Maximizing business value across a hybrid landscape

A FinOps e-book

kyndryl®

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Overview

The move to public cloud is disrupting traditional infrastructure procurement, which is typically capital-intensive and time consuming. The self-service nature of cloud makes it easier to procure and deploy IT resources without the controls and delays of a conventional IT purchasing process. The result is heightened innovation; however, it often comes at the expense of IT spending predictability and accountability.

As enterprises ramp up the migration of key workloads to the cloud, many struggle with the changing dynamics of cost management and the need to optimize usage of the hybrid landscape for maximum business value.

An estimated **30%** of cloud costs are wasted expenses.[1]

82% of organizations say managing cloud spending is their top challenge—overtaking security as number one.[2]

This magnifies the need for FinOps practices and tools to optimize cloud costs and enhance efficiency. By embracing FinOps through reimagined processes, practices and culture, companies can ensure their IT spend is properly managed.

01

What is FinOps?

In a cloud environment, line-of-business leaders have more autonomy to spend company funds and make financial decisions on cloud services quickly. The shift to a more agile, OpEx environment means that greater governance is required in daily financial decision-making, but finance teams struggle to keep up with the speed and volume of spending. The practice of FinOps emerged from this paradigm shift.

FinOps delivers an operating model for managing cloud finances that increases cloud value by uniting technology, business and finance professionals via a new set of processes. This enables organizational leaders to master the economics of cloud usage and drive competitive advantage.

FinOps examines hybrid multicloud operations through a financial lens, leveraging integrated tools, technology and processes to enable faster product delivery, adaptable financial controls and improved cost predictability.

> **FinOps is an operational framework and cultural practice that 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 Technical Advisory Council[3]*

Key principles of FinOps

- Team collaboration is essential

- Decisions should be guided by the cloud's business value

- Everyone must take responsibility for their cloud usage

- FinOps data must be accessible and timely

- A centralized team should drive FinOps efforts

- The cloud's variable cost model should be leveraged

02
The FinOps journey

The FinOps Foundation methodology defines three iterative phases to the FinOps journey—inform, optimize and operate.[4] Business units, teams and applications can be in multiple phases at any time. Operationalizing FinOps at scale requires an enterprise-wide commitment to continuous improvement. And although FinOps aims to optimize cloud spending, reducing costs isn't the sole goal. It's also about making informed decisions on cloud usage relative to cost, speed and quality.

❝ **With cloud spending increasing by 26% each year[5], companies are seeking better outcomes on their FinOps journey."**

— *Jaisson Mailloux, Director and Technical Evangelist, Microsoft Global Alliance team, Kyndryl*

The three phases of FinOps as defined by the FinOps Foundation[6] are:

Inform

You are empowered with visibility, allocation, benchmarking, budgeting and forecasting data to make timely and intelligent decisions. Metadata and tagging help align business and operational requirements, enabling cross-functional stakeholders to drive ROI and stay within budgets. Visibility into spend enables accurate chargeback and showback.

Optimize

Data is used to identify and validate optimization opportunities, either by inspection or exception, and employ automation based on policies. Artificial intelligence (AI) and machine learning can help identify new optimization opportunities. The goal is to right size and automate the turnoff of underutilized IT resources, which can make a significant difference in optimizing hybrid cloud spend.

Operate

Optimization becomes ingrained in the service design and use. Governance is implemented across the entire service lifecycle, from planning and consumption to operating and paying. As part of the practice of continuous improvement, you establish and reconcile financial controls (budgets) on the front and back end of the processes and institute systemic multi-supplier IT governance practices.

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FinOps capabilities

Kyndryl's FinOps vision is grounded in respect for operations excellence born from decades of running business-critical systems. Our practitioners use automation to increase productivity, incorporate continuous optimization for better efficiency and take proactive steps to identify avoidable expenses for cost savings.

Our key capabilities include:

→ **Analytics**
Analyzing cloud data to identify cost-optimization opportunities

→ **Anomaly management**
Identifying anomalies and managing unexpected cloud costs

→ **Budgeting and governance**

Managing, monitoring and establishing controls on cloud spend against business objectives, ensuring line-of-business accountability and complying with regulatory requirements

→ **Data ingestion**
Gathering and processing datasets to create a searchable repository to support FinOps activities

→ **Licensing**
Understanding how software licensing and software as a service impact cloud value

→ **Workload onboarding**
Migrating systems into or between clouds cost effectively

→ **FinOps practice**
Building and operating a FinOps practice within your organization

→ **Forecasting, planning and estimating**
Exploring the present and future cost and value of cloud workloads

→ **Rate optimization**
Making sure you pay the lowest possible rate for cloud resources used

→ **Sustainability**
Helping you make decisions based on impact to the environment

→ **Unit economics**
Understanding how your cloud use impacts your products and services

→ **Workload optimization**
Ensuring efficient workload operation

04

FinOps with Kyndryl

Kyndryl follows the FinOps maturity model from the FinOps Foundation's methodology that we discussed earlier. Your FinOps journey is mapped to your specific goals. It's designed to meet you where you are on the journey and is fine-tuned to your company's individual operating and cloud deployment models.

Kyndryl's engagement framework is three-pronged:

1. Inform

Kyndryl FinOps consultants assess where you are, plan for where you want to be and design the best roadmap for that journey. For example, we can help you establish a FinOps baseline, create a tagging strategy and establish context for cost centers.

2. Optimize

Kyndryl works in an iterative fashion to implement applicable technology and processes for each specific use case, advancing your company on the FinOps maturity map. In this stage, the Kyndryl team can provide valuable refinements, such as identifying and validating optimization opportunities, offering recommendations and providing an implementation roadmap.

3. Operate

Continuously monitoring and optimizing the FinOps solution ensures positive business outcomes and maximum value from your hybrid IT investments. You can opt for assistance with change management, continuous governance, supplier management and transparency of unit economics through our FinOps fully managed service offering.

The Kyndryl FinOps service is tool-agnostic and supports cloud-native and other popular third-party tools to help customers establish and expand their FinOps practice or execute on the FinOps capabilities.

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Kyndryl FinOps in action

Kyndryl guides companies in various industries on their FinOps journeys, redesigning processes and providing recommendations and services to maximize the business value of hybrid cloud.
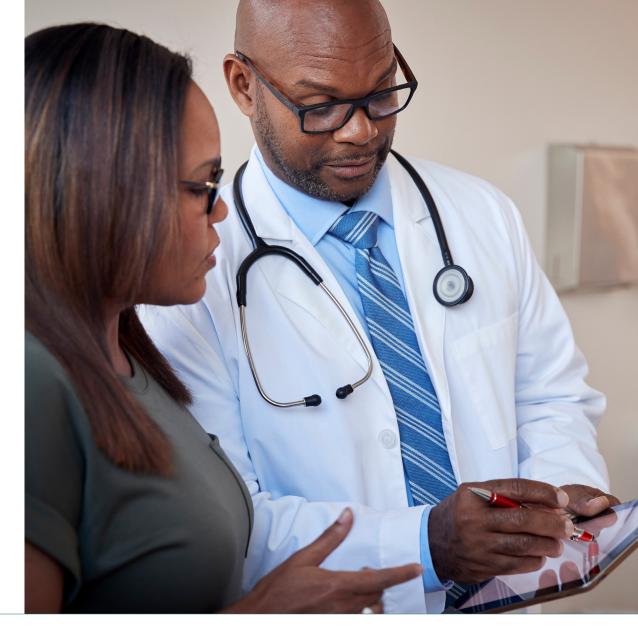
Energy and utilities

Ausgrid is the largest distributor of electricity in New South Wales, Australia, providing power to 1.8 million customers and more than 4 million people. Kyndryl FinOps practitioners collaborated and analyzed cloud usage and spending data, identified 1,264 potential cloud optimization savings opportunities and developed a transformation roadmap in just six weeks. Read the full story.

Healthcare

A large healthcare provider wanted to optimize servers and identify underutilized resources that led to increased costs and degraded operational efficiencies. With Kyndryl's FinOps services, the company right-sized the servers to match business objectives and optimize costs, saving the customer US$1 million annually as a result.

Retail

With 94% of its assets untagged, a large retailer sought to understand hybrid cloud costs spread across business units. Kyndryl worked with the customer to build a tagging policy and strategy. Subsequently, the Kyndryl team audited the tags and made cost-optimization recommendations to align tags with business goals. 92% of all resources were tagged, improving coverage by more than 84%.

Agriculture

A leading Brazilian soybean, corn, sunflower and canola processing company started their modernization journey from on-premises to Microsoft Azure public cloud, aiming to increase availability, reduce costs and leverage flexibility to accommodate business growth. The migration projects resulted in an unsustainable increase in cloud costs, with only 30% of projects completed but all budgets consumed.

The company also faced challenges on cost visibility, predictability and lack of financial controls, resulting in a business risk to justify the cloud migration. Kyndryl introduced FinOps governance, a set of best practices, a daily scrum on optimization and implementation, a reserved instance strategy, and proper forecasting and visibility reporting.
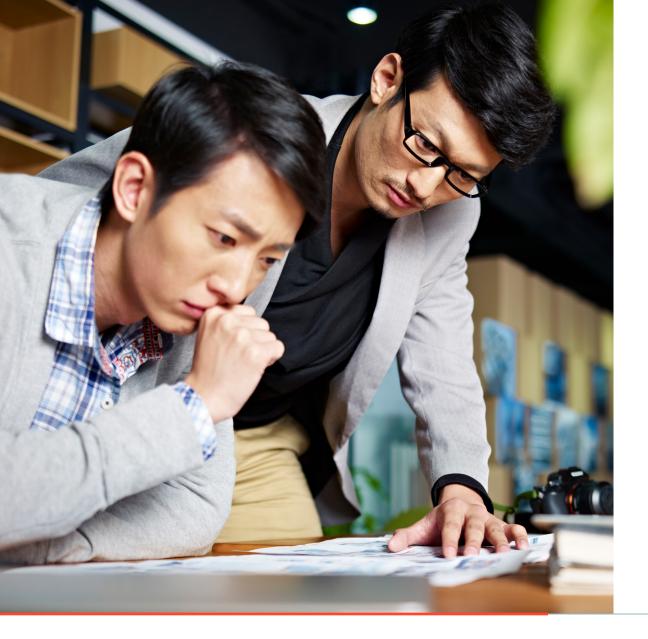
As a result of the initial work put into practice, Kyndryl drove a significant cost avoidance of US$74 million and reduced monthly Azure bills by 40%. More importantly, the FinOps practice established visibility, financial stability and predictability across the cloud stack for the company.

Airlines

A European airline wanted to create one view of cloud spend across all services, along with an automated solution for frequent data ingestion. Kyndryl built integrations that spanned the company's disparate systems and end-to-end processes, developed automated data processing workflows and consolidated billing data. With Kyndryl FinOps platform and practices in place, the airline saved time by leveraging unified data across accounts to streamline billing and avoid custom and manual steps.

Key stakeholders were privy to a notification service issuing alerts on validation, extraction and ingestion failures, so there were no surprises. Greater transparency and drill-down capabilities were also implemented on current claims and credits, along with custom reports built to facilitate billing and invoicing processes.

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FinOps best practices

Secure executive sponsorship

Consultants or experts can make all the recommendations in the world, but without executive commitment to the requisite resources, process changes and cultural transformation, organizations will be hard-pressed to achieve value from FinOps practices. FinOps.org states, "When top leadership champions a project, it not only allocates the necessary resources and prioritizes to the initiative but also sends a clear message throughout the organization about the importance of the FinOps champion program.

This endorsement can be instrumental in driving a FinOps culture shift, as employees often look to executive cues to determine their own engagement and alignment with new directions or strategies."[7]

Build a dedicated FinOps team

To unlock the full value of cloud and get the most out of your investment, it makes sense to create a FinOps practice within your organization. A central FinOps practice—or center of excellence—is essential to promote business-unit collaboration, eliminate underutilization of cloud resources, ensure costs are consistently managed and controlled, and make business units aware of, and be held accountable for, their respective expenses.

Choose the right solution

Your specific FinOps solution must have the proper combination of cloud-native and third-party tools that align with your strategic cloud journey.

Unlock the business value of cloud data

On its own, data on the cost, health and utilization of IT infrastructure is not enough to drive value. You need contextual data that makes it clear which services are consuming which infrastructure components and how services are connected to specific business units. Consider use of platforms that support the FinOp Open Cost and Usage Specification (FOCUS) prescribed by FinOps.org as the framework to achieve unified billing data.

Grow incrementally

Many companies are still hardwired to think in terms of monolithic projects with different phases and a precise end. But FinOps is inherently iterative and embracing continuous implementation leads to better outcomes. It's best to get started by choosing a limited initiative scope—for example, focusing on a specific cost center or business unit. Start small, establish a win for the business and curate learnings into planning for your next phase.

> **FinOps is no longer an afterthought. It is a standard requirement because it provides spending transparency, keeps costs in check and delivers an optimized cloud ROI."**
>
> *— Alberto Rivera, FinOps Global Offering Leader and FinOps Foundation Certified Professional, Kyndryl*

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The bottom line

Managing hybrid and multicloud costs and investments can be complex. Organizations must balance agility and innovation with accountability and governance. Many companies are finding that the nature of cloud consumption today proves to be too much of a challenge for their traditional cost management. Embracing modern operating models like FinOps is key to increasing the business value of cloud. By bringing together technology, business and finance professionals with a new set of processes and a shared commitment to the company's financial goals, organizational leaders are empowered to master the unit economics of cloud and drive competitive advantage.

> As IT organizations enable more developers and operations teams to consume resources through self-service, they must also enable them to track, optimize and manage their spend. As this is neither a primary skill nor habit, the process and discipline of FinOps should be introduced. As a certified FinOps service provider, Kyndryl assists organizations with FinOps mechanics and tooling as well as process and culture transformation to enable resource tagging, cost reconciliation, optimization recommendations and on-going tracking to maximize cloud ROI."

— *Sunil Bhargava, SVP Kyndryl Cloud Services and FinOps Foundation Board Member*

Why Kyndryl?

Kyndryl is a global leader in IT outsourcing with more than three decades of experience in modernizing the most complex hybrid IT environments. As a certified FinOps service and platform provider with more than 300 certified FinOps practitioners, we enable organizations to evaluate their current cost-management state and build a path to better visibility, higher optimization and an improved operational model. By advising on the optimal solution, we will help you drive financial accountability and create a cost-conscious culture for maximum return on your IT investments.

To learn more about how FinOps can optimize hybrid cloud costs, foster financial accountability and promote a cost-conscious culture, visit us at FinOps Services.

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1 Percentage of cloud computing spend wasted in organizations worldwide in 2020, Statista, March 2023

2 Flexera 2023 State of the Cloud Report, Flexera, April 2023

3 What is FinOps?, FinOps Foundation, January 2025

4 FinOps phases, FinOps Foundation, 2025

5 Shared cloud infrastructure spending continues to accelerate, fueled by AI-related spending, IDC, June 2024

6 What is FinOps?, FinOps Foundation, December 2023

7 What is a FinOps champions program?, FinOps Foundation, 2025