

5 Expensive Mistakes Startups Can Avoid With FinOps

How to Get the Cloud Compute Power
You Need – Without Overpaying



Introduction

Today's startups understand that they need cloud capabilities in order to make their products work. But as they scale, these companies' cloud costs often increase significantly and quickly. Worse yet, startups often lack a clear picture of what their cloud costs are, why those prices can suddenly jump, and what it takes to gain control of their cloud budget.

The solution is FinOps – a data-driven approach to balancing operational needs for cloud computing with budgetary realities. McKinsey has estimated that following FinOps (a name that combines “finance” and “DevOps”) best practices can enable a company to cut cloud expenses by [up to 20 to 30 percent](#).

To reap those benefits, it's important to start following FinOps best practices as early as possible. That involves gaining visibility into cloud costs, using automation, and making well-informed decisions in order to allow cloud-based technologies to work reliably without overspending. Keep in mind: As a product continues to develop and become more sophisticated, it becomes increasingly difficult – and increasingly urgent – to adopt FinOps best practices.

To help your startup get the cloud resources it needs without overspending, this guide will present five common mistakes and teach you how to avoid them with FinOps. You will learn:

- Five expensive cloud mistakes that many startups make, and why they're so common.
- How harmful those mistakes can be, and why.
- How FinOps best practices can help you avoid those mistakes.
- How your startup can get the FinOps expertise you need in order to prevent these mistakes, keep your product(s) running reliably, and keep cloud costs in check.



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Mistake #1

Confusing Reports With Insights

Many startups have robust analytics on their cloud spending but fail to draw actionable conclusions from their numbers. They might have real-time dashboards and monthly reports including cost summaries, heatmaps, and trendlines – but they don’t adequately tie those numbers to events that could cause significant changes in their cloud costs. As a result, they don’t understand why their cloud costs increase or decrease – hurting their ability to make well-informed decisions.

⚠️ Why this mistake is so harmful for startups

When cloud spending data lacks context, it does little to help startups balance their operational needs with the goal of keeping costs down. That tends to lead to rapidly increasing costs, and it can hurt confidence in executives’ ability to predict their cloud spending. It is also likely to result in a decrease in a startup’s pace of innovation.

✅ How to prevent this mistake with FinOps best practices

The key to avoiding the mistake of confusing reports with insights is looking for correlations between sudden increases or decreases and events that could cause those changes. For instance, instead of just noting an increase in S3 spending, you might notice that customer retention data doubled after your new analytics feature was launched. By tying your cloud spending to business outcomes (such as customers served, features delivered, or revenue enabled), you’ll have a clearer picture of which spending is a good investment and which isn’t.

A real-life example

A SaaS startup built a “cloud command center” dashboard full of charts and numbers. But when the company’s AWS bill doubled over two quarters, nobody could explain why. The reports were impressively sophisticated, but they didn’t provide contextual insight to help the startup draw useful conclusions. As a result, the dashboard did little to help the company make smarter decisions.



Mistake #2

Treating “Free” as “Free Forever”

02

Many early-stage startups use services that are available to them free of charge. This can allow them to save significant money as they’re starting out, helping them move quickly and relatively inexpensively towards getting their product to market. But as they scale, they move beyond those free tiers. If they don’t adapt accordingly when that happens, they can suffer serious financial consequences.



Why this mistake is so harmful for startups

As startups scale and exceed the limits of free tiers, it’s common for sudden and significant increases in their costs to catch them by surprise. If they have taken “free” services for granted, then they might be unprepared for this shift. Without adequate budgeting, this can hurt both their confidence and their financial health.



How to prevent this mistake with FinOps best practices

The key to avoiding the mistake of treating “free” as “free forever” is tracking usage of free-tier resources just as carefully as paid resources. That involves labeling them, setting expiration reminders, and monitoring usage trends from the beginning. Steps like these can help ensure that your startup won’t be caught by surprise when free services transition into paid services – giving you the visibility you need in order to plan and budget effectively.

A real-life example

A fintech startup built its MVP on free-tier services, keeping costs extremely low for months. But after surpassing 1,000 customers, the company unknowingly exceeded the limits of those free tiers. When its next bill arrived, the startup was shocked to see that the bill was 15 times larger than expected – just as the company was in the middle of fundraising.

Mistake #3

Not Prioritizing Tagging From Day One

03

For many small, early-stage startups, it's common to skip tagging. They see tagging as a task to be handled in the future, as they scale up. But although tagging is a relatively simple, quick task when handled from the beginning, it becomes much more difficult (and more important) when it's delayed. Startups that make this mistake in an effort to save time and money often find that eventually it has just the opposite effect.



Why this mistake is so harmful for startups

Tags play a critical role in managing resources. When a startup's product lacks tags, the company lacks visibility into the breakdown of its cloud costs. As a result, teams often can't explain where their money is going, causing them to lose credibility with leadership. And as the product grows and becomes more sophisticated, adding tags becomes an increasingly complex and time-consuming project.

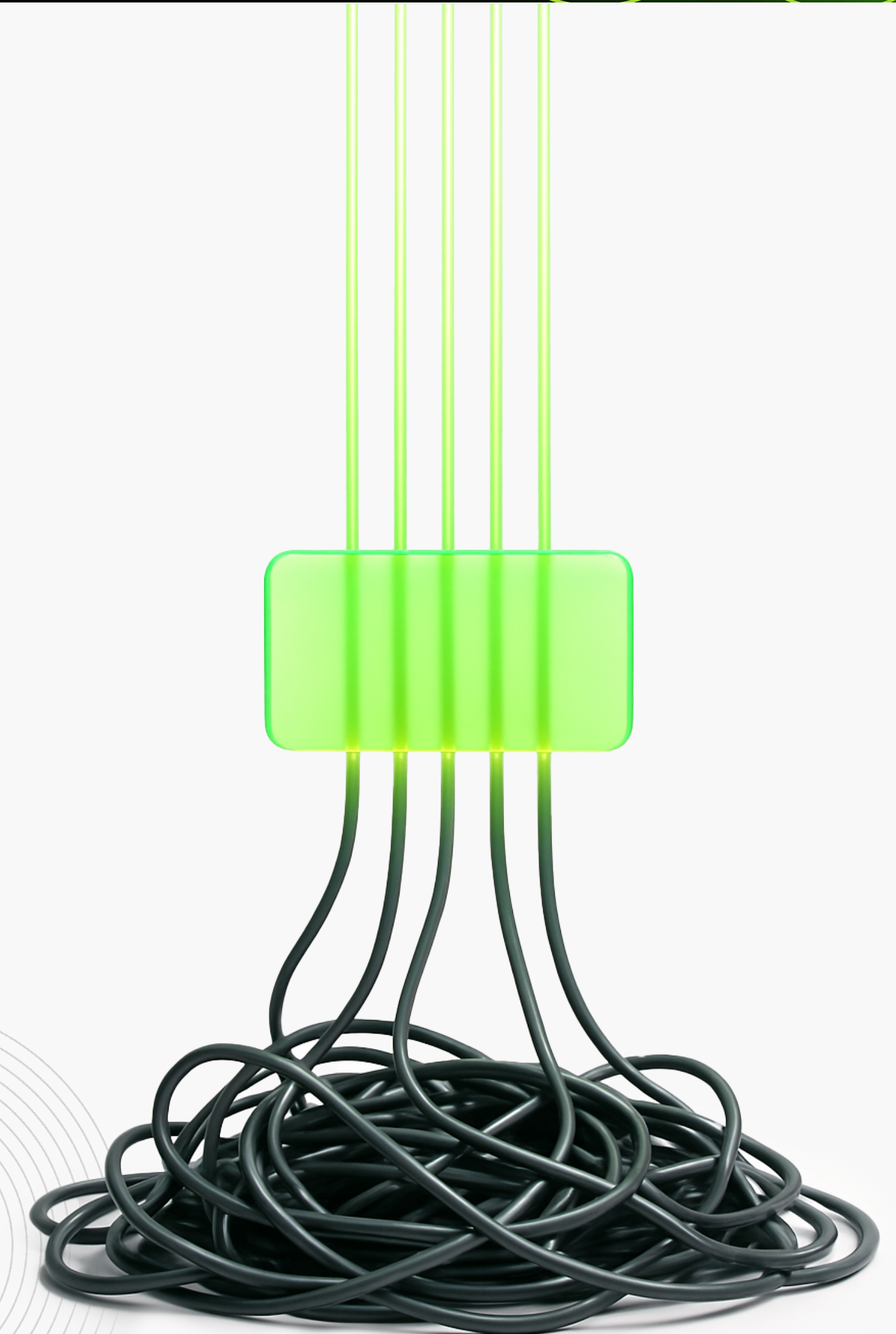


How to prevent this mistake with FinOps best practices

The key to avoiding this problem is treating tagging as an essential practice rather than an optional one. Even a two-person team should make sure to add basic tags, such as owner, project, environment, and expiration. Automating enforcement of tagging practices can help ensure that your company doesn't forget to add tags regularly.

A real-life example

A five-person startup decided tagging was unnecessary, thinking it could instead rely on manual tracking. But two years later, the company saw that it needed more detailed insight into cloud spending and profitability. By then, the company's series of products had become so complex that tagging became a six-month project that delayed the product roadmap.



Mistake #4

Trying to Handle Cloud Savings Alone

04

Many startups try to manage AWS savings programs alone, without expert guidance. With small teams and limited resources, they might not see this as a high-priority need. But managing AWS savings programs efficiently does require real expertise. When companies try to manage these programs without it, they can easily end up overspending instead of saving money.

! Why this mistake is so harmful for startups

In some cases, startups lacking expert guidance miss out on important opportunities to save money. In other cases, they commit to bulk plans that they think will save them money – but discover too late that those plans aren't a good match for their needs. Both types of problems can cost them significant money. These problems can also hurt a startup's confidence in cloud financial controls that could help the company scale up efficiently.

A real-life example

A healthcare startup bought a batch of AWS Reserved Instances to cut costs. Six months later, the company's workloads switched to different instance types. Instead of saving money, the company was left unable to use many of the resources it had already bought – causing it to waste significant money.



✓ How to prevent this mistake with FinOps best practices

It's critical to avoid the twin risks of missing out on cloud savings opportunities and being too eager to commit to a plan that you think will save you money. The key to avoiding both of those dangers is working with a seasoned FinOps expert (or team of experts). That doesn't necessarily need to mean hiring a full-time, in-house FinOps department – but it should mean at least working with a consultant who has the experience and knowledge you need.

Mistake #5

Treating Waste Cleanup as Optional

05

For many startups, building a systematic approach to cleaning up waste seems like a goal that can wait until they have both more resources and more accumulated waste. But by delaying this project, they let waste grow into a bigger, more expensive problem that is more difficult to fix.



Why this mistake is so harmful for startups

A startup's waste might begin to accumulate slowly. But the longer the company waits to clean it up, the longer the startup needs to pay to store all of it. Meanwhile, waste continues to accumulate – making its cleanup more difficult and complicated. And if that problem uses up a significant portion of the startup's funds, it can result in fewer hires and slower innovation.



How to prevent this mistake with FinOps best practices

The key to preventing waste cleanup from getting out of control is developing a systematic, ongoing approach from the beginning. Automation should play a central role, with automated lifecycle policies for snapshots and backups. It's also important to regularly run audits for unattached resources, and to use anomaly detection to rapidly detect sudden increases in cloud costs. The sooner you start cleaning up waste systematically, and the more consistent your approach is, the less money you can expect to spend on waste cleanup.

A real-life example

We worked with a startup that thought occasional reviews were sufficient for waste cleanup. But we found that that approach had left the company with hundreds of forgotten resources: unattached EBS volumes, old snapshots, unused NAT gateways, and duplicate monitoring pipelines. Those resources accounted for almost 20% of the startup's monthly AWS spend.



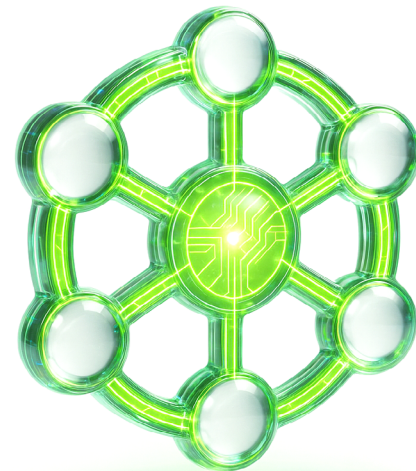
Automat-it's FinOps Framework

By following FinOps best practices, you can prevent all five of the types of mistakes covered in this guide. At the heart of those best practices are three core principles of FinOps:



Visibility

so that your startup has a clear picture of what its cloud costs are and why.



Accountability

so that every team takes responsibility for its impact on your startup's cloud costs, helping them all work together to achieve your FinOps goals.



Optimization

so that your startup has the cloud compute power it needs without overspending.

Automat-it offers dedicated FinOps based on these three principles, helping startups benefit from deep expertise without needing to hire in-house professionals. By giving you the guidance you need, we help you keep your costs both predictable and low enough to fit your budget – without compromising on product performance.

Our approach to FinOps can help you to avoid all five of the mistakes discussed in the previous pages. For instance:

- Instead of **confusing reports with insights**, you can count on Automat-it to help you interpret your cloud cost data in an actionable way.
- Instead of **treating “free” as “free forever,”** you can count on Automat-it to guide you seamlessly and cost-effectively through the transition from free to paid tiers.
- Instead of **delaying tagging**, you can count on Automat-it to help you build easy, efficient tagging strategies designed to meet your startup's current and future needs.
- Instead of **trying to handle cloud savings alone**, you can count on Automat-it to help you design the right mix of plans to save money on cloud computing resources without overcommitting.
- Instead of **treating waste cleanup as optional**, you can count on Automat-it to help you develop waste cleanup best practices and embed them seamlessly into your startup's regular operations.

Case Study

Fiscozen is a tech company that helps freelancers manage their VAT registration accounting and taxes without stress. By combining advanced technology with the expertise of partner accountants, the company simplifies key processes – making it easier for its thousands of clients to keep their businesses under control.

The Challenge

Fiscozen was leveraging a wide range of AWS services and experiencing high costs on its AWS infrastructure – with RDS and S3 standing out as key cost drivers. Without effective visibility, the team struggled to pinpoint unnecessary spend, uncover hidden inefficiencies, and optimize usage.

The Solution

Automat-it's expert FinOps team was brought in to deliver AWS cost optimization. Our team started by analyzing Fiscozen's AWS infrastructure, usage patterns, billing data, and architectural choices to uncover actionable savings opportunities.

Next, we worked with Fiscozen to implement several key initiatives, including:

- Regular syncs with Automat-it to ensure alignment and to track progress.
- Preparation and execution of dedicated cost optimization meetings.
- Purchase and management of Compute Savings Plans.
- Rightsizing and upgrading RDS instance types for better efficiency.
- Optimizing CloudWatch Logs by adjusting storage classes.

The Results

Within just four months, Automat-it delivered:



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"Our first meeting focused on discussing infrastructure and potential achievements. By the second meeting, they presented a clear plan to meet our cost-saving goals. Within three months, we successfully implemented 90% of the proposed optimizations and achieved our objectives. I highly recommend Automat-it as a partner for any company utilizing AWS."

Andrea Citrolo, Head of Technology at Fiscozen

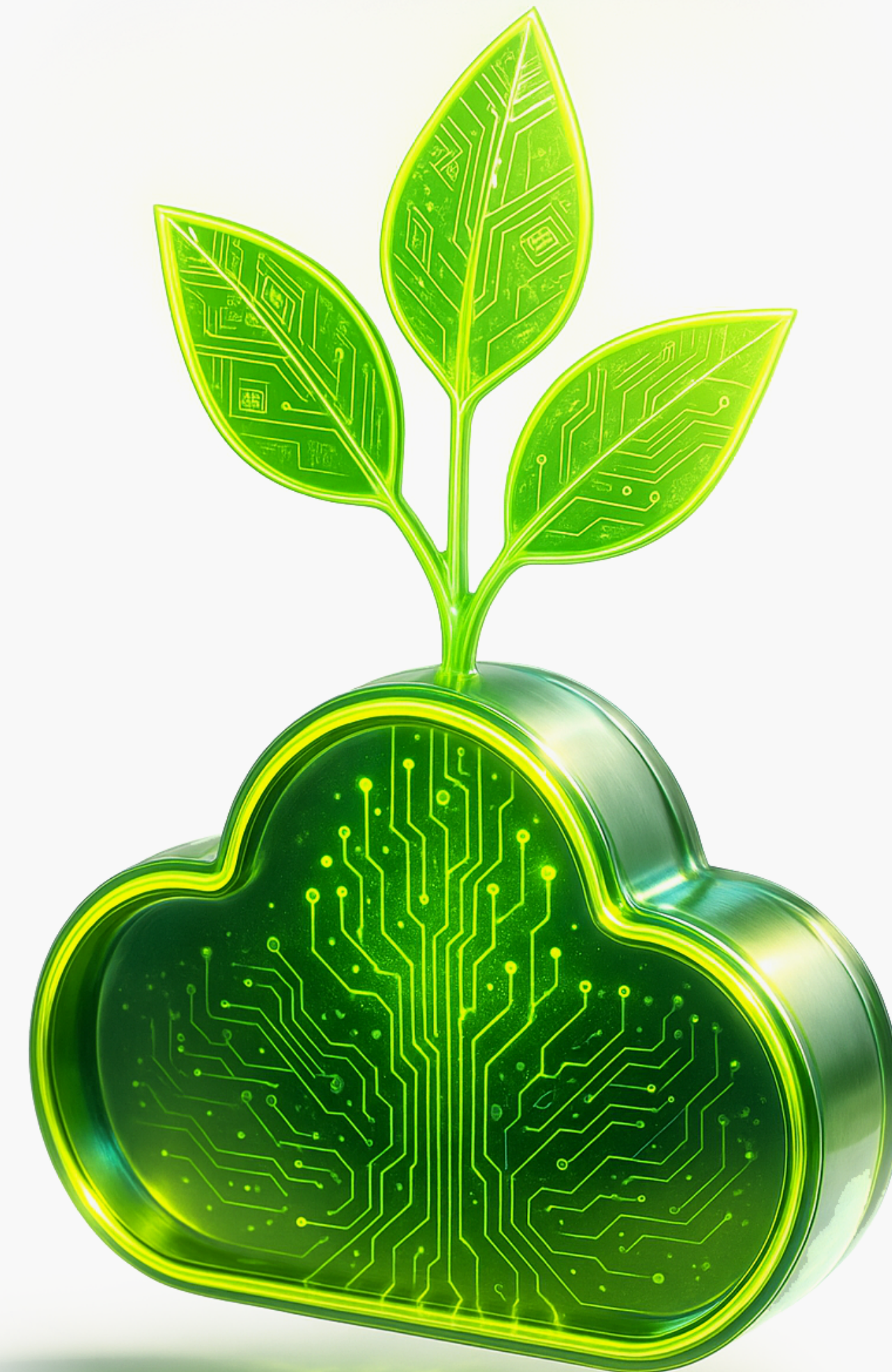
Conclusion

As startups rush to get their products to market successfully, it's crucial to consider future cloud computing costs and plan ahead accordingly. While every startup wants to grow dramatically, that growth comes with significant increases in cloud costs. FinOps is the key to keeping those costs in check, without compromising on the performance of your product(s).

The FinOps mistakes covered in this guide are five of the most common ones among startups, but they're not the only ones that startups need to avoid. By following FinOps best practices, you can prepare your startup now to make sustainable growth a more achievable goal in the future.

The good news is that following FinOps best practices doesn't have to mean hiring a full-time, in-house FinOps team. Working with a service provider's dedicated FinOps team allows you to get quick, flexible, cost-effective access to the FinOps expertise you need. This way, you can take fast steps now that will help your startup avoid excessively high cloud costs as it grows in the future.

For useful insight into your cloud expenses and how you can keep them in check as your startup grows, reach out to Automat-it for an initial FinOps consultation.



Automat-it's Role in Accelerating Your Agentic AI Journey

Automat-it is an all-in AWS Premier Partner with the AWS Generative AI Competency, uniquely positioned to help startups succeed with agentic AI. We're dedicated to supporting fast-moving companies — helping you optimize performance and cost, reduce time to market, scale faster, build smarter, and stay competitive in the age of intelligent automation.

We offer deep, hands-on expertise across DevOps, FinOps, MLOps, GenAI, and agentic AI. Whether you're developing a proof of concept, preparing for production, optimizing cloud

spend, or launching AI services via the AWS Marketplace — Automat-it helps you move faster and smarter.

We also help you unlock AWS funding opportunities, including GenAI-specific programs, and provide tailored plans for building AI-ready infrastructure, automated pipelines, and efficient operations.

Ready to bring your agentic AI strategy to life on AWS?

Get your free AWS Agentic AI Assessment & Acceleration Plan

Contact us

Company information:

400+

AWS certifications

120+

Engineers

600+

Customers

