# Managing cloud costs: The rise of FinOps and automation



The complexities of cloud spending are increasingly becoming a significant concern for businesses as they navigate the intricate financial landscape of digital transformation. In his recent insights, Bill Lobig, a prominent figure in IBM’s IT Automation Software Product Management, elaborated on the trends surrounding cloud costs, exploring how organisations can leverage AI and automation to better manage their expenditures.

Lobig, who has amassed over 25 years of experience in the enterprise software sector, highlighted that while cloud and hybrid cloud technologies offer benefits such as cost savings and flexibility, they also present challenges in visibility and cost management. "The hard part about cloud spending is that it’s too complex to fully understand how much cloud costs will be," he explained. This complexity arises from the varied and often convoluted nature of cloud finances, particularly when it involves Kubernetes workloads, AI model inferencing, and other sophisticated cloud processes. As organisations increasingly rely on these technologies, the potential for mismanagement grows, with the Civo’s The Cost of Cloud Report 2024 revealing that 60% of organisations noted an increase in cloud spending over the past year, with 40% reporting rises of over 25%.

To address these rising costs, the industry has seen the emergence of a framework known as FinOps, which focuses on operational practices for managing cloud expenditure effectively. Lobig pointed out that with a backdrop of companies cutting resources for efficiency and combating inflation, CFOs require greater support and visibility into their financial management processes. He asserted that collaboration between CFOs and CIOs is crucial, as CIOs can champion FinOps practices. Through the integration of AI technologies, firms can gain real-time visibility into their budgets, thus improving tracking and resource management.

Automation is heralded as a key component in this strategic shift. By automating processes, organisations can reduce costs associated with over-provisioning of resources like CPU and memory, enabling proactive monitoring of application health. This, Lobig stated, would lead to a clearer understanding of how costs accumulate in the cloud environment.

Furthermore, the collaboration between CFOs, CIOs, engineers, and cloud teams supports a unified approach to tackling financial challenges associated with cloud usage. "A good FinOps posture means everyone has equal visibility and accountability in spending," Lobig noted, emphasising the importance of alignment between business and financial outcomes for effective cost management.

Despite the initial financial commitment required for implementing a FinOps automation solution, Lobig argued that the return on investment could materialise within a year. He encouraged businesses to embrace these automation tools as a critical step towards managing their cloud budgets effectively.

As the landscape of AI automation continues to evolve, it remains evident that businesses must adapt to these trends to not only monitor their cloud spending but to also harness the full potential of their digital investments while maintaining fiscal responsibility. The evolving nature of cloud technology and its associated costs underscores the growing need for sophisticated and integrated financial management strategies in the IT industry.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - This article by Bill Lobig discusses the complexities of cloud spending, the benefits and challenges of cloud and hybrid cloud technologies, and the role of FinOps in managing cloud costs.
2. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - It highlights the difficulty in understanding cloud costs, especially with Kubernetes workloads and AI model inferencing, and cites Civo’s The Cost of Cloud Report 2024 on the increase in cloud spending.
3. <https://techstrong.tv/videos/interviews/finops-in-software-engineering-with-bill-lobig> - This interview with Bill Lobig emphasizes the need to embed FinOps best practices into software engineering workflows to manage IT infrastructure costs in the cloud era.
4. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - It explains how FinOps can provide real-time visibility and improve tracking and resource management through AI technologies.
5. <https://cioinfluence.com/interviews/cio-influence-interview-with-bill-lobig-vp-of-product-management-at-ibm-automation/> - This interview discusses how AI and automation, such as IBM Turbonomic, can help manage cloud costs and improve operational efficiency.
6. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - It underscores the importance of collaboration between CFOs, CIOs, engineers, and cloud teams for effective cloud cost management.
7. <https://cioinfluence.com/interviews/cio-influence-interview-with-bill-lobig-vp-of-product-management-at-ibm-automation/> - The article highlights Bill Lobig's extensive experience in the enterprise software sector and his role in IBM’s IT Automation Software Product Management.
8. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - It explains how automation can reduce costs by preventing over-provisioning of resources and enabling proactive monitoring of application health.
9. <https://techstrong.tv/videos/interviews/finops-in-software-engineering-with-bill-lobig> - The video interview supports the idea that a good FinOps posture ensures everyone has equal visibility and accountability in spending.
10. <https://cioinfluence.com/interviews/cio-influence-interview-with-bill-lobig-vp-of-product-management-at-ibm-automation/> - It discusses the potential return on investment for implementing a FinOps automation solution, which can materialize within a year.
11. <https://www.techrepublic.com/article/cloud-cost-management-finops-automation-cfo-strategies/> - The article emphasizes the need for businesses to adapt to evolving AI and automation trends to manage cloud spending effectively and maintain fiscal responsibility.
12. <https://news.google.com/rss/articles/CBMilwFBVV95cUxQUW5zQTFMbkRUSlBBd1FzV0plclFjT0NIMkl0a1EzN1NQdVlpV3dJT3UzZWRZMmZXMjMzRURHQS14b0dwZHdXa0RBQy1uYWFjV3lIdHdMRnlGaEM1VXVxbkNneklVX3FiZktwdllsMkpIU2ZGancwb2l5QzIwUHE0QVQ2Y1FLY3hjY2FLRl91d1dPODVqOEJB?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data