

7 Key Areas to Consider in Your FinOps NFRs

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When it comes to your cloud environment, it's critical to establish clear non-functional requirements (NFRs) to ensure your FinOps strategy is effective and sustainable.

Here are 7 key areas you should focus on when defining your FinOps NFRs:

- ## 1 Capacity, Performance & Usage Observability

Ensure that **capacity, performance, and usage metrics** are captured and maintained using appropriate tools. Data for high-level trend analysis (zoom-out) should be retained for at least **15 months** at an hourly summarisation level. For more detailed behavioural analysis (zoom-in), retain data for **3 months** at a 5-minute summarisation level to facilitate in-depth drill-down analysis.
- ## 2 Cloud Costs Allocation

Allocate cloud cost data through **effective tagging** that is aligned with your organisational structure, such as departments, services, resources, platforms, or teams. **Implement reporting and alerting systems** to identify unallocated costs and flag anomalies. These should be directed to the responsible teams or individuals for prompt resolution.
- ## 3 Cloud Costs Observability

Use appropriate tools to ensure **real-time and historical cloud cost data is accessible** and transparent across all services and teams. Provide detailed **insights into cloud spending** at the **account, service, and resource levels** to enable informed decision-making and better financial governance.
- ## 4 High-level Observability Process

Develop a high-level observability process to drive the **analysis of cloud cost trends, performance, usage, alerts, and incidents** over both long-term and short-term periods.

A key aspect of this analysis is the insights arising from metric relationships, which are not provided from conventional observability practices.

You should consider the following categories of insights:

 - **Immediate Tactical Actions:** Spotting under-utilisation, addressing sizing for peak, and identifying performance bottlenecks.
 - **Anomalies Causing Service Risks:** Identifying increasing response times and stability issues.
 - **Strategic Investments:** Identifying systems that scale efficiently, consolidating systems, and re-architecting where needed.

Generating insights should be simple and fast, bridging the gap many engineering teams face when they fail to align cost spending with key performance, usage, and service metrics.
- ## 5 Establish a Realistic Cloud Cost Budget and Track Regularly

A further key requirement of FinOps is to deploy and **improve the cloud costs budget and forecast**. Creating a reliable cloud cost budget is critical yet challenging, but when done properly, gives you **better control and regulation of cloud spending**.

Activities to manage spending:

 - **Prepare budgets** and forecasts early, testing vulnerabilities in forecasts.
 - **Forecast business demand drivers** and **link them to cloud costs**, ensuring that changes in demand are reflected in the cost budget.
 - **Regularly track costs** and addressing variances from the budget and making any necessary corrections to the forecast model.
- ## 6 Management of Wastage and Over-Provisioning

Use cloud cost management tools and automation to **identify wastage** and simple **rightsizing opportunities**. You should automate cost reduction recommendations where feasible or implement them manually to eliminate unnecessary cloud costs.
- ## 7 Elasticity of Cloud Costs

Ensure that your **cloud costs scale with business demand** by prioritising cloud technologies that support auto-scaling. Keep your fixed cloud costs to a minimum. Identify and resolve technical challenges that limit the effectiveness of auto-scaling to maintain elastic cost behaviour.

These principles help ensure your FinOps strategy aligns with operational efficiency, financial governance, and business growth. Take actionable steps today to optimise your cloud costs and achieve long-term success! **Book a meeting with our cloud expert today.**

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