsheet work, they attempted to rationalize spend, right-size workloads, and apportion costs. But those efforts never scaled properly and thus fell short. Next, companies began to invest in first-generation cloud cost management and optimization technologies, but those failed to fully scale as well – especially as companies moved more fully into hybrid/multi-cloud paradigms. Now, with the FinOps Foundation’s documented recommendations and certifications guiding dedicated FinOps teams, companies are starting to feel that success is in reach. But is it? And how soon?

Any time there is high exuberance in a market or practice, there is usually an opportunity to take a closer look and help separate reality from the collective hope and hype. That can only come from a dispassionate examination of what is occurring. [CloudBolt Industry Insights \(CII\)](#) – now in its 10th installment – was designed for exactly this kind of analysis. And just like every other edition so far, this CII report does not disappoint in what the data reveals.

WE SURVEYED...

500 executives,
engineers, and
developers

from companies with
5,000+ employees

in US, Canada, UK,
and Australia

SETTING THE STAGE

CloudBolt is a firm believer in FinOps as a formal discipline and the positive impact it is having across the Cloud landscape. As an active member of the FinOps Foundation, we appreciate the vital work the organization is doing to educate and empower its members. We see our research as complementary to the FinOps Foundation's "State of FinOps" by providing additional insights and data that enhance the strength of FinOps as a practice and a community.

For this study, we engaged a highly respected global research firm – Wakefield Research – to help formulate and conduct the data collection. Wakefield targeted 500 executives, engineers, and developers at companies with over 5,000 employees across the United States, Canada, UK, and Australia familiar with FinOps. Responses were collected in May of 2023.

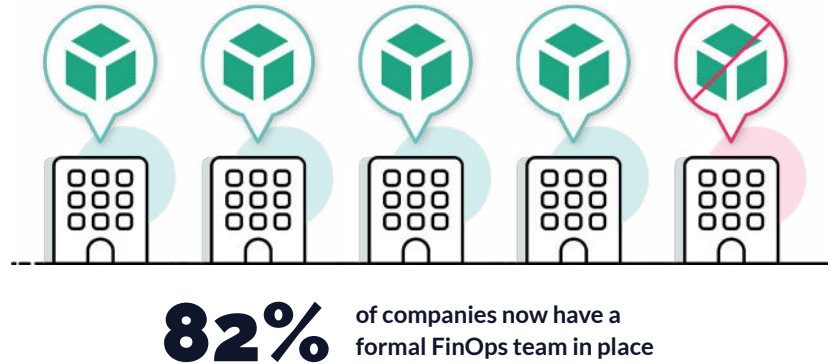
11 Essentials: A Tale of Promise Versus Progress

If you're short on time or simply prefer to get straight to the point, this section is for you. Without delving into the depths of data (for those inclined, see Appendix), here are the key insights you should pay attention to. These points reflect the current sentiment towards FinOps in 2023:

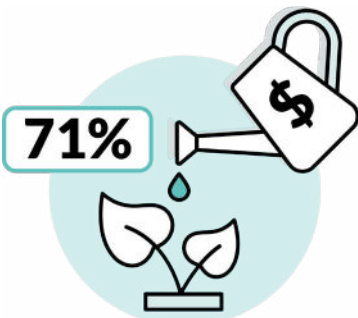
THE NEW LANDSCAPE

1 FinOps goes mainstream

More than 4 in 5 companies (82%) now have a formal FinOps team in place (and another 16% are actively considering adding one) – but almost half of existing FinOps teams (44%) were formed 12 months ago or less. And a whopping 89% of respondents view FinOps as the silver bullet for reining in the complexity of cloud cost management.



71%



71% say funding for FinOps has increased in 2023

2 Funding is flowing

According to 71% of respondents, funding for FinOps (including people and technology) increased in 2023.

89%



89% of respondents view **FinOps as the silver bullet** for reining in the complexity of cloud cost management.

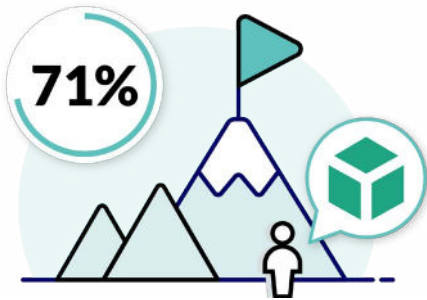


The average size of a FinOps team is now 4.1 people

3 FinOps teams are growing

The average size of a FinOps team is now 4.1 people, with the “Director-level” being the senior-most leader on the team 53% of the time.

A STRATEGIC PRIORITY



71% indicate that achieving IT goals without FinOps would pose a significant challenge

4 FinOps elevated to strategic

According to our study, 68% of respondents highlight the importance of FinOps within their organization's strategic priorities for 2023. Further, 71% indicate that achieving this year's IT goals without a FinOps practice would pose a significant challenge.

5 A seat at the IT table

74% say that FinOps is now as important as traditional IT-related areas including ITOps, DevOps, SecOps, and other common disciplines.



74% say that FinOps is now as important as ITOps, DevOps, SecOps, etc.



58% of organizations report FinOps metrics to their top brass

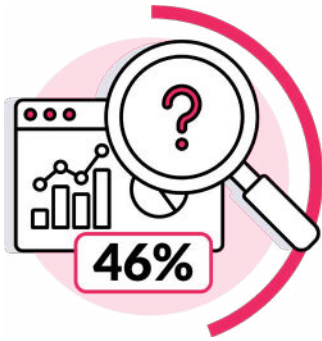
6 Visibility at the top

FinOps KPIs and metrics are now reported to the C-Suite or Board of Directors at 58% of organizations.

If the study stopped here, it is logical to assume that FinOps has fully arrived and has no issues.

Up to this point, it is a veritable love-fest. But the research also highlights some important disconnects and opportunities for improvement. Specifically:

THE LINGERING CHALLENGES



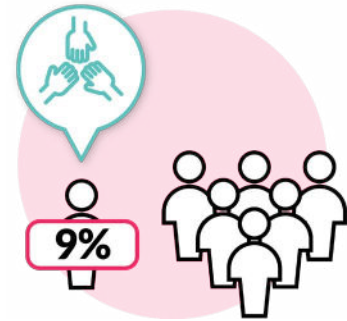
46% of engineers and developers believe that visibility and reporting is lacking

7 Still focusing on fundamentals

While advanced capabilities like cost allocation, chargeback implementation, automated remediation, anomaly detection, and more are hot topics across the FinOps crowd, most respondents are still struggling to get the foundational components right. Specifically, 48% cite commitment purchases (reservations and savings plans) as one of their highest priorities. 46% of engineers and developers - people actually applying FinOps to their work - still believe that basic visibility and reporting is lacking. Interestingly, Executives rated that capability as their lowest priority at 36%.

8 It's supposed to take a village

According to the key tenets of FinOps, organizational success is the responsibility of everyone involved in Cloud. Surprisingly, *only 9% of respondents saw it that way*, with the majority, 58%, saying ownership belonged to a designated team or a specific leader.



Only 9% of respondents believe that FinOps is the responsibility of everyone involved in Cloud



94%

of respondents agree that FinOps is a long-term investment,

while only 24% expect to see material gains in 12 months or less.

THE GREAT DIVIDE



FinOps is...

- A critical necessity (30%)
- A transformative process (24%)
- Easy in theory, harder in practice (15%)
- Much ado about nothing (13%)
- Nothing more than a suggested framework (10%)
- A necessary evil (7%)

9 Still unconvinced

Despite all the enthusiasm, **45% of respondents - nearly half - question FinOps efficacy in the real world.** Specifically, 15% flag FinOps as being “theoretically easy but harder in practice,” 13% regard it as “much ado about nothing,” 10% say it is “nothing more than a suggested framework,” and 7% label FinOps as “a necessary evil.”

10 Playing the long game

94% of respondents agree that FinOps is a long-term investment. Unfortunately, 75% of companies have resigned themselves to believing they will have to wait 24-36 months or more to achieve a positive outcome for their business; only 24% say they anticipate being able to see material results in 12 months or less.



75% believe it will take 24-36 months or more for a positive outcome



Only 1/500 saw a material impact from FinOps to date

11 Reality check

Across our survey, **only one respondent out of 500 indicated they have realized a positive material impact from FinOps to date** (99.8% said they were still waiting).

Recommendations:

FinOps holds a promising narrative, but an additional layer of strategy and capability is needed to quickly overcome the intricacies of rising cloud costs. At CloudBolt, we defy the notion that real results will require years to materialize. If your organization is skeptical of the assumed estimate that a tangible impact from FinOps takes 24-36 months, let's disrupt that timeline. Here are four essential steps your company can take to fast-track FinOps outcomes:



1. Get a Backbone – The right technology serves as the backbone of your company's FinOps culture, effectively closing the gap between potential and actual gains. If you're seeking a swift return on investment, a standalone FinOps program isn't enough. Integrated automation, combined with advanced cloud financial management capabilities, is the only path to success at scale for FinOps programs. This tech should be readily available and user-friendly, ensuring every team member can harness its power. It's not just about adopting FinOps; it's about underpinning it with technology everyone can tap into.



2. Avoid the Operational Quagmire – FinOps leaders should actively shape policy, governance, and control factors for new deployments rather than serve as just number crunchers. Unfortunately, many teams are entangled in reactive financial tasks – crafting reports, dissecting cost trends, and firefighting persistent issues. The cost meter starts ticking once inefficient resources are deployed. So, it's important to shift to a proactive stance. In FinOps, prevention trumps cure.



3. Spread Accountability – All business leaders and cost owners should bear responsibility for their individual cost contributions. It's unrealistic to expect a handful of experts to solve large-scale issues single-handedly. The motto should be, "If you touch the cloud, you own the cloud."



4. Expect Evolution – The current conversation around FinOps primarily revolves around cloud technology, but we see that as merely its starting point. The role of FinOps will grow significantly as it starts to consider and incorporate more cost inputs to achieve unit cost metrics. This dynamic field is also poised to serve as a pivotal arbitrator, resolving inherent tensions between ITOps, DevOps/Engineering, and Finance. As the role evolves, it's set to play an increasingly important role in shaping business strategies for years to come.

Conclusion

Over the past five years, FinOps has gained widespread acceptance and is now a standard operation in most IT organizations. The change has been quick, catching many off-guard. But the facts show that the dam has broken. As of this writing, a simple job search on LinkedIn for “FinOps” reveals nearly 10,000 open positions. The FinOps Foundation, a project of the Linux Foundation, now boasts a community of over 12,000 from over 5,000 organizations, a significant increase from just two years ago. The composition is not just small and medium businesses but includes FinOps practitioners from 48 of the Fortune 50. So it is clear that the promise of FinOps shines brightly, but the opportunity ultimately centers around accelerating time to maximum value and impact for the companies embracing it.

Learn how CloudBolt can help optimize and **accelerate your FinOps results!**

[LEARN MORE](#)



CloudBolt Software is the enterprise cloud management leader. Our comprehensive solutions for IT automation, orchestration, self-service IT, cost optimization, and security help enterprises simplify complexity and achieve rapid time-to-value anywhere on their hybrid-cloud, multi-cloud journey. Our award-winning cloud management platform and infrastructure integration services are deployed and loved by enterprises worldwide.

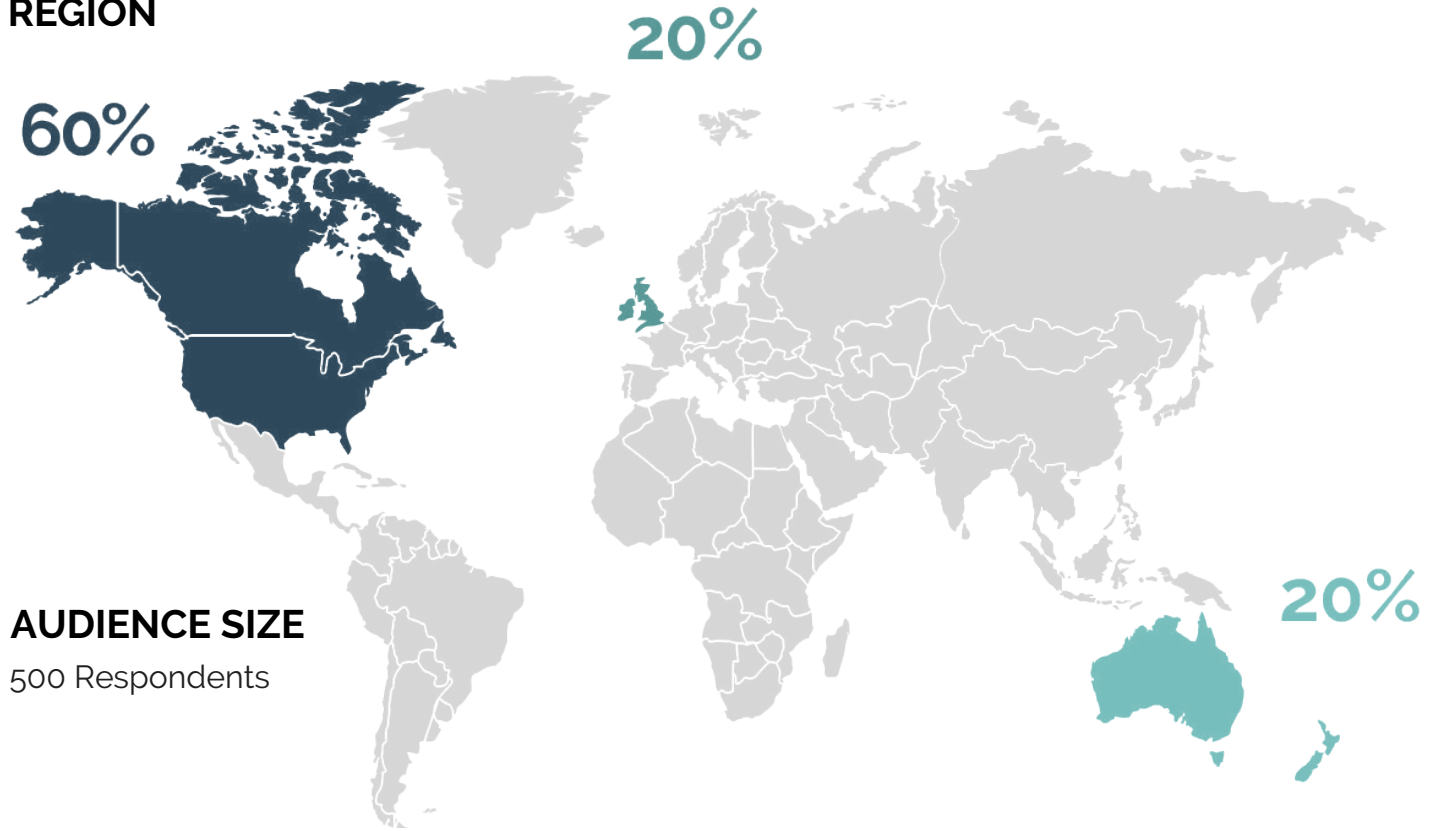
Backed by Insight Partners, CloudBolt Software has been named one of the fastest-growing private companies on the Deloitte Fast 500 and Inc. 5000 lists.

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Appendix

Methodology

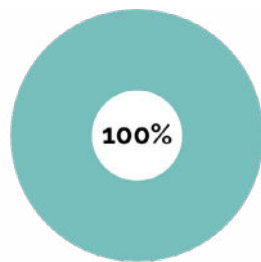
REGION



AUDIENCE SIZE

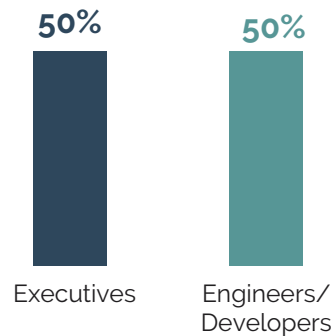
500 Respondents

COMPANY SIZE



100% large enterprises
5,000 - 7,000 employees = 49%
7,000+ employees = 51%

ROLE IN ORGANIZATION



See complete survey data at the link below:

[RAW DATA](#)



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