Cost Management - Project Initiation

Business Motivation

Driver	**Optimisation of IT Infrastructure and Cost Management through Cloud Migration** As the organisation seeks to reduce the high costs, inefficiencies, and inflexibility of on-premises IT infrastructure, transitioning to the cloud presents an opportunity to enhance financial control, operational performance, and agility. This transition is driven by the need for cost-effective, scalable, and future-proof technology solutions that align with the evolving needs of the business.
Goal	**Achieve a Cost-Efficient, Predictable, and Scalable IT Environment** Our primary goal is to migrate to a cloud infrastructure that reduces capital expenditures, provides financial flexibility, and ensures predictable operating costs. In addition, we aim to enhance IT performance, streamline operations, and deliver measurable returns on investment, all while adhering to strict budget controls.
Outcome	1. **Cost Efficiency and Financial Flexibility (CFO) -** Transitioning to a cloud model should reduce upfront capital investment and shift to a predictable, manageable pay-as-you-go expense model. This should enable us to scale IT costs in alignment with real-time business needs, improving financial flexibility. 2. **Operational Improvement and ROI (CEO) -** The migration should result in a clear improvement in operational performance and business agility, reducing IT complexity and increasing the overall return on investment (ROI). This includes boosting productivity through faster, more reliable systems that can be scaled to support growth. 3. **Operational Cost Reduction (COO) -** By adopting cloud technologies, the company should be able to reduce ongoing operational costs by streamlining IT processes and eliminating inefficiencies tied to legacy systems. This will free up resources for more strategic business initiatives. 4. **Budget Adherence and Financial Oversight (Finance Director)** - Cloud migration must be executed within the defined budget, ensuring there are no cost overruns during or after the transition. This will involve strong financial controls and continuous monitoring to keep expenditures aligned with forecasts. 5. **Vendor Cost Management (Procurement) -** Cloud contracts should be carefully negotiated to obtain the best value for services, with clear cost controls in place to prevent unexpected expenses or hidden fees. This will ensure long-term cost predictability and prevent vendor lock-in, enabling us to adapt to changing business needs without undue financial burden.

This table consolidates all of the stakeholders' business motivations related to this capability. It effectively encapsulates the high-level business requirement for the capability

The Cost Management capability drives cost efficiency, optimises resource utilisation, and ensures the stability and longevity of critical systems. By focusing on structured processes such as assessment, budgeting, vendor management, and maintenance, organisations can reduce operational costs, mitigate risks, and improve decision-making through data-driven insights. Ultimately, this results in sustained system performance, reduced downtime and enhanced strategic alignment between financial planning and operational requirements.

Capability Value Stream

Process	Description	Objective	Outcome
Assessment of Legacy Systems	Regularly assess the performance and costs associated with existing legacy systems.	Identify cost drivers, inefficiencies, and potential areas for cost reduction.	Comprehensive understanding of where operational costs are highest, enabling targeted cost-reduction strategies.
Budgeting and Financial Planning	Develop and manage budgets for maintaining legacy systems, including capital expenditures (CapEx) for hardware upgrades and operational expenditures (OpEx) for support and maintenance.	Ensure that financial resources are allocated effectively to maintain system uptime while controlling costs.	Controlled and predictable operational costs, with budgets aligned to strategic cost management goals.
Vendor Management and Contract Negotiation	Negotiate and manage contracts with legacy system vendors, hardware suppliers, and support service providers.	Optimise vendor contracts for better pricing, payment terms, and service levels.	Reduced costs through more favourable contract terms and effective vendor relationship management.
Resource Allocation and Utilisation	Allocate IT resources (e.g., servers, storage, network bandwidth) based on usage patterns and system requirements.	Maximise resource utilisation to avoid wastage and reduce operational costs.	Improved efficiency in resource usage, leading to lower operational costs and reduced wastage.
System Maintenance and Upgrades	Conduct regular maintenance and necessary upgrades to legacy systems to ensure reliability and compliance.	Minimise downtime and the risk of costly failures while keeping systems compliant with regulatory standards.	Reduced operational disruptions and extended system life, leading to cost savings in the long term.
Process Optimisation	Review and streamline operational processes to reduce manual interventions and improve efficiency.	Identify and eliminate inefficiencies in workflows related to legacy systems.	Lower labour costs and increased operational efficiency through automation and process improvements.
Energy and Facilities Management	Manage energy consumption and facilities costs for running on-premises data centres.	Implement energy-saving initiatives and optimise facility use to reduce overheads.	Lower energy and facilities costs, contributing to overall operational cost reduction.
Risk Management and Mitigation	Implement risk management strategies to prevent costly system failures and data breaches.	Reduce the financial impact of unexpected incidents by proactively managing risks.	Decreased likelihood of costly disruptions, leading to more stable and predictable operational costs.
Reporting and Performance Monitoring	Regularly monitor and report on operational performance and cost metrics.	Provide visibility into cost drivers and areas for improvement, enabling informed decision-making.	Enhanced ability to manage and reduce operational costs through data-driven insights and continuous monitoring.

This table outlines key processes, their descriptions, objectives, and outcomes for managing and optimising a specific capability within an organisation. Each row provides a framework for identifying and addressing the operational needs, cost drivers, risks, and efficiency improvements associated with the capability. To adapt this for a different capability, replace the processes with those relevant to the new focus area, ensuring that the descriptions, objectives, and outcomes reflect the desired goals and performance metrics for that capability.

Security Attribute Mapping

Business Attribute	Stakeholder	Requirement	Reasoning	Security Attribute	Security Description
Cost Efficiency	CFO	We need to transition from our high-capital IT investments to a more cost-efficient cloud model with lower upfront costs.	The CFO is focused on reducing the capital expenditures associated with traditional IT by shifting to a cloud model that emphasises lower initial costs and ongoing operational expenses.	**Risk-Based Spending**	Implementing security measures that are risk-driven, ensuring cost-effective controls that target high-risk areas while avoiding unnecessary capital expenses.
Predictable Operating Costs	CFO	The shift to the cloud must provide predictable and manageable operating expenses, reducing the financial volatility we see with on-premises infrastructure.	The CFO values the ability to forecast and control expenses better with the cloud's pay-as-you-go model, as opposed to the unpredictable costs of maintaining on-premises systems.	**Cost-Effective Security**	Deploying security services in a cloud model with predictable subscription fees, enabling accurate forecasting of security costs and reducing the uncertainty associated with maintaining on-premises security infrastructure.
Return on Investment (ROI)	CEO	Our move to the cloud should deliver a clear and measurable return on investment, reducing our overall IT spending while improving performance.	The CEO expects the cloud transition to not only lower costs but also to enhance business performance, thereby ensuring the investment yields a strong ROI.	**Security Investment ROI**	Ensuring security investments yield measurable returns, such as reduced breaches, faster incident response times, and lowered operational risk, demonstrating the value-add of security to the overall cloud strategy.
Cost Reduction	COO	The transition to the cloud must help us reduce operational costs by streamlining processes and eliminating the inefficiencies of legacy systems.	The COO aims to leverage cloud technologies to drive down operational costs by removing the inefficiencies inherent in maintaining outdated IT systems.	**Efficiency in Security**	Leveraging cloud-native security solutions to automate and streamline security processes, reducing manual intervention and overall costs associated with legacy security management systems.
Financial Flexibility	CFO	We need to maintain the flexibility to scale our cloud usage up or down based on business demands without long-term financial commitments.	The CFO is focused on the cloud's ability to offer financial flexibility, allowing the organisation to adjust expenses in real time according to current business needs.	**Scalable Security**	Security controls that can scale with the organisation's cloud usage, ensuring that as workloads and resources grow or shrink, security measures adjust accordingly without significant additional costs or financial commitments.
Budget Adherence	Finance Director	Our cloud migration strategy must include strict budget controls to ensure that we do not exceed our planned expenditure during and after the transition.	The Finance Director requires stringent financial oversight during the cloud transition to prevent cost overruns and ensure that spending stays within the approved budget.	**Security Budget Control**	Establishing clear budgeting for security initiatives, ensuring that the migration includes cost-effective security investments, and maintaining financial discipline to prevent exceeding planned security expenditure during the transition to the cloud and post-migration operations.
Vendor Cost Management	Procurement	We need to negotiate cloud service contracts that provide the best value and include cost controls to prevent unexpected charges.	The Procurement Manager is focused on managing the cost aspect of cloud service contracts, ensuring that the organisation gets the best value while avoiding hidden or unexpected fees.	**Third-Party Risk Control**	Managing risks associated with cloud vendors by including clear security requirements in contracts, ensuring that the organisation is protected from hidden vulnerabilities, compliance issues, or the cost of mitigating vendor-related security incidents.

This table provides a clear mapping between business attributes and associated security attributes, illustrating the interplay between organisational goals and security considerations. Its purpose is to help organisations align their security strategies with business objectives when introducing new capabilities or transitioning to cloud services. By identifying security risks tied to each business attribute, the table enables stakeholders to anticipate potential vulnerabilities and ensure that security controls are implemented to protect critical assets while supporting business priorities. This structured approach fosters a smoother integration of new capabilities, balancing operational goals with robust security measures.

Requirements and Test Cases

No.	Requirement	Justification	MOSCOW	Test Case
1	The system **must** perform assessments of legacy systems with **minimal performance impact** during business hours.	To avoid disruption to operational systems and ensure business continuity.	Must	Schedule an assessment during peak hours and monitor system performance to ensure no significant degradation occurs.
2	Assessment reports **should** be generated within **2 hours** after data collection completes.	Timely reporting enables quick decision-making and identification of cost reduction opportunities.	Should	Complete an assessment and verify that the report is available within 2 hours of completion.
3	The assessment tool **could** provide **automated recommendations** for cost reduction based on the assessment data.	Enhances the value of assessments by suggesting actionable insights.	Could	Run an assessment and check if the generated report includes cost reduction recommendations.
4	Budget forecasts **must** have an accuracy of within **5%** of actual expenditures.	Accurate budgeting is critical for financial planning and resource allocation.	Must	Compare budget forecasts with actual expenditures over a period to ensure discrepancies are within 5%.
5	The budgeting system **must** support tracking of both **CapEx and OpEx**.	Enables comprehensive financial management of capital and operational expenses.	Must	Input CapEx and OpEx items into the system and verify that both are correctly tracked and reported.
6	The budgeting process **should** be completed within **one week** of the start of the budgeting cycle.	Ensures financial plans are in place promptly, supporting timely decision-making.	Should	Initiate a budgeting cycle and verify that the process is completed within one week.
7	The system **must** securely store and manage all vendor contracts.	Protects sensitive contractual information and ensures compliance with data security policies.	Must	Upload vendor contracts and verify that access controls and encryption are in place to protect the data.
8	Contract renewals **should** trigger alerts **30 days** before expiration.	Allows sufficient time to negotiate terms and prevent lapses in service.	Should	Set contract expiration dates and confirm that alerts are sent to responsible parties 30 days prior to expiration.
9	The system **could** provide analytics on **vendor performance and costs** to aid in negotiation.	Supports informed decision-making in vendor negotiations and relationship management.	Could	Review vendor analytics reports and verify the availability and accuracy of performance and cost data.
10	Resource allocation decisions **must** be based on **real-time usage data** to ensure optimal utilisation.	Prevents over-provisioning and under-utilisation, reducing operational costs.	Must	Adjust resource allocation based on current usage and verify that allocations align with real-time data.
11	The system **should** automatically adjust resources during **non-peak hours** to reduce costs.	Automates cost savings by scaling down resources when demand is low.	Should	Monitor resource utilisation during off-peak hours and confirm that resources are scaled down appropriately.
12	Utilisation reports **must** be generated **daily** to provide continuous visibility.	Enables timely adjustments and continuous monitoring of resource usage.	Must	Check that daily utilisation reports are generated and accessible to relevant stakeholders.
13	System maintenance **must** be scheduled during predefined **maintenance windows** to minimise business disruption.	Minimises impact on business operations and ensures users are aware of potential downtime.	Must	Schedule maintenance activities and verify they occur only during the designated maintenance windows.
14	Upgrades **should** be **backwards compatible** with existing legacy systems.	Ensures continuity and reduces the risk of system incompatibility, preventing additional costs.	Should	Perform an upgrade and test legacy system functionality to ensure compatibility and no loss of service.
15	Maintenance activities **must** have a **rollback plan** in case of failure.	Allows quick recovery from unsuccessful maintenance, reducing downtime and associated costs.	Must	Simulate a failed maintenance activity and execute the rollback plan, verifying that the system is restored to its previous state.
16	Process changes **must** be tested in a **controlled environment** before deployment to production.	Prevents unforeseen issues in production, ensuring system stability and reliability.	Must	Implement process changes in a test environment and validate that no negative impacts occur before deploying to production.
17	Automation tools **should** be used to reduce manual interventions by **30%** within the next year.	Increases efficiency and reduces the potential for human error, leading to cost savings.	Should	Implement automation for repetitive tasks and measure the reduction in manual interventions over time.
18	Optimised processes **could** be **documented and shared** across teams to promote best practices.	Encourages knowledge sharing and continuous improvement throughout the organisation.	Could	Document an optimised process and verify its accessibility and usefulness to other teams through feedback and adoption rates.
19	Energy consumption **must** be monitored in **real-time** to identify inefficiencies promptly.	Enables immediate corrective actions, reducing energy costs and environmental impact.	Must	Check real-time energy monitoring dashboards and verify data accuracy and timeliness.
20	The system **should** achieve a reduction in energy consumption by **15%** within one year through optimisation initiatives.	Aligns with cost reduction goals and supports environmental sustainability efforts.	Should	Implement energy-saving measures and compare energy consumption data before and after over a one-year period to assess the reduction.
21	Facility utilisation reports **must** be generated **monthly** to identify opportunities for consolidation.	Provides insights into space utilisation, contributing to cost savings through better facilities management.	Must	Generate monthly facility reports and verify their accuracy and completeness.
22	Critical systems **must** have a **Recovery Time Objective (RTO)** of less than **2 hours** to minimise downtime impact.	Reduces operational disruptions and associated costs by ensuring quick recovery from failures.	Must	Simulate a critical system failure and ensure that the system is fully operational within 2 hours.
23	Security incidents **must** be detected and responded to within **30 minutes** to mitigate risks promptly.	Minimises the potential financial impact and data loss from security breaches.	Must	Simulate a security incident and verify that detection and initial response occur within the 30-minute timeframe.
24	Risk assessments **should** be conducted **quarterly** to proactively identify and address potential issues.	Regular assessments help in early identification of risks, reducing the likelihood of costly incidents.	Should	Schedule and conduct quarterly risk assessments, ensuring completion and proper documentation of findings and mitigation plans.
25	Performance dashboards **must** update every **15 minutes** with the latest data to provide near real-time insights.	Enables prompt decision-making based on current performance and cost metrics.	Must	Check the dashboard updates and verify that data reflects activities within the last 15 minutes.
26	Reports **should** be **customisable** to meet the needs of different stakeholders, including executives and technical staff.	Enhances the relevance and usability of reports, improving stakeholder engagement and decision-making.	Should	Customise a report and ensure it meets specific stakeholder requirements, gathering feedback on its usefulness and clarity.
27	Historical performance data **must** be retained for at least **2 years** to support trend analysis and long-term planning.	Provides a basis for identifying patterns over time, informing strategic decisions and cost management strategies.	Must	Access historical data older than two years and verify its availability, integrity, and accessibility for analysis purposes.

This table captures the non functional requirements and provides a test case for the given requirement. This will help inform the selection of the technology products used to support the capability.

Roles and Responsibilities associated with the Capability

No	Role	Responsibilities	Activity
1	**Cost Management Coordinator**	This person is responsible for the overall strategy and implementation of the cost management program in the cloud. They work with other departments to ensure that cloud costs are controlled and optimised.	Ensures strategic alignment of cloud cost management with processes like *Assessment of Legacy Systems* and *Budgeting and Financial Planning*. Coordinates OpEx and CapEx management, identifies inefficiencies, and oversees cost-reduction initiatives across departments.
2	**Cloud Finance Specialist**	This person is responsible for tracking and monitoring cloud costs, including the cost of cloud services, data transfer, and other expenses associated with using the cloud. They provide financial analysis and guidance to help the organisation optimise its cloud costs.	Oversees *Budgeting and Financial Planning*, working closely with procurement on *Vendor Management and Contract Negotiation*. Tracks and analyses cloud costs to align them with resource allocation and optimise financial resource utilisation.
3	**Cloud Operations Specialist**	This person is responsible for managing the day-to-day operations of the cloud environment, including monitoring usage and resource utilisation. They work with the cloud finance specialist to ensure that cloud costs are optimised and that the organisation is not overspending or underutilising resources.	Focuses on *Resource Allocation and Utilisation*, *System Maintenance and Upgrades*, and *Process Optimisation* to ensure efficient cloud operations. Minimises downtime, optimises cloud resource usage, and reduces manual interventions to drive operational cost efficiency.
4	**Cloud Security Specialist**	This person is responsible for ensuring the security of the cloud environment, including controlling access to cloud services and protecting sensitive data. They work with the cloud finance specialist to ensure that security costs are optimised and that the organisation is not overspending on security.	Manages *Risk Management and Mitigation* by reducing the financial impact of unexpected incidents. Works to balance security needs with cost efficiency, ensuring that security investments align with cost management strategies while preventing costly disruptions.
5	**Cloud Procurement Specialist**	This person is responsible for purchasing cloud services and negotiating contracts with cloud service providers. They work with the cloud finance specialist to ensure that the organisation is getting the best value for its cloud investment.	Focuses on *Vendor Management and Contract Negotiation*, ensuring favourable pricing and terms for cloud services. Works with the finance and operations teams to ensure that cloud services and infrastructure purchases align with cost-saving objectives and energy management initiatives.

This table describes the different roles that will need to be established to operate and maintain the capability.

Capability Performance Metrics

No	Scope	Description	KCI	KRI	KPI - Green	KPI - AMBER	KPI - Red	Data Source	Source Details
1	**Cloud Cost Variance**	Measures the difference between budgeted and actual cloud expenditure over a specific period.	Compliance with budgeting policies	Budget overruns	Variance ≤ 5% of budget	Variance between 5% and 10% of budget	Variance > 10% of budget	Azure Cost Management + Billing Details:	Use Azure Cost Analysis and budgets within Cost Management to compare actual spending against the set budget for a given period.
2	**Resource Utilisation Rate**	Percentage of allocated cloud resources that are actively used.	Efficiency of resource allocation	High idle resource rate	Utilisation ≥ 80%	Utilisation between 60% and 80%	Utilisation < 60%	Azure Monitor, Azure Advisor, and Azure Metrics	Collect metrics related to CPU, memory, network usage, and more for various resources. Azure Advisor provides recommendations for underutilised resources.
3	**Cost per User/ Transaction**	Average cost incurred per user or transaction on cloud services.	Effectiveness of cost controls	Increasing cost per user	Decreasing trend over time	Stable costs over time	Increasing trend over time	Azure Cost Management + Billing, Application Insights (for transaction tracking)	Use Cost Management reports to track costs, and Application Insights to monitor the number of transactions or users, enabling a calculation of average cost per user/ transaction.
4	**Savings from Cost Optimisation**	Total monetary savings achieved through cost optimisation initiatives.	Effectiveness of optimisation efforts	Savings not realised	Savings meet or exceed targets	Savings below target by up to 10%	Savings below target by more than 10%	Azure Cost Management, Azure Advisor	Track recommendations from Azure Advisor for cost optimisation (e.g., reserved instances, removing unused resources) and compare pre- and post-implementation costs.
5	**Time to Detect Cost Anomalies**	Average time taken to identify unexpected spikes or anomalies in cloud costs.	Efficiency of cost monitoring tools	Delayed detection of cost spikes	Detection within 1 day	Detection within 2 days	Detection takes more than 2 days	Azure Cost Management, Azure Monitor	Set up alerts for cost anomalies in Cost Management and use Log Analytics in Azure Monitor to track the time taken to detect and respond.
6	**Time to Decommission Unused Resources**	Time taken to shut down unused or obsolete cloud resources.	Effectiveness of decommissioning processes	Delayed decommissioning	Decommission within 24 hours	Decommission within 48 hours	Decommission takes more than 48 hours	Azure Resource Graph, Azure Automation	Use Azure Resource Graph to identify unused resources. Automate the decommissioning process and track the time using Azure Automation and Log Analytics.
7	**Budget Forecast Accuracy**	The accuracy of predicted cloud costs compared to actual spending.	Accuracy of financial planning	Significant forecast inaccuracies	Accuracy ≥ 95%	Accuracy between 90% and 95%	Accuracy < 90%	Azure Cost Management + Billing	Utilise cost forecasting tools in Cost Management and compare predicted costs against actual monthly or yearly expenditure.
8	**Compliance with Cost Policies**	Degree to which staff adhere to cloud cost management policies and procedures.	Policy adherence rate	Non-compliance incidents	Adherence ≥ 95%	Adherence between 85% and 95%	Adherence < 85%	Azure Policy	Implement policies related to cost management (e.g., resource tagging) and monitor compliance using Azure Policy compliance reports.
9	**Percentage of Reserved Instances Utilised**	Proportion of reserved cloud instances that are effectively in use.	Efficiency of resource planning	Underutilised reserved instances	Utilisation ≥ 90%	Utilisation between 80% and 90%	Utilisation < 80%	Azure Cost Management + Billing, Azure Advisor	Track reserved instance usage through Cost Management and get recommendations for better utilisation from Azure Advisor.
10	**Staff Training Completion Rate**	Percentage of relevant personnel who have completed training on cloud cost management practices.	Effectiveness of training programmes	Insufficient staff training	Completion ≥ 95%	Completion between 80% and 95%	Completion < 80%	Microsoft Learn, Azure Entra (Active Directory (AAD)	Track training completion using Microsoft Learn's reporting tools and link training records with AAD to monitor relevant personnel's completion rates.
11	**Automation Coverage**	Percentage of cloud cost management processes that are automated.	Efficiency of cost management processes	Low automation levels	Automation ≥ 70% of processes	Automation between 50% and 70% of processes	Automation < 50% of processes	Azure Automation, Azure DevOps	Review the number of cost management processes automated using Azure Automation scripts, runbooks, and DevOps pipelines.
12	**Frequency of Cost Audits**	Regularity of internal audits conducted on cloud cost management processes.	Regularity of audit schedules	Overdue audits	Audits conducted quarterly as scheduled	Audits delayed by up to 1 month	Audits delayed by more than 1 month	Azure Cost Management, Azure Policy	Schedule and track internal audits using Azure Policy to ensure regular review of cost management practices.
13	**Effectiveness of Access Controls**	Efficiency of mechanisms in place to control user access to cloud resources that affect costs.	Security of cost-affecting resources	High-risk access permissions	100% of access permissions reviewed and secure	Minor issues identified and resolved promptly	Significant vulnerabilities present	Azure Entra (Active Directory (AAD), Azure Policy	Use AAD to monitor access permissions and track any risky access patterns. Implement Azure Policy to enforce and review access controls regularly.
14	**Unplanned Cost Increases**	Frequency and magnitude of unexpected increases in cloud expenditure.	Proactive cost monitoring	Frequent unexpected cost spikes	≤ 1 incident per quarter	2–3 incidents per quarter	> 3 incidents per quarter	Azure Cost Management, Azure Monitor	Set up alerts in Cost Management for unexpected cost spikes and track the incidents using Azure Monitor's alert history.
15	**Idle Resource Rate**	Percentage of cloud resources running but not performing any tasks (idle instances).	Resource utilisation monitoring	High idle resource percentage	Idle rate ≤ 5%	Idle rate between 5% and 10%	Idle rate > 10%	Azure Monitor, Azure Advisor	Use Azure Monitor to track the utilisation of resources and Azure Advisor to identify idle or underused instances.

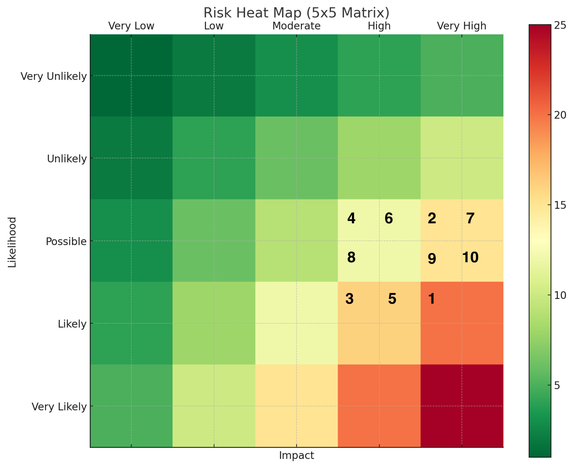
This table lists the performance metrics of the capability. From a security perspective, these performance metrics help inform the importance of the various business attributes captured previously. These will help prioritise selection and spending on the security measures implemented in the cloud environment. The metrics enable the cloud team to demonstrate ROI to senior stakeholders.

Security Risks and Issues

Cyber and Security Risk Introduced by the Capability

No.	Risk	Risk Description	Threat Actors & Exploitation Opportunities	Impact Rating	Likelihood Rating	Overall Risk
1	Data Leakage through Cost Management Tools	Sensitive financial and operational data in cost management tools could be exposed.	**Cybercriminals and competitors** may exploit vulnerabilities in cost management tools to steal sensitive data such as cloud service usage, spending patterns, and resource allocation strategies. This data could help attackers identify potential weak points in an organisation's cloud setup.	5 (Very High)	4 (Likely)	20 (Very High)
2	Compromised Access to Cost Management Platform	Misuse of access credentials to cloud cost management platforms.	**Insider threats, cybercriminals, and nation-state actors** may target the platform to gain visibility into resource usage patterns, allowing them to orchestrate Denial of Service (DoS) attacks, identify critical services, or inflate costs via malicious resource provisioning.	5 (Very High)	3 (Possible)	15 (High)
3	Insufficient Logging and Monitoring	Poor logging of cost management activities creates blind spots.	**Cybercriminals** could exploit gaps in logging to escalate privileges, modify financial reports, or delete logs of unauthorised activities, thereby covering their tracks during an attack on cloud resources or financial systems.	4 (High)	4 (Likely)	16 (High)
4	Misconfigured Access Controls	Misconfigured access to cost data, leading to unauthorised access.	**Insiders or compromised third-party vendors** could gain unauthorised access to cloud usage data, enabling them to manipulate cost reports, hide illicit activities, or identify weak points for subsequent attacks.	4 (High)	3 (Possible)	12 (High)
5	Phishing and Social Engineering Attacks	Employees managing cost tools may be targeted for credential theft.	**Cybercriminals** may use phishing attacks to steal the credentials of employees who manage cost management platforms. With access, attackers could change cloud configurations, set up fake services, or leak sensitive information for financial gain or extortion.	4 (High)	4 (Likely)	16 (High)
6	Exploitation of API Vulnerabilities	APIs used for integration with other systems may have vulnerabilities.	**Hackers and cybercriminals** could target APIs that interact with cost management systems, injecting malicious code or gaining unauthorised access to cloud billing data and infrastructure, potentially manipulating resource usage for financial or operational advantage.	4 (High)	3 (Possible)	12 (High)
7	Data Integrity Manipulation	Manipulation of cloud cost data to hide fraud or resource theft.	**Insiders or advanced persistent threat (APT) actors** could alter cost reports or usage data to cover up fraud, resource misuse, or billing scams, potentially leading to significant financial losses before the issue is discovered.	5 (Very High)	3 (Possible)	15 (High)
8	Unauthorised Resource Provisioning	Exploiting cost management systems to provision unauthorised resources.	**Cybercriminals** may gain access to the cost management platform and provision unauthorised resources for nefarious activities (e.g., crypto mining, launching attacks), driving up costs and degrading system performance while avoiding detection by hiding the financial impact.	4 (High)	3 (Possible)	12 (High)
9	Financial Fraud and Billing Exploits	Exploitation of billing systems to inflate or manipulate cloud costs.	**Cybercriminals** could manipulate billing systems by altering cost thresholds or creating fake accounts and services, resulting in fraudulent charges or inflated bills that could drain financial resources without detection for an extended period.	5 (Very High)	3 (Possible)	15 (High)
10	Vendor Dependency and Service Provider Exploitation	Dependence on external vendors for cost management tools introduces third-party risks.	**Nation-state actors or cybercriminals** may exploit vulnerabilities in third-party cost management services to gain access to the organisation's cloud data and financial records, using this data for espionage, competitive advantage, or extortion.	5 (Very High)	3 (Possible)	15 (High)

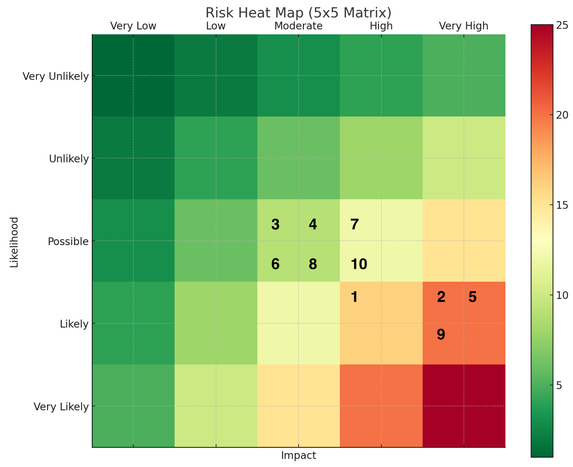
This table outlines the key information and cyber security risks introduced by a new capability, identifying potential exploitation opportunities by threat actors. It highlights how vulnerabilities within the capability's systems, processes, or interfaces could be leveraged by attackers, insiders, or other malicious actors to compromise sensitive data, manipulate services, or disrupt operations. The purpose of the table is to provide a structured risk assessment, enabling organisations to understand and mitigate the security implications associated with the implementation of the capability. These risks are addressed in the desig phase of the project.



Security Risk the Capability Addresses

No.	Risk	Risk Description	Risk Impact	Risk Rating (Impact)	Likelihood Rating	Overall Risk (Impact x Likelihood)	Attribute Alignment
1	Unpredictable Costs	Fluctuating cloud costs due to scaling, mismanagement, or unmonitored services.	Uncontrolled costs can lead to blind spots in resource usage, making it harder to detect unauthorised use, leading to potential data leaks and exposure.	4 (High)	4 (Likely)	16 (High)	Cost Efficiency, Predictable Operating Costs, ROI, Cost Reduction, Financial Flexibility, Budget Adherence
2	Lack of Cost Visibility and Transparency	Insufficient visibility into cloud resource usage and spending.	Lack of visibility allows Shadow IT or insider threats to go undetected, enabling unauthorised cloud usage and data privacy issues.	5 (Very High)	4 (Likely)	20 (Very High)	Predictable Operating Costs
3	Over-Provisioning or Under-Provisioning	Misalignment between resource allocation and usage.	Over-provisioning increases attack surface with unused resources, while under-provisioning can lead to outages and reliance on insecure emergency fixes.	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Financial Flexibility
4	Hidden and Unexpected Costs	Cloud services can introduce hidden charges such as data egress or service fees.	Hidden costs might lead to cutting back on essential security measures like backups or encryption, increasing the risk of non-compliance or breaches.	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Predictable Operating Costs, Cost Reduction, Budget Adherence, Vendor Cost Management
5	Shadow IT	Unauthorised cloud resource provisioning without central oversight.	Shadow IT creates unmanaged security risks, unauthorised data transfers, and weak configurations that bypass official security policies.	5 (Very High)	4 (Likely)	20 (Very High)	ROI
6	Inefficient Resource Utilisation	Poor management of cloud resources leading to underutilisation.	Increases cloud costs while exposing unused resources to potential security vulnerabilities (e.g., unpatched systems or exposed data).	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Cost Reduction
7	Complex Pricing Models	Tiered and variable cloud pricing obscures real costs of security services.	Organisations may opt out of critical security features (e.g., encryption) due to perceived costs, exposing them to higher risks of breaches.	4 (High)	3 (Possible)	12 (High)	Predictable Operating Costs, Budget Adherence, Vendor Cost Management
8	Vendor Lock-In Risks	Dependency on a single cloud provider limits flexibility.	Vendor lock-in may restrict the ability to adopt stronger security services or to migrate if the provider's security controls are insufficient.	3 (Moderate)	3 (Possible)	9 (Moderate)	Financial Flexibility, Vendor Cost Management
9	Regulatory Compliance Costs	Managing costs associated with cloud compliance measures.	Inadequate budgeting for compliance controls (e.g., encryption, monitoring) risks non-compliance fines and legal actions.	5 (Very High)	4 (Likely)	20 (Very High)	ROI
10	Service Downtime and Performance Issues	Cutting costs may impact service performance and lead to downtime.	Downtime disrupts security monitoring systems and may increase vulnerability to attacks during service outages.	4 (High)	3 (Possible)	12 (High)	ROI

This table addresses the risks that the introduction of the capability is intended to mitigate or resolve. It outlines existing challenges that the capability aims to address. This table helps clarify the value the capability brings by reducing or eliminating risks that could otherwise hinder organisational performance and alignment with strategic goals. This helps tie the Security and business attributes together.



Product and Tool Selection

Cloud Native Tooling

No	Product	Purpose	Features
1	Azure Cost Management and Billing	This tool provides a centralised platform for tracking and managing Azure costs, including the cost of cloud services, data transfer, and other expenses associated with using Azure. It provides detailed cost and usage data, budget alerts, and cost optimisation recommendations.	o **Cost and Usage Data:** This feature provides detailed cost and usage data for Azure services, including the cost of cloud services, data transfer, and other expenses associated with using Azure. It helps Organisations to understand their Azure spending and make informed decisions about which services to use. o **Budget Alerts:** This feature allows Organisations to set budget alerts for their Azure spending, and receive notifications when their spending exceeds a certain threshold. This helps Organisations to stay on top of their cloud costs and avoid overspending. o **Cost Optimisation** Recommendations: This feature provides recommendations for optimising Azure costs, including identifying underutilised resources, optimising the configuration of virtual machines and other resources, and choosing more cost-effective services. o **Cost Analysis**: This feature provides a detailed view of Azure costs, including the cost of individual services, resource groups, and subscriptions. It helps Organisations to identify areas where costs can be optimised, and to track spending over time. o **Cost Forecasting**: This feature provides cost forecasting for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Invoicing and Payment:** This feature provides invoicing and payment options for Azure services, including the ability to pay by credit card, invoice, or other payment methods. o **Usage and Spend Report**: This feature provides a comprehensive report on Azure usage and spending, including a detailed breakdown of costs by service, resource group, and subscription.
2	Azure Advisor	This tool provides recommendations for optimising costs, performance, and security in Azure. It provides recommendations for reducing costs by identifying underutilised resources, and for improving performance by optimising the configuration of virtual machines and other resources.	o **Cost Recommendations**: This feature provides recommendations for reducing costs in Azure, including identifying underutilised resources, optimising the configuration of virtual machines and other resources, and choosing more cost-effective services o **Cost Estimator:** This feature provides cost estimates for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Reserved Instance Recommendations**: This feature provides recommendations for purchasing reserved capacity for Azure services, which can result in significant cost savings compared to pay-as-you-go pricing. o **Cost Analysis**: This feature provides a detailed view of Azure costs, including the cost of individual services, resource groups, and subscriptions. It helps Organisations to identify areas where costs can be optimised, and to track spending over time. o **Cost Forecasting:** This feature provides cost forecasting for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Usage and Spend Report**: This feature provides a comprehensive report on Azure usage and spending, including a detailed breakdown of costs by service, resource group, and subscription.
3	Azure Reservations	This tool allows Organisations to save money on Azure services by purchasing reserved capacity for virtual machines, databases, and other resources. Reservations provide a significant discount compared to pay-as-you-go pricing, and help Organisations to budget for their cloud costs more effectively.	o **Significant Cost Savings**: Azure Reservations provides a considerable discount compared to pay-as-you-go pricing, making it a cost-effective way to manage cloud costs. o **Easy Budgeting**: Azure Reservations allow Organisations to budget for their cloud costs more effectively by providing a predictable monthly cost for reserved resources. o **Flexibility**: Azure Reservations can be easily managed and adjusted to match changing business needs, allowing Organisations to change the number of reserved resources as needed. o **Cost Analysis:** Azure Reservations integrates with Azure Cost Management and Billing, providing a detailed view of costs, including the cost of individual services, resource groups, and subscriptions. o **Cost Forecasting:** Azure Reservations integrate with Azure Advisor, providing cost forecasting for Azure services and helping Organisations to plan their cloud budgets and make informed decisions about which services to use.
4	Azure Cost Estimator	This tool provides cost estimates for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use.	o **Cost Estimates:** Azure Cost Estimator provides detailed cost estimates for Azure services, including the cost of cloud services, data transfer, and other expenses associated with using Azure. o **Customisable Estimates**: Azure Cost Estimator allows Organisations to customise cost estimates to match their specific usage patterns and business requirements, providing a more accurate and relevant picture of costs. o **Cost Forecasting:** Azure Cost Estimator provides cost forecasting for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Cost Comparison**: Azure Cost Estimator provides a comparison of the costs of different Azure services, helping Organisations to choose the most cost-effective options for their needs. o **Integration with Azure Advisor**: Azure Cost Estimator integrates with Azure Advisor, providing cost optimisation recommendations and helping Organisations to reduce costs in Azure.
5	Azure Cost Analysis	This tool provides a detailed view of Azure costs, including the cost of individual services, resource groups, and subscriptions. It helps Organisations to identify areas where costs can be optimised, and to track spending over time.	o **Cost Breakdown:** Azure Cost Analysis provides a detailed breakdown of costs by service, resource group, and subscription, helping Organisations to understand their Azure spending and make informed decisions about which services to use. o **Cost Optimisation** Recommendations: Azure Cost Analysis integrates with Azure Advisor, providing recommendations for reducing costs in Azure, including identifying underutilised resources and choosing more cost-effective services. o **Cost Forecasting:** Azure Cost Analysis provides cost forecasting for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Usage and Spend Report:** Azure Cost Analysis provides a comprehensive report on Azure usage and spending, including a detailed breakdown of costs by service, resource group, and subscription. o **Budget Alerts**: Azure Cost Analysis integrates with Azure Cost Management and Billing, allowing Organisations to set budget alerts for their Azure spending and receive notifications when their spending exceeds a certain threshold.
6	Azure Pricing Calculator	This tool allows organisations to estimate the cost of specific Azure services based on their anticipated usage. It provides real-time cost estimates, helping organisations to budget effectively before deploying resources.	o **Customisable Cost Estimates**: Azure Pricing Calculator provides customisable cost estimates for individual Azure services, based on different usage patterns and resource configurations. o **Real-Time Pricing Updates**: The calculator integrates with Azure services to provide real-time pricing updates, ensuring that estimates reflect current pricing trends. o **Multi-Scenario Comparison**: Organisations can create and compare multiple cost scenarios to find the most cost-effective solution.
7	Azure Hybrid Benefit	This feature allows customers to reduce costs by using existing on-premises licences for Windows Server or SQL Server in the cloud, reducing the need for additional cloud licensing costs.	o **Licensing Cost Reduction**: Azure Hybrid Benefit helps reduce cloud licensing costs by allowing organisations to use their existing on-premises Windows Server and SQL Server licences in the cloud. o **Supports Virtual Machines and Databases:** The benefit applies to both virtual machines and SQL Server databases, offering flexibility across different workloads. o **Significant Cost Savings**: Organisations can save up to 85% on licensing costs when taking advantage of the Hybrid Benefit.
8	Azure Migrate	This tool helps organisations assess their on-premises workloads and provides recommendations for right-sizing and cost optimisation when migrating to Azure. It also helps with total cost of ownership (TCO) analysis.	o **Right-Sizing Recommendations**: Azure Migrate provides recommendations for right-sizing resources to optimise both performance and cost when migrating workloads to Azure. o **Total Cost of Ownership (TCO) Analysis**: Organisations can use Azure Migrate to calculate and compare the total cost of ownership before migration, helping to make informed financial decisions. o **Seamless Migration Planning**: Azure Migrate helps with detailed migration planning and cost estimates for each workload, ensuring a smooth and cost-efficient transition to the cloud.
9	Azure Automation	This tool automates routine tasks in Azure, helping organisations reduce manual effort and improve operational efficiency, which leads to cost savings through optimised resource management.	o **Task Automation**: Azure Automation automates routine maintenance and management tasks, reducing the need for manual intervention. o **Runbook Support:** Automation provides runbook capabilities, allowing for the execution of complex workflows, leading to increased operational efficiency. o **Cost Savings Through Automation**: By automating resource scaling, patching, and monitoring, Azure Automation helps reduce operational costs and improves overall resource utilisation.

This table explores all of the components within the cloud platform which contribute to the delivery of the value stream. Note that it is never one component or product which delivers the full value stream. You must consider if and how you will integrate these components into the enterprise architecture. You may find this problematic because the vendor deliberately or inadvertently limits integration to lock you in.

3rd Part Tooling

No	Product	Purpose	Features
1	ServiceNow Cloud Management	Integrate Azure Service management in to Service Now. The toolset integrates with the Azure Enterprise Billing API	o **Azure Cost Optimisation:** ServiceNow Cloud Management provides recommendations for reducing costs in Azure, including identifying underutilised resources and choosing more cost-effective services. o **Azure Cost Forecasting:** ServiceNow Cloud Management provides cost forecasting for Azure services, helping Organisations to plan their cloud budgets and make informed decisions about which services to use. o **Azure Cost Analysis:** ServiceNow Cloud Management provides a detailed view of Azure costs, including the cost of individual services, resource groups, and subscriptions. It helps Organisations to identify areas where costs can be optimised and to track spending over time. o **Azure Invoice Management:** ServiceNow Cloud Management provides invoice management for Azure services, including the ability to view and manage Azure invoices, reconcile invoices, and track Azure spending. o Azure Budget Management: ServiceNow Cloud Management provides budget management for Azure services, including the ability to set budgets, track spending, and receive alerts when spending exceeds a certain threshold.
2	CloudHealth	CloudHealth is a cloud management platform that provides cost management features for Azure environments, including cost optimisation, cost allocation, and chargeback.	o **Cost Optimization**: CloudHealth provides cost optimisation features, including the ability to identify and eliminate waste in Azure spending, and to recommend cost-saving strategies based on usage patterns and resource utilization. o **Cost Allocation**: CloudHealth provides cost allocation features, including the ability to allocate Azure costs to specific departments, projects, or business units, and to ensure that costs are accurately accounted for and reported. o **Chargeback**: CloudHealth provides chargeback features, including the ability to accurately calculate and bill customers or business units for their use of Azure resources, and to provide detailed usage and cost reports. o **Usage Tracking**: CloudHealth provides usage tracking features, including the ability to track and monitor Azure resource utilization, and to identify opportunities for cost savings based on usage patterns and resource utilization. o **Reporting and Analytics**: CloudHealth provides reporting and analytics features, including the ability to generate reports and analytics on Azure usage and costs, and to track Azure spending over time.
3	CloudCheckr	CloudCheckr is a cloud management platform that provides cost management features for Azure environments, including cost optimisation, cost allocation, and chargeback.	o **Cost Optimization**: CloudCheckr provides cost optimisation features, including the ability to identify and eliminate waste in Azure spending, and to recommend cost-saving strategies based on usage patterns and resource utilization. o **Cost Allocation:** CloudCheckr provides cost allocation features, including the ability to allocate Azure costs to specific departments, projects, or business units, and to ensure that costs are accurately accounted for and reported. o **Chargeback**: CloudCheckr provides chargeback features, including the ability to accurately calculate and bill customers or business units for their use of Azure resources, and to provide detailed usage and cost reports. o **Usage Tracking**: CloudCheckr provides usage tracking features, including the ability to track and monitor Azure resource utilization, and to identify opportunities for cost savings based on usage patterns and resource utilization. o **Reporting and Analytics**: CloudCheckr provides reporting and analytics features, including the ability to generate reports and analytics on Azure usage and costs, and to track Azure spending over time.
4	RightScale	RightScale is a cloud management platform that provides cost management features for Azure environments, including cost optimisation, cost allocation, and chargeback.	o **Cost Optimisation**: RightScale provides cost optimisation features, including the ability to identify and eliminate waste in Azure spending and to recommend cost-saving strategies based on usage patterns and resource utilisation. o **Cost Allocation**: RightScale provides cost allocation features, including the ability to allocate Azure costs to specific departments, projects, or business units and to ensure that costs are accurately accounted for and reported. o **Chargeback**: RightScale provides chargeback features, including the ability to accurately calculate and bill customers or business units for their use of Azure resources, and to provide detailed usage and cost reports. o **Usage Tracking**: RightScale provides usage tracking features, including the ability to track and monitor Azure resource utilisation, and to identify opportunities for cost savings based on usage patterns and resource utilisation. o **Reporting and Analytics**: RightScale provides reporting and analytics features, including the ability to generate reports and analytics on Azure usage and costs, and to track Azure spending over time.
5	Cloudability	Cloudability is a cloud management platform that provides cost management features for Azure environments, including cost optimisation, cost allocation, and chargeback.	o **Cost Optimisation**: Cloudability provides cost optimisation features, including the ability to identify and eliminate waste in Azure spending, and to recommend cost-saving strategies based on usage patterns and resource utilization. o **Cost Allocation**: Cloudability provides cost allocation features, including the ability to allocate Azure costs to specific departments, projects, or business units and to ensure that costs are accurately accounted for and reported. o **Chargeback**: Cloudability provides chargeback features, including the ability to accurately calculate and bill customers or business units for their use of Azure resources, and to provide detailed usage and cost reports. o **Usage Tracking**: Cloudability provides usage tracking features, including the ability to track and monitor Azure resource utilisation, and to identify opportunities for cost savings based on usage patterns and resource utilisation. o **Reporting and Analytics**: Cloudability provides reporting and analytics features, including the ability to generate reports and analytics on Azure usage and costs, and to track Azure spending over time.
6	ParkMyCloud	ParkMyCloud is a cloud management platform that provides cost management features for Azure environments, including cost optimisation, cost allocation, and chargeback.	o **Cost Optimisation**: ParkMyCloud provides cost optimisation features, including the ability to identify and eliminate waste in Azure spending by automatically turning off resources when they are not needed and to recommend cost-saving strategies based on usage patterns and resource utilisation. o **Usage Tracking**: ParkMyCloud provides usage tracking features, including the ability to track and monitor Azure resource utilisation, and to identify opportunities for cost savings based on usage patterns and resource utilisation. o **Scheduling and Automation**: ParkMyCloud provides scheduling and automation features, including the ability to automate the process of turning off and on Azure resources and to schedule resources to be turned off and on based on specific usage patterns and utilisation. o **Reporting and Analytics**: ParkMyCloud provides reporting and analytics features, including the ability to generate reports and analytics on Azure usage and costs, and to track Azure spending over time.

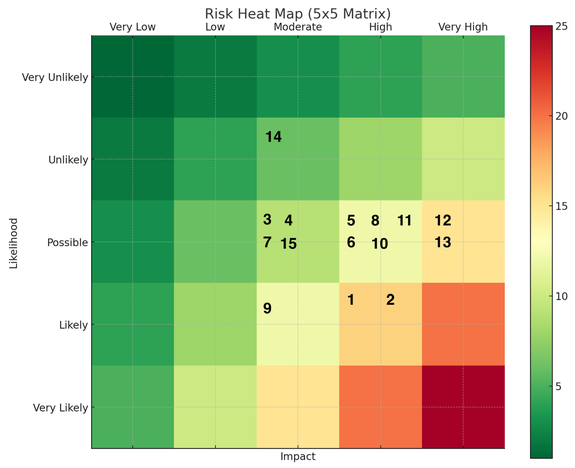
This table lists some of the third-party products available which can contribute to the value stream delivery. Often, these products are hampered by a lack of integration into the cloud platform or suffer from trying to be too many things for to many cloud platforms, but it is worth exploring as they may suit the organisation better, especially when you need to integrate the product into existing products and services or where you are operating multiple cloud platforms.

Business Risks and Issues

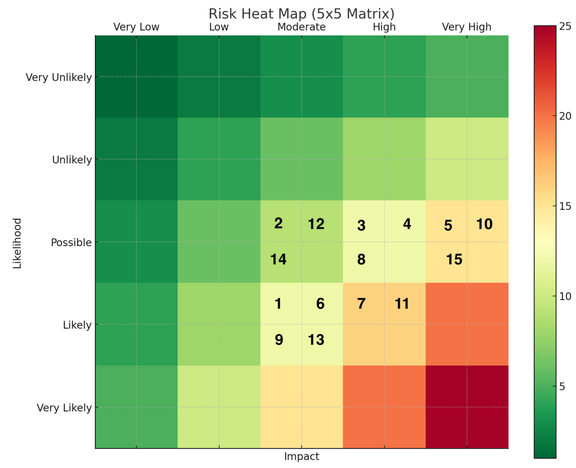
Business Risks the Capability Addresses

No.	Risk	Description	Impact Rating	Likelihood Rating	Overall Risk	
1	Unpredictable Costs	Helps in monitoring and controlling fluctuating expenses, preventing unexpected cost spikes due to increased consumption or scaling of resources.	4 (High)	4 (Likely)	16 (High)	Cost Efficiency, Predictable Operating Costs, Financial Flexibility, Budget Adherence
2	Lack of Cost Visibility and Transparency	Enhances transparency and understanding of cloud costs by implementing detailed tracking and reporting mechanisms, aiding stakeholders in making informed decisions.	4 (High)	4 (Likely)	16 (High)	Predictable Operating Costs
3	Over-Provisioning or Under-Provisioning	Optimises resource allocation to prevent unnecessary expenses from over-provisioning and performance issues from under-provisioning, ensuring resources match actual needs.	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Financial Flexibility
4	Hidden and Unexpected Costs	Identifies and accounts for hidden costs like data egress fees and additional support charges, preventing budget overruns by incorporating them into financial planning.	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Predictable Operating Costs, Budget Adherence, Vendor Cost Management
5	Inefficient Resource Utilisation	Promotes efficient use of resources by eliminating idle assets and right-sizing services, reducing costs from non-optimised usage.	4 (High)	3 (Possible)	12 (High)	Cost Efficiency, Cost Reduction
6	Shadow IT	Brings unauthorised cloud usage under control by establishing governance and approval processes, managing unmanaged and duplicative costs while enhancing security compliance.	5 (Very High)	3 (Possible)	15 (High)	ROI
7	Ineffective Cost Allocation Methods	Implements fair and equitable cost allocation systems, reducing budgeting issues and internal disputes by accurately charging costs to the correct departments or projects.	3 (Moderate)	3 (Possible)	9 (Moderate)	Cost Efficiency, Budget Adherence
8	Failure to Achieve Expected ROI	Ensures that cloud investments deliver anticipated efficiencies and cost savings by continuously monitoring performance and value, enhancing return on investment through informed decision-making and corrective actions.	4 (High)	3 (Possible)	12 (High)	ROI
9	Complex Pricing Models	Simplifies understanding of variable and tiered pricing structures through expertise and tools, aiding in accurate forecasting and cost management.	3 (Moderate)	4 (Likely)	12 (High)	Predictable Operating Costs, Budget Adherence, Vendor Cost Management
10	Vendor Lock-In Risks	Mitigates dependency on a single provider by planning for flexibility and potential migration costs, enhancing negotiation power and long-term cost control.	4 (High)	3 (Possible)	12 (High)	Financial Flexibility, Vendor Cost Management
11	Data Management Costs	Manages growing storage expenses and backup solutions by implementing data lifecycle policies and cost-effective storage options, optimising data management costs.	4 (High)	3 (Possible)	12 (High)	Cost Efficiency, Budget Adherence
12	Regulatory Compliance Costs	Controls costs associated with meeting compliance requirements by proactively implementing necessary controls and avoiding penalties from non-compliance.	5 (Very High)	3 (Possible)	15 (High)	ROI
13	Service Downtime and Performance Issues	Reduces operational losses and mitigation expenses by investing appropriately in redundancy and performance management within budget constraints, ensuring service reliability.	5 (Very High)	3 (Possible)	15 (High)	ROI
14	Environmental Factors	Addresses sustainability costs by planning and budgeting for green computing practices, aligning environmental initiatives with financial management.	3 (Moderate)	2 (Unlikely)	6 (Moderate)	Cost Efficiency
15	Ineffective Stakeholder Engagement	Enhances alignment of cloud investments with business needs through consultation and communication, reducing wasted resources and improving adoption of cloud solutions.	3 (Moderate)	3 (Possible)	9 (Moderate)	Predictable Operating Costs

This table addresses the risks that the introduction of the capability is intended to mitigate or resolve. It outlines existing challenges that the capability aims to address. This table helps clarify the value the capability brings by reducing or eliminating risks that could otherwise hinder organisational performance and alignment with strategic goals.



Business Risks the Capability Introduces

No.	Risk	Description	Impact Rating	Likelihood Rating	Overall Risk
1	Skill Shortages and Training Costs	Implementing and maintaining effective budget and cost management may require hiring skilled personnel or investing in training, adding to operational expenses.	3 (Moderate)	4 (Likely)	12 (High)
2	Increased Administrative Overhead	Managing budgets and costs introduces additional administrative tasks and complexity, potentially diverting resources from other critical activities and increasing operational costs.	3 (Moderate)	3 (Possible)	9 (Moderate)
3	Resistance to Change	Stakeholders may resist new cost management practices due to perceived loss of autonomy or increased scrutiny, impacting adoption and effectiveness of the capability.	4 (High)	4 (Likely)	16 (High)
4	Potential Delays in Decision Making	Enhanced governance and additional approval processes can slow down decision-making, potentially hindering agility and timely responses to market changes.	3 (Moderate)	3 (Possible)	9 (Moderate)
5	Security Risks	Handling sensitive financial data introduces risks of data breaches if proper security measures are not in place, leading to potential financial losses and reputational damage.	5 (Very High)	3 (Possible)	15 (High)
6	Tool Implementation Costs	Investing in cost management tools and technologies may require significant upfront expenses and ongoing maintenance costs, impacting the overall budget.	3 (Moderate)	4 (Likely)	12 (High)
7	Data Accuracy and Integrity Issues	Inaccurate or incomplete cost data can lead to incorrect analyses and decisions, undermining the effectiveness of the capability and potentially causing financial losses.	4 (High)	4 (Likely)	16 (High)
8	Overemphasis on Cost Reduction	Focusing too heavily on cutting costs may stifle innovation, reduce service quality, or overlook strategic investments that provide long-term value to the organisation.	4 (High)	3 (Possible)	12 (High)
9	Complexity in Cost Allocation	Implementing detailed cost allocation models can become complex and may be perceived as unfair if not managed transparently, leading to internal conflicts and reduced morale among departments.	3 (Moderate)	4 (Likely)	12 (High)
10	Compliance and Regulatory Challenges	The capability must ensure adherence to financial regulations and standards; failure to comply can result in legal penalties and increased scrutiny from regulatory bodies.	5 (Very High)	3 (Possible)	15 (High)
11	Dependence on Accurate Forecasting	The effectiveness of budgeting relies on accurate forecasting; unforeseen market conditions or inaccurate predictions can lead to budget shortfalls or surpluses, disrupting financial planning.	4 (High)	4 (Likely)	16 (High)
12	Integration with Existing Systems	Integrating new cost management processes with existing financial and operational systems may require additional resources and pose technical challenges, potentially causing disruptions during the transition period.	3 (Moderate)	3 (Possible)	9 (Moderate)
13	Opportunity Costs	Time and resources spent on managing costs could be allocated to other strategic initiatives, potentially leading to missed opportunities in innovation or market expansion.	3 (Moderate)	4 (Likely)	12 (High)
14	Vendor Relationship Strain	Aggressive cost management practices may strain relationships with cloud service providers, potentially affecting service levels or negotiating power in future engagements.	3 (Moderate)	3 (Possible)	9 (Moderate)
15	Misalignment with Business Objectives	If not carefully aligned, cost-saving measures might conflict with business goals such as customer satisfaction, growth, or quality, leading to negative impacts on overall performance.	5 (Very High)	3 (Possible)	15 (High)

This table addresses the business risks that the capability introduces. It outlines challenges such as skill shortages, data accuracy issues, and potential security risks that could impact operational costs and strategic alignment. By identifying and rating these risks, the table helps clarify the considerations needed for successful implementation and the value this capability can bring by mitigating obstacles to organisational performance.