EOUC
EMEA
COMMUNITY TOUR
let's learn together

Sai Penumuru

Harnessing the Power of FinOps in Oracle Multicloud

Wed, 16 October, 11:55 | Kamer 4.2

'De Eenhoorn', Amersfoort

#EMEATour2024

Sai Penumuru

- Principal Director – Accenture
  - OCI Solution Architect Lead - EMEA
- Co-founder & President of AIOUG
- Oracle ACE Director
- Oracle Excellence Award
  - Cloud Architect of the Year 2024 - Winner
  - Cloud Architect of the Year Finalist 2023 & 2022

Oracle ACE

450+ technical experts helping peers globally

The **Oracle ACE Program** recognizes and rewards community members for their technical and community contributions to the Oracle community

3 membership tiers

Oracle ACE Director | Oracle ACE Pro | Oracle ACE Associate

For more details on Oracle ACE Program:
ace.oracle.com

Oracle ACE

Nominate

yourself or someone you know:

ace.oracle.com/nominate

Connect: **aceprogram_ww@oracle.com** | Facebook.com/OracleACEs | @oracleace | Oracle ACE Program Group

Agenda

Market Stats

What is FinOps

Demo

Q&A

The Goals of Cloud

Improve Scalability

Quickly and easily increase or decrease the size or power of a solution and add resources if/as needed.

Improve Elasticity

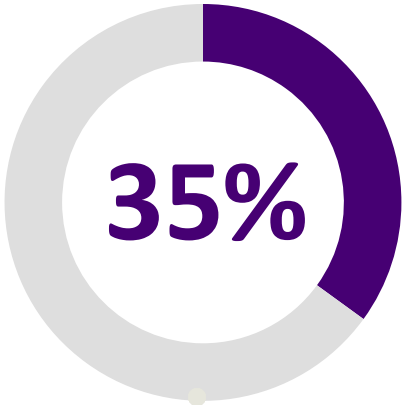
Dynamically add or remove resources to ensure IT is not paying for more resources than being consumed.

Improve Agility

Adapt rapidly and efficiently in response to changes to business strategies, goals and objectives.

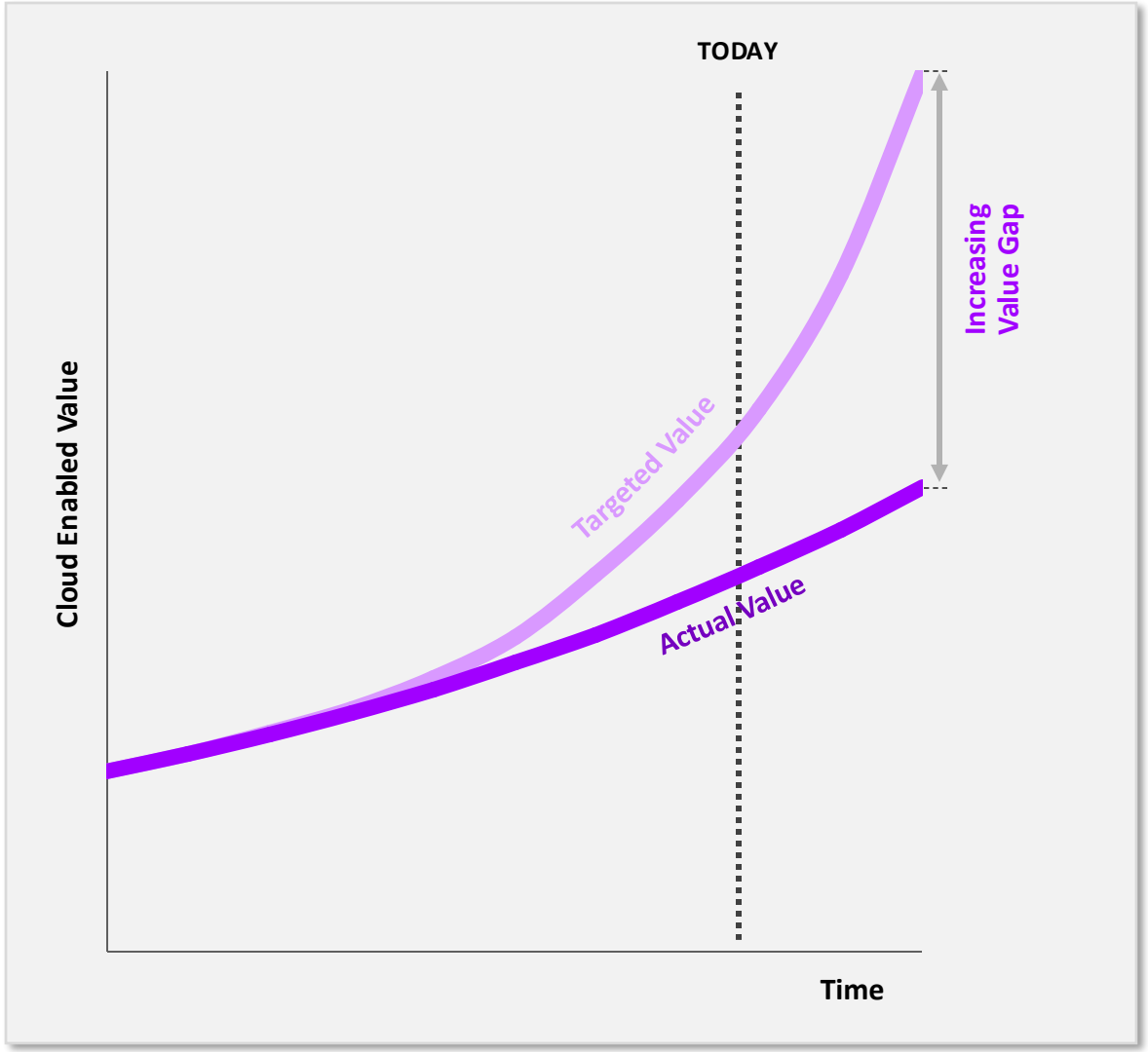
…HOWEVER, A VALUE GAP IS STARTING TO EMERGE

An Accenture study found:



Only **1 in 3** companies report they have **achieved expected cloud benefits**

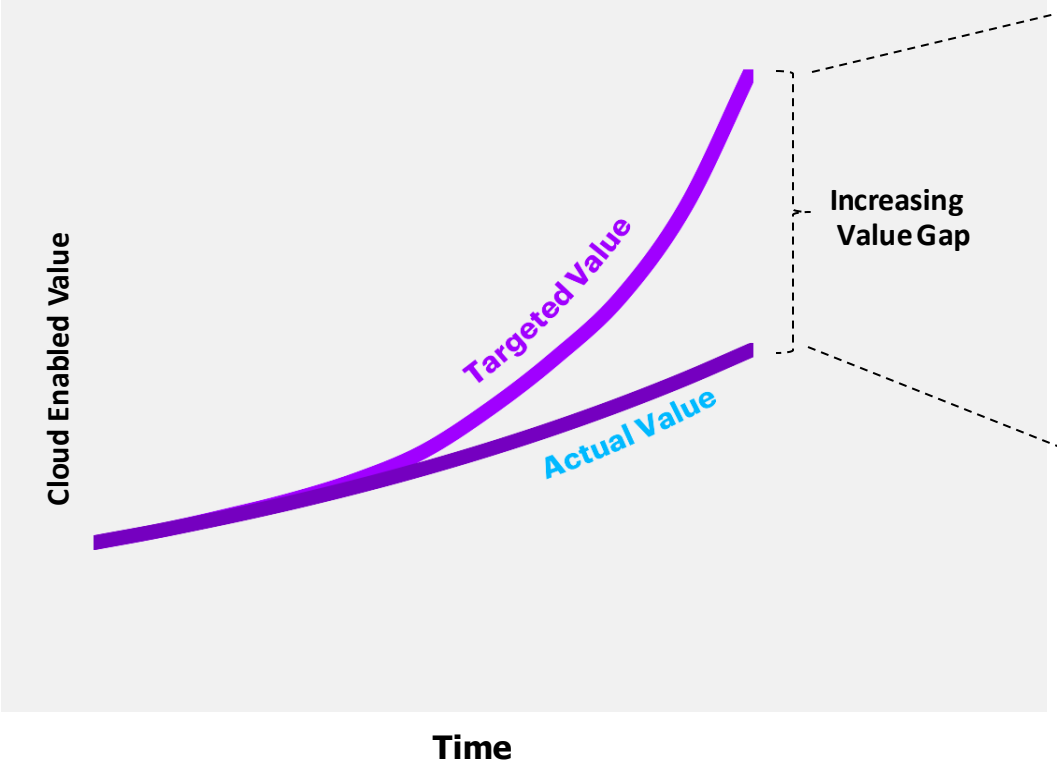
Achieved Goals	
Cost	36%
Speed	35%
Business Enablement	34%
Service Levels	34%



Source: Accenture Cloud outcomes survey: Expectation vs. reality (2020), n=200 senior IT executives from global companies with revenues in excess of $1 billion annually across 10 industries in eight countries.

Top Reasons

Many organisations struggle in realizing the **full potential of cloud cost savings** as estimated by Accenture Research.



Top reasons as to why the value gap is occurring:

Improper Cost Allocation to Projects	Inability to fully allocate costs back to applicable consuming business units due to **unclear business mappings/account set up.**
Non-Optimal Utilization	Most cloud projects incur **unnecessary spend** for the resources which they don't use
Lack of Cost Governance	**Missing Org. level cloud cost** guidelines leading to each project having their own set of rules
No Real Time Cost Visibility	Cloud costs are billed by the minute – **reporting needs to be real-time** to reflect this, not monthly.

Organizations are gearing up to bridge this gap by:

Cloud FinOps

- Standing up a Centralized FinOps capabilities and changing mindsets and behaviours organization wide.
- Conducting regular optimisation activities.
- Giving all stakeholders real-time cloud cost visibility.

Common Questions we hear around Cloud

- How do I get more **transparency into cloud spend?**
- Can I **migrate to the cloud** with an accurate comparison to my on-prem footprint?
- How can I get **control of cost overages**?
- How do I consistently **manage workloads and costs** across multiple clouds?

The Challenges of Cloud

Limited Visibility

Spend is decentralised and siloed; organisations lack a single source of truth that limits leverage.

Pricing Complexity

Overwhelmed by cloud pricing plans that offer discounts that cannot be used effectively.

Data Complexity

Solving the numbers; consider a constant stream of new instance types, services, and billing options.

Ineffective use of Capital

Gartner estimates that organisations may overspend on cloud services by 70% or more.

A revolution in infrastructure procurement

Instant

Provision servers and software applications in moments instead of months

Decentralised

Procurement decisions made by teams of engineers and fleets of robots instead of gated by finance

Consumption-based

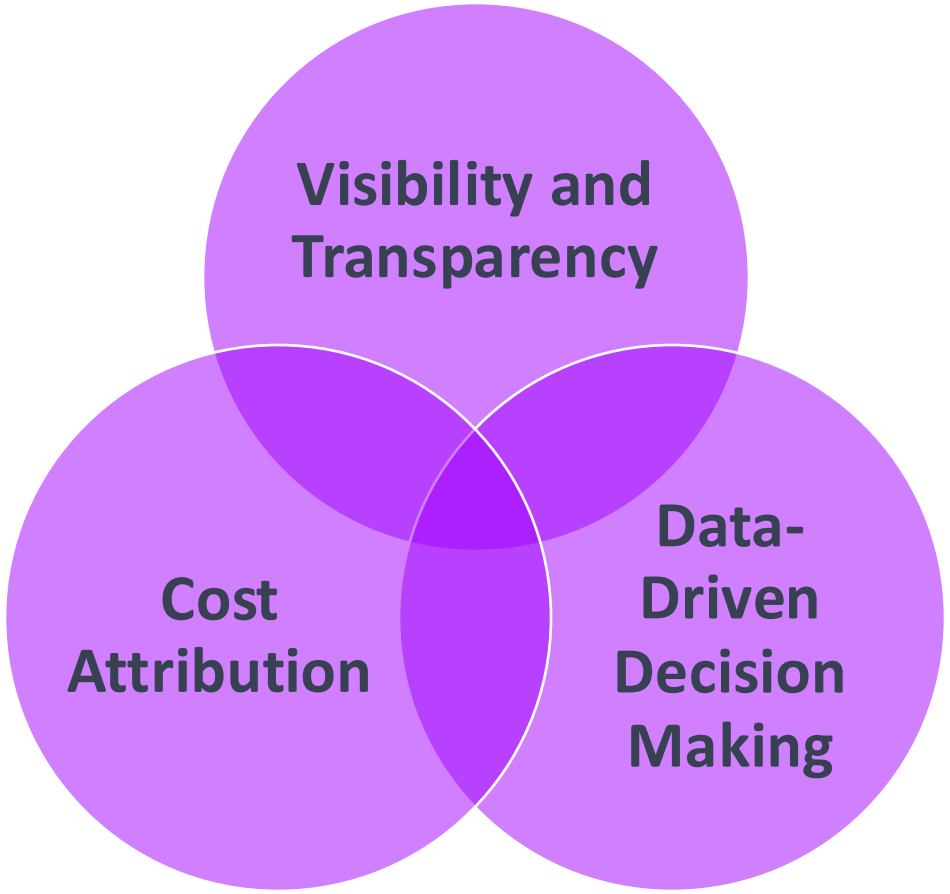
Hourly charges based on the resources consumed instead of fixed upfront payments

30%

of growing expenditure on cloud is wasted

Source: Magic Quadrant for Software Asset Management Managed Services Published 6 July 2021 - ID G00734655 (https://www.gartner.com/document/4003271?ref=solrResearch&refval=352193847)

You can’t fix what you don’t know is broken



Everyone takes ownership of their cloud usage

Key FinOps principle- see finops.org/framework/principles

Risk: Unexpected (high) cloud spend!

Top 10 reasons for unexpected spending:

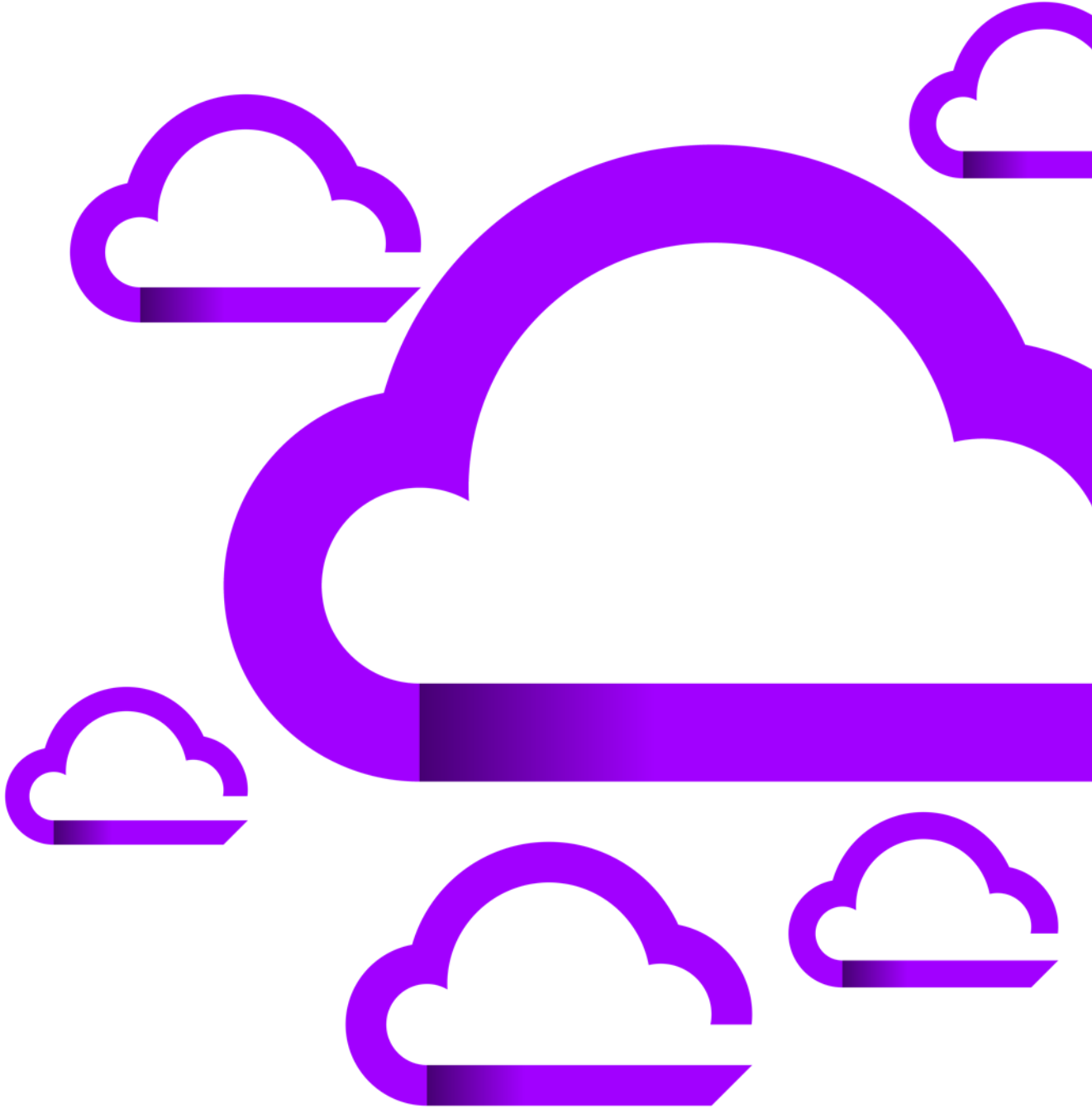
1. **Sudden Increase in Usage:** could indicate a problem or an attack on your systems.
2. **Unused Resources:** Unused or underutilized resources still incurring charges.
3. **Data Transfer Costs:** Cloud be a security breach or unintentional mass data transfer!
4. **Inefficient Resource Allocation:** Using disproportionately large instances.
5. **Unplanned Marketplace Costs:** software and services that was not part of the initial budget or plan. Cloud be Shadow IT!
6. **Shadow IT:** Unauthorized usage - cloud services or applications being
7. **Unusual Access Patterns:** unusual locations or at unusual times, indicating potential security breaches.
8. **Lack of Reserved Instances:** leading to higher costs over time.
9. **Dormant Accounts:** resources left running.
10. **Overuse of Premium Support:** can significantly increase monthly costs.

No budget – No limit

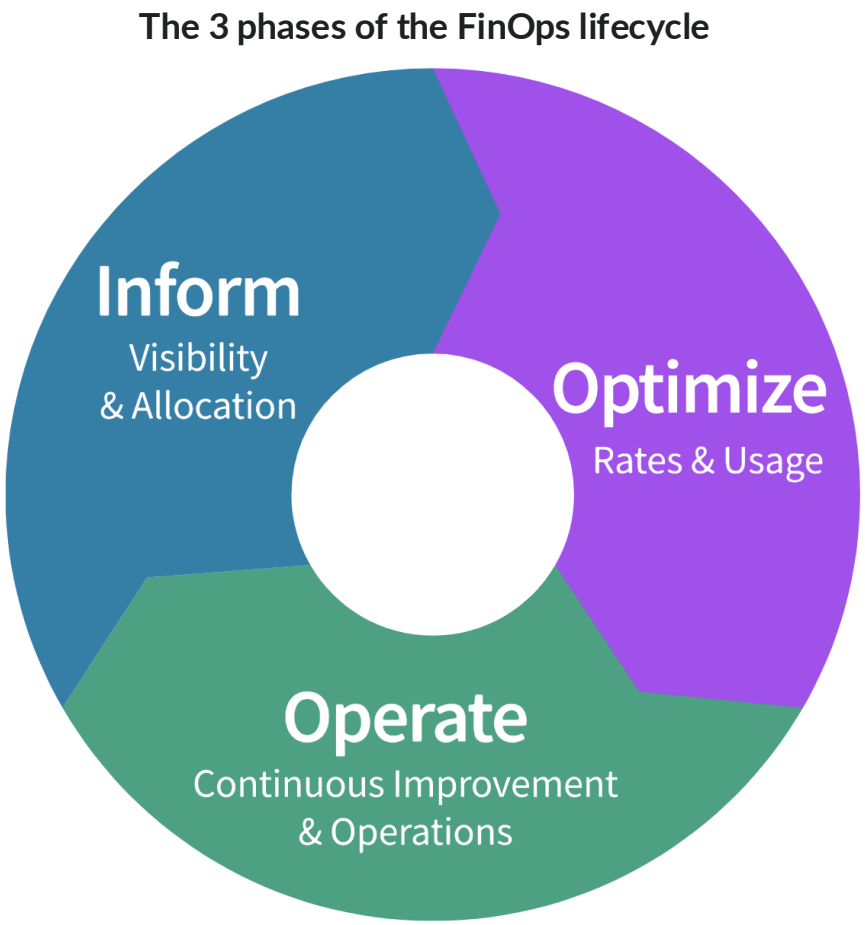
Top reasons why you should manage, forecast and budget cloud spend:

1. **Cost Control:** spending limits ensure that expenses do not exceed the allocated budget.
2. **Resource Optimization:** preventing over-provisioning and idle resources
3. **Financial Planning:** allocate resources strategically and make informed decisions about cloud investments.
4. **Predictable Spending:** forecast and plan for predictable spending, avoiding unexpected costs
5. **Compliance:** preventing overspending and potential financial penalties.
6. **Resource Allocation:** allocating resources effectively among different departments or projects
7. **Alerts and Notifications:** allowing timely actions to be taken. E.g.: when exceeding the commitments.
8. **Cost Accountability:** Promote accountability within teams, encouraging responsible usage and discouraging wasteful practices.
9. **Performance Evaluation:** evaluate the performance of teams and projects, encouraging responsible spending behavior.
10. **Strategic Decision-Making:** informed decision-making, align cloud spending with business goals and objectives.

What is FinOps



Digital Leaders are turning to FinOps



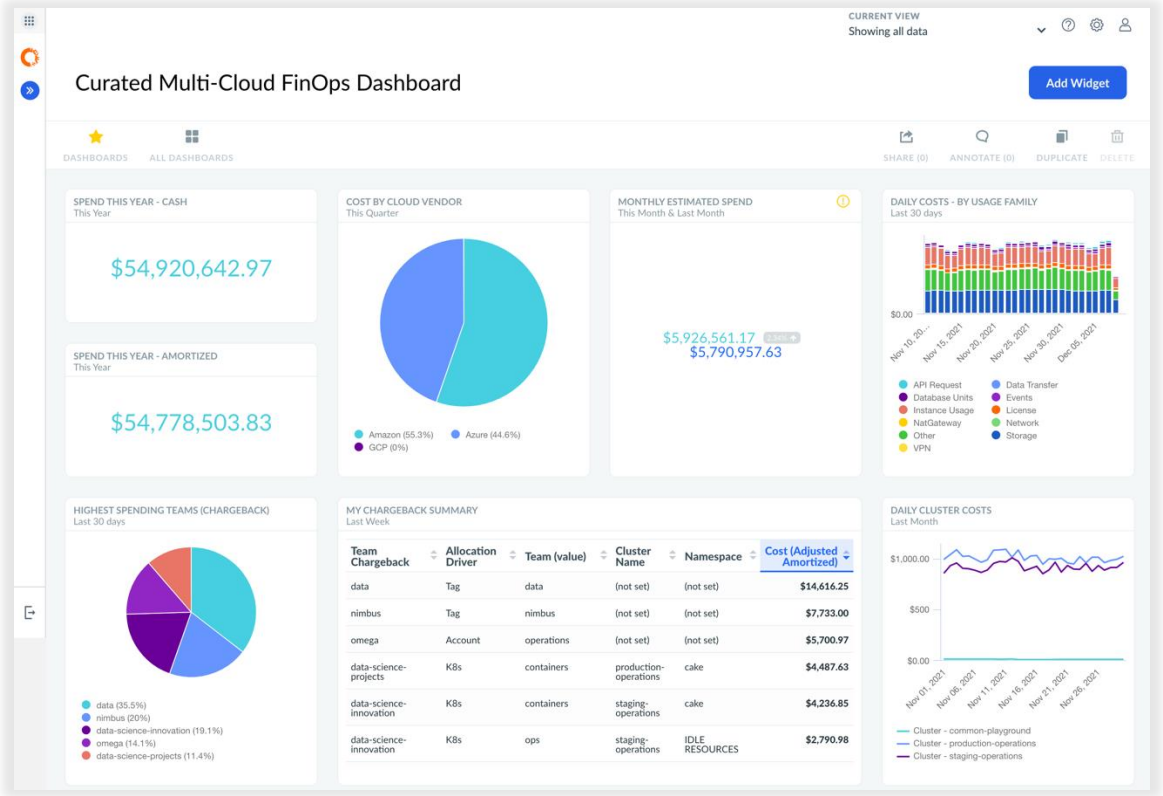
- A set of best practices, processes, and tools
- That enables collaboration between IT, Finance and the Business
- To maximise the business value of an organization's cloud deployment

The Fundamental Principles of FinOps

Continuous collaboration between finance and technology teams…	Finance and technology teams work together in near real time as the cloud operates on a per-resource, per-record, per-second basis
Decisions are driven by the business value of cloud…	Unit economics and value-based metrics demonstrate business impact better than aggregate spend (cost, quality, speed)
Federated accountability for Cloud spend…	Teams/individuals take accountability of cloud usage / cost and are empowered to manage their own usage against their budget
Show back and visibility of Cloud spend…	Cost data is processed as soon as available and made visible to teams and management – visibility drives better cloud utilization and consumption behaviors
Centralized enablement and DevOps team implementation…	Centralized automation for FinOps reduces duplicated effort, improves consistency, and provides reporting and governance layer to management

DEMO TIME

APPTIO
Cloudability



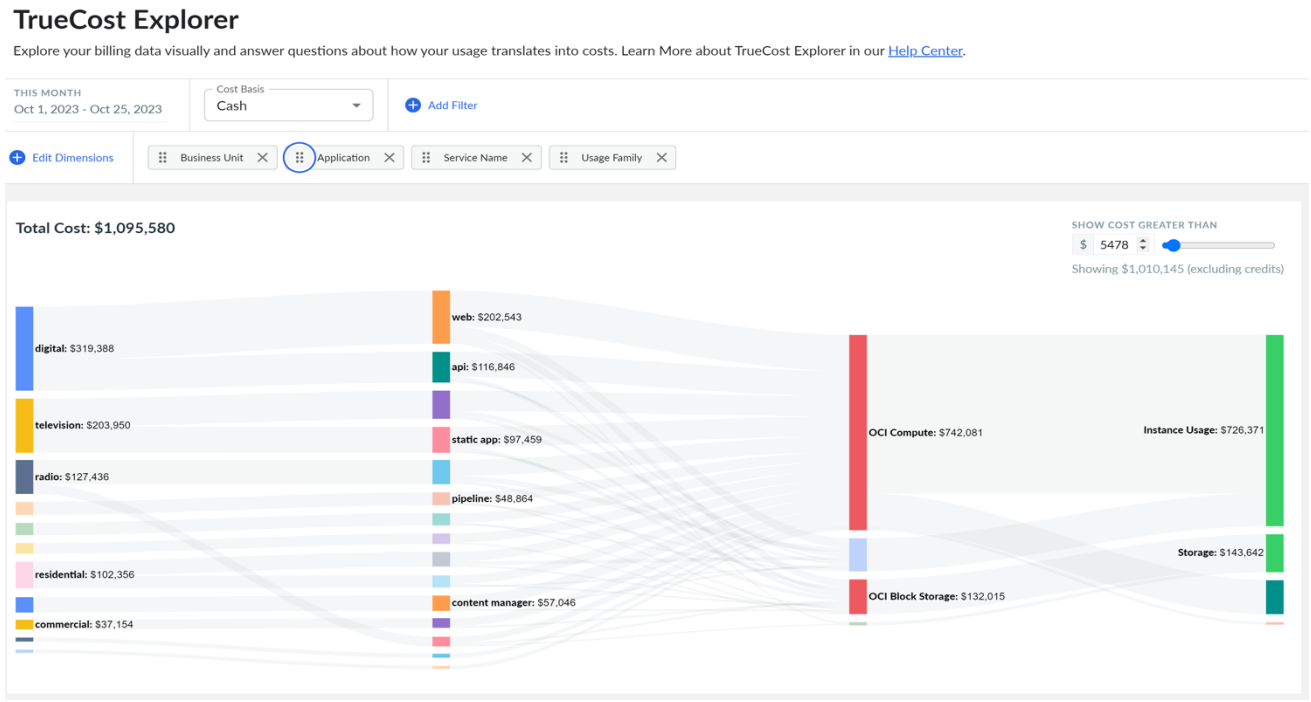
Make cloud your competitive advantage

Allocate costs to the business groups responsible

Enable team ownership of cloud spend

Optimise and improve the economics of running a cloud

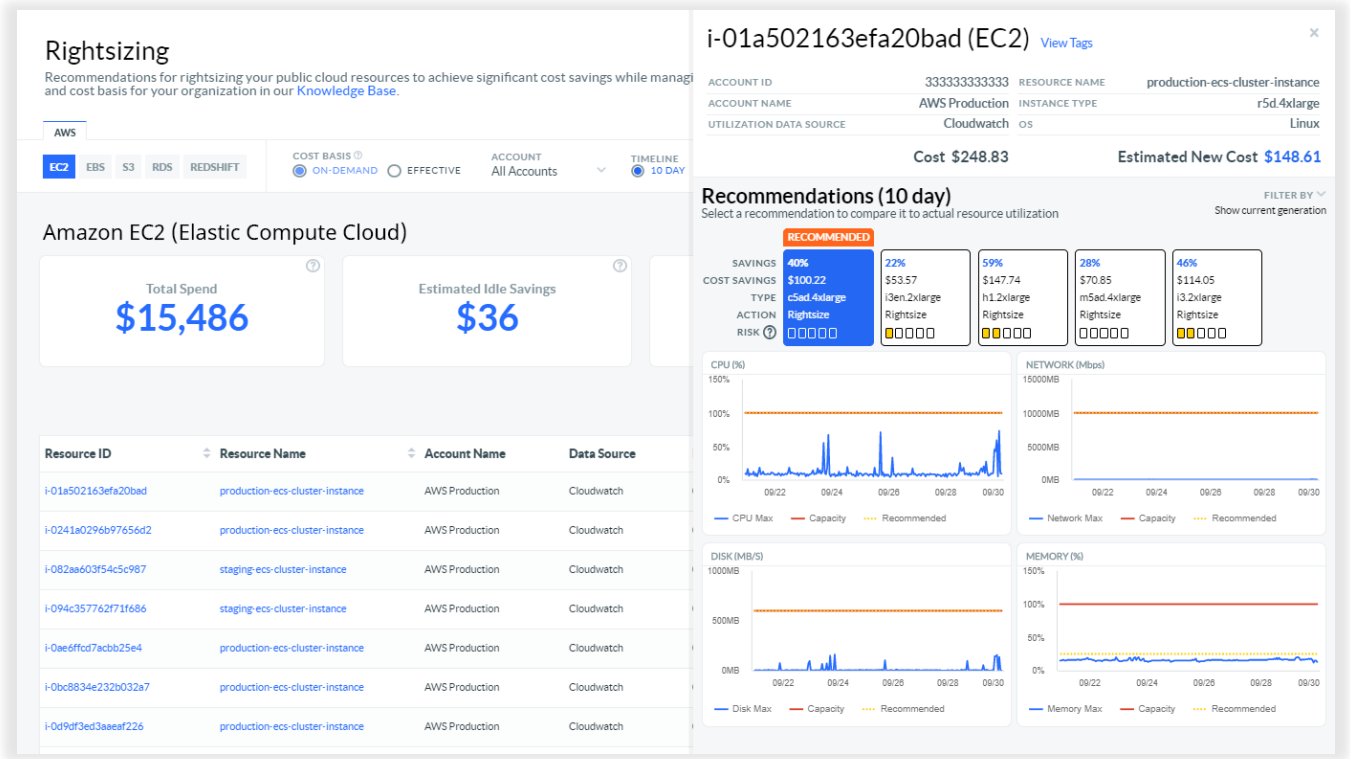
Inform



Figures for example only

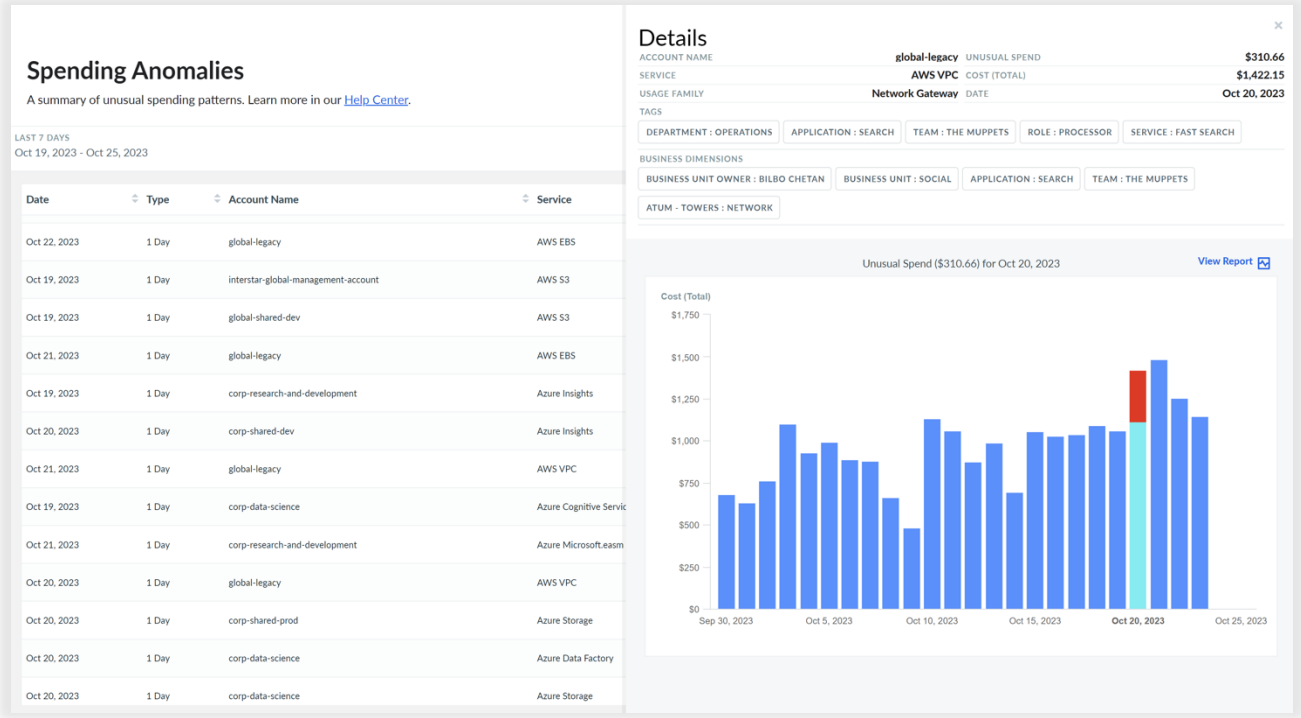
- Establish a cost allocation strategy
- Integrate custom pricing and discounting
- Perform show back/chargeback for BUs
- Curate dashboards and personalize views

Optimise



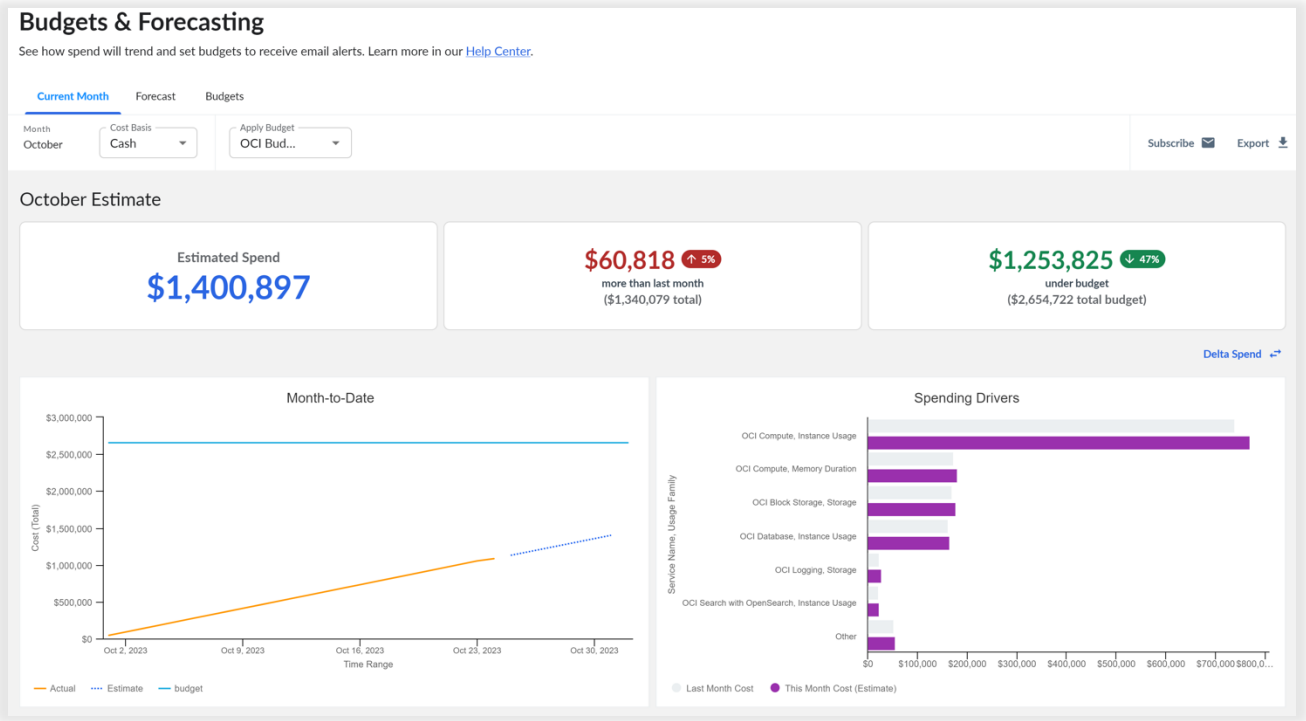
- Identify idle resources and eliminate waste
- Rightsize VMs, databases, storage and more
- Centralise commitment buying process
- Detect and address spending anomalies

Anomaly Detection



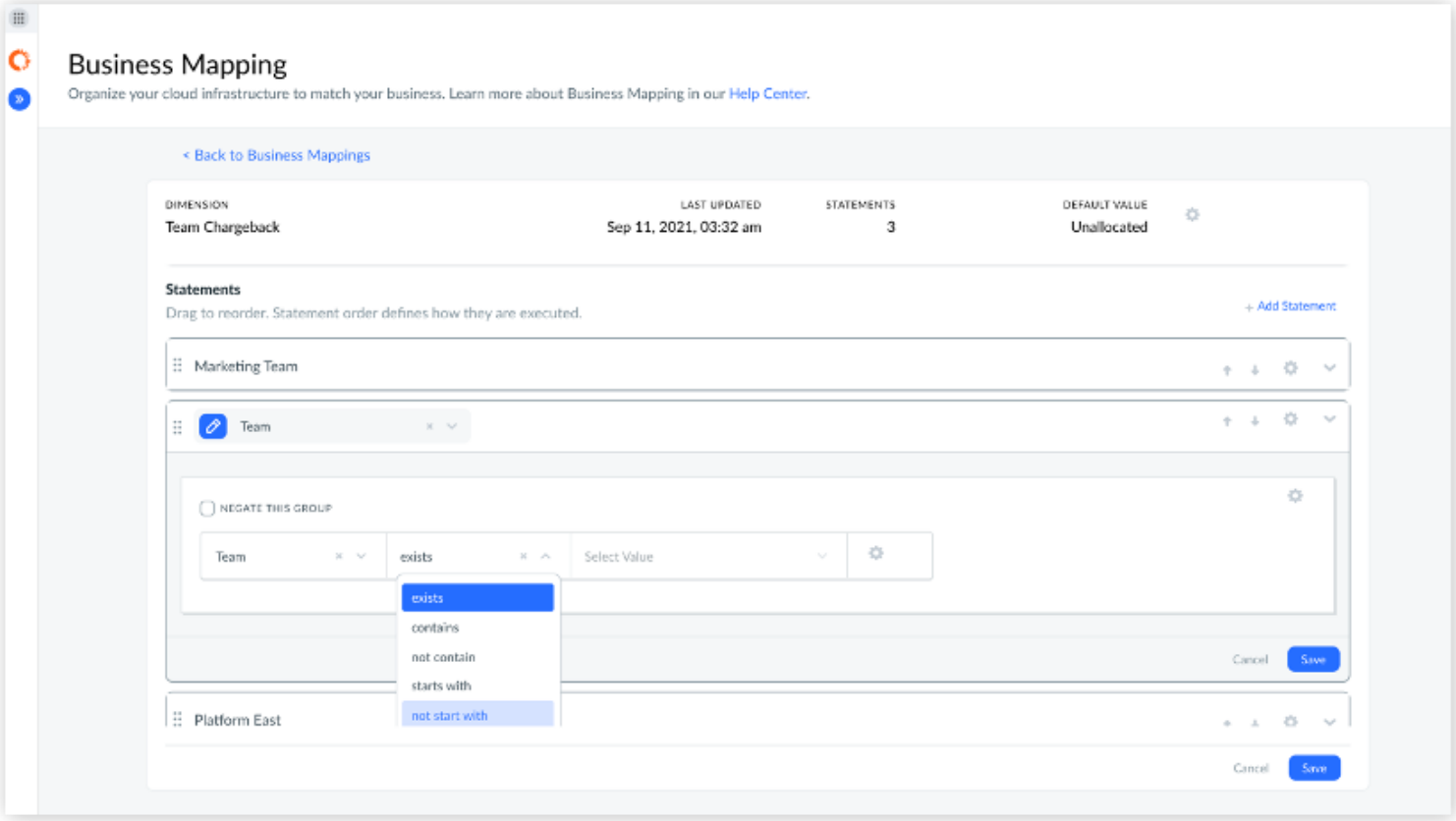
- Avoid unexpected spend before it sums up
- Automatically identifies unusual cloud spend
- Warnings send to app owners and teams
- Analysis options for root cause

Budget & Forecasting



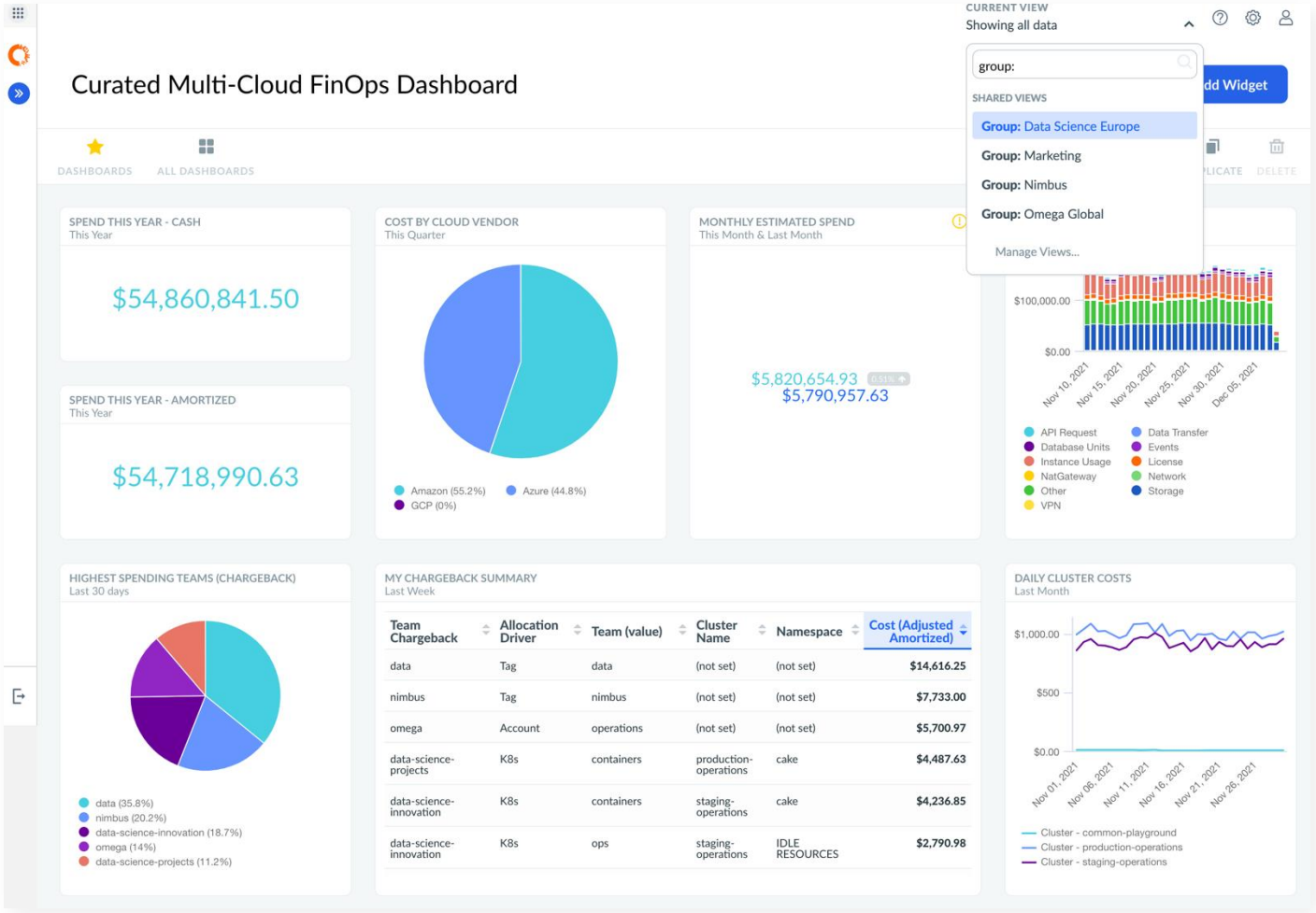
- Track to budgets and forecasts
- Visualize actuals versus commitment
- Identify spending drivers
- Analyze changes (delta vs previous month)

Allocate Costs



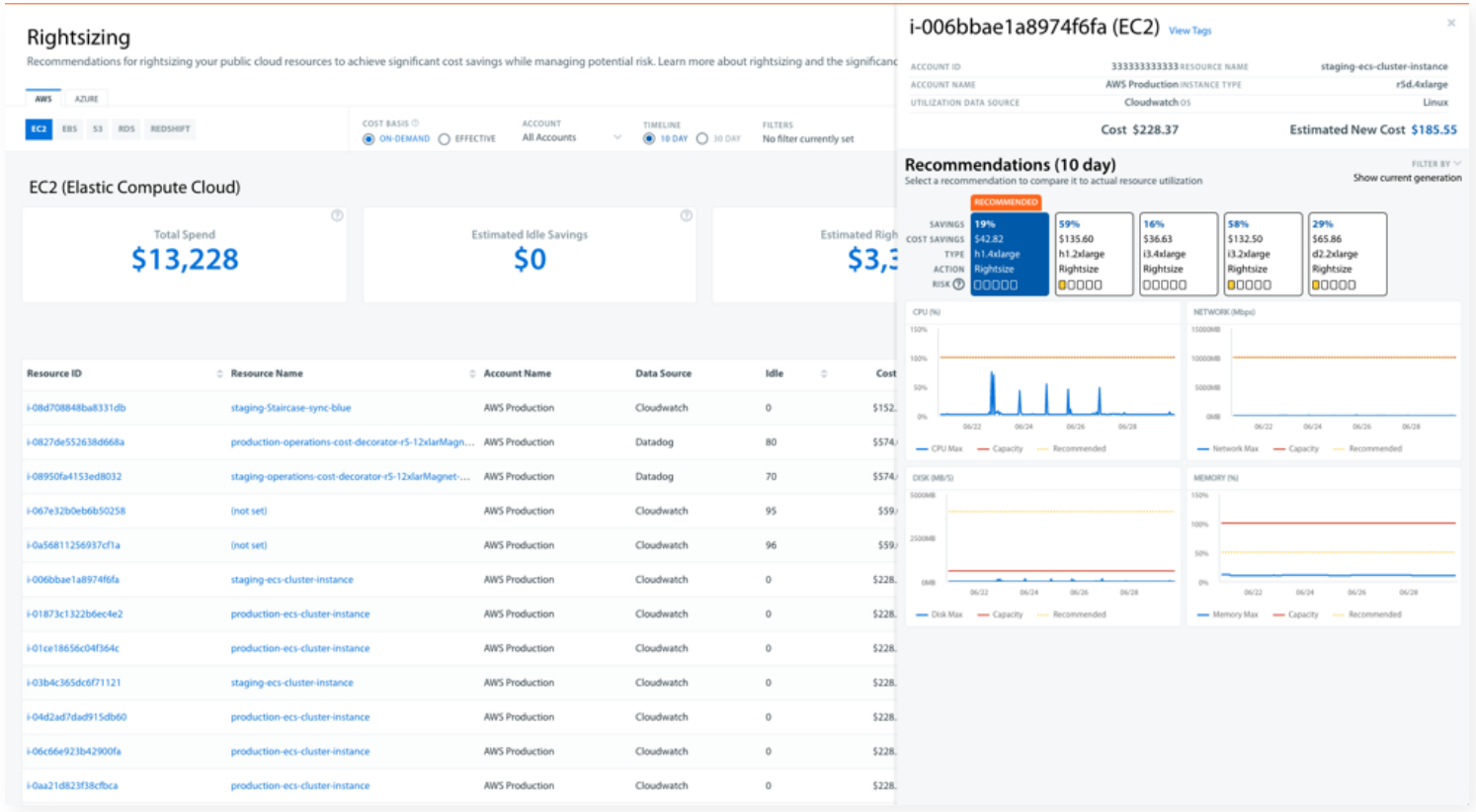
- Increase effective tag coverage
- Define business rules to accurately map all costs to the business groups responsible
- Split and allocate out monolith and shared infrastructure charges

Enable Team Ownership



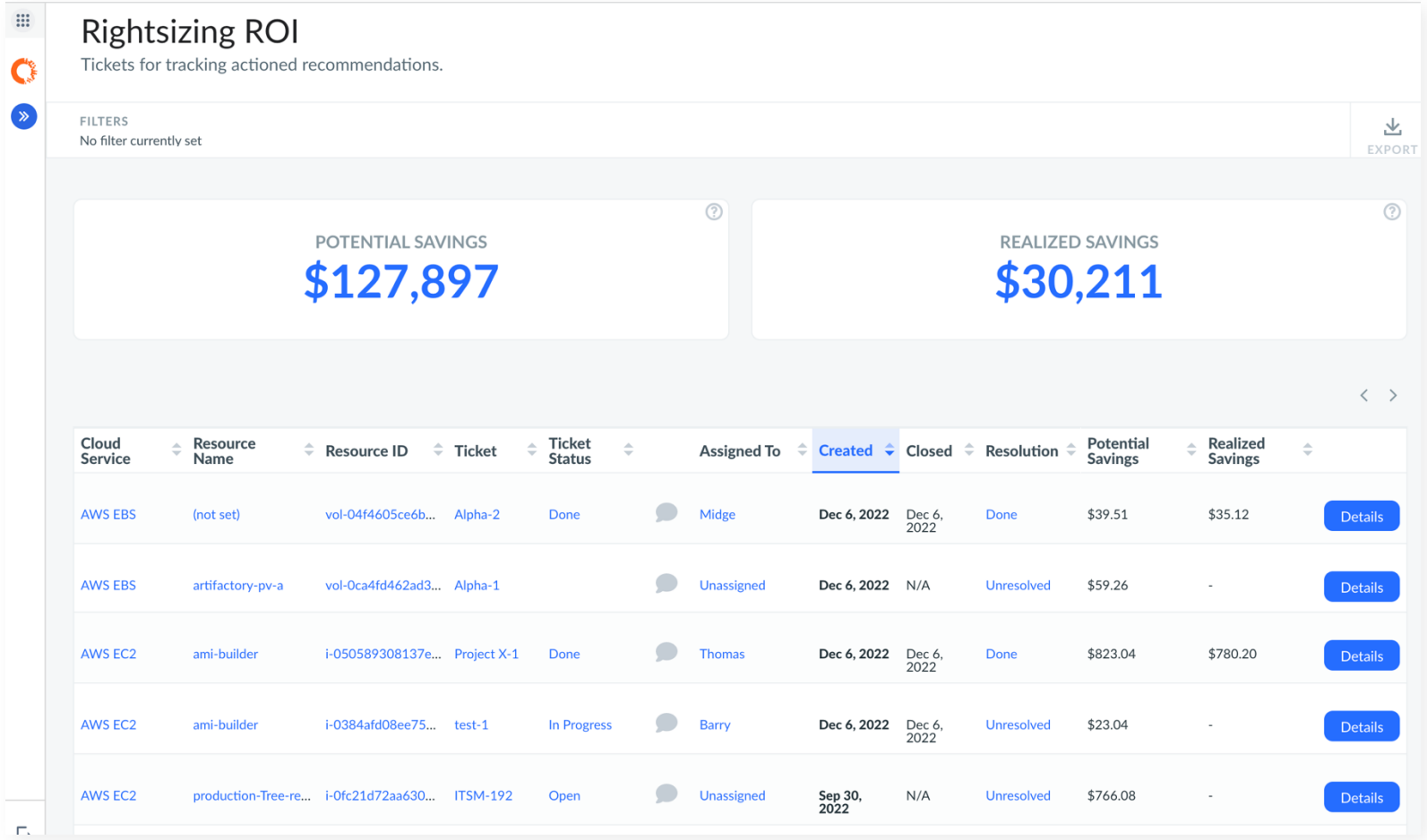
- Multi-cloud visibility
- Share org-wide curated FinOps dashboards
- Toggle entire in-app experience to the relevant team, app or project

Right size Infrastructure



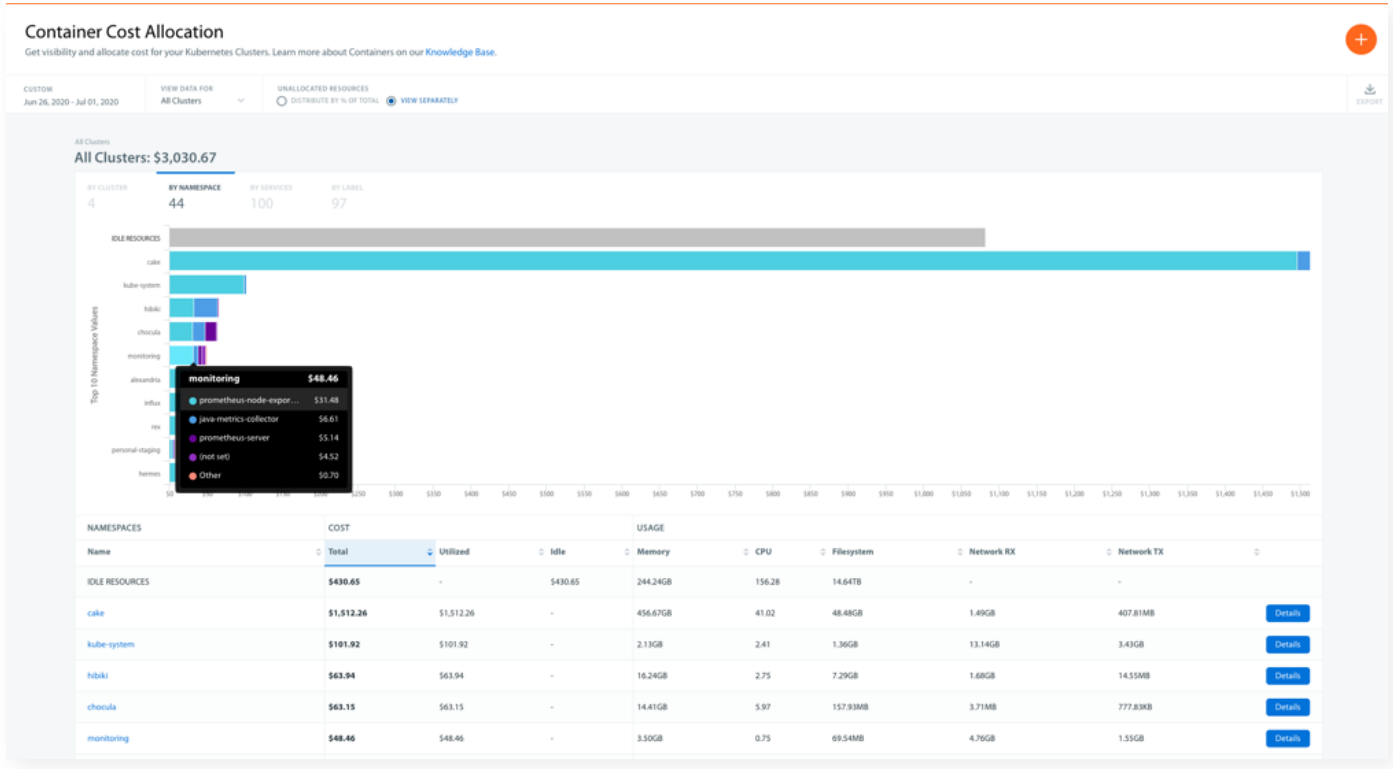
- Reduce hourly rates with rightsizing recommendations that match resources to their underlying workloads
- Identify idle resources for termination
- Consider all key utilization metrics
- Automate workflows with popular integrations

Automate Workflows



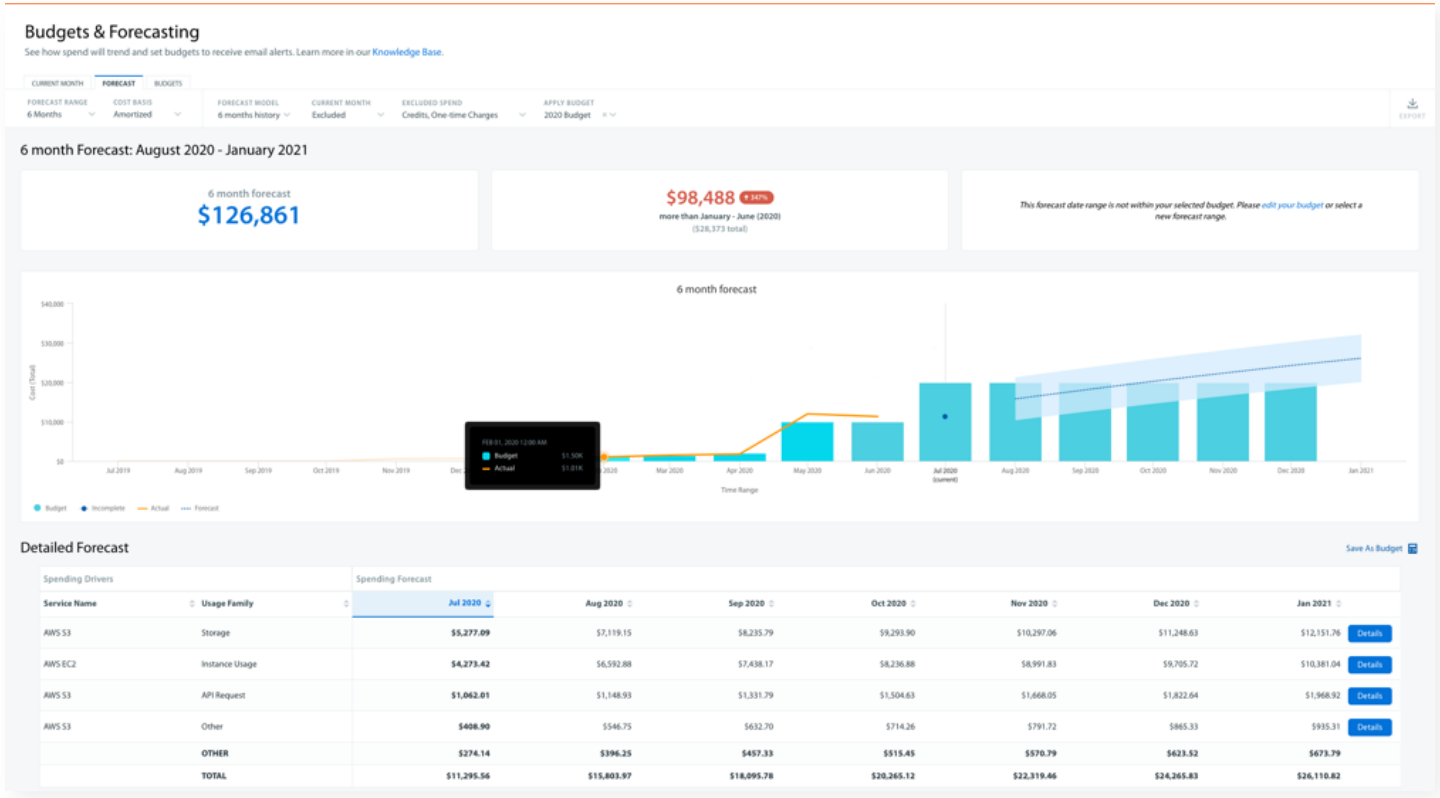
- Solve the number 1 FinOps challenge of “getting engineers to take action on cost optimization”
- Automatically create and assign tickets for rightsizing opportunities based on policies you define.
- Track status and realized savings to surface ROI from optimization efforts

Allocate Container Costs



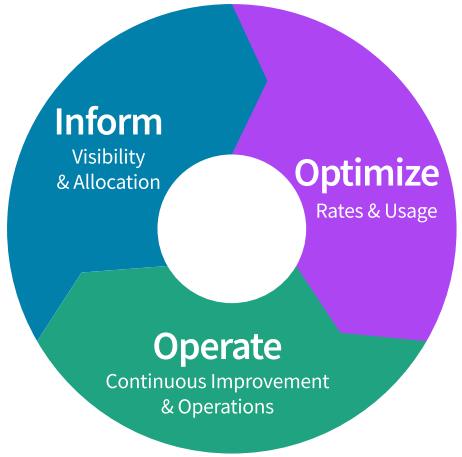
- Map Kubernetes clusters and allocate costs to services, apps and teams
- Understand resource consumption and idle portions
- Apply full cloud financial management practices to containers including chargeback and budgets & forecasts

Budget & Forecast



- Define and map budgets to organizational structure
- Accurately track and predict spending trends
- Proactively monitor budgets with overrun alerts

Empowering the FinOps operating model for Cloud



Business Intelligence

- Org-wide visibility of all cloud and cloud related costs
- Overlay historic and future spending plans
- Align investments to business outcomes

Cloud Planning

Workload planning

- Define cloud workloads
- Compare clouds and pricing options
- Formalize deployment plan

Financial planning

- Manage spend to plan
- Customize to build defensible plans
- Collaborate and socialize plans

Cloud Program TCO

TCO chargeback

- Categorize shared costs
- Allocate shared costs
- View budgets and actuals

TCO visibility

- Ingest observability costs
- Ingest third-party platform costs
- Ingest additional CSP & labor costs

Unit Economics

- Metrics & KPIs (cost per)
- Support profitability / margin analysis
- Identify trends and causation

Public Cloud Cost Management & Optimization

Multi-cloud chargeback

- Normalize cloud billing data
- Customize pricing
- Map cloud & container spend to the business

Multi-cloud visibility

- Single-pane-of-glass
- Resource-level analytics
- Curated dashboards
- Personalized views

Usage optimization

- Idle resource detection
- Rightsizing recommendations
- Intelligent anomaly detection
- Container optimization

Financial optimization

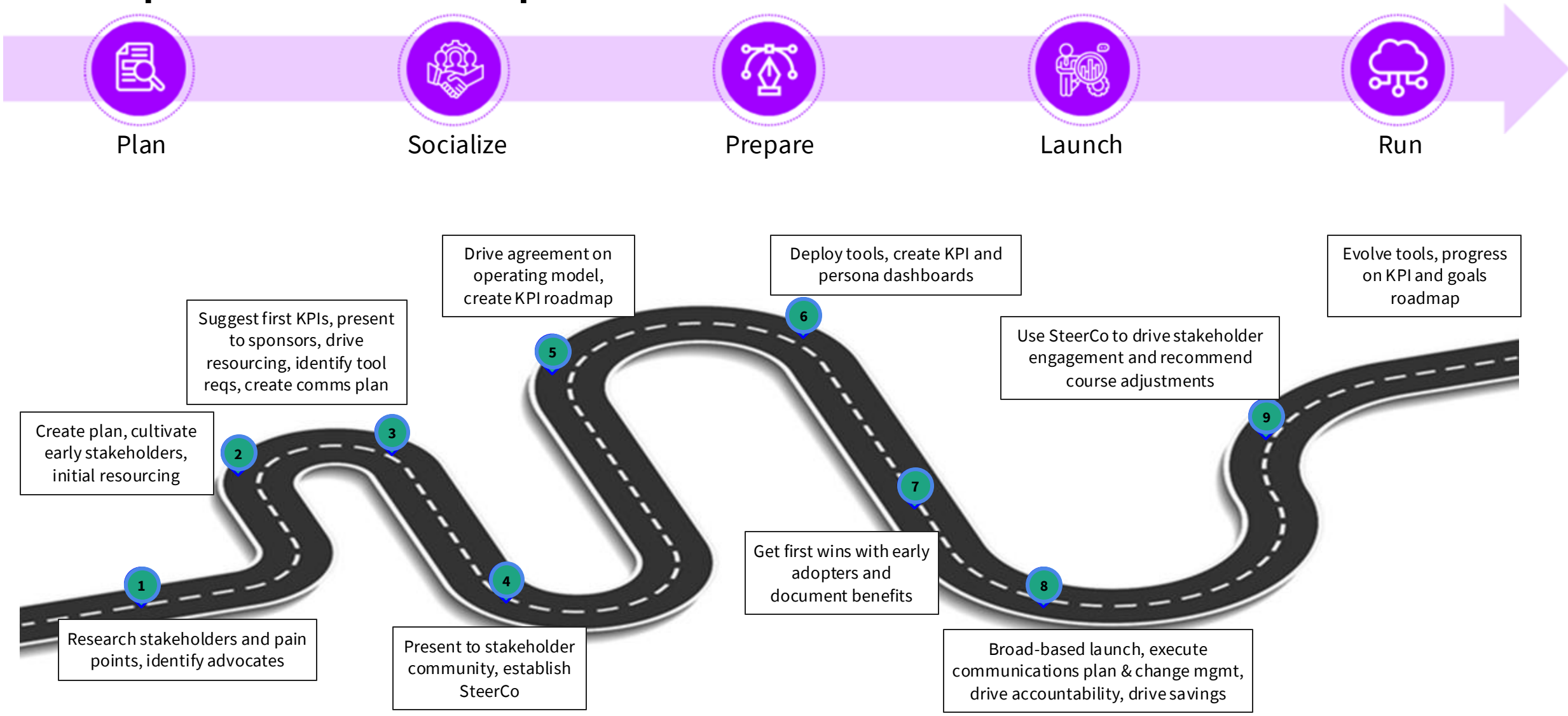
- Commitment portfolio
- Commitment recommendations
- Spot instances

Cloud intelligence

- Full data retention
- Unit costing
- API integrations
- Scorecards

FinOps Maturity

Adoption roadmap for the driver



* As adapted from FinOps Framework by FinOps Foundation (https://www.finops.org/)

@Sai_Penumuru