CR070

State of the art FinOps,
Roi Ravhon, Finout

Capgemini

CR070

State of the art FinOps, Roi Ravhon, Finout

Disclaimer: Please be aware that this transcript from the Cloud Realities podcast has been automatically generated, so errors may occur.

[00:00:00] because I've just finished making three very large jugs of sangria. You know, have you drunk the three very large drinks the same creed, Dave? We'll see, won't we? We'll see. Give me half an hour.

Welcome to Cloud Realities, a conversation show exploring the practical and exciting alternate realities that can be unleashed through cloud driven transformation. I'm David Chapman and I'm Rob Kernahan. And this week, in a year where economic headwinds and Continue to be strong. We're going to return to the subject of FinOps.

This is something we've looked at from a number of different dimensions across the course of the season. We've looked at it from a point of view of overlaps with sustainability and green ops. We've looked at it from a point of view of how you deal with business case and economics. And today we're going to take a step back and we're going to take a look at the basics of FinOps and [00:01:00] then how you can create tooling and new practices to really mature the way that you're looking at your cloud economics, but before we get to that.

So Rob, I would chat in the morning we're actually doing some production work for a change on season four and doing some prep and Robert spent the week just as, as a bit of context, Robert spent the week in a time zone, a couple of hours ahead of the time zone here in the uk. and as we were going along in the conversation, I said to Rob, I just dropped a presentation in the channel just to have a quick look at it and a look of sort of combination of sort of horror.

And deep confusion came across Rob's face when he was literally trying to process the fact that I'd sent him this presentation in the future because his laptop was still set for the time zone that he was in before. Now, anybody can make that kind of mistake, but it was watching Rob trying to process the fact that I might be a time traveler.

It was really quite, quite excellent. Anyway, that was a moment of [00:02:00] confusion. What else has been confusing you this week, Robert? That was 20 seconds of pain this morning, Dave, just to explain to listeners. I had two or three devices and they all had different time settings because when they came back, they hadn't set anyway.

That's so confusing. But this week, Dave, I have also been mainly confused about. Have you heard about the one week strategy? I, I have not. So the one week strategy. So, you know, we talk about organizations shouldn't set a massive, great big annual strategy. And we've talked about, you know, um, you know, three months is probably practical.

And then you have to adjust and pivot, adjust and pivot. There is a theory rising that actually, if your organization is capable, the one week strategy is the way to go. And when I first heard this, I thought that is absolutely There's no way that's going to work. It makes my, it makes my head hurt. Just thinking about it.

But the idea is every Monday morning, you reset your corporate strategy. Not in a big way, but you constantly adjust it. Right? So you've got this ever adjusting thing. And I thought, well, actually that made quite good. Cause you [00:03:00] become very respondent to. Um, market condition changes. If your organization was set up to be able to consume a strategy change that frequently.

But then I thought about actually the majority of organizations would probably be on their knees crying at the CEO changing the strategy every week. And I was confused about How much you'd have to put into an organization to be able to cope with a one week strategy. And is it just a thing that people have come up with because it's, you know, it's interesting clickbait type conversation or with the way we're reducing strategy cycles, it's actually

something that we're going to get to.

And I am quite confused about it because I can see some value to it. I can also see utter confusion raining off the back of it. If your comms process, for example, isn't good enough. Yeah, so I think most organizations at the moment are struggling with the idea of coming off like a three year plan or a one year plan and moving to like a three month plan.

But I do think there is some merit in that Monday morning meeting. In my head though, that will be more of a context setting conversation than necessarily a strategic pivot. [00:04:00] And, you know, maybe one in every twelve Meetings is going to be substantial enough to merit some form of strategic pivot. But perhaps, you know, most weekly sessions like that would be, like a market scan type conversation to check.

And I think it takes huge courage for the double loops to go back and actually address the strategy. Constantly and many dogmatically stick to their strategy, even though it's hurting them and continue to plow through like yeah, yeah, yeah. Which they just wouldn't change, even though the right was on the wall and they could have affected that and made a difference and come back, but they didn't.

And it's that it's that maybe it's the mindset approach that says I'll constantly not be afraid to change my strategy if I need to change it based on what I see going on. And maybe that's the value in it. Yeah, I think we can park that one there for now, because I agree, I think that is the courage to change.

Yeah, the wisdom in it, I think, is that the world is moving fast, and you have to move fast, and you have to keep an eye on that, [00:05:00] and then yeah, not be afraid to change. So, good one. Rob, are your timings alright now? You, you, you settled in GMT in. I'm back in British summertime and everything is synced and no longer having mass confusion.

But I did for one moment think you were a time traveler, Dave, because you sent me a PowerPoint one hour in the future. Well, look onto the subject of today. We are lucky to have with us Roi Ravhon. He's the chief executive and founder of Finout. Roi, thanks so much for spending some time with us today.

Do you want to just say hello? Introduce yourself and say a word or two about Finout. Sure. Thank you guys so much for having me. So my name is Rui, one of the founders and CEO of Finout. Finout is a company in the cloud cost management space, a certified FinOps platform. We are three and a half years old, raised 45 million to date, approaching 50 employees, sitting partly in Tel Aviv and partly in New York.

And I'm glad to be here. Thank you. [00:06:00] Well, let's start with Finout, shall we? Just tell us a little bit about how it came about, Roi. What was the moment, and what was the sort of founding purpose? What observations were you making that you thought the market was missing? Yeah, so, in my previous role, I was, engineering director in a company called Logs which is like a Datadogs plan competitor, which means that we needed to process, like, Lots of data for logs and observability data all across our infrastructure and a huge part of our day to day was to Essentially balance between cost and SLA and give proper reporting to management about like What's happening and why, you know, so it's very easy to build a company like that, throwing a bunch of money on AWS, but when it needs to be financially viable, that starts to be a significantly bigger challenge and management kept on asking us, to, to produce breakdown off the cost, like how much do we pay for each service for each team, for each customer?

[00:07:00] What's our gross margin is and, how do we track down unit economics and make

sure that the 5 percent growth we had on AWS this month makes sense or not. And we were using, one of the market leaders tried to build more infrastructure on top of it to, to get the insight that we want to do. And essentially we failed miserably till we, we decided that, okay, there's a huge inefficiency here and, we need to build a tool that, that we wanted to use, so we decided to leave Logs io and start Finout.

And when you were looking around at the point you were making that decision, was there no other tool on the market that could have done the job for you? Yeah. So, the existing increments were very slow, very hard to, hard to use, very inflexible. And, you know, the infrastructure of the cloud continued to run forward, right?

So we started to have Kubernetes. We were running multi cloud, multi service. We started to have CDNs into the main security products. data warehouses. So lots of stuff are part of our FinOps approach, and you know, we're still stuck to the cloud with manual tagging with what the existing buildings are giving [00:08:00] us.

So it was no, just, you know, there's a tool that doesn't do the worldwide. It was, an inefficiency in the way that, you know, we approach the cloud. So we needed to change something drastically in the way that we approach this. I think that that point about the need to, especially in a pay as you go type environment, the want to understand that when a click occurs, what is the true cost to serve and be able to track that through your architecture?

That's a very complicated thing to do because there's a load of base work you need to do to be able to say that actually, then you can create the view that says it's 100 per person. We need to get it to 50 or whatever. And then you can track that type of spend down through, you know, efficiency gains, etc.

It's a classic outside in style problem, isn't it? Which is from the outside. It's quite straightforward about what you need information about, but from the inside out to provide that information in a clear cut and straightforward way, you're right. Is it is, is complex and there's a lot of moving parts [00:09:00] and there's a lot of change in that environment and you know how, you know, and, and it's, it's hard sometimes to sort of, to simplify something that that's, you know, that's fundamentally complicated.

Yeah. like modern infrastructure are insanely complex, and the more we move from, you know, from our own prem data centers to the cloud, some enterprise or modernizing some enterprise just lifting and shifting. Most are just, you know, a combination of both. So it's. Just create, an infrastructure that is unbearably complicated, continue to grow, spike out of cost, with a complete expectancy of what's, what we actually planned or the, the TCO analysis that, the cloud providers gave us.

And we end up with a lot more questions than what we had answers for, because, you know, the tools that we're used to manage the, the on prem infrastructure are. Practically useless in the client, right? So you have a, you're in SAP, you have one line that says AWS. Great. And what am I doing with it? Yeah. that's maybe a, [00:10:00] that's maybe a little oversimplified from the outside in.

Oh, I don't know, Dave. I think there's some organizations out there that go, Oh, there's a bill. Right, we must pay that then. What did it do for us again? I'm not entirely sure, but hey. The number's bigger than it was last month. I'm sure there's a group of CFOs who get together and curse the cloud every month.

They have a support group where they go, We don't know what the organisation's done, but we've received an invoice and it's large. It keeps getting bigger. It keeps getting bigger and

the printers still aren't working. Exactly. Um, so, um, describe what you actually built then, Roi. So what was the, what was the process through which you built it and, and maybe wind in a little bit of FinOps 101.

As we, as we go through the description of what you ended up building. Sure. So maybe let's start with, with FinOps. FinOps is, you know, the framework and the codification of what we, what we used to do for, you know, for years to come. And essentially it's how can [00:11:00] we tie cloud financial across the entire organization.

we want to make everyone informed about every decision that they make and take cost into consideration of our, of our day-to-Day lives. And in order to do that, we need to democratize cloud financial information. we need to make sure that everyone has the right data in the right form, that we support budgeting processes, which support forecasting processes that we support, cost allocation and showback and chargebacks.

and we also find, you know, inefficiencies, in the cloud. Find anomalies and negotiate better rates. And there's a bunch of different frameworks that the FinOps Foundation are doing an amazing job codifying. So when we built Finout, we understood that we needed to break down the problem into multiple segments.

so first is the, it's a data sanitation problem. Each cloud vendor has its own structure of what's the bills are. Then also AWS has its own method. GCP has its own method, Azure, Oracle. And there are also lots of tools that don't have. Any billing [00:12:00] information, but still are notoriously expensive, right?

So, like, Datadog, like, Databricks, Snowflake, Confluent. so we needed to build a generic framework that could take costs from multiple different providers and sanitize it into something that makes sense for the organization, and we can start to build on top of it. Another big problem for modern FinOps is that We often consume different units that what we actually pay for as I think over net is one of the prime examples here because we pay AWS and GCP and Azure by the instance, but we actually running pods behind the scenes and pods are running, you know, in some virtual manner on the on the instances we need to translate the cost.

And this problem keeps on repeating. so we're buying a big S3 bucket, but we're using folders. we're paying Snowflake by credits and, storage, but we're running queries and utilizing warehouses. So we need to do that translation and essentially inflate the bills into line items that were not existing before, and do it using, commoditized set of [00:13:00] metrics.

So we connect not only to the cloud provider, but also to the telemetry data that the company is already using in order to inflate information and provide a very big, large data set. We can start to work. So that's the basic layer of fin out that we call the, the mega bill, which is essentially a very complicated data modeling.

Problem that we simplified with the marketing name. And that's a great name for it. The mega bill, which is the, the totality. I'm doing an arm thing on screen, but you won't see it. I'm getting audio and visual mixed up again. Dave. Sorry. Not unlike you to be confused by something, Robert. What's my experience then right as a consumer of it.

So from the outside in, so you've explained like the build up to the mega bill and then from the outside in as a consumer. Ideally, what am I looking for? And then what's my experience of it? Yeah. So, you know, now we have all the, all the data ready for you, but. Honestly, you don't care about it, right? So [00:14:00] as a business, you ask yourself business questions.

You don't ask yourself, how much CPUs do I have in the cloud? That's not interesting. Um, so we allow you to create a very complicated cost allocation layer on top of information and information. Essentially answer business questions on the fly. So you care about how much money do you spend per team? You care about what's your work smart and you care about what's the cost per customer and what's the cost per storage across multiple different cloud providers, because you know, we're in a modern cloud world.

So the questions are a lot more business oriented. And ever changing, and we need to keep that mapping and help the organization deal with infrastructure that's, changing beneath their feet yet, assigning all the dollars that they're spending on cloud into their rightful owner and business owners.

So how complex can the views get that? Have you built business rules in the, above the top of the, the core data, the cost of the technical cloud data. So you can apply it to either application or [00:15:00] value stream or. Oh, something like that. Yeah. So you can start to define like mappings as complicated as you wish, including hierarchies and time mappings, like, you know, enterprise constantly changing organizational structure.

So what happens if one team move from one group to another? What do you do with the cost of the team? Do you keep it? And, you know, the new group and the old group, you don't want to change budgets in retrospective. Many organizations are building their SEC reporting based on the, based on those data, right?

So, like, how do I properly report and allocate and make sure that I'm meeting my target numbers and margins without changing the history? So it starts to get very, very complicated. So if you don't support, you know, full sets of cost allocation in the org, including, also a shared cost, which is also one of the.

The biggest problem with FinOps now, right? We have a big database and five different teams uses it, but one team consumes more queries than another team. So, how do you allocate that [00:16:00] for showback and chargeback purposes? Do we need to build them based on the units they consume? And that's a very mature way to be able to apply the organizational dynamic into the structure and then model around it because often people is accounted for differently in an organization, but it's still a problem.

Big part of cost to serve. Yeah, the support of the human to be able to make the reality true for whatever value stream or business process you're talking about. So I mean, and that that must bring a lot of light from your experience into how organizations view cost. You see that where it's like the sort of realization occurs and then do organizations use that and change effectively off the back of it.

Have you found so Oh, What we are trying to help organizations do is essentially change their, change their relationship with Cloud Span. So it's no longer a tax, it's no longer, you know, something that you just have to pay the cloud providers. It's an investment, and you need to start to measure the ROI.

Eventually, by allocating costs properly, you can start to [00:17:00] tackle which team owns what, what was their business purpose, how much are they tracking towards that. The money that they brought into the business. And, is it worth it to make that investment or not? And where should we pick, you know, the right sets of optimizations.

So it's a, it's a lot more organizational thing than a technical one. Yeah. And it's that view that it shouldn't be a cost center and pushed into the corner, but it's the thing that generates value and you're helping visualize the hello. Look what it's done. Got this growth, made this

change. This is actually how you.

Portion it all and you get a proper business view over the top of what technology is doing for you exactly so maybe you could draw a distinction for us right based on that. So the organizational arrangement around it. So if in ops 101 is I'm correctly tagging my cloud usage and I'm able to apportion that out to businesses as some form of invoice or statement for that, for that month or that week's compute. If that's the basics, what does, what does state of the art look like in [00:18:00] your mind? State of the art is we're approaching 100 percent cost allocation means that every dollar that we spend, we know the reason for how we're reducing down shadow it, we're tracking down unit economics.

so we're not really care about how the absolute amount of money that we pay for AWS, because that's kind of meaningless. That's like the more. prices we bring the more we need to pay and as long as that correlation remains It's fine, right? So we want to track down what's the cost per event, cost per click, cost per transaction, cost per user, cost for whatever, you know, that we're, that we're making.

Um, and make sure that the entire organization is informed about it. Every developer logs into Finout on a daily basis, getting the cost information that is relevant for their specific service. they are the budget owner for, for the cloud, for the cloud spend, um, and the entire organization working together on cloud financial management instead of, you know, there's a FinOps officer that keeps on nagging people to do stuff.[00:19:00]

And that's the thing though, isn't it? Because they often start with a centralized view and it's seen as the team that nag you. Yeah. And it's like, Oh, they're here again. They're going to tell me something I haven't done quite right this day. But I think with the proper organizational alignment and the understanding that you bring, um, to this view, then it helps bring an accountability in a different way that makes people care about what they're doing.

Maybe just to just extend that just one or two steps further as well, which is like, it's, it's indicative, isn't it? Of the, of the modern style of working here, which is you don't have. Bits and pieces of the organization that are sort of governing with a hard G and, you know, kind of acting like the cops.

What you do is you empower the developer, you empower the people that are working and then provide them with the tooling and information for them to make the right decisions and make clear through principles how they then should execute. Kind of securely, ethically, performantly, etc. And it's that, it's that thing where, actually, [00:20:00] FinOps is a thing that starts when you start to design your architecture, cut your code, think about I knew you'd get architected.

I had to bring it in, didn't I? Had to bring it in. We were 28 minutes into this recording at this point. And the air word first time it's come up. David's my job. Let me not do my job. But the point is that, um, there's a there's an awareness thing that people who, think properly cloud native efficiency is the first part of the conversation that comes in about how we're going to build this architecture to serve the business purpose.

I think that's a key part is that, but that comes from understanding how architectures perform in life. So if you're able to observe how it's working today, then you're able to loop the learning round and adapt it. Right on. Maybe then, Roi, have you got a case study here? Because one of the things that seems to be the case at the moment is that not many people are yet doing this, even at 101 level that well, never mind the sort of state of the art that you describe with the developer enablement aspect [00:21:00] of the end of the spectrum.

Have you seen anybody that's kind of got that far down? And I guess the other. So half of the real world question that I'll just put out now is about the economic conditions that we we find ourselves in this year, and you know, everybody's tightening their belts and making much more forensic decisions and being being very metered on.

What investments are required, what the day to day spend looks like, and is there direct business value coming from it? Um, just because the economic conditions are a little harder at the moment. Um, so do you have an observation on that maybe to start with? And then, and then is there a good case study that illustrates what we've been talking about?

Um, yeah, 100%. So, FinOps has a very different maturity levels throughout businesses. it's not necessarily tied to the size of the company. We often see like, you know, amazingly advanced, fortune fifties, with, with their FinOps practice yet, [00:22:00] a thousand people company that they're spending a million dollars a month.

They don't understand even why. Um, so it can really, it can really change drastically between, between what's, what's happening. And. Something that we're working with, with fan out with our customers is help them not get to the best and state of the art, but to get to what makes sense for them over the next 12 months.

So, one case that I can share is that, you know, we have, one of the fastest growing companies in the world that is. super advanced with, with their FinOps practices, the day to day, um, you know, operations, of the company is based on cloud. They're spending a lot of money and getting to cost per customer is the way that they actually price their businesses.

so when the issue, new quote, the customer, the log, the FinOp, they can see the entire breakdown of cost per customer for the specific use cases. What's the cost for each, you know, bullet item that, that they bought. And then it can construct like it. better pricing for, for the net [00:23:00] customer. They can really understand, there are the margin.

They can analyze like what's, what's it's each of potential decision can look back into their existing customers and what's the impact on the margins going to be. So that's like a very, very advanced FinOps, FinOps use case that we're really, really proud of supporting and, you know, to, to take the other route.

So we have one, a fortune 500 that is. Using Finout in order to build their budget cycle. So you're really, you know, relatively early days into their Finout work. And now they're just trying to get everyone to care or just meet the budgets that they stated. Um, so they created a, you know, full organizational mapping using the, Finout architecture of the, the tagging that, that I explained before, and now they have the entire organization rolled up all the way to the enterprise in budgeting.

And what they did is to start and push down ownership. For every engineering director on the respective piece that they had on the, on the budget side, just for the sake of, let's keep you [00:24:00] informed. Let's keep you understand how you're tracking and, you start to be accountable for what you're doing.

The same as you start to be accountable for the SLA or something. service and the latency of the, production environment. But now you also have to track down on the budget of it. so the used fin out just to, you know, start to create that kind of organizational hierarchy while the centralized fin ops team is still working on the, the day to day basis.

Just to touch on the, um, the economic conditions point, are you seeing a changing nature of customer conversation or more acceleration of this type of work? So over the course of the last six or 12 months, as the, you know, as the economy is, as the economic headwinds have

got a little stronger, 100%. I love to see the growth of the FinOps Foundation.

I'm not sure when this airs, but next week we're heading to San Diego for the annual FinOps X conference. And this year it's It's amazing. There are so many vendors, so many people, so many events, like it's a huge FinOps festival. Only two years ago. Yeah. [00:25:00] And only two years ago, we were 300 people at a sub conference in a, in a hotel in Austin.

Like this was the FinOps community out there. So like, it's, it's crazy. The world is really, really changing very fast. Companies really care about what's what's happening for for the cloud cost. companies are being tasked with it. it's a board level discussion with many, many organizations that we hear.

We started to see the CIO like tasked with, okay, now we need to deal with cloud costs. So it's no longer something we can cross our fingers and hope that, you know, we will be, we'll be okay at some point. I, I often wondered that. So how, so Many organizations now understand the importance of FinOps, their maturity in FinOps is, on a slider range.

Many are in the 101 end that we discussed, but I, I, I'll do an ad hoc confused. I'm often confused about, was there an organization just when we best get on FinOps, you know, day one, cause it's going to be an issue versus the ones that went, got the surprise, your bill's higher than you thought. And then they go [00:26:00] best get into FinOps then.

And I wonder what the percentage split is. And I suspect it's probably more the latter than the former. I'm saying that's probably true. Yeah, organization that were born in the cloud, understand that cloud is expensive. So you start to see them often, like creating finance practices as part of part of what you need.

If you look at the large enterprise, it's usually not the case to start to migrate to the cloud because someone decided that they need to move to the cloud. No one in the organization understand what the cloud is even. And now they need to, like, design a few, like a huge system. So to retain someone like you guys to migrate to the cloud.

Help them with, with cloud, with the cloud migration. And oftentimes the FinOps aspect of it is just like overseen because we're so like into, let's start to build the cloud migration. Let's start to design. What's, what's, what's the process going to look like? It's going to be like a five years process down the line.

And at some point, usually just get a huge build shock. they're just extremely surprised with, with what happened. AWS, [00:27:00] you know, is working together with them to show them, like, what's the, what's the cost of migration is going to look like, and it's, you know, That's often not true. So now we need to start to track back and say, okay, okay, okay, let's, let's pause here for a second.

Let's understand the economics of this move. And now let's continue to design and take FinOps as a, as a driving factor when designing. And it's a very good point because there are two types of build shock. There's the one where a developer put 10, 000 servers in the config file as opposed to 10. Or there's the one where the architecture started doing what it needs to do, and it's much more expensive than you expect.

Um, the first one you can turn off and fix. The second one, the bill's going to come in next month and the next month and the next month because you just can't turn your business systems off. Are you saying that that was an architecture problem, Rob? I mean, that's what I heard, you know. You can believe what you want.

So, you know, architecture is the answer, not the problem. That's all I'm going to say. Now. I have tried to move past [00:28:00] this, but I can't. I need to go back to the FinOps festival.

So give us an insight, Roi, of, of, of what it's like, like what, what goes on. And I'm both, I'm both legitimately interested in what's being examined from a sort of state of the art next generation FinOps perspective.

But I'm also wondering what the parties are like. So you take all the money that you've saved in cloud and you spend it on a massive party. I mean, that'd be ace, wouldn't it? How much did we save this year? Right. Let's go off to Hawaii. Like a, like a game share situation. The more you save, the better the part.

And like the FinOps community, you're like the best in the world at game share. So that can you imagine the parties, like the possibility of this, right? Just in a couple of minutes of thinking about it is absolutely massive. So are you guys living into the potential of this? The party on the, the first day is on the USS Midway in San Diego.

last year it was amazing. and we're really looking forward for, for this year. So [00:29:00] FinOps know how to party as well. Um, That sounds like a bumper sticker. If ever there was one. FinOps know how to party. Can I get that printed out? Yeah. I think that's the episode title right there. but in all seriousness, like it's, it's a really, it's a really amazing couple of days, you know, you have FinOps practitioners from all around the world, mostly the U S coming to, to be together, to share best practices, to work and collaborate.

FinOps community is extremely collaborative. I'm often surprised by the level of, share, and the level of, you know, frankness that a large organization and getting into, and it really starts to, tell success stories to tell failure stories to adapt best practices to learn from one another.

and it's a very, community event, um, more than, you know, you just sit at a conference show every day and hear someone talking about what's, what's good or bad. And I suppose from a conference perspective, if you go to like some of the [00:30:00] cloud conferences, they're multi purpose because there's lots of things there.

But with FinOps, at the basis level, you have a single shared mission, which is to basically save. And so all the strategies and everything aligned to a single goal, which probably that shared purpose probably helps the conference have a, you know, a real good, um, as you say, the collaboration across it, say, we're all trying to get to the same answer.

It's a new practice. There's a lot to learn. There's a lot to teach. it's often evolving very, very quickly. you know, so, one organization managed to do something very, very cool. They want to share it with the rest of the group. it's not something, you know, it's not a trade secret that I want to, keep on my own because it's a business, kind of, again, that they got over the rest.

rather, you know, we're all in this together. we all can share. We all can collaborate. even the vendors are helping and pitching in, with, with data points and data sets and helping with, with the collaboration wherever we can. Very good. So maybe just to bring our conversation today to a little bit of a [00:31:00] close, maybe Roi, for those organizations that are at 101 and they're trying to get to grips with what's going on in their environments and, you know, perhaps they've got some license negotiations coming up or perhaps they've You know, they, they've had bill shock.

What would your advice be in terms of the first two or three steps that they might take to be able to get this under control? What we always say to, to customers that, FinOps is not something you buy. FinOps is an organizational decision. You take, we often get, you know, customers that want to buy FinOps and some no guys, you're not, you're not ready.

Like, there's no point of even starting do POC. You are too early in the process of what you're doing. So right, just to bring our conversation today to a little bit of a close, perhaps you could give us some advice on what the first two or three steps might be. If you're one of those organizations that maybe has just had bill shock, they maybe have a contractual negotiation coming up and need to get their arms around their environments.

Where do I start? [00:32:00] So FinOps is an organizational decision. It's not, it's not a tooling one. It's not a budget one. So the first thing to do is that decide that you want to embrace FinOps. joining the FinOps Foundation. Start to read, start to learn, start to design your FinOps practice and the way that, you know, how you imagine good looks like, um, only then you can start to go and understand what tooling do you need?

Do you need to buy one? Do you need to start using, the native tooling from the cloud providers first? what's the, what's the end state in how your engineers are gonna care and how do you get engineers to care? do you incentivize, do you go with the characteristic? so there's lots of, lots of decisions.

to, to be made, that are right for the specific organization, the specific culture. Um, and there is a proper design fair, phase to do, to do first and invest in the organizational kind of state of mind before leaning into anything else.[00:33:00]

All right, Rob, you're all set. yeah, of course. Always Dave, I come to these podcasts prepared. On ready. Sometimes I over prepare knowing you're involved.

Just saying, you know, calling it out. Fair enough. Hashtag somebody. Fair enough. Have you done any research? I mean, sorry, I had to do that one again, actually, Dave, I was just about to say some of us were working for this bit and some of us were making sangria. I'm not telling the audience who was doing which one.

But anyway, I'm doing the research. I think both types of research are equally valid. I enjoy both. Contextually different, admittedly. One is much use to this process and other is not so much use to this process. But [00:34:00] we'll leave it there. We'll leave it there. We're thinking about new formats for season four.

So, you know. Anyway, go on. Start again. Do it again. No, we're going to leave all that in. No, you can't do that. We're totally leaving all the audience to understand that I'm doing all the hard work. Of course I do. That can't be doing. I'm, I'm okay with that. Okay. Good. All right. Well, we'll roll with that.

Um, so, Dave, this week I have been mainly looking at what actually impacts cost in the cloud. So we've had a great conversation there with lots of things, and we've seen, you know, a very advanced approach to how it can be. But there are some real basics that you need to grasp when you think about the cost view of cloud.

And so I was going to run down them and there's the, some are yin and yang and others are just one way. But, um, The first one I think is thinking cloud commercials are the same and just thinking that you're going to have pay as you go and that's it and not optimizing your commercial spend. So not thinking about reserving instances and entering into a different commercial relationship with the cloud provider.

That's mistake number one, which is you should be optimizing your [00:35:00] commercials because that's the basis for what you're going to pay just as a side charge, just as a side on this, right? Yeah, quite disappointed. And that's where we've ended up with the cloud. What do you mean? It's like the sort of the beauty of the cloud is it's instant on, instant off.

Yet we've, of course, we've now managed to make commercial arrangements that create

like three and five year, you know, commercial frameworks. And so it's like, This isn't cloud nirvana, Robert. Oh, come on. It's sales though, isn't it? Buy one Apple versus buy 10. You get a discount. It's, it's, it's been going on for thousands of years.

Well, I'm going to, I am putting a line in the sand, Rob. I don't like it. Why don't you write a strongly worded letter to the head of AWS, Azure and GCP. I think I'll find out what the response is. Good thought. Good thought. Stick that one on the list to do this. Um, the other one is a way you control access to platform.

So many have uncontrolled access to the resources and capabilities cloud. So guess what? Everybody [00:36:00] double clicks on. Yes. And boom, you have a bill shock. There's a lack of access architectural adaptation. I know how much you love this bit, but actually, if you don't change your architecture when you move to cloud, it's probably going to get more expensive.

But if you remember the podcast we did with Liberty Mutual, they went to a completely serverless based architecture and rewrote their core and they saved like 70%. So it's a mass architectural adaptation. Really ambitious will save you an absolute packet. If anybody ever says on this show, Robert, that architects don't, Don't give value for money and can't be linked to business value.

I think we've got at least one case study to prove otherwise. I will tell you a stat at this point, David. Every pound spent on a good architecture, you will save five in cost elsewhere. It's an industry stat. Where did you get it from? I just made it up. No, it's true. I forget where it comes from though.

I'll have to find out actually. The next one is, as we continue, there's no change to the operating model, right? So as you just said, Roi, BinOps is a way of being, you have to embrace it. It has to be baked [00:37:00] into your core, not doing that. Means that you don't have the operational ways of working that controls.

We talked about the developers and the engineers and everybody else in the testers seeing the cost of their actions in cloud and then being able to change their ways of working associated with that very important lack of automation is a cracker in it. So if you're not using it, shut it down. The amount of crime in cloud associated with environments left running.

Is quite spectacular and that's often like that's a real basic one. Turn it off if you're not using it. That's the whole point of the pay as you go in it. Not just financial crime, either, you know, environmental impact increasingly for environments being left up. And that will be increasingly the case as those environments get more and more powerful, more and more sophisticated, particularly those that are training artificial intelligence.

There was one instance. I do remember very vividly was the developers were left in control of the environments they fired up in the cloud, and they were basically firing up production level environments, and they were using some very heavyweight tooling. And guess what? Cost went up fast. So it's that scaling as well and [00:38:00] thinking about what you actually need in the resources for the job in hand.

And then finally, the basics, which is not training on cloud. So I think we called it out earlier organizations that aren't used to move there and get it. Some massive shocks about what cloud actually is and how you need to operate around cloud. So sort of a list of basics that if you haven't got those, you know, properly in control and you've thought about them, then you're just your costs are going to go plus plus plus plus plus through the roof.

In the conversations you're having right with customers to take Rob's five or six points there and or maybe add a few more to it. He's seen that type of pattern in a lot of organizations

still because actually a lot of what Rob described, you would think Would be cloud 101 stuff, right? Change your architectures, good developer practice, you know, lots of automations, all of those sorts of things you'd think.

Yep. Cloud 101. Every cloud transformation program puts that sort of stuff in place and and then, you know, changes how they operate and move forward successfully. Not quite the case, though, is it? [00:39:00] Like I did rob your first point about cloud commitments. It should be trivial. like you don't even think, think about like, it's not as you're going out of the cloud, just commit, it's going to be cheaper, whatever you do.

And so many organizations are spending years trying to figure out what's the proper commitment structure. and they're, they're analyzing it from so many different angles and what's the right strategy and how do we approach it? just by commitments. It's very easy. You don't need to think about it.

And I think the most costly mistake doing in cloud is thinking of cloud as an on prem environment that is just, you know, running on AWS. that's not the case. if you're gonna, I think, even without listening to the Liberty Mutual kind of episode, I'm sure that they were lifted and shifted before and now they architected it.

To adapt to modern cloud architectures. So this is such a common practice. We see it constantly across the board and moving to the cloud, we don't understanding what cloud is, is the number [00:40:00] one money waster. I'm glad you said that. Cause that brought my reputation to the list plus plus. Cause if you said now, I don't see any of those in there, I don't know what you're talking about.

Used to be like that, but this is, that's old thinking. You're out of date, but like that would be the last time Rob does the research for this show. Rob no longer appears on cloud realities podcast in the future. I might have, I might have had to leap to leap in with a, with a section on sangria. That was a high stakes question.

That was. Yeah. Well, look, right. Thank you very much for spending a bit of time with us this afternoon and, and walking us through some actually really very important components of not only, FinOpsis 101, but actually where you can take this and I like the way you put it around the conference, which is like it's an emerging discipline.

And I think it's, we're going to see practices for this grow and grow over the, over the coming years. Thank you guys so much for having me. I had a. At an amazing time. Great. Well, look, we end every episode of this podcast by asking our guests what they're excited about doing next. And that could be, [00:41:00] you've got an amazing jug of sangria just sitting in your kitchen waiting for you when you get downstairs.

I'm starting to get worried about you, Dave, obsessively. Can't stop thinking about it or you, um, you're doing something interesting in your professional life coming up. So Roi, what are you excited about doing next? Actually one of the biggest changes of my life are coming soon, my wife is pregnant in a couple of months, we're expecting a baby boy. So this is a major part of my expectations nowadays. It's your first, is it? I'm assuming. Yeah. Oh, well, good luck with that one. Wonderful. Have you established a decent economic framework for this, right? Let's be honest, children and money pits, that's the only way to describe it.

If you think going into the cloud financially unprepared is going to cost you a lot of money, brace yourself for the next 18 years, my friend. You're going to buy diaper commitments. Exactly. Why can't you do? Oh, maybe there's a new economic model. We've just discovered diaper commitments. You say, well, I'm probably going to have three kids, so I'll commit to

this amount of diaper spending.

[00:42:00] That could be a thing. We should have brought this upon the, ultimate shopping experience episode. I think new models. We're inventing new models as we go along. If you think about it, there's probably a product you've been buying for 10 years of your life, right? Or whatever, you know, a bit of brand loyalty.

If you committed 10 years ago, what discount could you have had? There you go. Just think about all that free whisky you could be drinking now, Rob. Absolute, yeah. Well, right. What an amazing thing you have coming up in a very, very exciting part of your life about to emerge. So we wish you the very best for that.

Thank you so much. So a huge thank you to our guest this week, Roi. Thank you so much for being on the show. Thanks also to our sound and editing wizard, Ben and Louis, our absent and always on holiday producer, Marcel, and of course, to all our listeners. We're on LinkedIn and X, Dave Chapman and Rob Kernahan.

Feel free to follow or connect with us and please get in touch if you have any comments or ideas for the show. And of course, if you haven't already done that, rate and subscribe to our podcast. See you in [00:43:00] another reality next week.

#CloudAssessment #CloudCheck #FinOps #CloudEconomics #MovetoCloud #HybridCloud #MultiCloud #CloudEngg #CloudOps #DevOps #CloudApps #CloudMgmt #CloudSecurity #CloudSustainability #Hyperscalers #Native #CloudNative #DCT #DCMigration #DCT #HybridDC

About Capgemini

Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2023 global revenues of €22.5 billion.

Get the future you want | www.capgemini.com

Capgemini