

White Paper

# **IT Financial Management in the Cloud Era**

Challenges and Solutions for Comprehensive Cost Control

# Content

<b>Introduction</b>	<b>3</b>
<hr/>	
<b>Challenges in IT Financial Management in the Cloud Era</b>	<b>4</b>
<hr/>	
<b>Companies Revise Their Financial Management</b>	<b>5</b>
<hr/>	
<b>Coexistence of ITFM and FinOps Tools</b>	<b>6</b>
<hr/>	
<b>How a Modern, Comprehensive ITFM Tool Operates</b>	<b>7</b>
<hr/>	
<b>Benefits of a Comprehensive ITFM Solution</b>	<b>8</b>
<hr/>	
<b>Conclusion</b>	<b>9</b>
<hr/>	
<b>About USU</b>	<b>9</b>

# Introduction

Digital transformation and the rise of cloud services have fundamentally reshaped IT Financial Management (ITFM). What was once managed through static tools and processes now requires agile solutions that reflect the dynamic nature of cloud services. This whitepaper explores the challenges ITFM faces due to the increasing use of cloud services and demonstrates how a comprehensive approach can help you maintain a clear view of all IT costs.





# Challenges in IT Financial Management in the Cloud Era

In many organizations, IT Financial Management (ITFM) remains a static discipline: budget planning happens annually, while controlling and forecasting are conducted monthly. Traditional IT controlling tools or even Excel are often used for these tasks. However, such static tools quickly reach their limits when dynamic cloud services are introduced.

Cloud services are highly attractive for modern IT landscapes due to their flexibility. They can be activated or deactivated as needed, offering agility but also introducing new challenges for cost planning and control.

## **Rapid Cost Changes and Budget Overruns:**

One of the central challenges of cloud services is their cost volatility. When additional resources are needed, they can be deployed instantly, but this often leads to unexpected and sometimes significantly higher expenses. These costs can quickly exceed the planned budget, creating a need for more frequent monitoring of cloud expenses and timely corrective actions when necessary.

## **Limited FinOps Tools:**

An initial solution often involves implementing specialized FinOps tools, which focus exclusively on monitoring cloud costs. These tools are typically introduced by Cloud Center of Excellence (CCoE) or FinOps teams. They provide detailed tracking of cloud expenses, allocate costs to business services and cost centers using cloud tags, and support cost optimization efforts. However, they fall short of delivering a comprehensive view of an organization's overall IT costs.

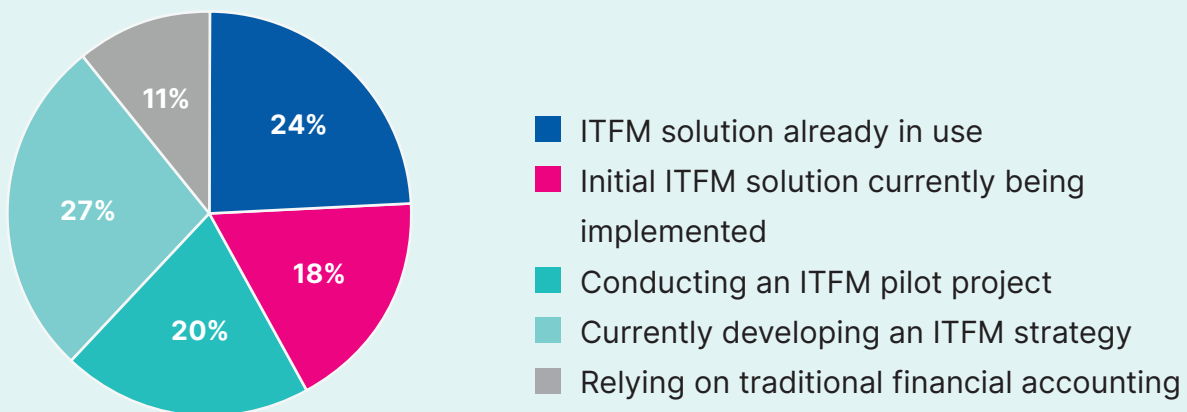
## **Hybrid IT Environments and Fragmentation:**

Companies are increasingly adopting hybrid IT environments, combining cloud services with on-premises infrastructures. Costs for local infrastructure, as well as additional expenses for development, support, and operations personnel, are typically managed using traditional ITFM tools. This approach often results in a fragmented view of costs, making it challenging to perform a comprehensive and accurate cost analysis of business services.

# Companies Revise Their Financial Management

Driven by the dynamic nature of cloud usage, many companies are currently overhauling their financial management strategies. According to a survey by Research in Action<sup>1</sup>, only 23% of organizations currently have a stable IT Financial Management (ITFM) solution in place. Meanwhile, 36% are in the process of implementing tools, and 26% are developing an ITFM strategy:

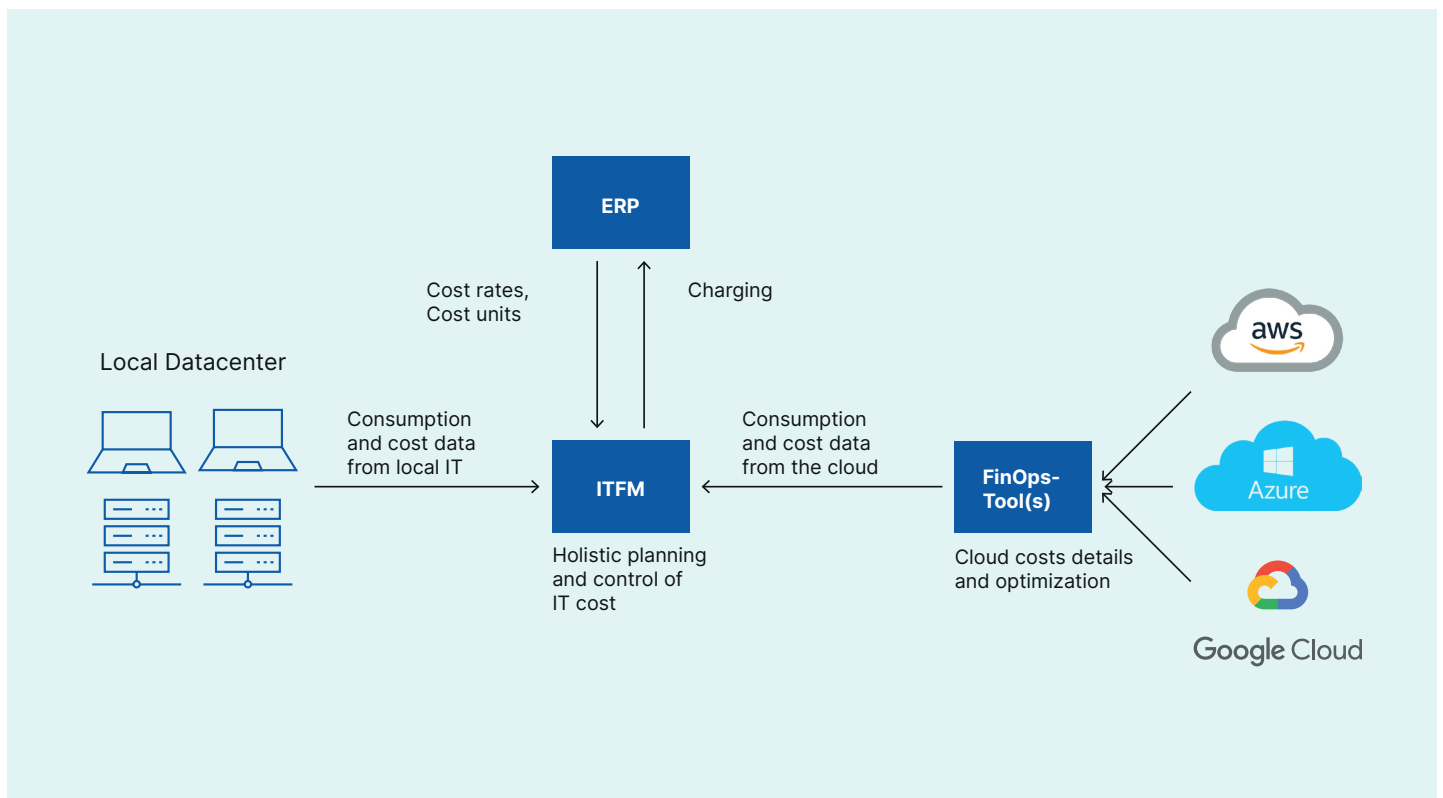
## ITFM Adoption in 2024/2025



<sup>1</sup> The Report from Research in Action: "Die Top Anbieter für ITFM- und TBM-Lösungen 2024 / 2025" can be downloaded [here](#) free of charge (German only)

# Coexistence of ITFM and FinOps Tools

To address the challenges of dynamic and fragmented IT cost management, the combined use of a comprehensive ITFM tool alongside one or more FinOps tools is becoming increasingly essential.



FinOps tools are central systems for visualizing and optimizing cloud costs. They collect data from cloud providers, offering a daily view of expenses and optimization opportunities. To identify as many optimization potentials as possible – and, if needed, to automate optimization processes – multiple tools can be employed. These systems are the primary tools used by FinOps teams and Cloud Centers of Excellence (CCoEs).

The ITFM tool provides a unified view of all IT costs, aggregating expenses and consumption data from both cloud and on-premises IT. It serves as the central system for comprehensive cost planning, budgeting, monitoring, and allocation.

# How a Modern, Comprehensive ITFM Tool Operates

An ITFM tool designed for the demands of the cloud era should include the following features:

## Cost Planning

- Enables IT budget planning that considers all IT services (on-premises, cloud, hybrid).
- Facilitates service unit cost planning, accounting for all necessary resources.
- Automatically integrates cost rates and cost centers/drivers from ERP systems like SAP or Navision.
- Allows cost allocation via fixed keys (quantity-based or percentage) or dynamically (e.g., consumption-based).
- Supports the creation and comparison of various simulation scenarios with adjustable parameters, such as consumption volumes or resource costs.
- Calculates the Total Cost of Ownership (TCO).



## Cost Control

- Automatically imports consumption data from external systems (cloud data can be sourced via FinOps tools or directly from cloud providers).
- Assigns consumption and cost data automatically to business services and service components.
- Determines actual costs of business services.
- Compares planned costs, actual data, and benchmarks with escalation options if discrepancies occur.

## Cost Allocation

- Automatically transfers cost allocation data for consumed services to ERP systems like SAP or Navision.

## Support for Diverse Roles

- Provides analysis and reporting features tailored to various roles within the company (CxOs, business managers, operations teams, CCoEs, and FinOps teams).
- Supports and manages processes for all stakeholders involved.

# Benefits of a Comprehensive ITFM Solution

Integrating all cost types into a single tool offers numerous advantages for IT Financial Management:

## **Consolidated View of All IT Costs**

Bringing all cost types into a central system prevents isolated analysis of individual cost categories. Only a holistic view of all incurred costs provides a solid foundation for informed business decisions.

## **Unified Data for All Stakeholders**

Different stakeholders – from CxOs and business managers to operations teams and FinOps specialists – receive relevant, tailored information. This improves transparency and ensures that all parties work from the same shared data foundation.

## **Avoidance of Isolated Cost Analyses**

A comprehensive view enables better identification of cost drivers and more targeted implementation of optimization measures. In contrast, focusing solely on cloud costs with traditional FinOps tools often leads to misjudgments, as cloud costs are assessed without considering total expenses.





# Conclusion

With the growing use of cloud services in IT landscapes, rethinking IT Financial Management has become essential. The dynamic nature of the cloud demands shorter review intervals and scalable, flexible solutions that encompass all types of IT costs.

A comprehensive ITFM tool integrates all cost categories, providing a solid foundation for informed decision-making and enabling IT departments to improve cost management sustainably. By centrally capturing and monitoring the total costs of business services, organizations gain precise and reliable cost insights that support them in navigating an increasingly hybrid and dynamic IT environment.

## Report von Research in Action: Top Anbieter für ITFM- und TBM-Lösungen 2024/2025



[Download now](#)

## About USU

USU is a leading provider of intelligent, AI-driven software and service solutions for IT Service Management and IT Financial Management. Our solutions help businesses digitize and automate every process involved in planning, implementing, operating, and financially managing IT and business services. Whether you're an internal IT organization or a service provider operating in the external market, our solutions boost efficiency, reduce costs, and enhance user and customer satisfaction. With over 40 years of experience and a global presence, we're here to help you succeed – now and in the future.

USU-202501

**Smart businesses use USU**

[info@usu.com](mailto:info@usu.com) · [www.usu.com](http://www.usu.com)

**USU**