Magic Quadrant for Cloud Financial Management Tools

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By Dennis Smith, David Wright, **and 3 more**

The breadth and depth of cloud financial management tools continue to expand and mature. I&O leaders must navigate a complex marketplace when looking for third-party solutions to optimize financial governance initiatives.

Strategic Planning Assumption

By 2027, a lack of sound cloud financial management practices will be the primary reason for over 90% of enterprises that halt or slow cloud migrations, up from less than 30% today.

Market Definition/Description

Gartner defines cloud financial management (CFM) tools as tooling that provides the ability to collect, organize, display, optimize and manage the investments in cloud computing infrastructure as a service (IaaS) and platform as a service (PaaS). They leverage algorithms, statistical models and/or AI/machine learning (ML) in support of cost reports, dashboards and/or other mechanisms/interfaces that provide capabilities to monitor cost, utilization and value indicators. This allows users to identify trends, anomalies, misaligned expectations, as well as opportunities to increase the efficiency of cloud configurations, architecture and contracts.

CFM tools enable enterprises to collect and analyze public cloud cost and usage information, and apply controls to define budget and cost policies to optimize spending on a continuous basis.

The most popular use cases include:

- Manage financial risks: Identifying anomalies, budget overruns and deviations from expected spending allows organizations to mitigate the risks of overspending due to the variable cloud billing models.

- Forecasting and estimation: Using past usage patterns and manual adjustments allows organizations to predict future cloud spending and increase cost predictability.

- Increase efficiency: Optimizing cloud service configurations, architectures and contracts allows organizations to increase the efficiency of their cloud workloads and achieve better ROI from their cloud investments.

- Increase accountability: Using showback, chargeback and user empowerment capabilities allows organizations to raise the attention of the impact of cloud-related decisions and ultimately increase cost accountability within their cloud community of practice.

Must-Have Capabilities

The must-have capabilities for this market include:

- Configurable user-friendly reporting and dashboarding. These must include current costs and forecasting capabilities with the ability to perform daily updates.

- Cost incident detection capabilities. This is a generic capability to define spending expectations, detect misalignments with those expectations and generate an incident/alert.

- Analytics and insights for resource optimization. This is the ability to run analytics on the collected data, identify inefficiencies in one or more areas (configuration, architecture and contract) and suggest actions to improve the efficiency stance. This capability often leverages AI/ML technologies.

Standard Capabilities

The standard capabilities for this market include:

- Monitoring of cost and utilization for virtual machines, storage, database and/or container services.

- Dashboards and reports that are configurable for multiple personas, as cost data is to be consumed by different people with different required levels of abstraction and detail (e.g.,

CFO, CIO, operator, developer).

- Budget controls. An ability to set budget (fixed figures) on a given scope of services such as those used by a single application of workload. This includes monitoring spend against the set budget and identifying deviations. This should include the ability to produce forecasts.

- Inclusion of a minimum set of controls for resource optimization, such as rightsizing, idle/unused resource identification, scheduling/autoscaling opportunities, and programmatic discount opportunities. This also includes automated commitment management.

- Remediation. Identified incidents and opportunities need to be actioned to achieve the purpose of the tool, hence the tool should provide some capabilities to manage those actions. For example, it should invoke rightsizing through some sort of capabilities (e.g., single click execution; integration with Jira, ServiceNow, automation, etc.).

Optional Capabilities

The optional capabilities for this market include:

- Workload modeling. Ability to leverage a pricing calculator prior to provisioning. Also workload migration assistance.

- Remediated automation for configuration changes (rightsizing, idle resource termination, scheduling, container cluster autoscale).

- Commitment automation. Purchase, exchange, modification of reserved instances (RIs) and savings plans to achieve increased savings and reduce risks.

- Programmatic commitment allocation and chargeback (RIs have a one-time purchase billing entry, and customers want to distribute those costs to the actual resources that benefited from the RIs).

- Service provider capabilities for monetizing CFM services. These include the ability to apply a markup, to consolidate billing among customers and leverage volume discounts and RIs, and to provide dashboards and reports to their customers.

Magic Quadrant

Figure 1: Magic Quadrant for Cloud Financial Management Tools

Vendor Strengths and Cautions

Anodot

Anodot is a Visionary in this Magic Quadrant. The private company, founded in 2014, has about 125 employees and is based in Ashburn, Virginia and Ra'anana, Israel. Its CFM tool serves workloads in Amazon Web Services (AWS), Microsoft Azure, Google Cloud Platform and Kubernetes. It entered the market by acquiring Pileus in 2021 and refocused its business strategy on CFM. Anodot's solution is available exclusively as SaaS.

Anodot's platform detects waste, tracks savings, and offers transparency on current and future costs, enabling CFM and optimization across the environments supported. The vendor performs well across a wide set of CFM use cases. Anodot's pricing is based on a percentage of annual cloud spends.

Strengths

- **Modern platform:** Anodot provides a newer-generation CFM platform that has a modern user interface, is extensible, and includes AI (including AI-based anomaly detection), ML and chatbots. This has allowed it to respond rapidly to evolving enterprise requirements.

- **Kubernetes support:** Anodot provides strong Kubernetes cost management and optimization capabilities. This is key, as many organizations are highly overprovisioning their container deployments and incurring unnecessary costs.

- **Multiple organizational support:** Anodot's combination of strong cost incident detection along with showback and chargeback features enables both centralized enterprise organizations and service providers to adequately determine and notify groups under management.

Cautions

- **Company size:** Anodot's size could culminate in less support and long-term viability. As a small company, it currently lacks the revenue and resources of its larger competitors.

- **Geographic coverage:** Anodot lacks the field and geographic coverage of other vendors evaluated in this research. Prospective buyers that may require more support should evaluate whether the vendor's solution will meet their organizations' needs.

- **Support symmetry:** Some capabilities offered by Anodot are more geared toward AWS — most notably for workload optimization — although the solution can handle multiple cloud environments.

Broadcom (VMware)

Broadcom (VMware) is a Leader in this Magic Quadrant. The public company, founded in 1991 and headquartered in Palo Alto, California, has about 50,000 employees. It acquired VMware in 2023 and began providing its stand-alone CFM solution, VMware Tanzu CloudHealth, for workloads in AWS, Microsoft Azure, Google Cloud Platform, Oracle Cloud Infrastructure and Alibaba Cloud, as well as VMware Cloud and data center workloads.

VMware Tanzu CloudHealth offers general CFMt capabilities across a wide range of cloud environments, and support for VMware through integration with VMware Aria Operations. It is available only as a SaaS offering. Its pricing is based on the percentage of annual cloud spend; however, spend on cloud marketplaces is not included in the pricing calculations, and upfront payments for reservations are amortized over the life of the reservation.

Strengths

- **Track record in market:** VMware Tanzu CloudHealth has a very large and diverse client base, with a reputation for reliable service delivery.

- **Core IaaS cost management:** VMware Tanzu CloudHealth scores well in IaaS workload optimization, and in cost allocation and reporting for cloud infrastructure resources. This should appeal to large virtual machine deployments.

- **Channel partner support:** There is solid support for multicustomer operations and VMware Tanzu CloudHealth is used by many resellers and managed service providers to deliver CFM services to end customers. This increases the likelihood of enterprises combining it with a third party that offers management services.

Cautions

- **New feature release velocity:** VMware Tanzu CloudHealth has not kept pace in recent years with some of the other vendors' solutions evaluated in this research in terms of new features, such as cost optimization for cloud-native PaaS services and cloud financial planning.

- **Limitations in autoremediation:** VMware Tanzu CloudHealth provides a limited set of remediation actions out of the box and mostly expects the user to implement remediation. Planned enhancements are in beta.

- **Future pricing uncertainty:** Broadcom's acquisition of VMware has resulted in dramatic changes to the structure and pricing of many VMware products. It remains to be seen if these changes will impact the cost of licensing and support for VMware Tanzu CloudHealth in the coming years.

CloudBolt

CloudBolt is a Visionary in this Magic Quadrant. The private company, founded in 2012, has about 145 employees and is headquartered in Rockville, Maryland. Its CFM tool serves

workloads in AWS, Microsoft Azure and Google Cloud Platform. Best known for its cloud management platform, it entered the CFM market by acquiring Kumolus in 2020 and now focuses on that market. Its solution is available exclusively as SaaS.

CloudBolt has a solid understanding of cloud operations and associated tooling requirements, and can help users apply better guardrails upfront if they orchestrate workloads with the solution. CloudBolt's solution is priced per user.

Strengths

- **Hybrid cloud cost management:** CloudBolt includes native VMware cost management along with support for the major hyperscalers.

- **Autoremediation:** Because CloudBolt has a strong history in providing cloud operations tooling, it offers orchestrated workflows to facilitate remediation of many cost optimization issues.

- **Channel partner support:** CloudBolt offers extensive support for managed service provider partners wishing to deliver cloud operations and cost management services to customers using their platform.

Cautions

- **New to the CFM market:** CloudBolt has recently expanded into the CFM market and its current capabilities are not competitive for most CFM use cases. However, the vendor's vision points to strong alignment with where the CFM market is heading. Prospective customers should track how well CloudBot is able to execute on its plans, which particularly impacts prospective buyers that may require more support.

- **Oriented toward technical users:** CloudBolt's current user interface reflects its primary role as an operations tool. It lacks business KPI tracking and reporting, and likely will not appeal to CFM practitioners outside the IT operations team.

- **Tagging support:** CloudBolt has fewer features for detecting tagging compliance violations than most other offerings in this research. This might not appeal to enterprises that have resources in the cloud without a solid tagging strategy.

CloudZero

CloudZero is a Visionary in this Magic Quadrant. The private company, founded in 2016, has about 110 employees and is based in Boston. The all-in-one CFM platform serves workloads

in AWS, Microsoft Azure, Google Cloud Platform and other providers, such as Databricks and Snowflake. Available only as SaaS, it offers value for the business management of Kubernetes workloads and containerized applications.

The CloudZero cloud cost optimization platform integrates technical telemetry with business data for cost and value-based analyses. It aims to appeal to cloud engineering teams looking to correlate cloud costs with business outcomes. It is strong with SaaS customers that have built cloud-native applications that they must optimize. CloudZero's solution is priced based on cloud spend percentage.

Strengths

- **Unit cost metrics:** CloudZero can ingest and correlate business data with cloud telemetry data. This can help customers produce unit value measures, such as cost per customer or cost per feature.

- **Big data cost optimization:** CloudZero includes support for cost optimization of key cloud data platforms, including Databricks, Snowflake and MongoDB. Gartner is seeing strong adoption of these offerings.

- **Account support:** CloudZero offers a designated FinOps Account Manager to each customer that can help identify savings opportunities and optimize cloud budgets.

Cautions

- **Viability:** CloudZero is a newer vendor with a developing product. Risk-averse enterprise customers should balance the advantages of this product's emerging feature set against the risks of committing to an early-stage vendor.

- **Remediation capabilities:** CloudZero provides limited support for common autoremediation techniques, such as instance scheduling, autoscaling and budgets. While some enterprises prefer manual remediation, there is a certain population that wants some aspect of automated remediation.

- **Partner ecosystem:** CloudZero is currently focused on direct enterprise customers and does not have a channel partner edition. This limits the number of third-party consultants that are familiar with the product.

CoreStack

CoreStack is a Niche Player in this Magic Quadrant. The private company, founded in 2016, has about 100 employees and is based in Bellevue, Washington. Its cloud governance platform spans operations, automation, security and compliance, in addition to its CFM component. It governs workloads on AWS, Microsoft Azure, Google Cloud Platform and Oracle Cloud Infrastructure, and has extensive integrations. The CoreStack CFM tool is provided primarily as SaaS, but it can serve as a packaged solution installed in the customer's public or private cloud environment.

CoreStack will interest enterprise customers that focus on multicloud governance and want to add budget and cost rules to their control policies. It has also successfully targeted service providers. CoreStack's solution is priced per resource under management.

Strengths

- **Policy-driven cost governance:** CoreStack includes flexible capabilities for cost-policy definition and offers automated assessments of FinOps maturity.

- **AI-powered anomaly detection:** CoreStack emphasizes the use of AI models to forecast cloud costs and detect cost anomalies more accurately.

- **Flexible integration:** CoreStack APIs are rich and flexible. They include the ability to use the solution to create and manage native cost policy rules in each of the major cloud providers.

Cautions

- **Business planning:** CoreStack is a multicloud governance tool. It has little support for migration planning, integrated cost forecasting or what-if analysis, which is problematic for buyers seeking those features.

- **Cost allocation:** CoreStack does not offer the ability to map and reallocate shared costs. While IaaS resources are well-tracked, PaaS costs may not be as visible in the solution.

- **Commitment management:** CoreStack is oriented toward policy-based cost tracking and reporting. It does not focus on commitment management, which is a major cost mitigant for many enterprises.

Datadog

Datadog is a Challenger in this Magic Quadrant. The New York City-based public company was founded in 2010 and has about 5,200 employees. The observability platform integrates

infrastructure monitoring, application performance monitoring, log management, digital experience monitoring, SIEM, case management and other operational disciplines. The SaaS-only solution offers cloud cost management for workloads in AWS, Microsoft Azure and Google Cloud Platform, and providers such as Databricks and Snowflake.

Datadog's cloud cost observability and analytics serve its large existing customer base, blending cloud cost management with application performance and infrastructure monitoring. It is priced based on combined elements (e.g., resources managed, logs ingested, custom metrics).

Strengths

- **Unified cloud observability:** Datadog offers a seamless way for organizations to track the technical and cost performance of cloud environments by integrating cost management with its existing infrastructure and application monitoring capabilities.

- **Granular cost attribution:** Datadog ingests and processes telemetry across all layers of the cloud IT stack, including infrastructure, platforms and applications. This allows tracking and allocating costs to specific applications, resources or services at any layer.

- **Real-time alerting:** By correlating system data to cost data, Datadog can alert users before cost anomalies generate significant excess expenses. It does this as a standard operational activity.

Cautions

- **Limited CFM space commitment:** Datadog effectively leverages its existing product capabilities into a new cost correlation use case. While offering a range of other CFM capabilities, it is not yet a complete, general-purpose CFM tool. Awareness for the offering is growing as Datadog expands its investments in the CFM space.

- **Operational limitations:** As a monitoring solution, Datadog is not fully focused on proactive administration. Its support is average in the market for workload optimization, commitment management and remediation.

- **Uneven provider support:** While deep in support for AWS, Datadog has more limited support for other hyperscalers; this is the case across multiple features.

Flexera

Flexera is a Leader in this Magic Quadrant. The private company, founded in 2008, has about 1,900 employees and is based in Itasca, Illinois. It entered the CFM market by acquiring RightScale in 2018 and RISC Networks in 2019, integrating RightScale's Optima CFM solution and RISC Networks' cloud migration solution, CloudScape, in the Flexera One platform. The CFM tool serves workloads in AWS, Microsoft Azure, Google Cloud Platform and Oracle Cloud Infrastructure. It is available only as a SaaS solution.

Flexera supports public, private and SaaS environments, incorporating asset management capabilities. It enables planning and assessing costs to move or migrate workloads, and provides multiple views for business and engineering support. Pricing is based on the percentage of annual cloud spend, which determines the customer's pricing tier for the next 12 months, with no overage costs incurred in that time period.

Strengths

- **Migration support:** Flexera supports analysis of cloud-to-cloud migration, specifically extensive what-if migration scenario analysis.

- **ITAM integration:** The Flexera One platform provides strong integration with Flexera's ITAM and license management capabilities, enabling a better understanding of the total cost of ownership for workloads.

- **Versatile reporting:** Flexera supports both engineering and business use cases, with several layers of KPI tracking available. This also enables support for multiple personas.

Cautions

- **Advanced billing:** Flexera trails some of the other vendors evaluated in this research in providing advanced billing management.

- Commitment support: The CFM solution does not provide limited logic capabilities needed for commitment management, and lacks support for commitment pooling or reselling.

- Coding required: The CFM solution requires some coding to fully leverage its capabilities. While that opens up customizations, it may be an inhibitor for clients that are not familiar with writing code.

Harness

Harness is a Niche Player in this Magic Quadrant. The San Francisco-based private company, founded in 2017, has about 1,000 employees. Its software development platform integrates DevOps, such as CI/CD, deployment automation, features management and chaos engineering. Its CFM tool serves workloads in AWS, Microsoft Azure and Google Cloud Platform, and containerized workloads on Kubernetes. It's available as SaaS or a self-hosted solution on Kubernetes.

Harness' cost management supports engineering and DevOps, supporting CI/CD pipeline integration and insights into container cluster costs and virtual machines. It offers engineering function support and business cost management objectives support.

Strengths

- **Developer support:** Harness can incorporate cost management considerations early in the development process via policies integrated into the build phase. This includes supporting serverless and infrastructure-as-code (IaC) functionality.

- **Rightsize recommendations**: Harness exhibits the ability to make recommendations to rightsize both compute and container instances. This allows the optimization of traditional and cloud-native workloads.

- **Integrations:** Harness offers full integrations with bidirectional data synchronization with several collaboration platforms (e.g., Slack, Teams, Jira), instead of the more common simple hand-off with a webhook.

Cautions

- **Market traction:** Harness is relatively new to the CFM market, with low name recognition. Prospective buyers should take the time to assess the vendor's functionality and long-term strategy and roadmap, ensuring that they align with their business goals.

- **Limited on-premises capabilities**: Most of Harness' optimization and governance capabilities are available for the leading public cloud and Kubernetes environments, with limited functionality for on-premises resources.

- **Primarily AWS support:** Harness' solution, while strong with AWS, has gaps in its capabilities across other cloud vendors, particularly in the optimization area.

IBM

IBM is a Leader in this Magic Quadrant. The Armonk, New York-based public company was founded in 1911 and has about 280,000 employees. It acquired Apptio in 2023, and its CFM solution Cloudability is for workloads in AWS, Microsoft Azure, Google Cloud Platform and Oracle Cloud Infrastructure, which has become the foundation for the IBM FinOps suite. The 2021 acquisition of Turbonomic and its resource management platform led to IBM's performance management solution. Apptio is now part of the same group (Automation) at IBM that contains Instana Observability, SevOne (for network monitoring) and Turbonomic. The CFM solution is available only as SaaS.

IBM Cloudability's best-in-class CFM capabilities integrate into AWS, Microsoft Azure, Google Cloud Platform and Oracle Cloud Infrastructure. Its significant following is due partly to its ability to make recommendations for both spend and resource-based commitments. Pricing is based on cloud spend percentage, with license charges for additional products.

Strengths

- **Market traction:** IBM has a large and growing client base, demonstrating capabilities in large and demanding environments. Its strong market understanding supports its efforts to meet customer needs.

- **Financial planning:** IBM's ability to plan cloud spending is beyond the capability of most other vendors in the CFM market. This leads to better accuracy in predicting spending and better support for the finance team in managing cloud budgets.

- **Business context mapping:** IBM's unit economics capabilities enable enterprises to connect cloud costs to business objectives.

Cautions

- **Roadmap:** There is uncertainty regarding particular aspects of the roadmap, specifically around how Cloudability and Turbonomic will fully work together. There is current overlap in areas such as workload optimization.

- **Automated commitment management:** Acquired from Cloudwiry, IBM's automated commitment management is geared exclusively toward AWS and not yet integrated with the rest of Cloudability.

- **Optimization:** IBM's CFM solution offers recommendations associated with workload optimization that do not stand out in the analysis of this market.

NetApp

NetApp is a Niche Player in this Magic Quadrant. The San Jose, California-based public company, founded in 1992, has about 11,800 employees. Its CFM solution comes from acquiring Spot in 2020 and CloudCheckr in 2021, with the Spot by NetApp offering focused on cost reduction together with resource efficiency. NetApp is currently transforming CloudCheckr into its Cost Intelligence and Billing Engine offerings. The solutions provide CFM for workloads in AWS, Microsoft Azure, Google Cloud Platform, containerized (Elastic Container Service) and Kubernetes-based (Elastic Kubernetes Service, Azure Kubernetes Service, Google Kubernetes Service, Kubernetes Operations KOPS, Red Hat OpenShift and DIY Kubernetes) workloads. It is available only as SaaS.

Spot by NetApp offers support for CFM capabilities, with an additional focus on cost optimization through the automated purchasing and consumption of spot and reserved-instance compute capacity. NetApp's pricing model varies (that is, based on cloud spend percentage, savings percentage and by usage), depending on product deployment.

Strengths

- **Fleet management:** Spot Elastigroup has a unique offering that helps users build, manage and consume fleets of low-cost spot (also known as preemptible) compute instances.

- **Container cost optimization:** Spot Ocean provides cost optimization for container clusters, automatically scaling and rightsizing capacity using a combination of spot, reserved and on-demand compute resources, while maintaining workload performance and quality of service.

- **Enterprise presence:** NetApp storage products are popular among more than 30,000 enterprise customers, and NetApp-based storage services are offered by most leading public cloud providers. Some NetApp customers may prefer to adopt Spot rather than build a relationship with a new CFM vendor.

Cautions

- **Uneven CFM feature set:** Spot offers only basic support for many critical CFM features, such as financial planning and broader workload optimization, although it is strong on Kubernetes, spot instance, and AWS and commitment management.

- **Fragmented UX:** Despite being unified under the same brand, the Spot offerings are still partially integrated. Reporting capabilities are split across several different user

interfaces, while APIs are OpenAPI-compliant, but not unified. NetApp continues to converge its Spot portfolio into a seamless and unified platform.

- **Product strategy:** NetApp is in the early stages of integrating its CFM products into a cohesive market vision and feature suite, and articulating its corresponding roadmap. Prospective customers will need to observe NetApp's ongoing execution in these areas.

ServiceNow

ServiceNow is a Niche Player in this Magic Quadrant. The Santa Clara, California-based public company, founded in 2004, has over 24,000 employees. Best known for its IT Service Management (ITSM) and IT Operations Management (ITOM) solutions, its Cloud Cost Management (formerly Cloud Insights) cloud financial management solution serves workloads in AWS, Microsoft Azure and Google Cloud Platform. It is available both as SaaS and as a package installed in the customer's data center.

Cloud Cost Management integrates well with other ServiceNow observability tools, such as IT Asset Management and ITOM. Cloud Cost Management tracks and alerts on both spending and budget anomalies. ServiceNow's CFM particularly appeals to its existing customers. Pricing is based on the number of resources managed.

Strengths

- **Platform linkage:** ServiceNow is a prominent platform in many organizations, providing multiple functionality. Combining this solution with CFM capabilities could be a key enabler for many enterprises because it allows advanced remediation workflows.

- **Budgeting and forecasting granularity:** ServiceNow gives customers the ability to automate budget and forecasting at the project and portfolio levels. This will benefit large enterprises with complex organizational and/or project structures.

- **Migration assistance:** ServiceNow's Cloud Cost Simulator provides cost guidance to enterprises looking to migrate on-premises workloads to the cloud.

Cautions

- **Roadmap:** ServiceNow's planned improvements to its CFM offering do not meet emerging requirements (e.g., managing and optimizing serverless, data and analytics workloads; AI infrastructure; links to application performance monitoring, etc.) as well as other vendors evaluated in this research do.

- **Value as a stand-alone entity:** ServiceNow's performance in all the use cases prevents it from competing as a stand-alone offering (i.e., lack of suitability for enterprises not using the vendor's ITSM offering).

- **Implementation:** Gartner clients have mentioned in inquiries the difficulty and length of time they experienced with deployments of ServiceNow's CFM solution.

Inclusion and Exclusion Criteria

To qualify for inclusion, providers must meet the following criteria.

Market Participation Inclusion Criteria

This includes:

- Provide generally available (GA) capabilities as of 17 May 2024. General availability means the product or service is available on a public-facing price sheet/card for purchase directly by clients. Providers must be able to furnish the link to a pricing page for their cloud financial management services/offerings.

- Sell the solution directly to paying customers without requiring them to engage professional or management service help. Vendors must provide at least first-line support for these capabilities, including any bundled open-source software. This includes, but is not limited to, comprehensive product documentation, installation guidance and reference examples.

- Demonstrate an active product roadmap, go-to-market strategy and selling strategy for the solutions.

- Have phone, email and/or web customer support. Vendors must offer contracts, consoles/portals, technical documentation and customer support in English (either as the product's default language or as an optional localization).

Capabilities Inclusion Criteria

The CFM tools must support the must-have and standard capabilities described in the Market Definition/Description section. Additional requirements include:

- Functionality

- Providers must support must-have and standard capabilities (as per the Market Definition) across at least two of the following (Amazon Web Services, Google Cloud Platform, Microsoft Azure and Oracle Cloud Infrastructure).

- Address a majority of the use cases (at least four of the six, as specified in the companion **Critical Capabilities for Cloud Financial Management Tools**).

- The associated products are singularly marketed and packaged as the vendor's CFM offering, excluding professional or management services.

- The CFM offering is licensed as:

  - A single SKU

  - A single name

  - An all-encompassing brand name that, if applicable, groups all products together (each product could be purchased separately as well)

- The CFM offering provides a single user account and sign-on with significant integration between different products and a common look and feel.

- There is market recognition and understanding of the CFM offering as an individual one.

Performance Threshold Achievement

Vendors are required to meet the following financial performance criteria (reported in U.S. dollar constant currency). The default accounting standard is generally accepted accounting principles (GAAP):

- $10 million in revenue over the past 12 months (specific to CFM tooling) *or*

- At least $3 million in revenue over the past 12 months with 40% market growth year over year (specific to CFM tooling) *plus*

- At least $500 million in customer cloud spend per year under management (specifically for public cloud IaaS/PaaS)

Customer Interest Indicator (CII)

In addition, vendors must rank among the top 20 organizations in Gartner's CII (specific to the CFM market) defined by Gartner for this research. CII was calculated using a weighted

mix of internal and external inputs that reflect Gartner client interest, vendor customer engagement and vendor customer sentiment from 1 April 2024.

Honorable Mentions

The following vendors meet the capabilities inclusion criteria noted previously, but not the financial performance threshold and/or the CII:

Centilytics: Centilytics offers a platform that combines CFM capabilities with automation, visibility and security. Its offering might appeal to enterprises wanting a multifunction tool with CFM capabilities.

Densify: Densify offers a solution that focuses on resource optimization as part of CFM initiatives. It might appeal to enterprises wanting to deal specifically with Kubernetes and Cloud resource optimization and control, perhaps pairing it with a more traditional CFM tool.

Finout: Finout offers a CFM platform with a wide range of integrations. It might appeal to enterprises needing support for a wide range of services, including data services such as Snowflake and Databricks.

Kion: Kion offers a cloud operations platform with CFM capabilities. It might appeal to enterprises wanting CFM capabilities along with support for cloud identity, guardrails and policy management.

OpenText: OpenText offers a hybrid cloud management platform with CFM capabilities that includes provisioning guardrails, what-if analysis for commitment plans and carbon allocation. It might appeal to existing customers and/or enterprises that also have a hybrid estate.

Stacklet: Stacklet offers a governance as a code platform with CFM capabilities. It might appeal to organizations wanting CFM capabilities as part of a broader governance offering.

Ternary: Ternary offers a CFM platform heavily rooted in the FinOps Framework and processes. It might appeal to managed service providers building and delivering FinOps services, as well as to enterprises establishing and maturing their FinOps or CFM practice across multiple personas.

Vantage: Vantage offers a CFM platform providing a set of integrations for a wide range of cloud hosted services. It might appeal to enterprises needing granular and deep fidelity around cloud spend.

Virtana: Virtana offers an infrastructure management platform with CFM capabilities. It might appeal to enterprises wanting a tool that provides insight into their hybrid deployment along with CFM capabilities.

Yotascale: Yotascale offers a CFM platform that enables granular management and optimization of cloud spend. It might appeal to organizations wanting to extend CFM to the broader cloud community.

Evaluation Criteria

Gartner analysts evaluate vendors on the quality and efficacy of the processes, systems, methods or procedures that enable provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, vendors are judged on their ability and success in capitalizing on their vision.

Product or Service: This looks at the core tooling capabilities within the CFM market. This includes current product/service capabilities, quality and feature sets. Additional consideration is given to the vendor's scalability, availability and integration.

Overall Viability: This criterion includes an assessment of the organization's overall financial health, as well as the financial and practical success of the business unit. Considerations include profitability, geographic distribution of revenue and R&D spending.

Sales Execution/Pricing: This covers the assessment of a vendor's success in the CFM tooling market. Vendors' pricing models and proposals are compared for value and complexity, as well as pricing transparency. Considerations include pricing and discounting, new versus repeat business, and competitive dynamics, including awareness of competitors.

Market Responsiveness: This criterion looks at a vendor's ability to respond and change direction, based on the evolution of customer needs and changes in market dynamics. Considerations include response to competitors and ability to listen and respond to customer feedback.

Marketing Execution: This looks at the clarity, quality, creativity and efficacy of programs designed to deliver the vendor's message in order to influence the market, promote the brand, increase awareness of products and establish a positive identification in the minds of customers.

Customer Experience: This covers the products/services and/or programs that enable customers to achieve anticipated results with the products/services evaluated. This may also include ancillary services, customer support programs and availability of user groups. Considerations include postsales support, programs for high-touch or VIP customers, and specific delivery partners in-region.

Operations: This criterion looks at the ability of the vendor to meet goals and commitments. Factors include quality of the organizational structure, skills and relationships, and the vendor's ability to meet SLAs. Considerations include partnerships, outages that affect customers and SLA-adherence.

Ability to Execute

Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	Medium
Operations	Medium

Source: Gartner (October 2024)

Completeness of Vision

Gartner analysts evaluate vendors on their ability to understand current market opportunities and create and articulate their vision for future market direction, innovation, customer requirements and competitive forces. Ultimately, vendors are rated on their vision for the future, and how well that maps to Gartner's position.

Market Understanding: This criterion considers a vendor's ability to understand customer needs and translate them into products/services. Vendors that show a clear vision of their market listen, understand customer demands, and can shape or enhance market changes with their added vision. Consideration is given to understanding the growing and dynamic CFM tooling market.

Marketing Strategy: This criterion looks for clear, differentiated messaging consistently communicated internally and externalized through social media, advertising, customer programs and positioning statements. Consideration is given to new market outreach, innovative marketing initiatives and true differentiation.

Sales Strategy: This criterion considers whether the vendor has a sound strategy for selling that uses the appropriate networks, including direct and indirect sales, marketing, service, communication, and partners that extend the scope and depth of market reach, expertise, technologies and the vendor's customer base. Consideration is given to channel strategy and understanding the buyers and influencers involved in selection of container management products/services.

Offering (Product) Strategy: This criterion evaluates whether a vendor's approach to product/service development and delivery emphasizes market differentiation, functionality, methodology and features that cover current and future requirements. Consideration is given to quality and cadence of vendors' product/service roadmap and investment priorities into adjacent market segments.

Business Model: This criterion looks at the design, logic and execution of the vendor's business proposition to achieve continued success. Consideration is given to vendors' business, value proposition, ability to anticipate shifts in licensing/pricing models and relationship with open-source communities.

Vertical/Industry Strategy: As CFM tools tend not to be industry-specific, evaluating these in detail is not a key element of this research. Where vertical or industry differentiation is relevant, aspects have been considered.

Innovation: This criterion looks at direct, related, complementary and synergistic layouts of resources, and expertise or capital for investment, consolidation, defensive or preemptive purposes. Consideration is given to the level of investment in product/service development in new areas related or adjacent to CFM, and third-party and partner relationships and integrations, as well as the use of AI/ML and other novel capabilities.

Geographic Strategy: This criterion looks at the vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside its "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market. Additional consideration is given to the number of employees allocated to different regions, tailoring of go-to-market or product/service strategy to address regional differences, and the depth and scope of partners available in countries with existing and new customers.

Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Low

Source: Gartner (October 2024)

Quadrant Descriptions

Leaders

Leaders distinguish themselves by offering a service suitable for strategic adoption and having an ambitious roadmap. They can serve a broad range of use cases, although they do not excel in all areas, may not necessarily be the best providers for a specific need and may not serve some use cases at all. Leaders in this market have appreciable market share and many referenceable customers.

Challengers

Challengers are well-positioned to serve some current market needs. They deliver a good service that is targeted at a particular set of use cases, and they have a track record of successful delivery. However, they are not adapting to market challenges sufficiently quickly or do not have a broad scope of ambition.

Visionaries

Visionaries have an ambitious vision of the future and are making significant investments in the development of unique technologies. Their services are still emerging, and they have many capabilities in development that are not yet generally available. Although they may have many customers, they might not yet serve a broad range of use cases well or may have a limited geographic scope.

Niche Players

Niche Players may be excellent providers for particular use cases or in regions in which they operate, but they should ultimately be viewed as specialist providers. They often do not serve a broad range of use cases well or have a broadly ambitious roadmap. Some may have solid leadership positions in markets adjacent to the CFM tooling market, but have developed only limited capabilities in this market.

Context

The CFM tooling market has seen a growth rate of over 20% over the past year, with a market value of $800 million in 2023. The market includes enterprise customers and solution providers that offer CFM services to enterprises. It is forecast to exceed $1.4 billion in constant currency by 2027, with a 15% compound annual growth rate (CAGR).

Among the major uses of the CFM tooling are:

- Offering protection from the financial risk of overspending in the cloud due to unauthorized, uncontrolled and unexpected costs such as budget overruns and other anomalies.

- Determining the amount of estimated cloud spending for cloud applications and workloads in advance of deployment. This includes predicting the amount of future cloud spending based on what is already being consumed and planned consumption.

- Driving cost efficiency in cloud applications and workloads. This includes identifying inefficiencies even when spending is within expectations, and addressing identified inefficiencies with corrective actions without compromising performance and SLAs.

- Driving spending accountability among the organization's cloud consumers. This includes developing a culture of cost-consciousness and providing incentives to raise awareness and solicit action.

- Driving business value from cloud investments, including measuring the value of cloud applications and workloads and correlating it to cloud costs on a per-unit basis. This is rooted in using business value metrics to promote good behavior and best practices throughout the cloud community to increase business outcomes while reducing costs.

- For solution providers offering CFM and FinOps services to customers, this includes consuming aggregated cost information from all customers but also providing them with visibility of their spending. Additionally, this includes performing actions to optimize customer spending while protecting their SLAs and maximizing margins through cloud rebilling and discount aggregation.

Market Overview

Public cloud computing adoption continues to grow. However, enterprises also increasingly scrutinize the additional costs, wondering if they are receiving a requisite value from the

spend. Many enterprises, unable to prove this value, are displaying dissatisfaction with their cloud computing deployments. Such dissatisfaction is related to an inability to understand, manage and/or optimize cloud spend — a problem that CFM tools are meant to address.

There are well over 80 vendors globally that provide some type of CFM tooling capabilities. The first-generation vendors, founded nearly 10 years ago, have the most traction, but many are "remodeling" their technology and/or dealing with organizational disruptions. There are also innovative players that are adequately addressing segments of the market, but lack traction and have questionable long-term viability. Vendors from adjacent markets (e.g., observability, hybrid infrastructure management, provisioning and orchestration, etc.) are also entering the market by combining CFM functionality with their existing capabilities.

Despite the many vendors in this market, there are neither broad nor deep technology moats. CFM remains primarily a problem to be addressed with data and analytics. As innovative vendors introduce products, others in the industry soon introduce similar features in their offerings. The requirements are moving faster than many vendors' ability to address them (e.g., PaaS and SaaS services, optimizing AI workload, on-premises cost management, etc.).

The hyperscalers are putting pressure on portions of the market (e.g., pure-play CFM tooling vendors) with their native tooling, and will continue to do so. This pressure will increase if the progress and adoption of the FinOps Open Cost and Usage Specification (FOCUS) continues, enabling hyperscalers to more easily extend their native CFM functionality to billing coming from other hyperscalers. This includes the vendor embedding optimization capabilities within their full technology stacks, including hardware. However a competitive advantage of third-party tools versus hyperscaler tools is their independence. They act as an independent auditor of cloud workloads, and this independence makes them more trustworthy than when receiving an audit from the supplier itself. This conflict of interest is not something that hyperscalers will easily rid themselves of (although, at the moment, we don't see that as an inhibiting factor for their cost optimization features in many cases).

⊕ Evidence

⊕ Evaluation Criteria Definitions

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