FinOps is the operating model for the cloud—a combination of systems, best practices, and culture to increase an organization’s ability to understand cloud costs and make tradeoffs.

### Phases of FinOps

1. **Inform**
   - Visibility & Allocation
   - Gives you the visibility for allocation and for creating shared accountability by showing teams what they’re spending and why.

2. **Optimize**
   - Utilization
   - Empowers your teams to identify and measure efficiency optimizations, then make goals based on those opportunities.

3. **Operate**
   - Continuous Improvement & Operations
   - Defines and executes processes which enable the goals of Technology, Finance, and Business to be achieved.

### Principles

1. Teams need to collaborate
2. Business value of cloud drives decisions
3. Everyone takes ownership for their cloud usage
4. FinOps reports should be accessible and timely
5. A centralized team drives FinOps
6. Take advantage of the variable cost model of cloud

### Personas

- **Executive**
  - Example: VP/Head of Infrastructure, VP/Head of Cloud Management and Operations, CTO, CIO

- **Finance/Procurement**
  - Example: Technology Procurement Manager, Strategic Sourcing, Financial Business Advisor

- **Engineering/Operations**
  - Example: Lead Software Engineer, Principal Systems Engineer, Cloud Architect, Engineering Manager

### Domains

#### Understanding Cloud Usage & Cost
- Cost allocation metadata
- Cost allocation constructs
- Anomalies
- Shared costs
- Data visualization & showback
- Data normalization
- IT asset management

#### Performance Tracking & Benchmarking
- Performance KPIs
- Efficiency metrics
- Trend & variance analysis
- Forecasting
- Budget modeling
- Budget thresholds & alerts
- Unit economics

#### Real-Time Decision Making
- Persona identification
- Identify anomalies
- Budget alerts
- Identify optimization opportunities
- Timely analysis curated for stakeholders
- Business case velocity

#### Cloud Rate Optimization
- Commitment-based discounts
- Volume & usage based discounts
- Pricing model analysis
- License management
- Leverage unused cloud provider capacity

#### Cloud Usage Optimization
- Workload management & automation
- Underutilized resources
- Cost avoidance
- Adopt modern cloud provider technologies
- Architecture modernization
- Application decomposition
- Observability

#### Organizational Alignment
- Align cloud-allocation constructs with business chargeback model
- Policy & governance
- Continual learning, knowledge sharing & advocacy programs
- Socialize innovation for culture change & adoption
- Modernize processes to align with cloud cost management

See the framework at finops.org and join the independent community.