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Getting smart with cloud spend: A primer on FinOps success

Fluidic Enterprise

Executive Summary

Cloud is the key to greater agility, innovation, and scalability—something that leading companies have long recognized. But with cloud usage comes increased costs.

Many companies are finding that their cloud bills are growing steadily, while the business benefits remain the same.

The result?

- Lack of transparency on costs per team, function or product
- High level of uncertainty in budget planning,
- Perceived lack of control and confidence.

This primer dives into how companies can tame their cloud costs through cloud cost optimization – the ideal first step to FinOps.

Read on for pragmatic and prompt implementation strategies with immediate effects.

What is FinOps?

FinOps is a modern operating model for managing and optimizing cloud costs that combines financial metrics, technology and governance. It focuses on transparency, accountability and real-time optimization.

Why does it matter?

It helps you better understand and consciously control cloud spends and maximize its business value, without limiting its flexibility. Since 2010, FinOps has become the standard framework for cloud cost control for companies worldwide—from start-ups to large corporations.

While *McKinsey* speaks about an average of 20–30% cloud cost reduction achievable with FinOps, we've even seen selected cases with up to 40% savings potential.

Cloud cost optimization as the first step to FinOps

Adopting FinOps is both a strategic and cultural shift, changing how IT is consumed, evaluated, and governed. The best place to start is cloud cost optimization — it delivers immediate transparency and uncovers clear opportunities for savings.

This isn't just about technical fixes. It's a collaboration between technology, processes, and people.

Cloud cost optimization typically begins with an analysis of the existing cloud landscape. A deep look can reveal oversized instances, orphaned resources, uneven data distribution, and missing tags that hide true costs. Quick wins come from addressing these issues, but lasting impact requires strong governance and clear responsibilities.

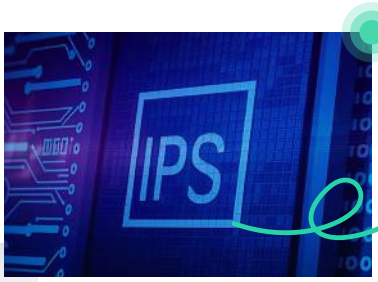
As a second step, adding data-driven monitoring that detects patterns and makes recommendations can optimize operational control. In this way, you turn early optimizations into a self-learning system that embeds FinOps into your organization.

Where cloud budgets disappear

Not all rising cloud costs come from growth — many stem from simple oversight. In organizations with decentralized IT or high project activity, unused or poorly managed resources often pile up over time, quietly driving up spend. Common cost drivers include:

Stopped instances and unused volumes

Even inactive instances can rack up charges from reserved IPs or attached storage. Systematic identification and regular cleanup can deliver instant savings.

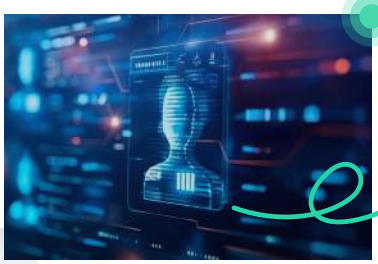


Outdated snapshots and untagged S3 objects

Many backup processes generate new data every day without deleting old versions. Without rules for data retention, storage costs rise uncontrollably.

Unused IAM users and unassigned resources

After personnel changes, lingering accounts often keep active resources running, adding both costs and security risks.



Unplanned cross-region data transfers

Data spread across multiple regions can trigger higher transfer fees and increase latency.

How to fix it?

By introducing simple rules like automatic deletion of orphaned volumes, use of cheaper storage classes, or regular checking of user accounts, companies can eliminate these cost barriers. What follows is a continuous cost monitoring driven by analysis and benchmarking. This creates a reliable basis for future architecture and operational decisions.

Smart cloud tools that drive cost efficiency

Modern cloud providers now offer a wide range of functions that, when used intelligently, help to dynamically optimize costs, such as:

Autoscaling and rightsizing

Resources are adjusted to actual demand in real time.

Reserved and spot instances

Long-term bookings can result in massive discounts, especially for stable workloads.

AI-based analysis tools

These tools recognize usage patterns, suggest optimizations, and predict potential budget overruns.

They not only reduce operational overhead but also help you make informed decisions. In projects with companies from a wide range of industries, the introduction of such tools has improved forecast accuracy and strengthened confidence in the cloud strategy.

We suggest combining automated analysis and individual evaluation by experts to enable continuous and seamless cloud cost optimization

Organizational requirements: People, process, and FinOps culture

Successful FinOps isn't just about tools — it's about creating an organizational structure that values transparency, accountability, and a shared language between IT, finance, and the business.
Key enablers include:

Regular optimization cycles

Weekly or monthly reviews to surface cost drivers early and take timely action.

Tags and cost centers

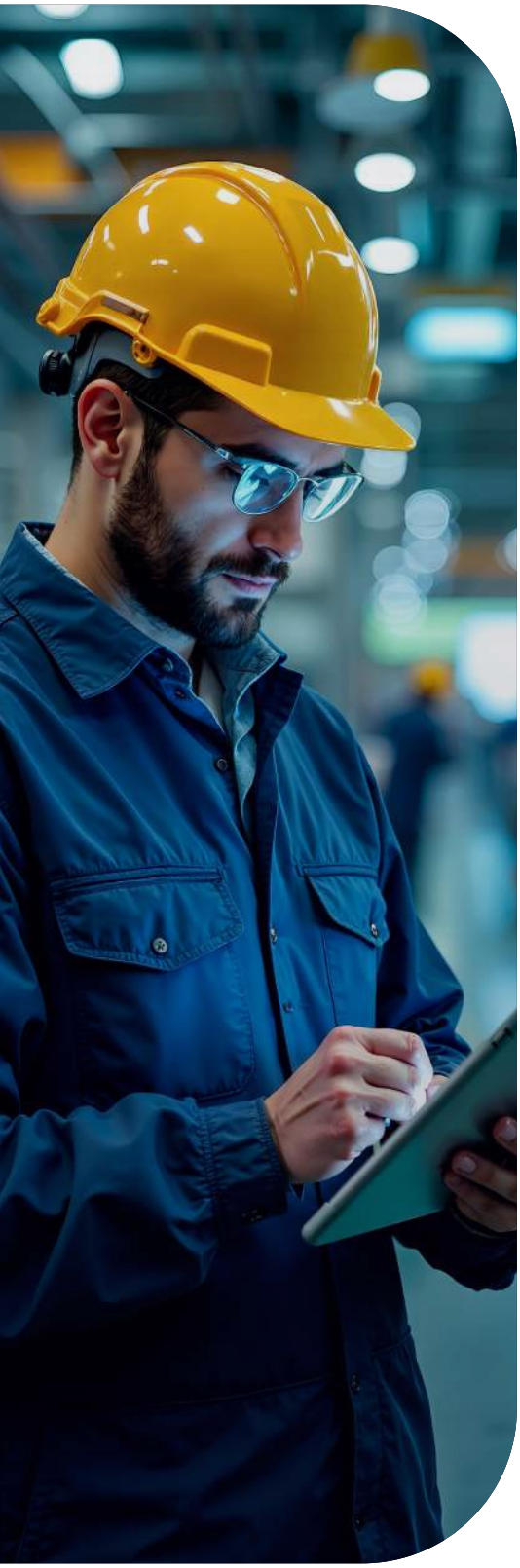
Enable accurate cost allocation based on actual usage and promote ownership at every level.

Training and empowerment

Equip developers, product owners, and operations teams to understand the financial impact of their technical choices.

FinOps is not solely an IT initiative — it requires strong management support to set direction, embed financial accountability, and drive cultural change. Integrating **financial KPIs** into OKRs, roadmaps, and portfolio decisions elevates cost awareness into a core business discipline.

Over time, standardized governance models define responsibilities clearly, enabling consistent, data-driven decision-making — and ultimately paving the way for automated budget controls and a truly mature FinOps practice.



How an engineering firm controlled their cloud costs?

A mid-sized mechanical engineering company with around 2,000 employees has grown rapidly in recent years. They gradually migrated to the cloud, aiming to be more responsive to customer needs.

However, eighteen months later, their cloud costs doubled with no one being able to explain why. They lacked a central overview of resource consumption, a clear cost allocation and control processes.

The sought our help to help tame their cloud costs.
Here's what we did across a four-week quick scan project:

- Identified redundant resources, followed by stopped instances, unused snapshots and redundant data.
- Introduced organizational measures like cost centres, automated reports and regular audits.
- Established a continuous cloud monitoring system, supported by a data-driven decision support.

The impact? Six weeks later, their monthly cloud costs were down by 34%. More importantly, the company regained control – and with it a reliable basis for further digitization initiatives.

Meanwhile the continuous cloud monitoring system resulted in an integrated control approach that improves operational efficiency while laying the foundation for strategic planning.

From quick savings to strategic cost control: Why you should start now

Initial optimization of cloud costs offers a risk-free introduction to FinOps. It delivers quick wins, strengthens internal acceptance, and lays the foundation for further measures toward a FinOps organization - from forecasting and chargeback to enterprise-wide cloud financial management. This results in a maturation process in which companies grow from simple cost transparency to intelligent governance and strategic control.

Take the first step toward smarter cloud spending

At Nagarro, we help organizations turn cloud complexity into clarity. Our approach blends deep technical expertise with a clear understanding of the operational and cultural needs of medium-sized market leaders.

In a focused **four to six-week pilot,** we'll work side-by-side with your team to:

- **Analyze your current cloud usage**
- **Uncover short-term savings opportunities**
- **Put concrete cost optimization measures into action immediately**

The outcome? Immediate cost reductions, greater transparency, and a strong foundation for your long-term FinOps journey. From there, we can help you mature your capabilities — introducing continuous control processes, embedding data-driven decision-making, and ultimately achieving holistic cloud financial management.

If you're ready to see what's possible, let's start with a conversation. Together, we'll create a tailored forecast of your savings potential and set your organization on the path to a sustainably efficient cloud strategy.

About Nagarro

Nagarro helps future-proof your business through a forward-thinking, fluidic, and CARING mindset. We excel at digital engineering and help our clients become human-centric, digital-first organizations. Today, we are around 17,500 experts across 39 countries, forming a Nation of Nagarrians, ready to help our customers succeed.

For more information, visit **www.nagarro.com**.