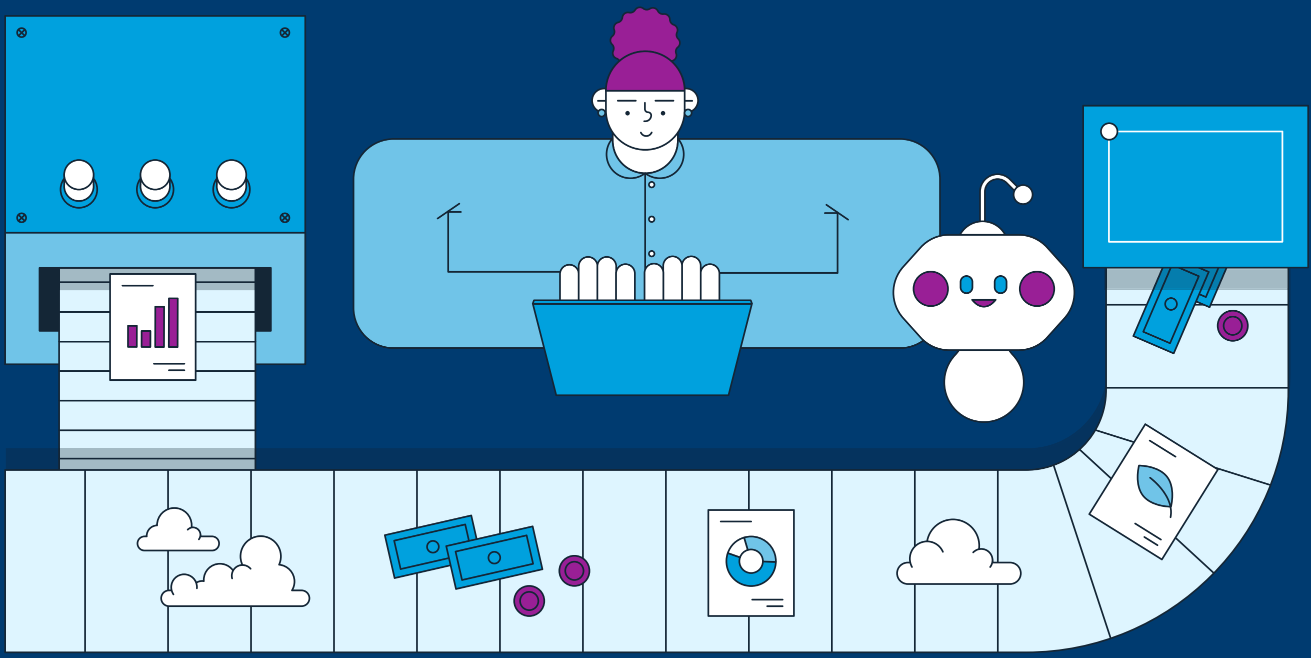
Raconteur

Innovate more, spend less: a FinOps strategy in 2025



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Contents

FinOps frontline: cloud costs, AI and multi-cloud complexity

As cloud environments become increasingly complex, organisations need the right FinOps tooling and processes to control costs while maximising business value

Commercial feature in association with flexera

Duncan Jefferies

Despite years of cloud maturity, nearly all companies still experience public cloud cost overruns that negatively impact budgets. In fact, 84% of respondents to Flexera's 2025 State of the Cloud report cited managing cloud spend as the top challenge for their organisation.

"The real blind spot for a lot of companies is that they don't know what that cloud resources are bringing them in business value," says Colin Jack, principal solutions value advisor, FinOps at Flexera, which provides tools to help organisations manage and optimise their technology investments across on-premises, SaaS and cloud environments. "They've got no way of relating cloud costs with business value; they just see money going out the door."

To address this, 59% of organisations now have FinOps teams in place to advise, manage or execute cloud cost optimisation strategies. They typically use tools and processes to track and analyse cloud costs in detail – often down to specific teams, projects or products. This helps to prevent spend from spiralling and ensures cloud resources are used effectively.

"Once you know who's using the resources, you can give them recommendations, you can give them chargeback/showback reports, and you can have conversations about what their cloud spend looks like today," Jack explains. "You can also talk about the next six months, the next year, what projects they've got coming up, and start doing some forecasting and strategic planning."

Governance in a multi-cloud world

FinOps has now expanded from a cost-focused exercise centred on public cloud spend to a "Cloud+" one that encompasses a broader range of variable technology spending, including SaaS, private cloud, data centre and software licensing costs.

This can help to reveal the total cost of ownership for applications and other assets. "With solutions like Databricks – it's a SaaS company, but you're still leveraging cloud resources, so you're almost getting two bills, your cloud one plus your Databricks one," says Jack. "Users don't just want to see the Databricks bill, and they don't just want to see the cloud bill. They want to know the total cost to run the application."

Combining FinOps with IT Asset Management (ITAM) practices provides a more holistic view of technology spending and makes it easier to optimise both cloud and software costs. This unified view can also help finance, technology and business teams to make faster, data-driven decisions that maximise the full value of company assets – increasingly crucial in today's multi-cloud era.

A significant majority of organisations (70%) now use hybrid cloud strategies, combining at least one public and one private cloud. The remaining 30% rely solely on either public or private cloud environments. These complex environments create significant challenges when it comes to managing costs, ensuring operational efficiency and delivering value for the business.

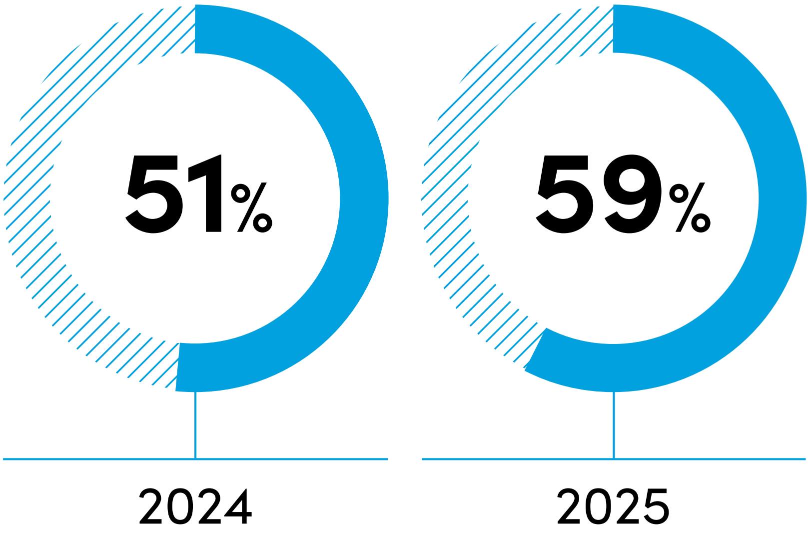
"Multi-cloud is now the norm. So, your attention may be fragmented among two or three native optimisation tools, which have their limitations," says Li-Or Amir, senior product marketing manager at Flexera.

"For FinOps teams, it often means spending time manually reconciling data, switching between different cloud dashboards, and duplicating efforts - all without gaining clear visibility or achieving meaningful cost savings."

In fact, many organisations still don't properly leverage the fact that they use multiple clouds. "Most use multiple clouds by siloing different applications – for instance, one application entirely on AWS, another on Azure – and don't do cross-cloud cost optimisation. That means they won't enjoy the benefits of arbitrage," Amir explains.

Third-party, multi-cloud tooling is essential to address this. "You need to bring different clouds into a common source instead of just managing Azure on Azure and AWS on AWS," Jack explains. "Bringing everything together to give complete visibility of cloud spend is critical."

Does your company have a FinOps team to advise on, manage or execute cloud cost optimisation strategies?
Yes, our FinOps team does some/all of these tasks



Flexera, 2025

The GenAI challenge

Flexera One provides this unified view of cloud usage and billing across different providers, enabling cost allocation to specific teams or projects. It can also identify opportunities to reduce cloud spending through rightsizing, as well as resource duplication issues and wasted spend on idle or underutilised resources.

This kind of complete visibility is only growing more essential in the age of AI. Use of GenAI public cloud services increased 50% this year – often accompanied by considerable additional spend.

"There's a lot of experimentation being done right now, and teams have taken a step back on the cost management piece of AI," says Jack. "People are still learning that there are new cost models and complexities with it, just like with Kubernetes and containers."

Amir also points out that: "AI/ML training models are usually stateful. This means they need consistent access to their attached resources, like data disk, IP and application memory for a very long processing time. If you don't have mechanisms in place to run these workloads on discounted resources, like commitments or spot instances, you're in for surging costs that will shock you."

Proper governance and strict cost visibility therefore become even more critical to prevent runaway spend. Provisioned Throughput Units (PTUs) also offer a way to reserve model processing capacity for specific workloads, ensuring consistent performance and predictable cost. This could unlock further savings that organisations may not be aware of today. "For example, Azure OpenAI has PTU commitments that offer bulk discount," says Amir. "It's on the FinOps function to purchase these commitments and ensure they are fully used. If they're not, the FinOps function is probably held accountable."

84%

of respondents cited managing cloud spend as the top challenge for their organisation

Flexera, 2025

From cutting costs to creating value

Bayer recently adopted Flexera to optimise its cloud infrastructure cost and increase the visibility of its own cloud spend. "Flexera's API first approach really stood out to us because it enables us to really create our own unique solutions and connect them with Flexera as a base," says Sasha Ludwig, a cloud financial operations engineer at Bayer. "Additionally, Flexera is also really attractive from a cost perspective."

Many other leading FinOps teams have embedded FinOps into engineering workflows, automated key processes and aligned cloud spend tightly to business value. Those equipped with a tool like Flexera One can also optimise software license positions for vendors like Microsoft, Oracle, IBM, and SAP. This is important, as software licenses can greatly impact the total cost of an application running in the cloud. In fact, respondents to Flexera's report revealed that wasted software spend in public cloud was 24%.

Mature FinOps teams also dig deeper into unit economics to truly optimise cloud assets, measuring cost per transaction, user session or even business outcome. This granular visibility enables better resource allocation, architecture optimisation and financial planning. Indeed, the FinOps foundation advises unit economics to understand the true value of a business.

A trusted relationship between FinOps and engineering is crucial for achieving this maturity, however. "Finding a common language – speaking in terms of consumption and applications, not just billed costs– and finding the tooling that enables you to pair costs with consumption is critical," says Amir.

As AI adoption grows and multi-cloud complexity intensifies, FinOps maturity will continue to increase from a cost-saving discipline to a critical pillar of strategic business operations. More teams will integrate FinOps principles directly into DevOps and AI workflows and rely on intelligent automation to manage costs at the speed of innovation.

So, while cloud environments are undoubtedly growing more complex, a FinOps team that works closely with DevOps, practices up-to-date unit economics, and knows what to demand from their tooling can be a real enabler of innovation and business impact.

> "
> ## Complete visibility is growing more essential in the age of AI

THE FINOPS TOOLING

Discover the essential capabilities modern cloud teams need.

With cloud estates growing larger and more complex, these core FinOps capabilities are essential for governing spend, maximising ROI and scaling innovation sustainably.

Unified, trusted dashboards

Without a unified, trustworthy view across the entire Cloud+ estate, organisations often struggle to manage spend. Mwodern dashboards don't just aggregate cost data either. Instead, they link it to business context, allowing teams to drill down from high-level spend trends to granular, resource-level insights.

A trusted, unified dashboard serves as a single source of truth—eliminating the need to rely on side spreadsheets or disconnected data sources. It gives FinOps teams confidence that the information they're seeing is accurate, complete and up to date.

By helping to make cloud spending understandable to both engineers and executives, they can also transform cost reporting into a platform for strategic decision-making and operational improvement.

Forecasting with anomaly detection

Advanced forecasting tools can model future cloud costs based on historical usage patterns, growth initiatives and dynamic business changes. When paired with anomaly detection, they empower FinOps teams to identify and act on unexpected usage spikes, rogue deployments or misconfigurations before they escalate into major budget risks. In short, accurate forecasting is vital for preventing surprises. What's more, the ability to consistently predict spend and match forecasts to actuals can also build critical trust with the C-suite and board.

Optimisation automation

Automated rightsizing, intelligent instance scheduling and dynamic commitment purchasing ensure that cloud resources stay aligned with evolving demand without the need for constant manual intervention. Advanced tools can also identify and clean up unused resources autonomously while routing high-risk changes through predefined approval processes.

"DevOps engineers hate doing work with zero intellectual stimulation, like shutting down resources or rightsizing manually," says Amir. "So you need to have the right tooling to generate those recommendations and then seamlessly implement them in a way that doesn't require the manual intervention of an engineer."

Multi-cloud license intelligence

License management tools provide unified visibility across cloud environments, identifying redundant licenses, missed consolidation opportunities and potential non-compliance issues before they become costly problems. The most sophisticated platforms can even interpret each vendor's licensing models and offer tailored optimisation recommendations specific to each environment.

As SaaS, PaaS and GenAI services proliferate further, license intelligence will become even more critical. Indeed, by unifying software spend insights with infrastructure cost governance, organisations can negotiate better agreements, avoid hidden fees and more accurately calculate the true cost of delivering and scaling cloud applications. ●

The pillars (and pitfalls) of FinOps success

Discover the three pillars that set FinOps leaders apart - and the most common mistakes that can derail even the best-funded cloud cost strategies

Christine Horton

What separates FinOps leaders from those still struggling to scale? Typically, successful FinOps teams distinguish themselves by excelling in several key areas that go beyond basic cost management. However, it's easy for even well-resourced teams to fall short when communication, alignment or tooling breaks down.

Here are three pillars of successful FinOps practices, along with three of the most common missteps.

Three pillars of FinOps success

01 Proactive forecasting and anomaly detection

Successful FinOps teams are using AI/ML-powered forecasting to shift from reactive tracking of costs to predictive budgeting, transforming cost management from a rearview-mirror exercise into a proactive, strategic capability.

That's because AI/ML can analyse massive volumes of cloud usage and cost data, enabling teams to spot unusual patterns or usage spikes early, giving them time to act before costs spiral out of control. These real-time, forward-looking insights allow FinOps to adjust workloads, scale resources, or reallocate budgets as needed.

02 Demonstrating clear unit economics and ROI

The same FinOps teams are going beyond total spend to show cost per feature, team, or environment – and reframe optimisation as value creation, not just savings.

"The right FinOps strategy is about tech value, not cost savings," says Stephen Old, head of FinOps at independent FinOps consultancy Synyega, and a certified FinOps training instructor, professional, engineer and practitioner.

"Spending more may be the right approach if it results in higher margins or profits, so it's important to remain focused on the value and not the reductions."

03 Ensuring cross-functional alignment

It's essential that FinOps teams collaborate with IT Asset Management (ITAM), engineering, and security teams. Importantly, they should use business-aligned language, too – not FinOps jargon.

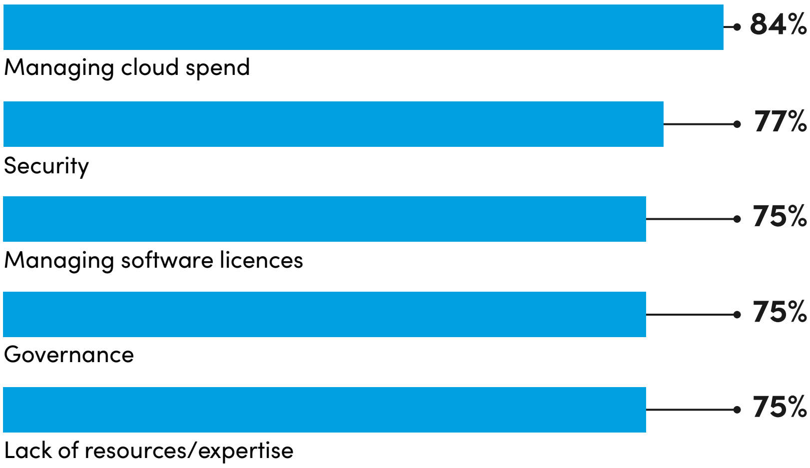
That's because each team (such as ITAM, engineering and security) has its own priorities, metrics, and terminology. FinOps teams must be able to use shared language that ensures that everyone understands how their work impacts cost, risk, and performance with the organisation.

When communication is framed in terms of business objectives – like cost optimisation, risk management, innovation, or regulatory compliance – it helps different teams see how their contributions support company-wide goals, not just financial metrics.

"Different teams within the cloud speak different languages therefore the right FinOps strategy creates a bridge across finance, leadership, engineering and product, to connect and ensure a common framework from which to work within," says Old.

Widespread challenges like spend and security highlight the opportunity for FinOps to drive smarter, more strategic cloud decisions.

Top cloud challenges for all respondents



Flexera, 2025

Three common fumbles

01 Providing metrics without meaning

Bombarding stakeholders with metrics instead of actionable insights leads to disengagement at the top.

"Data is king. While other technology projects typically need to seek out data to meet goals, FinOps typically has the opposite challenge and has a plethora of data at its disposal," says Old. "In fact, teams face a fire hose effect of data on a daily basis, and it's down to the skills of FinOps experts to decipher, contextualise and harness value from it."

02 Working in silos

Put simply, FinOps can't drive impact if it's disconnected from ITAM or broader business priorities.

"Managing AI and multi-cloud environments without cross-functional collaboration is like trying to run a major international airport with only air traffic controllers and no ground crew, security staff, or customs officers," says Andy Phoenix, FinOps consultant at Qodea.

"The air traffic controllers (cloud architects) might expertly guide planes to land safely, but without the ground crew (data scientists) preparing gates and loading cargo, the system grinds to a halt. Without security staff (compliance officers) ensuring safety and regulatory checks, the airport risks massive breaches and penalties.

"Without customs and finance teams (financial controllers) managing the flow of goods and payments, revenues are lost and resources mismanaged. Each group sees only part of the picture, but the airport's success relies on all of them working together, communicating constantly and following an orchestrated plan."

03 Underestimating AI and multi-cloud complexity

Gen AI workloads and overlapping cloud costs can derail forecasts without unified visibility.

Phoenix notes that organisational ecosystems can be complex, with a mixture of public and private clouds, mainframe and on-premises environments. It's therefore difficult to get visibility or a consolidated view – without which, costs can quickly escalate.

"AI-driven workloads, particularly complex gen AI models priced on usage, add a new layer of complexity and unpredictability," he says. "This can result in unexpected consumption of compute, storage, and network resources and create a sense that the cloud is not delivering – when often the problem is more nuanced, combining issues around how the cloud is architected, the assumptions that have been made, how the service is consumed and by whom.

"Having more of a detailed understanding of these factors via FinOps dashboards, tooling, cost allocation tags etc. can help to identify where savings can be made, and costs can be optimised."

Closing the gap between intent and impact

The gap between FinOps aspiration and execution often comes down to communication, context and clarity. Leaders who succeed are those who go beyond the basics: translating data into decisions, aligning across disciplines, and adapting fast to change – especially in an AI-fuelled, multi-cloud world.

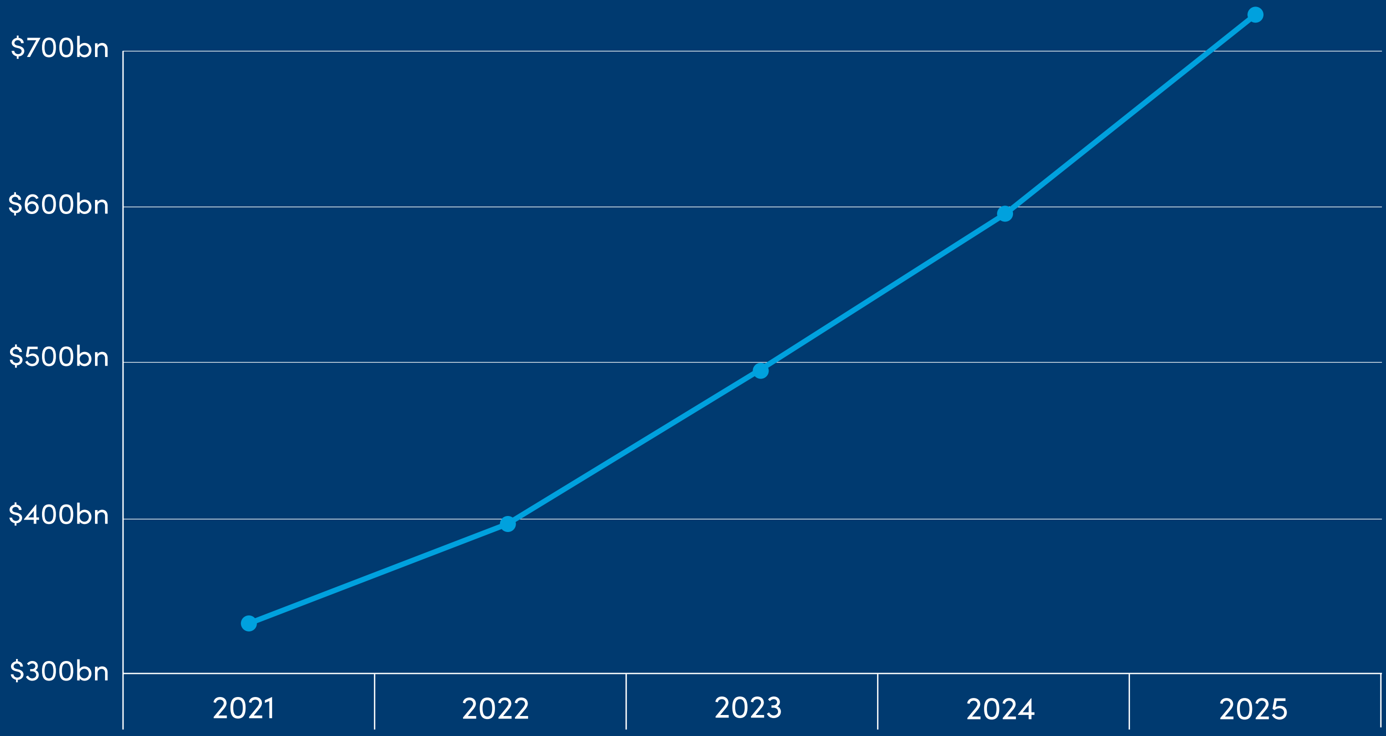
By anchoring FinOps strategy in value, not just vigilance, and actively avoiding common pitfalls, organisations can turn cloud cost management from a reactive necessity into a competitive advantage. ●

The FinOps imperative

With cloud spend surging and hybrid strategies on the rise, FinOps is now a strategic necessity. These data points reveal why 2025 marks a turning point for proactive, business-aligned cloud management.

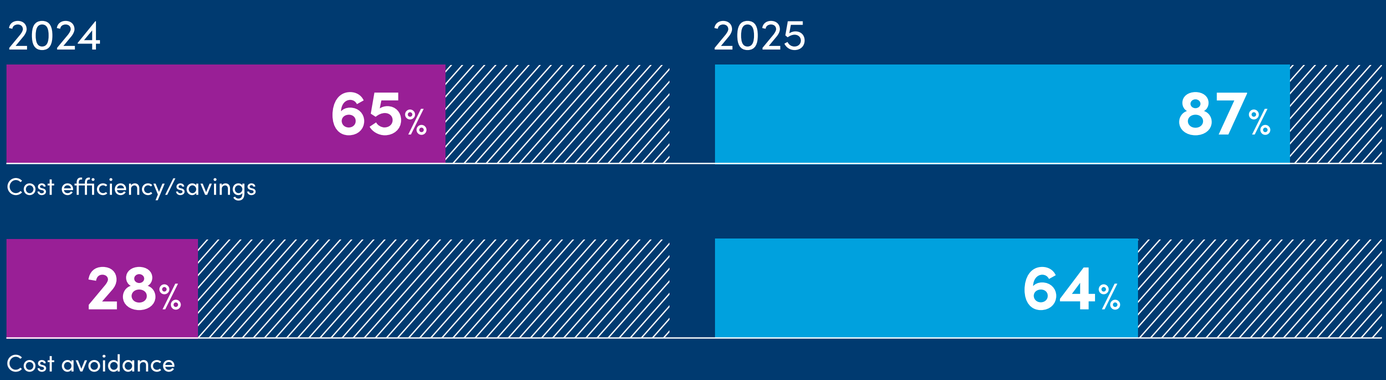
Cloud spend has nearly doubled since 2021, with market growth accelerating year-on-year. The projected increase from 2024 to 2025 marks one of the sharpest year-on-year jumps to date, highlighting just how rapidly cloud adoption is intensifying. As workloads scale, organisations are under mounting pressure to control cost sprawl and make smarter deployment decisions across hybrid and multi-cloud environments.

Worldwide end-user spending on public cloud services



Gartner, 2025

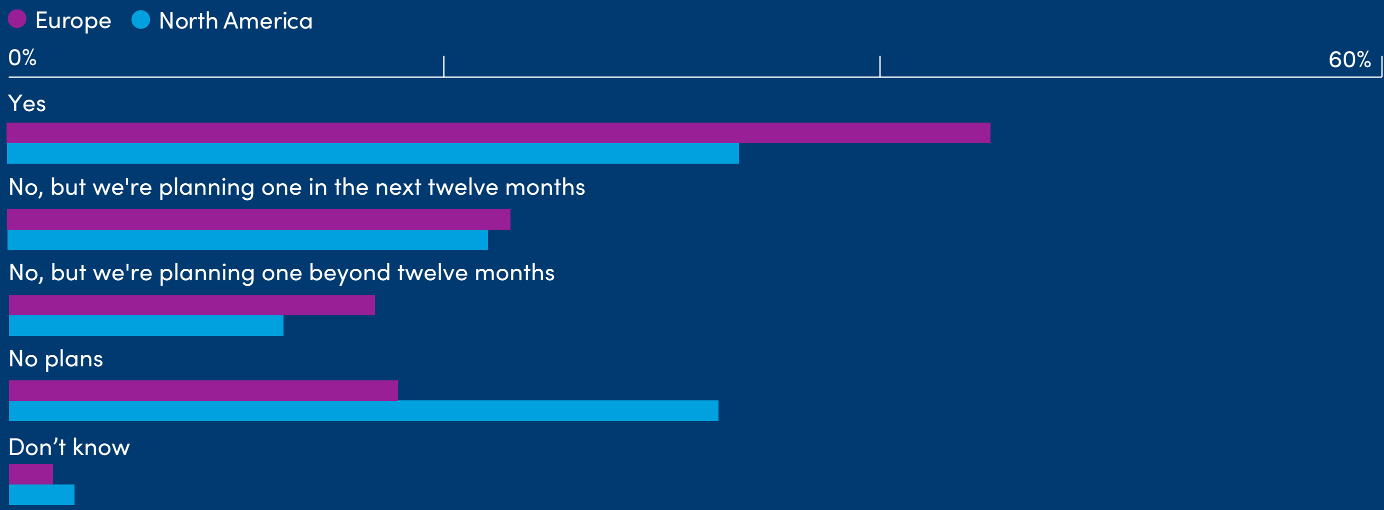
Tracking cost efficiency remains the top metric for cloud success, but the sharp rise in cost avoidance signals a new level of maturity with a significant shift towards proactive cost management. FinOps isn't just saving money - it's helping teams prevent unnecessary expenditure in the first place.



Flexera, 2025

When it comes to wider business objectives, Europe takes the lead with sustainability. But with over half of North American firms having no plan in place, there's a clear opportunity for FinOps teams to champion both cost and carbon reduction.shift towards proactive cost management. FinOps isn't just saving money - it's helping teams prevent unnecessary expenditure in the first place.

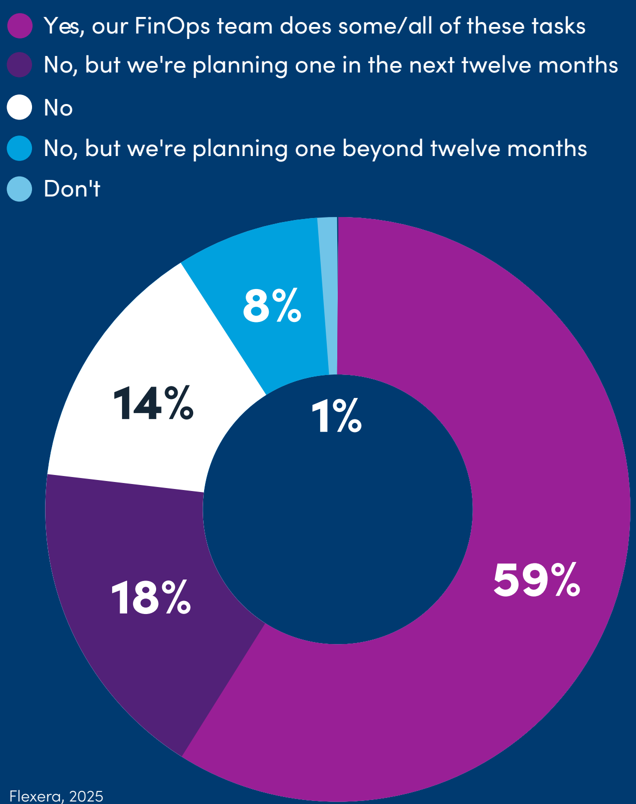
Does your organisation have a defined sustainability initiative that includes carbon footprint tracking of cloud use?



Flexera, 2025

The adoption of dedicated FinOps practices is no longer a niche trend – it's becoming mainstream. This evolution is clear - businesses are recognising that an established FinOps team is critical for achieving both financial and operational cloud benefits.

Does your company have a FinOps team to advise on, manage or execute cloud cost optimisation strategies?



Flexera, 2025

Yet there is still room for improvement. A significant portion of cloud costs can be reduced by effective FinOps practices. This represents millions in potential value — but only if organisations commit to continuous visibility, cross-team accountability and automation at scale.

30%

of cloud costs can be reduced by effective FinOps practices

As organisations continue to scale, the shift toward hybrid cloud strategies is set to accelerate. By 2027, most businesses are expected to embrace hybrid solutions, highlighting the critical need for flexibility and seamless integration across on-premises and cloud environments. This trend underscores not only the strategic importance of hybrid cloud, but also the growing need for robust FinOps practices to drive cost efficiency, maintain visibility and enable seamless management across the modern IT landscape.

90%

of organisations will embrace a hybrid cloud strategy by 2027

Gartenr, 2025

Five ways FinOps leaders can drive strategic impact in the boardroom

Connecting cloud spending to business outcomes can transform FinOps from a cost-cutting function to a driver of innovation and strategic agility

Commercial feature in association with flexera

Duncan Jefferies

Despite growing urgency around cloud financial management, many FinOps teams struggle to secure attention from executive leadership and the board. This can reduce the function's effectiveness – particularly its ability to act strategically.

"FinOps teams without leadership buy-in tend to be more reactive, focusing on saving money or investigating anomalies," explains Colin Jack, principal solutions value advisor, FinOps at Flexera, which provides tools to help organisations manage and optimise their technology investments across on-premises, SaaS and cloud environments. "But when leadership is at the table and part of the FinOps team, they bring it into a strategic program."

With that in mind, here are five ways FinOps leaders can win greater support from the C-suite and board:

01 Speak their language

FinOps must frame cloud costs not just as expenses, but as investments that drive business outcomes. Teams should therefore work with business stakeholders to understand their objectives and then demonstrate how cloud spending supports those goals.

"When the FinOps team thinks strategically and has a clear board mandate, they can have a deep impact across the entire business," says Li-Or Amir, senior product marketing manager at Flexera. "One example is influencing product pricing. If an AI-powered SaaS product is priced per seats or licenses, the FinOps team should raise a flag, because hyperscalers price their AI services by usage (tokens, GB in/out, VM hours etc.). This means a single user can incur huge costs on the vendor, and easily make the product non-profitable."

FinOps also needs to overcome the "language barrier" between it and the board. That requires teams to move beyond reporting raw savings numbers, to clearly connect cloud costs to key business outcomes like KPIs, profitability and risk mitigation. Examples can be: showing how optimised cloud usage enables faster innovation, improved scalability or enhanced customer experience.

02 Surface insights, not just numbers

Senior leaders are inundated with data from across the business – but raw figures without context rarely spark action. Executives and board members therefore need a high-level, yet understandable, view of cloud spending – essentially insights rather than numbers.

"It's important not to just throw in a big number of millions of dollars saved," says Amir. "Because sometimes when the cloud estate grows, that number doesn't mean as much. You need a more relational, intelligent metric that respects the listener and captures the full business picture."

FinOps teams can achieve this through clear, concise reporting that shows key spending trends, cost drivers and potential areas of concern. Reporting should also focus on the business implications of the data, highlighting anomalies and opportunities for improvement in a way that supports executive decision-making.

03 Prove the ROI of optimisation

Executives and board members are deeply concerned with the financial health of the organisation. FinOps teams can therefore quickly gain their attention with concrete examples of how their efforts have optimised the value of cloud assets and streamlined spending on resources.

"It's about how you take your given cloud budget and get the biggest amount of cloud resources from it – not just cutting costs, but getting more value from the costs that you can afford," says Amir.

Teams could demonstrate how they've right-sized underutilised resources or leveraged volume discounts. Going further, they might even show how this optimisation freed the budget that funded a new revenue-generating feature.

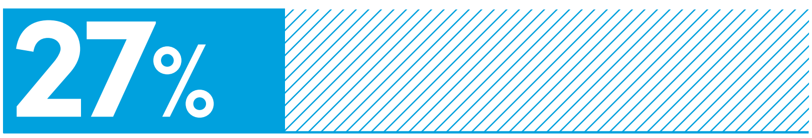
It's worth mentioning that estimated wasted cloud spend is trending downward. Since reaching a high of 32% four years ago, estimated wasted cloud spend on IaaS and PaaS has decreased, reaching a low of 27% this year, according to Flexera's 2025 State of the Cloud Report.

This indicates that the implementation of FinOps practices is financially benefiting many organisations. But with over a quarter of spend still going to waste, there's significant room for improvement – and an opportunity to repurpose that 27% toward innovation and growth.

04 Frame FinOps as an opportunity for innovation

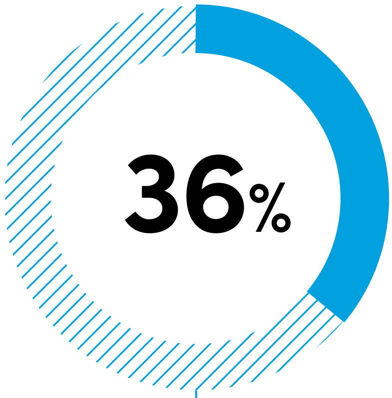
To gain more support from the C-suite and board, FinOps leaders need to position themselves not as cost-cutters, but as enablers of responsible innovation. To achieve this, they can point to the fact that optimising cloud spending both frees up resources and reduces the company's environmental impact – an ever-growing concern for most boards.

"You can report cloud cost as a dollar amount or as a carbon amount," says Jack. "It's about knowing your audience, and whether you promote both or whether you promote one or the other to motivate them to take action."

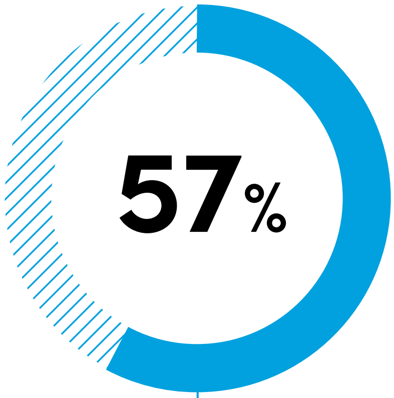


of cloud spend is currently estimated to be wasted

Flexera, 2025



of organisations currently have a defined sustainability initiative in place



of organisations expect to have a defined sustainability initiative in place within the next year

Flexera, 2025

Almost every company is strengthening its sustainability posture, and insights from FinOps can help with this challenge. In fact, over half (57%) of respondents to Flexera's report indicated they either have or plan to have a defined sustainability initiative that includes carbon footprint tracking of cloud use in place within twelve months.

05 Position FinOps as a driver of strategic agility

By emphasising how FinOps enables smarter, faster decision-making, teams can position themselves as enablers of business agility and win the attention of senior executives and board members.

"For example, if the FinOps team establishes a practice of unit economics, that can and should have an influence on a product's pricing model," says Amir. "It's one of those ways to make sure that you remain profitable even when your cloud spend grows or your cloud estate changes."

With AI and other emerging technologies fuelling rapid disruption, the ability to optimise resource allocation dynamically – without losing financial control – is also a decisive strategic advantage. Finally, highlighting how FinOps is evolving to address new challenges and opportunities in cloud management can also help to emphasise its strategic importance to the organisation's long-term success.

Flexera helps organisations understand and maximise the value of their technology, saving billions of dollars in wasted spend. Powered by the Flexera Technology Intelligence Platform, our award-winning hybrid IT asset management and FinOps solutions provide comprehensive visibility and actionable insights on an organisation's entire IT ecosystem. This intelligence enables IT, finance, procurement and cloud teams to address skyrocketing costs, optimise spend, mitigate risk, and identifies opportunities to create positive business outcomes. More than 50,000 global organisations rely on Flexera and its Technopedia reference library, the largest repository of technology asset data.

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