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Spending on FinOps tools
Deloitte Engineering

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Lean cloud: FinOps makes every dollar work harder

Cloud spend is growing, but using FinOps strategies can enable companies to save money, boost value, and build cross-functional cohesion.

Introduction: the rising cost of cloud

Global cloud spending is likely to top US\$830 billion in 2026, with US\$255 billion spent in Europe alone. And yet ask an organisation's leadership what they spend and they might find it hard to answer.¹ Lots of companies don't know at all or struggle to respond to the question. This is clearly wrong. As organisations rely increasingly on cloud services, the need for an effective strategy to manage cloud investments becomes paramount. FinOps – finance combined with DevOps – provides a set of strategies to help track and optimise cloud spending.

Companies implementing formal FinOps frameworks typically see a 20-30% reduction in unallocated waste within six months. Companies new to FinOps usually act swiftly to implement the first steps and savings. FinOps strategies become more sophisticated and generate further savings as companies gain experience, with a dedicated FinOps team in place.

Cloud powers innovation – but can be complex

Creating new cloud environments often takes just a few clicks. By contrast, building private physical infrastructure can involve procuring and installing servers and can take weeks or months to complete. Therefore cloud has helped democratise convenience and scalability. It powers innovation at pace without requiring an army of PhD staff. It helps industries like video on demand,

ride sharing, challenger banks, and telehealth disrupt their² and underpins applications like data analytics, remote working, and AI. But cloud is getting complex. Seventy percent of companies now juggle their private computing resources with public cloud services in a hybrid cloud infrastructure.⁵ And 90% of organisations are forecast to have adopted a hybrid cloud system by 2027. It's also common for individual departments, such as finance, HR, or marketing, to buy cloud software applications without involving the specialists in this area, the central engineering team. All of this can create complexity in areas like data integration, compliance, and security.

Cloud cost management is seen as companies' top challenge for 2025, with 84% of companies identifying it as one of their primary concerns. One reason this is such a challenge is the pay-as-you-go billing model, which causes costs to be variable and makes forecasting much more difficult. In extreme cases, cloud engineers have unintentionally incurred thousands of dollars in cloud expenses overnight.

Cloud customers have started to recognise this: the proportion of companies with a FinOps team supporting the optimisation and management of cloud costs rose this year from 51% to 59%.



Getting started with FinOps

FinOps can help to address these cost control problems. It is a financial management tool that can tackle technical challenges, such as rearchitecting cloud workloads, and also less technical tasks, such as negotiating discounts and credits. Its long-term impact, however, is cultural change: cross-organisational responsibility and financial accountability, aligning each cloud dollar spent with the business value it generates.

Starting with FinOps is all about planning: reviewing the current strategy, evaluating any tagging and alerting structures, and then defining key performance indicators.¹² A practical first step is to focus on transparency by cataloguing current cloud resources and exploring how they align with the organisation's needs. Cloud

providers offer resource monitoring tools for this as well as specific tools focused on cost. There are also third-party FinOps platforms that can provide more granular metrics.

However, interpreting dashboard data may require dedicated FinOps specialists and practitioners, who may be in high demand and not easy to recruit. Also, companies with multiple cloud providers may need a dashboard for each. Setting up a single integrated portal can be challenging as data feeds from each provider vary. Finally, FinOps tools can be costly – as much as 3% to 5% of the total cloud bill. Therefore, before deploying FinOps, companies should gain a good understanding of their overall cloud expenditure.

First steps – waste and consumption

Those starting with FinOps will find getting rid of waste a great place to start. FinOps tools and dashboards help a company pinpoint underutilised or idle resources, for potentially immediate cost savings. Examples of waste can include oversized virtual machines, redundant storage instances, orphaned resources, or duplicate data. Companies that are adept at FinOps can use predictive analytics to forecast usage and automated governance scripts that can dynamically adjust capacities. These tasks can often be carried out quickly by the central cloud engineering team.

Structure and tiers

Cloud services are not all created equal. Computing and storage instances can span a range of qualities and price points. Companies could assess the calibre of their provisioning (allocating and managing cloud resources effectively), and whether

it adequately fits the need of an application. It may be that some applications perform well on more cost-effective instances. For example, to help mitigate seasonal volatility, an event ticketing website may choose an instance which does not use the full CPU continuously, but occasionally needs to burst to align resourcing with web traffic.¹³

Incentives: Cloud platforms offer discount programmes that can produce substantial savings. Some platforms allow users to commit to a consistent amount of usage in exchange for lower rates. For some companies, directly renegotiating with their cloud service provider can be a fruitful approach. Cloud companies tend to be receptive to this, welcoming the chance to exchange discounted rates for multi-year contract commitments.

Refining with broader approaches

As FinOps practitioners gain experience they are likely to refine their approaches to cost observability and control.

Accountability: As cloud is vital across all parts of many businesses, each department and team should be financially accountable for their spend. Departments should be given oversight and responsibility for costs that can be directly attributed to them, using either a chargeback model that charges a department directly or a showback model that shows each department its cost burden.¹⁴ This can require a robust tagging strategy, which assigns resource costs to specific teams or projects, ideally auto-tagging based on predefined rules. A culture can be created in which teams throughout the organisation feel engaged in cloud cost reduction.

On-premises (on-prem): FinOps communities like the FinOps Foundation have started to encourage discussion of on-premises infrastructure, which is often opaque to users, as part of the overall equation.¹⁵ Companies should be thinking about cost across their entire IT estate. This can be complex as the central cloud team may need to liaise with branch offices and infrastructure sites and may find that a variety of hardware and software tools are used for local needs. Strategies for on-prem cost reduction can include cancelling redundant licences and extending the lifecycle of hardware.

Sustainability: FinOps also intersects with the growing GreenOps movement. GreenOps describes a set of cloud management strategies which optimise for sustainability. Granular metrics delivered by FinOps reporting tools can help with measurement of energy consumption, carbon emissions, and other sustainability goals.¹⁶ In the wake of major reporting regulations like the EU's Corporate Sustainability Reporting Directive,¹⁷ tracking energy and carbon metrics and subsequently improving them can be an extremely valuable by-product of investment in FinOps.



FinOps makes a tangible difference

FinOps practices have been instrumental for many companies working to achieve cloud cost savings:

- **Airbnb:**18 Travel app Airbnb generated a \$63.5 million saving in cloud costs. Part of its approach was to shift storage to a lower-cost service tier and replace its homegrown backup system with a cloud provider's alternative.
- **Sky Group:**19 Media and entertainment company Sky discovered it had spent a full year's cloud budget within six months. It deployed a first-party FinOps tool to identify \$1.5 million in savings and implemented visibility dashboards, which enabled
- \$3.8 million in savings in the subsequent year.
- **The Home Depot:**20 The home improvement retailer built a dedicated cloud cost team in 2022 and identified "tens of millions of dollars" in savings compared with the previous year.
- **Lyft:**21 Ride-sharing app Lyft cut cloud costs per ride by 40% in six months, with a spreadsheet-based software tool to track billing data made available to the entire company. This led to a wave of right-sizing programmes.

- **WPP:**²² Advertising firm WPP saved \$2 million after just three months of FinOps deployment, which eventually scaled to a 30% annual cost reduction on its yearly cloud spend. It leveraged a range of tools and techniques, including autogenerated sizing recommendations.

FinOps is not only valuable in large companies like those listed above. It works well too for small and medium-sized companies in which cloud costs are also a significant driver of expenses and dedicated FinOps team is often lacking. In such cases, it may be wise to start simply by tracking a manageable set of key performance indicators (KPIs), such as total cloud spend and month-on-month changes, spend per service (focusing on the top five services), unit cost (e.g., \$ per user), forecast accuracy, and the number of "surprise events", such as unplanned cost spikes, along with their causes.

Conclusion: FinOps can be transformative

The emergence of FinOps reflects a need for better visibility, improved budgeting, and proactive control of rising cloud expenditures.

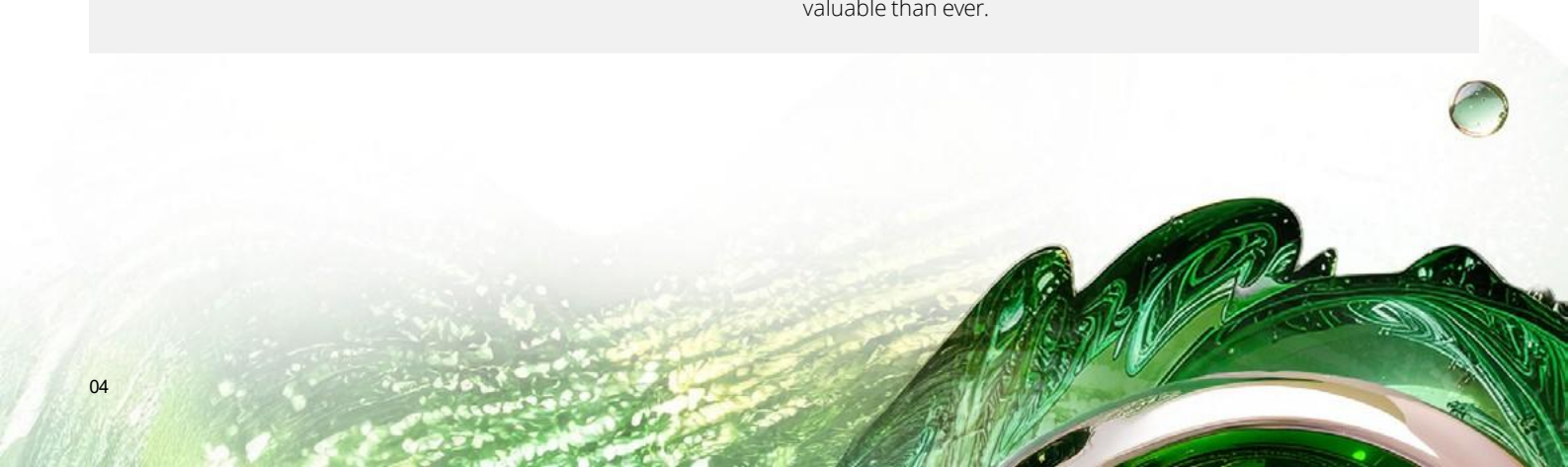
Global IT spending is set to exceed \$6.15 trillion in 2026,²⁴ in part driven by digital transformation and AI. In-house infrastructure still accounts for around half of all workloads and, if it is migrated to cloud, could significantly inflate the cloud bill. That makes a strong case for deploying FinOps.

FinOps should not be seen as a simple fix but as the adoption of a long-term practice that is integral to operational strategy. It starts with cost reduction but can eventually transform cloud spending from a mere line item into a strategic asset and enabler.

For the most advanced companies the end goal may be to create a cloud unit economics model. This approach quantifies the costs associated with each unit of cloud service used – per application, workload, or gigabyte of data processed – and aligns it with the resulting business metrics, such as revenue, cost per delivery, cost per booking, and cost per ride. The more granular insight provided can help companies make effective decisions about IT in the context of their whole business, helping to ensure each unit of spend is trackable to the bottom line.

In some companies the cost savings can be reinvested in new growth opportunities, such as scaling through new cloud services, or accelerating a product roadmap.

Cloud will always be complex and may never be inexpensive. But companies that apply FinOps can contain their cloud costs and make its contribution to the bottom line more valuable than ever.



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