

CHAPTER 5

Building the Business Case for Azure

Beyond the Spreadsheet

“The most dangerous numbers in a business case are those that calculate only the cost of change while ignoring the cost of standing still.”

The previous chapter established the Cloud Adoption Framework as the operating model for transformation. Having proven what should be built, the organisation must now justify what it will cost.

EXECUTIVE PERSPECTIVE

The meeting had reached its critical moment.

We had spent three hours presenting the transformation strategy to Nordic Ventures Group’s executive committee. The Chief Information Officer had outlined the technical approach. The enterprise architects had explained the landing zone design. The programme director had described the migration methodology.

Then the Chief Financial Officer spoke.

“I understand what you want to build. I understand how you plan to build it. What I don’t understand is why we should spend eighty million euros on this instead of something else.”

The room fell silent.

This moment occurs in every transformation programme. Technical excellence earns respect. Strategic alignment earns support. But budget approval requires something different: a compelling explanation of why this investment creates more value than alternative uses of the same capital.

A business case is not a spreadsheet comparing infrastructure prices. It is a structured argument explaining how an investment will reduce cost, manage

risk, improve organisational performance, and create new opportunities for growth.

For Nordic Ventures Group, the business case must address twelve distributed datacentres, one hundred eighty applications, five factories, six thousand users, and operations across fourteen countries.

The financial target is clear: achieve a twenty-five percent reduction in operating costs. But cost reduction alone does not capture the full value of the transformation.

The Chief Executive Officer wants to understand how the investment enables international expansion. The Chief Financial Officer requires clarity on cash flow, return on investment, and financial predictability. The Chief Information Security Officer needs assurance that risk will decrease rather than increase. Factory managers want evidence that production will improve and remain stable.

The business case must speak to all of these stakeholders in their respective languages.

WHY THIS CHAPTER MATTERS

Technology investments compete for scarce organisational resources.

This reality shapes everything about how the Trusted Advisor approaches business case development. Capital allocated to cloud transformation cannot be allocated to other strategic priorities. Executive leadership requires compelling justification before approving significant expenditure.

The Trusted Advisor who cannot construct and communicate a compelling business case will not influence the decisions that determine transformation success. Technical excellence is insufficient; financial and strategic fluency is required.

I have observed brilliant architects fail to secure funding because they could not translate their vision into business language. I have observed mediocre technical

proposals succeed because they were accompanied by compelling value narratives.

This chapter develops the discipline of business case construction, showing how to quantify value across multiple dimensions, establish credible baselines, address stakeholder concerns, and present arguments that earn executive confidence.

LEARNING OBJECTIVES

Upon completing this chapter, the reader will be able to:

1. Construct a multi-dimensional business case that addresses cost, risk, productivity, agility, and growth
2. Establish a credible economic baseline against which savings can be measured
3. Quantify the economic value of security, compliance, and risk reduction
4. Connect technical debt reduction to innovation capacity
5. Present business cases in language appropriate for different executive stakeholders

ACADEMIC FOUNDATION

Business case construction draws upon several disciplines that inform how organisations evaluate investments and make capital allocation decisions.

Total Cost of Ownership

The concept of total cost of ownership emerged from recognition that acquisition price represents only a fraction of the lifetime cost of technology assets (Ellram, 1995). Comprehensive analysis must include implementation, operation, maintenance, support, training, and eventual retirement.

For cloud transformation, this principle requires comparing the complete cost structure of on-premises operation with the complete cost structure of cloud operation. Simple price comparisons—this server costs X

on-premises versus Y in cloud—obscure the true economics.

Real Options Analysis

Traditional investment analysis treats decisions as irreversible commitments. Real options analysis recognises that investments often create future flexibility that has economic value (Trigeorgis, 1996).

Cloud platforms create optionality: the ability to scale, the ability to adopt new services, the ability to enter new markets rapidly, the ability to respond to changing conditions. This optionality has value that should be incorporated into business case analysis, even when that value is difficult to quantify precisely.

Value Realisation Management

Research by John Thorp established that technology investments create value only when benefits are actively managed rather than assumed to materialise automatically (Thorp, 1998).

The business case must therefore include not only projections of value but mechanisms for ensuring that projected value is actually realised. Benefits without owners, targets, and accountability structures are aspirations rather than commitments.

IT Investment Evaluation

Research by Peppard and Ward demonstrated that information technology investments should be evaluated according to their strategic contribution rather than merely their operational efficiency (Peppard and Ward, 2016).

Investments that enable strategic capabilities warrant different evaluation criteria than investments that merely reduce operational costs. The business case framework must accommodate this distinction.

REAL ENTERPRISE STORY

The Business Case That Changed the Conversation

The transformation programme had failed twice before.

A Nordic industrial organisation had attempted cloud transformation in 2019 and again in 2021. Both attempts had been positioned primarily as infrastructure cost reduction. Both had failed to earn sustained executive support.

When I was engaged for the third attempt, I asked a simple question: why did the previous attempts fail?

“We couldn’t prove the savings,” the CIO replied. “Finance challenged every assumption. By the time we finished arguing about infrastructure costs, executives had lost interest.”

The problem was clear. The previous business cases had accepted the frame that finance had imposed: cloud transformation as an infrastructure decision evaluated on infrastructure economics.

The third attempt took a different approach.

Rather than beginning with infrastructure costs, we began with strategic constraints.

The organisation’s current technology landscape prevented rapid expansion into new markets—a priority identified in the corporate strategy. Integration of acquired companies required eighteen months—twice the industry average. Regulatory compliance consumed disproportionate resources and created ongoing risk.

We quantified these constraints in financial terms.

Delayed market entry represented estimated lost revenue. The organisation’s strategic plan called for expansion into three new markets over five years; each month of delay represented foregone revenue.

Slow acquisition integration reduced the return on acquisition investments. The organisation had acquired two companies in recent years; extended integration timelines had prevented realisation of expected synergies.

Compliance inefficiency consumed resources that could otherwise be deployed to customer-facing activities. The organisation employed more compliance staff than competitors of similar size; this premium represented an ongoing cost of the current technology landscape.

Against these strategic costs, infrastructure savings appeared relatively modest. But infrastructure savings were not the primary argument.

The business case positioned cloud transformation as an investment in strategic capability: the ability to enter markets faster, integrate acquisitions more rapidly, and maintain compliance more efficiently. Infrastructure modernisation was the mechanism; strategic enablement was the value.

Executive leadership approved the investment. More importantly, they remained engaged throughout execution because they understood how technical progress connected to strategic outcomes.

The Trusted Advisor who constructed this business case understood a fundamental principle: executives do not approve technology budgets. They approve investments in business outcomes.

THE BUSINESS CASE VALUE MODEL

A comprehensive business case addresses multiple dimensions of value. Focusing exclusively on any single dimension creates an incomplete picture that may fail to earn executive support or may set inappropriate expectations.

Direct Cost Reduction

This dimension addresses expenses that will decrease as a result of transformation.

For Nordic Ventures Group, the primary opportunity is consolidation of twelve distributed datacentres. Consolidation reduces infrastructure costs, facilities expenses, operational overhead, and vendor management complexity.

However, direct cost reduction is realised only when legacy infrastructure is actually decommissioned. Migration without retirement creates additional costs rather than savings.

Cost Avoidance

Here the value lies in expenses avoided altogether, not merely reduced.

At Nordic Ventures Group, this includes avoiding future hardware refresh cycles, reducing upcoming maintenance contract renewals, and eliminating planned datacentre capacity expansions.

Cost avoidance is often undervalued because it represents expenses that would have occurred rather than expenses that currently exist. Nevertheless, avoided capital expenditure has the same value as reduced operating expenditure.

Risk Reduction

Here the value lies in lowering both the probability and impact of adverse events.

Here, the gains include improved cybersecurity posture, enhanced regulatory compliance, better disaster recovery capability, and reduced dependency on ageing infrastructure.

Risk reduction is difficult to quantify but represents genuine economic value. Insurance premiums, incident response costs, regulatory penalties, and reputational damage all have financial consequences.

Productivity Improvement

This is where the efficiency and effectiveness of work improve.

In this organisation's case, that means integration of Microsoft 365, Dynamics 365, and enterprise services to enable more effective collaboration and decision-making for six thousand users.

Productivity improvement is often the most difficult dimension to quantify credibly. Claims should be grounded in specific capability improvements rather than generic efficiency assertions.

Agility Enhancement

This captures the speed with which the organisation can respond to opportunities and challenges.

Concretely, this translates into standardised platforms that accelerate deployment, automated processes that reduce lead times, and self-service capabilities that empower teams.

Agility has strategic value that exceeds its operational convenience. Organisations that can respond quickly capture opportunities that slower competitors miss.

Innovation Enablement

This is where genuinely new capabilities become possible.

The possibilities here include AI-driven factory optimisation, advanced analytics, predictive maintenance, and data-driven decision-making.

Innovation value should be validated by business owners rather than asserted by technology teams. Claims without business validation lack credibility.

Strategic Scalability

This measures the organisation's capacity to grow.

At scale, this enables faster market entry, more rapid acquisition integration, and the ability to grow without proportional increases in complexity.

Strategic scalability connects directly to corporate strategy. The business case should demonstrate how the platform enables strategic objectives that the current landscape constrains.

FRAMEWORK 5.1: THE VALUE DIMENSION MATRIX

Value Dimension	NVG Opportunity	Expected Business Effect	Measurement Approach
Direct Cost Reduction	Consolidate twelve datacentres	Lower infrastructure and operating costs	Run-rate comparison
Cost Avoidance	Eliminate future hardware refreshes	Lower future capital exposure	Avoided expenditure documentation

Value Dimension	NVG Opportunity	Expected Business Effect	Measurement Approach
Risk Reduction	Improve security, resilience, compliance	Reduced probability and impact of disruption	Security metrics, compliance status
Productivity Improvement	Integrate enterprise services	More effective work for 6,000 users	Adoption and satisfaction metrics
Agility Enhancement	Standardise platforms and automation	Shorter time-to-market	Deployment lead time tracking
Innovation Enablement	Enable AI and data-driven optimisation	Higher efficiency and improved margins	Use case value quantification
Strategic Scalability	Support expansion and acquisitions	Faster market entry	Integration timeline measurement

ESTABLISHING THE ECONOMIC BASELINE

Before promising savings, the organisation must understand its current total cost of ownership.

This requirement seems obvious, but its implications are challenging. Most organisations do not have comprehensive visibility into their current technology costs. Expenses are distributed across budgets, allocated using inconsistent methodologies, and obscured by historical accounting practices.

Baseline Components

Infrastructure costs include servers, storage, networking equipment, datacentre facilities, power, cooling, and physical security.

Software costs include operating systems, databases, middleware, application licences, and support agreements.

Operations costs include monitoring, incident response, change management, patch management, and backup administration.

Personnel costs include internal staff and external contractors devoted to maintaining the current environment.

Risk costs include historical incident impact, compliance remediation, audit findings, and insurance premiums.

Opportunity costs include delayed projects, constrained initiatives, and resources consumed by maintenance rather than innovation.

Without a credible baseline, the cost-reduction target becomes an aspiration rather than a measurable commitment.

TRUSTED ADVISOR INSIGHT

The baseline conversation is often uncomfortable.

Finance teams may resist the analysis because it exposes cost structures they have difficulty explaining. Operations teams may resist because it reveals inefficiencies they have tolerated. Executives may resist because it challenges assumptions embedded in previous decisions.

The Trusted Advisor must navigate this complexity with sensitivity. The goal is not to expose failures but to establish the foundation for credible value measurement.

Approach the baseline as a discovery exercise rather than an audit. Work collaboratively with finance, operations, and business stakeholders to construct a complete picture. Document assumptions transparently. Acknowledge uncertainty where it exists.

A credible baseline, even if imperfect, is more valuable than a precise baseline that lacks stakeholder acceptance. The baseline must be jointly owned by the organisation, not imposed by consultants.

THE ECONOMIC VALUE OF SECURITY AND COMPLIANCE

Security investments are often justified on the basis of fear: this could happen, that might occur, imagine if something went wrong.

Fear-based arguments are weak arguments. Executives hear many such arguments and have developed resistance to them.

The Trusted Advisor frames security differently: as protection for the organisation's ability to operate, produce, serve customers, and expand.

Economic Consequences of Weak Security

Business interruption includes the operational impact of security incidents that disrupt normal activities. For manufacturing organisations like Nordic Ventures Group, interruption can halt production lines and delay customer deliveries.

Factory downtime includes the direct financial impact of production stoppages. Manufacturing environments typically quantify downtime in revenue per hour of lost production.

Incident response includes the resources required to investigate, contain, remediate, and recover from security incidents. These costs include internal personnel, external specialists, and technology investments.

Regulatory penalties include fines and sanctions imposed by regulators for compliance failures. Under NIS2 and GDPR, these penalties can be substantial—potentially reaching significant percentages of global revenue.

Reputational damage includes the long-term impact on customer relationships, partner confidence, and market position. These costs are difficult to quantify but can exceed direct financial impacts.

Compliance as Capability

Strong compliance posture creates positive value beyond risk avoidance.

Customers increasingly require evidence of security and compliance before entering contracts. Partners are more willing to integrate with organisations that demonstrate mature practices. Regulators require less intervention when organisations demonstrate consistent compliance. Acquisitions proceed more smoothly when target organisations have strong governance.

The business case should position compliance as a competitive capability, not merely a regulatory burden.

BREAKING TECHNICAL DEBT

Technical debt consumes money, attention, and organisational capacity.

Nordic Ventures Group's one hundred forty legacy applications require skills, infrastructure, and processes that may no longer create sufficient value. Every euro spent maintaining these systems is a euro not available for innovation.

The Hidden Cost of Legacy Systems

Maintenance burden includes the ongoing effort required to keep legacy systems operational. This effort often requires specialised skills that are increasingly scarce and expensive.

Integration complexity includes the work required to connect legacy systems with modern applications and services. Legacy integration often requires custom development and ongoing support.

Security exposure includes the risk associated with systems that cannot be patched, monitored, or protected according to current standards.

Innovation constraint includes the organisational capacity consumed by legacy maintenance that could otherwise be devoted to creating new value.

Quantifying Technical Debt

Here the business case must distinguish between systems with different rationalisation decisions.

Retired systems create immediate value by eliminating ongoing costs without requiring migration investment.

Migrated systems shift costs from on-premises to cloud without fundamental change.

Modernised systems require investment but create ongoing efficiency.

Retained systems continue to consume resources but may be necessary for business reasons.

Replaced systems require investment in new solutions but may create substantial value.

Each category has different cost implications that should be modelled explicitly.

INNOVATION AND FACTORY OPTIMISATION

The full value of the transformation emerges when Nordic Ventures Group uses governed data and artificial intelligence to improve core operations across its five factories.

Potential Use Cases

Predictive maintenance uses sensor data and machine learning to predict equipment failures before they occur, enabling proactive maintenance that reduces unplanned downtime.

Production forecasting uses historical data and advanced analytics to improve demand prediction, enabling better production planning and inventory management.

Quality analysis uses real-time data to identify quality issues earlier in the production process, reducing waste and improving customer satisfaction.

Energy optimisation uses monitoring and analytics to reduce energy consumption, lowering costs and improving environmental performance.

Anomaly detection uses machine learning to identify unusual patterns that may indicate problems, enabling rapid response before issues escalate.

Waste reduction uses data analysis to identify sources of waste and opportunities for improvement throughout the production process.

Quantifying Innovation Value

Each use case should have a business owner who can validate the expected value.

Engineering estimates without business validation lack credibility. The CFO will challenge projections that come solely from technology teams.

This is where credibility is won or lost: separating proven value from pilot implementations against projected value from planned initiatives. Proven value carries weight; projected value requires justification.

THE BOARDROOM CONVERSATION

| “What’s the payback period?”

The Chief Financial Officer’s question cut through thirty minutes of value narrative.

| “Three years and two months,” I replied, “based on the conservative scenario.”

| “Conservative meaning what?”

| “Conservative meaning we achieve only eighty percent of projected datacentre savings, only sixty percent of projected productivity improvements, and none of the innovation benefits.”

She raised an eyebrow. “You’re discounting your own projections?”

| “I’m acknowledging uncertainty. The transformation will deliver value; the precise amount depends on factors we cannot fully predict. The conservative scenario represents the floor—what we can achieve even if some assumptions prove optimistic.”

| “And the upside scenario?”

| “Payback in twenty-two months, if we achieve full projected savings and realise early value from factory optimisation pilots.”

She turned to the Chief Executive Officer. “I can support this. The conservative case is defensible, and the risk of doing nothing is higher than the risk of proceeding.”

The conversation had shifted. We were no longer debating whether to invest but how to track value realisation.

FRAMEWORK 5.2: THE EXECUTIVE VALUE MATRIX

Stakeholder	Primary Question	Evidence Required
CEO	How does this strengthen growth and competitiveness?	Expansion capability, innovation enablement, strategic agility
CFO	How will value be measured and costs controlled?	TCO analysis, cash flow projections, savings roadmap, FinOps metrics
CIO	How does this reduce complexity and improve delivery?	Modernisation plan, platform metrics, operating model improvements
CISO	How does this reduce risk and support compliance?	Control coverage, incident metrics, resilience evidence
Factory Leadership	How will production improve and remain stable?	Availability targets, recovery capability, operational use cases
HR Leadership	How will people and productivity be affected?	Adoption metrics, skills development, employee experience indicators

VALUE REALISATION KEY PERFORMANCE INDICATORS

Cost Metrics

Percentage reduction in run-rate operating cost demonstrates progress toward the cost-reduction target.

Infrastructure Metrics

Facilities closed according to roadmap demonstrates datacentre consolidation progress.

Efficiency Metrics

Idle resource rate and rightsizing progress demonstrate resource optimisation.

Risk Metrics

Reduction in critical security exposures demonstrates security improvement.

Resilience Metrics

Recovery tests meeting agreed targets demonstrate disaster recovery capability.

Compliance Metrics

Percentage of controls continuously monitored demonstrates governance maturity.

Productivity Metrics

Reduction in support effort or manual work demonstrates operational efficiency.

Agility Metrics

Change in deployment lead time demonstrates delivery acceleration.

Innovation Metrics

Verified value from AI and data use cases demonstrates innovation success.

Adoption Metrics

Workloads using standardised platform capabilities demonstrate platform utilisation.

EXECUTIVE REFLECTION

A business case is not a document produced once and filed.

It is a living instrument that guides investment decisions, sets expectations, and provides the

framework for measuring success. The Trusted Advisor returns to the business case throughout transformation, validating assumptions, adjusting projections, and demonstrating progress.

Consider whether your business case demonstrates the following characteristics.

Does the value proposition address multiple dimensions, not merely cost?

Is the baseline credible and jointly owned with finance stakeholders?

Is risk and compliance value quantified, not merely asserted?

Is innovation value validated by business owners?

Does each major benefit have an owner, baseline, target, and delivery timeline?

Will value realisation be actively tracked throughout execution?

Organisations whose business cases exhibit these characteristics create the executive confidence required for sustained transformation support.

EXECUTIVE CHECKLIST

Value Completeness

1. Business case addresses cost reduction, risk, productivity, agility, and growth
2. All value dimensions are quantified with credible evidence
3. Specific concerns of each executive stakeholder are addressed

Baseline Credibility

1. Comprehensive baseline for current costs is established
2. Baseline methodology is documented and accepted by finance
3. All relevant cost categories are included

Savings Realism

1. Projected savings are based on specific, identified actions
2. Costs of transition and dual running are accounted for
3. Savings timelines are realistic given dependencies and constraints

Risk Accounting

1. Value of risk reduction is quantified
2. Risks of the transformation itself are addressed
3. Mitigation strategies are defined for significant risks

Benefit Ownership

1. Each major benefit has a named owner
2. Baselines, targets, and timelines are defined for each benefit
3. Owners are committed to benefit realisation

KEY TAKEAWAYS

Principle	Implication
Value extends beyond savings	A complete business case addresses risk, productivity, agility, and growth
Establish the baseline first	Savings cannot be proven without an agreed current-state cost model
Cloud is not automatically cheaper	Governance, rationalisation, and FinOps discipline are required
Quantify the cost of inaction	Legacy complexity has financial, operational, and strategic consequences
Retire legacy costs	Prolonged dual running destroys the economics of transformation
Measure benefits continuously	The business case must become an active value-realisation plan

Principle	Implication
Assign accountability	Every major benefit needs an owner, baseline, target, and delivery date

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TRUSTED ADVISOR PRINCIPLE

A spreadsheet calculates the price of change.

A Trusted Advisor reveals the cost of standing still.

The difference between these perspectives determines whether transformation earns investment or remains a proposal that leadership admires but never approves.

The spreadsheet shows what the cloud will cost.
The Trusted Advisor shows what the organisation will lose if it remains where it is.

One justifies a technology decision.

The other justifies a business imperative.

Never confuse which argument the board needs to hear.

A compelling business case secures funding—but funding alone never transforms an enterprise.

Execution does.