Kion

The Future of FinOps is CloudOps

Introduction

The practice of managing infrastructure spend has been around for decades, but with the rise in cloud adoption over the past decade, the best practices and language have evolved to keep up with the rapid adoption. In 2019 the FinOps Foundation officially formed, launching the popularized term of FinOps. Many folks had been practicing FinOps for years prior to that, but the community of thought and the ability to learn and share from others was limited.

Fast forward to today, the term FinOps is everywhere. From vendors fighting for market share, to the foundation exploding in awareness with practitioners all over the world receiving certifications, people are learning how to increase the value of the cloud. As more organizations adopt FinOps, the more it evolves in its scope and priorities. Given the recent updates to the framework, definition, and updated State of FinOps survey, it's clear FinOps will look a little different with each passing year.

> "FinOps is an operational framework and cultural practice which maximizes the business value of cloud, enables timely data-driven decision making, and creates financial accountability through collaboration between engineering, finance, and business teams."
>
> - FinOps Foundation

At Kion, we foresee a future where CloudOps teams will shoulder greater responsibilities in ensuring financial governance within organizations. As cloud infrastructures expand (driven by advancements like AI and multicloud adoption) the need for robust governance processes to manage costs becomes paramount. The below expands upon Kion's product vision of integrating FinOps practices seamlessly into CloudOps, providing a holistic solution to cloud governance challenges.

What is CloudOps?

Traditionally, CloudOps teams play a pivotal role in managing and optimizing cloud infrastructure and services to ensure reliability, performance, and security. The responsibilities can vary depending on the organizations size or structure, but in general, we find that CloudOps teams are often asked to manage a lot of responsibilities across various areas. Below are some examples but certainly not exhaustive:

Provisioning and configuring cloud resources: Provisioning and configuring accounts, networking, and other cloud services based on organizational requirements

Automation: Implementing automation tools and scripts to automate the deployment and management of cloud infrastructure or related development processes

Identity management: Managing user access permissions, roles, and policies to ensure proper authentication and authorization for accessing cloud resources

Compliance monitoring: Ensuring compliance with industry regulations and organizational policies by implementing controls, audits, and monitoring mechanisms

Cost Management: Various tasks related to analysis, optimization, budgeting, and supporting related processes, such as tagging

The above list are standard responsibilities CloudOps teams have traditionally been asked to manage, with the addition of cost management being a more recent addition driven from the rise in the adoption of FinOps.

What is FinOps?

The FinOps framework details domains and capabilities that include the activities required for practicing FinOps. For the sake of brevity, the following summarizes FinOps by highlighting the three phases all FinOps practices continuously cycle through:

Inform	Optimize	Operate
The Inform phase is the initial stage of the FinOps journey, where organizations focus on gaining visibility into their cloud spend.	The Optimize phase focuses on implementing strategies to optimize cloud costs without compromising performance or functionality.	The Operate phase revolves around establishing ongoing processes and practices to maintain cost optimization and ensure sustainable cloud governance.
Think of this as the effort to answer the initial question of "who is spending what and how do we hold them accountable?" This is when teams build out critical processes that are fundamental to success, such as allocation of spend and showback and chargback reporting to start the process for improved budgeting or forecasting.	This phase is about rightsizing your resources, removing waste, negotiating better rates and purchasing pre-paid commitments.	This phase involves continuous monitoring, governance and iteration to adapt to changing business requirements and evolving cloud environments.

FinOps better with CloudOps

The FinOps phases outlined above are meant to be an iterative cycle, circling back through each phase as your organization grows and matures. In general, a traditional FinOps team is positioned to own the *Inform* and *Optimize* phases; however, CloudOps teams are uniquely positioned to best own the *Operate* phase.

The *Operate* phase is all about sustaining your FinOps progress by implementing and monitoring your organization's processes and implementing automation to increase value. In other words, the *Operate* phase is about governance. Who better to own those activities than your CloudOps teams whose responsibilities are already centered around governance and automation?

At Kion, we believe the future of Cloud Operations includes an increase in responsibilities related to FinOps. This is because CloudOps teams, both historically and going forward, are asked to focus on governing the cloud. Traditionally, that tends to look like provisioning accounts or monitoring for compliance concerns. However, with the rise of AI, multicloud expansion, and the general increase in cloud footprints, the future of FinOps is going to require more governance related efforts to help organizations maintain control of their spend. This is why Kion's vision is focused on solving governance holistically within a single platform.

Governance isn't just maintaining a security risk tolerance or meeting compliance obligations, it's also taking control of your spend in a programmatic way while enabling your organization to maximize the value of the cloud. The modern version of cloud governance includes proper policies and controls that span security, compliance, and cost.

Below are some high-level examples of the benefits experienced from pairing the two teams together:



Prioritize cost optimization: By integrating cost optimization as part of a well-architected cloud driven by CloudOps policies, FinOps goals are naturally prioritized.



Enforce FinOps policy by default: CloudOps ensures that budgets and enforcements are in place by default, aligning with FinOps objectives from the start.



Create consequences for improper actions: When a team exceeds their budget, CloudOps allows for automatically changing cloud permissions to restrict new spend, enforcing FinOps policies.



Preventative policy enforcement: CloudOps enables restricting the use of expensive services, resource types, and regions, preventing unnecessary costs proactively.



Cost-aware culture: By giving teams visibility of their spend every time they access cloud consoles through CloudOps, FinOps accountability is reinforced.

It's natural for the first phase of building out a FinOps practice to be focused on reactive measures. However, when the initial clean-up and understanding phase is over with, it's critical to shift your mindset to governance for long-term success. Organizations must shift their thinking to governing their spend proactively by creating a strong set of rules, policies, and processes that prevent cost overruns before they ever happen. That is why integrating FinOps practices into your CloudOps governance strategy is crucial.

At Kion, we call this approach ***"Governance by Default".***

Governance by Default: The Future of FinOps

Governance by Default is a proactive posture for organizations that removes risk and eliminates the need for constant remediation by putting proper policies in place to prevent it before an issue can exist. The cloud presents several existential risks related to identity management, compliance regulations, and cost management, and this approach applies to all these areas as a unified approach to manage your organization's cloud.

Kion believes the future of FinOps is proactive guardrails, not reactive catch-up efforts. With governance by default, users aren't given more permissions than they need which reduces security risks and ensures users can't spin up resources in accounts they shouldn't have access to deploy. Compliance checks are not only monitored alongside spend, but policies and automation are in place to prevent your organization from spinning up a resource that violates a program or an internal process, such as resource tagging. Lastly, cost spikes and unnecessary resources are prevented before they ever exist.

With Governance by Default, you eliminate one-off remediation, allowing teams to spend their time on more valuable tasks and eliminate the existential risks of operating in the cloud.

Here are two examples of Governance by Default in action:

Typical Scenario

1. A request is made for a new AI sandbox account
2. The account is automatically provisioned with least privileged access and restricted to only a handful of developers
3. Automation is in place at the time of creation to ensure resources spun up are in line with tagging and compliance policies
4. A financial policy is put in place to prevent more than $500/day and only certain AI-based services are permitted to be deployed
5. Now within a few hours, you have a newly provisioned account, direct visibility into ownership, appropriate controls, and the ability to see identity, compliance, and cost within one view

Customer Case Study—Large Commercial Center of Excellence

Description:

Initial size – Hundreds of accounts and <$10M in annual cloud spend

Initial problem – Were looking for a cost management solution

Solution:

The customer discovered a broader need for managing their accounts and ensuring proper access controls alongside their cost management needs.

Results:

The customer utilized Kion to set budgets, implement cost control across the organization, and create financial transparency for rapid growth of over $200M in annual spend (20x increase)

The account provisioning process was completely automated through Kion, resulting in a 10x reduction in the account lifecycle process (+3,000 accounts today)

Kion became the foundational tool the organization relies on for end-to-end cloud governance to continue enabling growth at scale.

With Governance by Default, the interconnectedness of identity, compliance, and cost are realized and managed together. This creates real value and enables your FinOps practice to be more successful.

Conclusion

While dedicated FinOps teams remain crucial in fostering cost-awareness and educating stakeholders, the future of FinOps lies in a governance-first approach leaving the future success of FinOps practices intricately linked with the capabilities and collaboration with CloudOps teams.

By embracing automation and proactive governance, organizations can achieve greater efficiency and cost savings and go faster with less risk. With Kion's adoption of this approach, the following are made possible:

- **Visibility into security and financials across your organization**
- **Guardrails to control and define what accounts or roles can or can't do**
- **Automation to enforce guardrails and stop the busy work**
- **Enhanced security to reduce the risk of overprivileged access**
- **Cost management strategies that prevent cost overruns before they happen**

For more information on how Kion facilitates this unified approach in a single platform, please refer to our product tour. Additionally, you can check out other whitepapers related to this approach, such as our look into overcoming uncertainty and fear of AI.