

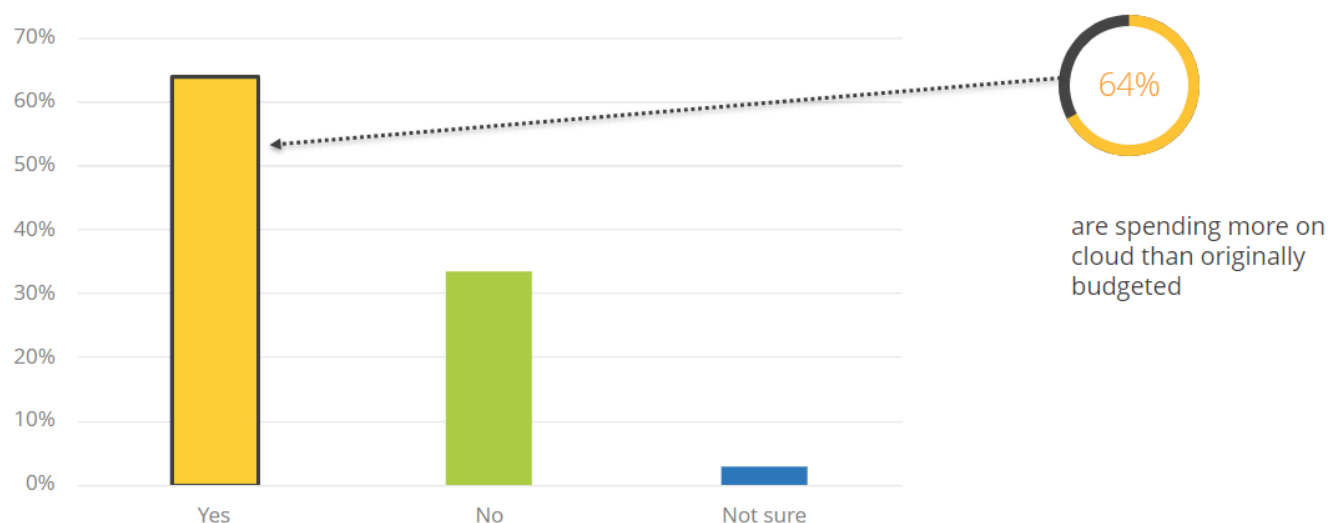
Five Tips for CIOs to Optimize Cloud Spend

In today's shifting economy, cloud as a foundation for the digital business has implications for IT budgets.

As we enter the digital era, businesses need more connectivity, more data management capabilities, and more cloud capacity - and organizations need to understand and budget for the technology costs associated with this.

IDC found that **57% of CIOs expect their IT budgets to increase in 2023.**

Currently, there are pressures from inflation, economic slowdowns, geopolitical pressures, and supply chain constraints. These changing dynamics make it hard for IT to manage their budgets. **In this environment, efficiency is key.**



As cloud continues to grow as a proportion of IT spend, it presents a need to build out and leverage FinOps teams -- a collaboration of leaders in the organization that work together to extend and maximize the value of the cloud.

You don't need a fully mature cloud strategy – you can work on cloud strategy and FinOps in parallel. If you have the luxury, take advantage of starting from the ground up.

According to IDC:

- 66% of European organizations that extensively use cloud think they are “wasting” or under-utilising cloud spend
- The top three reasons for cloud waste are: poor operational practices; lack of cloud cost governance skills, and inability to plan, forecast and budget for cloud
- FinOps as well as use of automation and AI are identified by European organizations as key investment areas to mitigate cloud waste
- The proactive focus on cloud costs over the last 18-24 months is so dramatic that in some cases, it is superseding cloud security focus. At a broad cloud-themed roundtable of an exclusive group of UK C-suite executives hosted by IDC in February, the tech and business leaders spent the majority of the time discussing cloud cost optimization tips and challenges. For more on this, read [here](#).

As you build a FinOps team, or continue to grow your existing FinOps team, IDC has five tips for CIOs to optimize cloud spend:



Move Intentionally

Consider who needs to be involved, what information is necessary, how it will be disseminated to ensure that business units understand that every development decision in the public cloud is a budgeting decision.

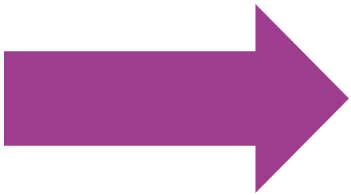
64% of CIOs have created specific scenarios relating to the macroeconomic environment driving the potential adjustment of budgets at some point in 2023.



Optimize for Value

Cloud is about value, not necessarily finding the lowest cost. Identify the right technology and implement strategies that maximize ROI. Build a portfolio of 'cloud options & futures' across commitments, on-demand, reserved & spot instances to align workloads to cloud economics.

Leaders can also reprioritize tech initiatives, reduce operational expenditures, delay capital expenditures, and cut labor costs.



Embrace the Journey

Maturing FinOps requires a shift in how business thinks about the technology both on the front-end and behind the scenes. Commit to clear and frequent communications to ensure strategy alignment and to share progress through metrics/KPIs.

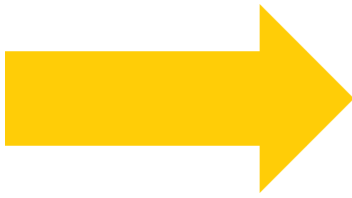
In 2023, 40% of European organizations will launch a dedicated FinOps practice to increase IT budget transparency and efficiency, freeing up 15% of their Cloud spending



Work Cross-Functionally

Assemble a team from across the business functions and up the business hierarchy. Accountability for cloud costs should not be shouldered by the IT function. To bridge the gap between technical and business acumen, invest in a cross disciplinary FinOps team with sponsorship from the C-suite.

Consider the roles necessary within the team you will assemble. Examples include FinOps practitioner lead, DevOps manager, LoB product manager and executive sponsor among others.



Start Early

Leadership can work on both building a FinOps team and creating a cloud strategy. Start with basic reporting, collaboration, and build trust with stakeholders by communicating clearly and consistently. Work your way to a mature process by delivering on agreed upon metrics, building a broader FinOps team, and fostering a culture where everyone is accountable for cloud costs.

It is becoming clear that getting the cloud costs under control for the CIO is going to be dependent on early vendor engagement not only in terms of commercial contracts but also in terms of architecture and operations (how workloads will be managed to optimize the costs). FinOps is a big part of this, but maturity is still low amongst most organizations. Moving forward, the FinOps function needs to become a core element of broader CloudOps functions and initiatives.

Additional Resources

- For IDC's CloudOps and Governance research, click [here](#)
- To listen to **IDC's European Cloud Trends predictions for 2023** webcast, click [here](#).
- [Cloud Clarity and FinOps Fundamentals for the European C-Suite: Finding the Silver Lining in Storms of Disruption](#)
- [How do Energy Costs Impact European Organizations' Current and Planned Public Cloud Spending?](#)
- For IDC's European cloud related blogs, click [here](#)

