

How should startups approach the cloud and financial operations?

A new report published by OVHcloud guides startups on how to optimise their cloud costs and what steps to follow when strategising their financial operations.

Temps de lecture : minute

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Committing to a cloud provider is a big decision that all founding teams must make - and being mindful of what you should look for in a best-fit provider is essential before taking the plunge.

A new report published by OVHcloud titled *'Leveraging FinOps for Success: A Guide for Startups and VCs'* explores this topic, looking at cloud solutions, cloud pricing and making a strategy for financial operations (FinOps).

The report acknowledges that startups are increasingly reliant on cloud solutions for scalability and innovation, but the fast moving nature of startups can make it challenging to control cloud costs - and overspending is an increasingly common issue.

"The challenge with startups is that they're growing rapidly," says Philip Marais, Global Startup Program Leader of the OVHcloud Startup Program. "They're low on resources in terms of time and money and have lots of problems to solve."

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“There's a lot of carrots that dangle in the startup ecosystem in terms of support – particularly in the cloud space, like cloud credits.”

Marais says cloud credits are used by the providers to support startups, but also attract them onto the respective cloud. This approach drives founders to adopt certain technologies which, if they haven't thought it through, can end up becoming a burden to them by getting locked in.

“Startups should start thinking about this early on and make the cost of cloud a metric that they're tracking, be aware of the traps that they can fall into in terms of adopting cloud services, and understand the fine details in the contract about how things are going to be priced – they should be able to move their data around freely without fear of exorbitant costs,” notes Marais.

Signing up for what you need

The report notes how most cloud providers offer three basic cloud solutions – dedicated servers, hosted private cloud and public cloud.

When adopting cloud infrastructure for a startup, leaders must consider the cost, performance, security and scalability needs – for example, the report says, high-traffic websites and CPU-intensive workloads will likely require the performance of dedicated servers.

“The reason why [startups] have to be careful with the products they choose is because of different offerings that they have,” says Marais. “A lot of those could be proprietary, which locks them in and often makes them less portable onto other clouds.

“Globally, more businesses are adopting a multi-cloud approach. As well

as providing cost benefits, it allows you to be more data compliant as you can choose a provider that meets the requirements of a particular customer in a particular region.

“There's all these benefits to not only the cloud products you use and whether they're open source, portable and interoperable, but also the cost and the data compliance implications and the redundancy implications of being with one or more providers.”

In the context of the cloud, redundancy refers to having multiple copies or backups of your resources – like servers and databases – across different locations or regions.

The right price

The report flags three key areas of cloud pricing to consider: data transfer, capacity and operations, and vendor lock-in. Let's look at some notable details of each:

- **Data transfer:** The report says how transferring data into the cloud can incur ingress costs, while data transfer out of the cloud – or to a different geographic region – can incur egress charges. Vendors also charge different rates depending on the expected frequency that certain data will be accessed.
- **Capacity and operations:** The report notes that costs for storage capacity can quickly escalate if you have a large amount of data and need cloud instances in different geographical regions around the world. The operations performed on that data will also have a significant effect on your monthly bill, so it's vital that the storage and operations plan you choose correlates with your use case.
- **Vendor lock-in:** OVHcloud's advice here is to avoid vendor lock-in by seeking a cloud vendor that uses open, portable and interoperable standards and initiatives such as CISPE, SWIPO Code of Conducts, and

the EU's Gaia-X. Where possible, stick to open source and standardised technologies, which will go a long way to prevent you being stuck with a single provider.

Marais notes that VCs have said how the cost of cloud is affecting the valuations of listed companies – so getting the right price that works for you across these three areas is really important.

[Download Leveraging FinOps for Success: A Guide for Startups and VCs Now](#)

Building a FinOps strategy

FinOps provides a framework for managing cloud costs and ensures that cloud investments are aligned with business objectives using a blend of financial and DevOps practices.

OVHcloud's report lists six key ways to start implementing FinOps practices:

1. Establish a FinOps team
2. Embrace a culture of cost awareness
3. Adopt tools and technologies
4. Optimise cloud usage
5. Financial accountability and chargeback
6. Continuous learning and improvement

“You can't do anything about anything unless you are aware of it, so being able to measure something for me is the key takeaway,” says Marais.

“Do you know what your cloud costs are, and do you know how they are going to escalate as you grow? Can that be something that you can

measure in a monthly, weekly or daily way so that if you can see things are going wrong, you can react?”

Marais says once you measure your cloud costs, look at how you can reduce those costs or optimise for your future growth. He says startups want to be with a cloud provider that can offer advice and support, too.

“As a startup, you've only got so much time – it's not like you can hire a DevOps expert who is going to go and figure it all out for you,” he adds. “It's going to be another responsibility on your team, so you want a cloud provider that can give you that one-on-one time with engineers so that you don't have to try and fight that fire completely by yourself.

“The key action points are to start measuring, understand your future growth and how you can optimise that, and whether you have help from your cloud provider to achieve this.”

Download [Leveraging FinOps for Success: A Guide for Startups and VCs](#) now.

If you're building a successful, sustainable, innovative startup or scale-up, you can benefit from up to £100K in cloud credits with OVHcloud. Learn more about the program [here](#).