iManage
Making knowledge work

BUILDING A
BULLET-PROOF
BUSINESS CASE

FOR CLOUD

CONTENTS

EXECUTIVE SUMMARY

According to Gartner,® by 2023, 40 percent of all enterprise workloads will be deployed in cloud infrastructure and platform services, doubled from 20 percent in 2020.[1] McKinsey research indicates that large enterprises aspire to have roughly 60 percent of their environment in the cloud by 2025.[2] We believe both projections support the growing interest and appetite to move to a cloud platform, and as the momentum behind moving to cloud has increased, the conversation has shifted to defining and building the most effective business case.

MOMENTUM BEHIND
MOVING TO CLOUD

20%   40%   60%

2020   2023   2025
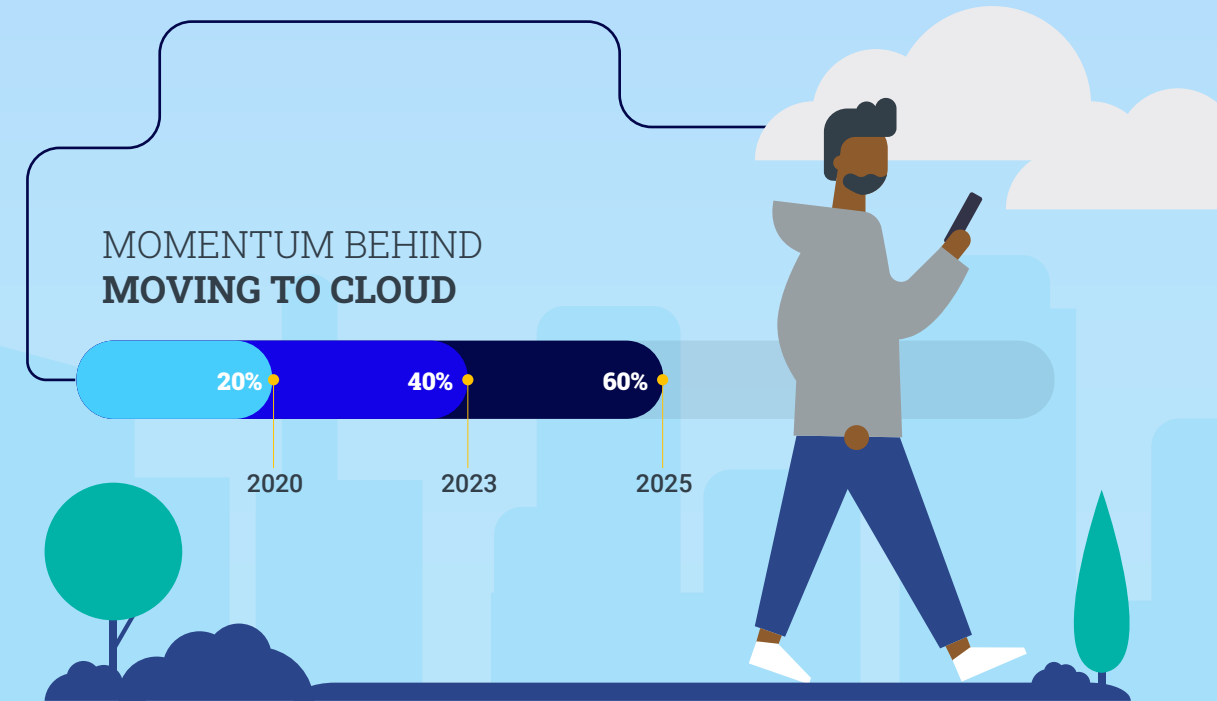
> "It's not about 'should we do it' but 'when and how' — and how you manage the risk. To justify the move to the cloud, understand the foundations for moving to the cloud."

Don Jaycox, Unbiased Consulting

A business case that justifies the move will capture executive attention, allay concerns, and ultimately persuade business leaders to fund the project. To that end, a bullet-proof plan must go beyond the IT perspective and clearly show how moving to cloud will help the organization achieve its business, operational, and strategic objectives, while improving its outcomes.

60%
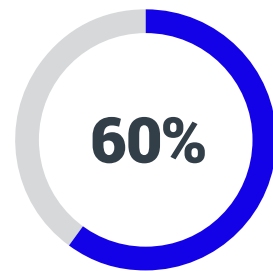
Gartner predicts that, by 2024, nearly 60 percent of IT spending on application software will be directed toward cloud technologies.[3]

And while the move to a cloud architecture is driven in part by the financial savings associated with leveraging technology infrastructure as a service, financials are only one of many considerations when building the case for a move to the cloud. Business analysts recommend a comprehensive approach that emphasizes business goals over costs. Taking a broader, benefits- or outcomes-focused view works to minimize resistance and ensure that your message is received with enthusiasm and support.

In this paper we take you through the process of building a successful business case for cloud. But we start with a little "Finance 101" to help you better understand what transitioning between CapEx (capital expense) and OpEx (operating expense) means to the business so that you can be clear about the impact with your stakeholders.

Next, we delve into working with executive leadership to identify the cloud value proposition and set expectations, followed by the critical task of spelling out the business impact to emphasize the strategic importance

of what you are proposing. This outlines how the cloud will deliver value to the organization, based on its business goals.

Then it is time to get down to the nitty gritty and start building the business case. Following an established template gives you a good start: from there you can align cloud value to your organization's business objectives, and, finally, plan to evolve the business alongside your cloud maturity.

John-David Lovelock, Research Vice President and Distinguished Analyst, stated in a Gartner Press Release, "Enterprise IT spending is recession-proof as CEOs and CFOs, rather than cutting IT budgets, are increasing spending on digital business initiatives."[4]

Your goal is to educate the decisionmakers in your organization with the information, statistics, data, and real-world experience that supports your business case for moving to the cloud. Our goal is to provide you with the knowledge and guidance you need to get this done.

PREPARING FOR BUDGET REALIGNMENT

CAPEX TO OPEX

40%

AM LAW 100 FIRMS PLANNING TO
REDUCE OFFICE FOOTPRINTS

Organizations may find the transition from CapEx-led budgeting to OpEx-led budgeting a challenge, particularly those that prefer or rely on capital expenditures.[5]

Law firms that carry expensive real estate CapEx are an example of this. In the wake of the pandemic, "nearly 40% of the Am Law 100 are planning to reduce their office footprints in the future" but at the same time, "some firms 'may seek to use their vast footprint as a differentiator' in response to their competitors," and most firms aren't planning to downsize immediately.[6]

Moving to a cloud model introduces new expense management disciplines, such as:

- Building your case for an iterative cloud strategy that anticipates budget changes related to greater variability in consumption of cloud services — and planning for them

- Putting checks in place to prevent uncontrolled consumption

- Continuing to fund and support on-premises solutions while making the cloud decision, or when migrating in phases, to avoid getting saddled with costly and risky technical debt

Pilot and ramp options are worth considering. Unlike on-prem solutions where a rollout may take months (and could also take months to roll back if it isn't meeting your needs), in the cloud you may be able to start small with a pilot and essentially flip a switch to roll it out to the larger organization, later. This makes your transition more seamless and cost effective with minimal impact to the business.

Cloud means a shared responsibility matrix where, as your service level rises, the provider's share steadily grows. This is highly significant due to the full spectrum of protections that may be gained. For example, when the cloud is hosted on Microsoft Azure — a company that spends billions per year on security scale and performance — your risk is substantially reduced, and compliance is consistently strong.[7]

Finally, take care to understand the entire tech stack before you transition. Whether your strategy is to tackle the most complex application conversion first and get it behind you or to start with the least complex and build your momentum, have a plan in place to monitor progress for each application as you go. Measurable gains hold the attention of senior leadership and build support for future requests.
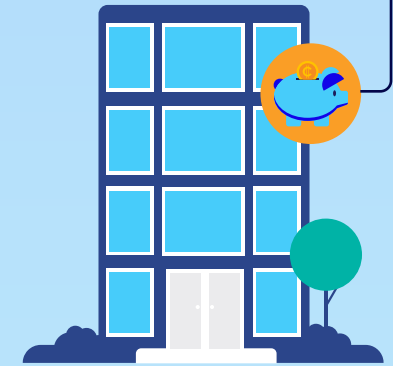
DON'T SOFT-PEDAL WHAT STAYING ON-PREMISES MEANS

Since the potential damage in risk and compliance exposure goes far beyond dollars, be sure to include the whole burden of that exposure in hard numbers. Include rising insurance premiums, data residency requirements, disaster recovery plans, the expense of segregating data, and the labor cost and skillset needed to build and maintain on-prem systems and infrastructure.

SETTING EXPECTATIONS

CLOUD VALUE AS AN EVOLVING PARADIGM
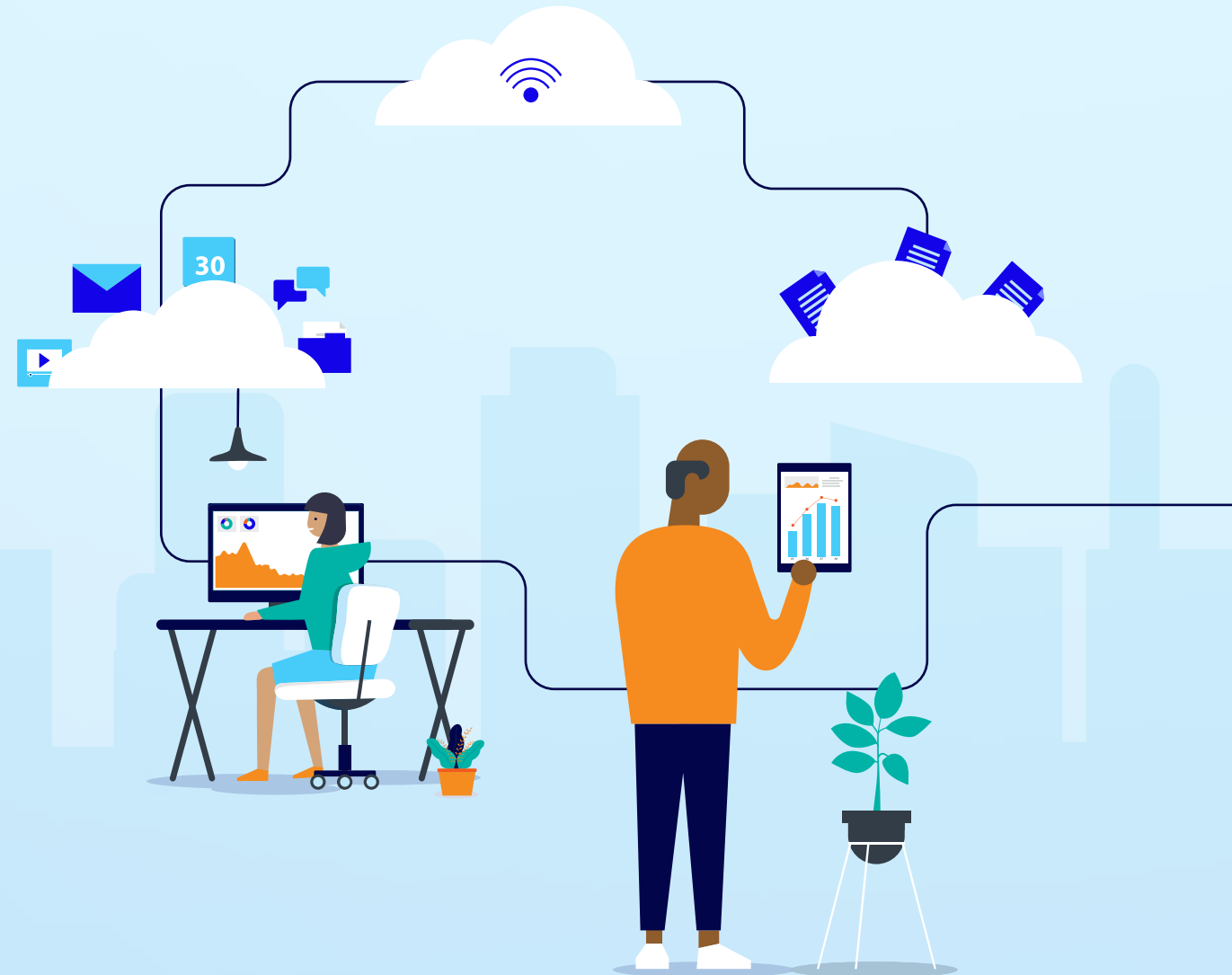
Know your why, as well as the how. Making a successful business case for cloud requires a thorough understanding of the specific advantages cloud brings to your organization.

Researching cloud characteristics, growth trajectory, and trends can help you identify new capabilities, security advantages, and accessibility benefits that are conferred exclusively in the cloud. But they don't become selling points until you can articulate how these benefits deliver on the business goals your stakeholders are targeting.

Beware of minimizing the scope of your project in the short term, only to incur huge losses long term, by proposing a "lift and shift" procedure alone. McKinsey Digital found that, while lift and shift yields some value, the economic returns are marginal because you are not leveraging the best technologies enabled by the cloud. You are simply moving your problems from one space to another.[8]

Cloud is not a single application strategy; a holistic, cloud-first approach for the entire organization is needed to ensure success. It is important that you make this clear by articulating cloud value as an evolving paradigm.

Use care not to place too much emphasis on cost reductions. While cost savings from cutting out server equipment purchases and maintenance are real, cloud migration has expenses, as well. According to Gartner, "Although companies embrace the public cloud for many reasons, at least two-thirds are expecting to lower their overall IT operating costs. Despite these goals, many clients tell Gartner that their cloud efforts so far have not produced the ROI they expected, often due to flaws in their original business cases."[9]

"Inflation is top of mind for everyone. Central banks around the world are focusing on fighting inflation, with overall inflation rates expected to be reduced through the end of 2023. However, the current levels of volatility being seen in both inflation and currency exchange rates is not expected to deter CIOs' investment plans for 2022," John-David Lovelock, distinguished research vice president, stated in a Gartner Press Release. "Organizations that do not invest in the short term will likely fall behind in the medium term and risk not being around in the long term."[10]

Gartner advises starting from a proven template that incorporates the appropriate costs, benefits, and operational risks.[11] "Many business executives have limited comprehension of what public cloud actually means from a financial perspective," Gartner writes. "Executives don't always appreciate the radically different contract and pricing structures and the associated nuances of the contracts. It is not always clear exactly what organizations are contracting for and what the full financial implications are."[12]

SPELLING OUT THE
BUSINESS IMPACT

SCALABLE, RESILIENT, AND AGILE

When you build the business case for cloud, emphasize the strategic importance of what you are proposing.

The 2023 Gartner CIO and Technology Executive Survey of over 2,000 CIOs found that they are being tasked with accelerating time to value on digital investments.[13] So make clear the value it brings to the business and, for good measure, demonstrate that your plan covers all reasonable contingencies.

Go for big insights, not big data. Putting the right people, skills, and technology to work with your data in the cloud can help you generate smart, actionable insights that have a huge impact on your business.

" The executive committee, the board, and the partnership realized that technology is no longer just a supporting part of our business, but actually a strategic enabler."

Warren Hero, CIO, Webber Wentzel

Show how investing in a scalable cloud platform that supports foundational services, resiliency patterns, and security as code is key to resolving your organization's technology issues, creating safe and high-performing cloud applications. With an agile product operating model to build foundational services, FinOps can reduce cloud application costs by 30 percent or more.[14]

Cloud business cases that focus solely on infrastructure and operations may fail to include hidden costs or anticipate and mitigate any associated risks. Best to proactively call these out and neutralize them to all extents possible.

End-user adoption, for example, or more specifically the lack of it, can cause an otherwise well-laid plan to fail. Usage is key to the realization of benefits in any big change, and buy-in from senior leadership through every level of management is critical to strong adoption. Omitting change management from your business plan could jeopardize the success of your cloud conversion.
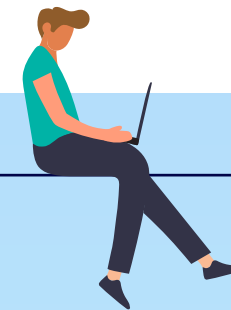
" We initially onboarded three tech-savvy paralegals, then gradually rolled iManage out to more people. Peer learning is hugely powerful, and knowing there was someone a few desks down who could provide a quick response if they got stuck was really helpful to streamline user adoption."

**Tom Esker, IT Manager
Wyatt Early Harris Wheeler**

To build a business case that brings in sustained returns from the cloud:

- **Promote a cloud-first strategy** that encompasses the whole tech stack and range of applications, emphasizing cloud-specific capabilities like advanced security, scalability, strong performance, and a better user experience.

- **Lay out a multiyear roadmap** with milestones, both to celebrate progress and to introduce new capabilities that end users can look forward to.

- **Equip process owners and advocates with messaging** to initiate and sustain an educational dialogue with leadership and end users over the entire term that the roadmap covers.

You may only have one chance in a budget year to persuade the executive team, so it makes sense to consider every angle before you move forward. To gain the support of decision makers, you must build a solid case with messaging that warrants their attention. This is the next step in securing the funding you need.

"
When you can paint that picture of having everything at your fingertips, secured, and accessible to the right people at the click of a button, I think it paints a business use case that all business leaders can understand well."

Joe Fousek, Chief Information Officer Bond, Schoeneck & King

BUILDING A BUSINESS CASE

FOR CLOUD VALUE OVER ALL

Fight the temptation to compare a subscription cost to the cost of support services. There is not a straight-up comparison to be made between an on-premises system and a cloud platform.

Although many want the business case for cloud to be a simple exercise of building an ROI calculator in Excel, plugging in annual subscription costs and comparing them to annual support costs, this calculation does not go far enough.

The on-prem to cloud platform comparison fails to consider:

- Cost of workload migration
- Application modernization
- Organization transformation
- Improved business KPIs

When you move to a cloud platform, your provider is rigorously managing your solution. This includes 24/7 monitoring for performance and security, access to the latest features and functionality, and — if you've done your homework and fully understood the business objectives — this new approach should be improving the business.

To reiterate, a single spreadsheet or presentation, however detailed, won't deliver the type of company-wide transformation that cloud can be a springboard to. It emerges more gradually, through discussions around business processes, budgets, objectives, and drivers.

"We didn't move to the cloud to save costs. We moved to the cloud in order to realize the innovation premium."

Warren Hero, CIO, Webber Wentzel

For a smart, measured approach, we suggest three steps, outlined below.

STEP 1:
Follow an established template

Why blaze a new trail when so many organizations have already moved to the cloud and are happy to share their best practices? Rely on trusted business consultants, the experience of companies or firms like yours, and leading industry advisors to ensure that your business case is reasonable and attainable.

Evaluate your current state "as-is." This should be done long before you attempt to secure project funding. Honest self-assessment enables you to better estimate the cost and — importantly — the complexity of the move to the cloud. It also improves your ability to set expectations with executive stakeholders. Sample questions follow — answer with all possible candor for best results:

Cost of workload migration[15]

- What is the condition of your data?
- Where is your data stored?
- How consistently have people followed governance policies?

Application modernization[15]

- What applications are people using that aren't sanctioned by IT?
- What applications are integrated?
- Are those applications supported in the cloud with a cloud-first bias?

Cloud means IT is significantly reducing supply chain complexity as they no longer source all of the on-prem hardware and software. Time and investment are needed to master new ways of purchasing, deploying, automating, securing, and optimizing IT resources. Teams need to re-skill staff and invest in understanding this new deployment model.

Organization transformation[15]

- What is the overall level of openness to change?
- How quickly have other new tools been adopted?
- What level of support is leadership likely to provide?

Failing to realize the projected benefits of moving to the cloud can occur for any number of reasons. If this happens, the CIO may be tempted to hold the cloud provider responsible, or even to change providers mid-project — but the hard truth is that a half-baked plan isn't going to hit targeted outcomes, no matter who the provider is.

Keep in mind that an organization's comfort level with cloud-first strategy grows as everyone becomes more skilled in using cloud technologies. Some of the savings accrue over time, rather than all at once.

Improved business KPIs[16]

Realizing new revenue streams and improving KPIs are critical to the business as you look to compete with peers making the move. It is therefore imperative that you understand your organization's business objectives and align across all business stakeholders BEFORE you begin the move to the cloud.

If you fail to align with the business objectives and create a cloud-first strategy across the business, the cost effectiveness of your cloud migration is likely to be less than ideal. Differentiate yourself by leveraging cloud more rapidly and more effectively than your competitors. As you gain insights through cloud-based applications you can use them to create new business opportunities, develop new products, or improve your existing services.

STEP 2:
Align cloud value to your organization's goals

This cannot be overstated. IT leaders can build a compelling business case and get the funding they need by identifying the business objectives their executives care about and showing the positive impact a cloud infrastructure will have on these objectives.[17]

Improved client service and better security generally rank near the top of the list, but others often cited include:

- Meeting global compliance standards
- Improving accessibility
- Scaling the business
- Increasing the talent pool
- Creating attractive new pricing models
- Entering new markets

As peers in the industry move to adopt cloud capabilities, the threat of falling behind is real and growing. When organizations approach cloud migration solely as the adoption of new technology, they seriously underestimate the value the cloud can unlock in the form of capabilities that simply aren't available on-prem.

Organizations that recognize and take advantage of this value are poised to dominate in their markets. McKinsey's research indicates that 75 percent of cloud value comes from business enablement, not cost reduction.[18] Setting your goals around enablement virtually guarantees a better outcome than many of your competitors.

The advantages don't end there.

Many organizations struggle to keep up with the latest security protections — regularly checking for vulnerabilities, installing patches for bugs, and securing access to client or company information. Ransomware and other cybersecurity threats are increasingly perpetrated by minor players who buy ransomware as a service (RaaS), or what amounts to "ransomware for dummies" on the dark web — meaning that sophisticated hacker skills are not needed. This opens the field for even more malicious actors, and the damage — both financially and reputationally — can be catastrophic.[19]

Cloud service providers perform all these security tasks as normal operating procedure. But 24/7 cloud infrastructure security managed by a vendor that spends billions on bleeding edge capabilities cannot be replicated on-prem.

Security isn't an option for Microsoft Azure, it is their business — and they're investing $20B over 5 years to stay ahead of the hackers. If your provider's platform is on Azure, your company becomes the beneficiary of that investment.[20]
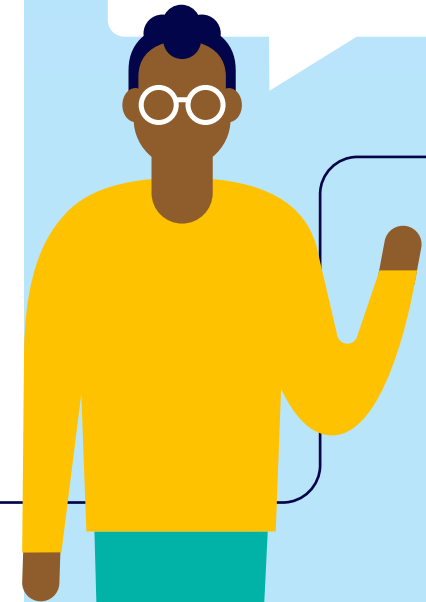
STEP 3:
Grow alongside your cloud maturity

Think of your shift to the cloud not as a "one and done" event, but as a process. Your business case should accommodate an overlap of technologies as your cloud capabilities evolve to meet new business objectives.

In a gradual transformation, metrics that present quickly are helpful, such as:

- Application development and launch

- Faster release cycle velocity

- Faster security and compliance audits

- Quality improvements such as reduced service requests and downtime for system upgrades

IT can begin to operate in a continuous cycle of incremental implementation, making the team even more effective with all the learnings from previous implementations. And the entire organization grows and evolves with the deployment of new applications that enable new workflows or ways of working.

In addition, funding can be staged alongside the deployment to give stakeholders visibility into the iterative staged approach so they can appreciate this new business model. Staging investments makes it easier to manage risk.

And don't overlook the cost benefit of cloud-based innovation. Teams in the cloud can try out new applications and technologies with minimal investment, exploring new capabilities looking for the best productivity boost or to solve a vexing problem. You can ramp up quickly from a pilot — or walk away if the application does not meet the business objectives — with minimal impact to the business.

"
Without cloud you won't be able to use the leading technologies or have the most innovative capabilities."

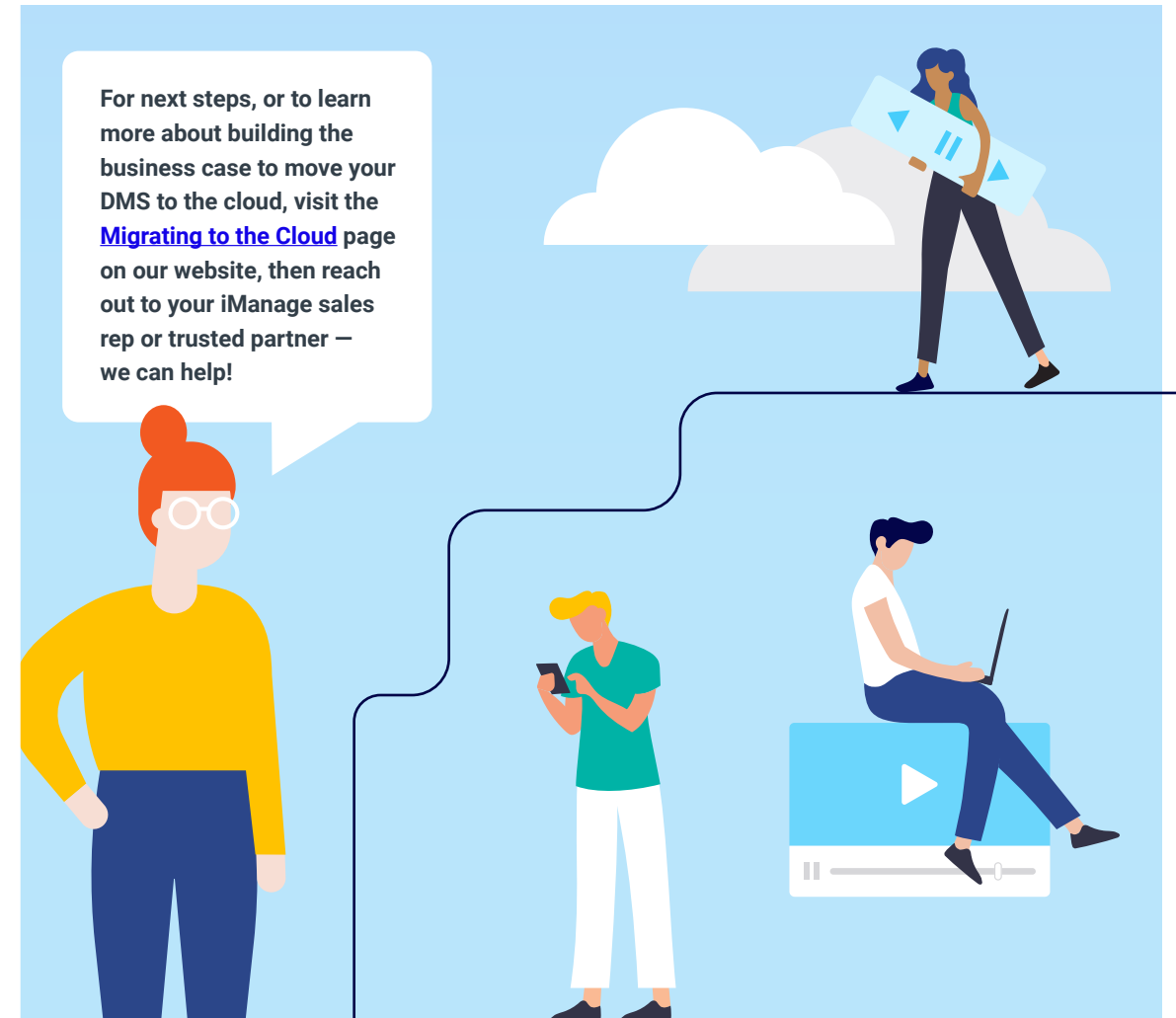**Don Jaycox, Unbiased Consulting**

FROM OLD MYTHS

TO NEW REALITIES

Cloud can and should be transformative across an entire organization, making it pivotal that any business case for a move to the cloud offers targeted information in sufficient detail to answer related questions or serve as a catalyst to productive discussion.

Even if implementing a cloud platform is presumed by many to be a foregone conclusion, treating it as such is a risky path that has led to the rejection of many a business case for implementing cloud technologies. It is far safer to be equipped with an effective business case and messaging that is compelling to all decision makers. Selling messages are critical when building a successful business case for cloud to convey enthusiasm to others and to sustain interest in the project at all levels.

Learning how the shift to cloud is likely to impact your business, your operating expenses, and your overall budget helps you anticipate and communicate changes ahead of time while addressing concerns in advance and avoiding unnecessary risks or complications. A comprehensive plan to implement a cloud platform that prioritizes impact, scalability, and agility will replace old myths with new realities and capture maximum value.

For next steps, or to learn more about building the business case to move your DMS to the cloud, visit the **Migrating to the Cloud** page on our website, then reach out to your iManage sales rep or trusted partner — we can help!

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CLOUD MYTHS ❯

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