CLOUD CAPITAL

2026

The Cost of Compute

What 100 CFOs Reveal About Cloud Infrastructure’s Impact on the P&L

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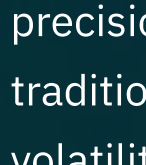
Executive Summary



Edward Barrow
Co-Founder & CEO at Cloud Capital

At 10–20% of revenue, cloud now represents the second-largest expense category for most growth-stage SaaS companies. Finance tightly controls expenses at this scale. Headcount rarely deviates more than 2–3 percentage points from forecast. Fixed expenses show variance below 2%. Yet cloud infrastructure fluctuates at 5–10% monthly variance for 74% of CFOs. This variance gap is structural, not episodic.

The financial consequence is now unmistakable: 89% of CFOs report that rising cloud costs have negatively impacted gross margins over the past 12 months. When a significant component of COGS moves unpredictably month to month, Finance loses the ability to defend margin projections with the precision boards expect. Just over half of CFOs are highly-confident in cloud COGS accuracy. The traditional model (delegated ownership, reactive controls) cannot support an expense at this scale or volatility. Cloud has evolved from an operational expense managed by Engineering to a financial variable that determines margin trajectory.

AI workloads are accelerating this shift. AI and ML already account for 22% of total cloud spend, introducing cost patterns that behave fundamentally differently from traditional SaaS infrastructure. Training spikes, usage-driven inference, and experimentation noise introduce non-linear patterns that break the forecasting assumptions Finance relies on. Organizations with major AI workloads are 2.6× more likely to report margin decline than those with moderate AI exposure. The challenge will intensify as AI's share of cloud spend continues scaling.

Against this backdrop, our research set out to understand a simple question: what separates organizations that forecast cloud with precision from those that experience persistent variance? This research reveals the financial architecture behind cloud predictability (organizational ownership, operational systems, and forecasting cadence) and quantifies how each contributes to margin performance.

By centering the research on Finance priorities rather than engineering metrics, we identified patterns that explain why some organizations achieve forecast precision while others do not. The findings are clear: who owns cloud costs determines whether Finance can forecast them, operational systems create the infrastructure for precision, and precision compounds into measurable margin advantage.

Let's dig in...

Five findings explain why some CFOs achieve precision while others absorb persistent variance:

Cloud volatility is now a CFO-level problem

74% of CFOs report monthly forecast variances that they wouldn't tolerate for any other expense at comparable scale. Cloud's materiality demands headcount-level rigor, yet it behaves with variance 2–5× higher than other major line items. Finance loses credibility on a material expense line it cannot reliably forecast or defend.

AI is accelerating the volatility problem

AI workloads now consume 22% of cloud spend and introduce non-linear cost patterns Finance has never had to forecast. Organizations with major AI exposure are 2.6× more likely to report margin decline. CFOs apply guardrails, but these controls have not improved predictability for the minority experiencing pressure.

Finance involvement transforms outcomes

When Finance gets involved, forecast predictability doubles. COGS confidence increases 50%. Joint Finance–Engineering ownership delivers peak performance: 39% achieve highly predictable forecasts and 77% report high COGS confidence. Organizational ownership is the strongest predictor of cloud cost control.

Visibility, governance, and cadence drive cloud forecast precision

85% of highly predictable organizations have fully implemented governance. 65% maintain excellent visibility. 33% forecast monthly rather than quarterly. Each system independently lifts predictability; organizations that combine all three are overwhelmingly represented among the most predictable forecasters. The path to precision is operational.

Accurate forecasts lead to compounding margin advantage

Organizations with highly predictable forecasts improve margins at a much higher clip. Precision enables proactive optimization, confident investment decisions, and strategic trade-offs. These advantages compound quarter over quarter.

Cloud's financial weight is growing. Variance is growing with it. And AI is introducing new forms of volatility faster than most organizations can model. The question is no longer whether Finance should own cloud cost control. The question is whether organizations can afford for Finance not to.

The findings show the path forward with unusual clarity:

Finance involvement doubles predictability → **Joint ownership** delivers the highest confidence and best accuracy → **Visibility, governance, and monthly cadence** form the operating system of precision → **Precision** compounds into margin advantage

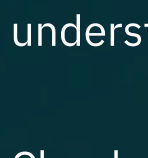
As 73 percent of CFOs prepare for cloud to consume a larger share of revenue next year, the stakes rise. Variance on a growing base is not linear. It accelerates. The organizations that build predictable systems now will absorb that growth without surrendering control or margin. The organizations that do not will see volatility spread into COGS and margins at increasing scale.

— Edward Barrow

Foreword

Operators Guild

Casey Woo, Co-Founder and CEO of Operators Guild—a community of 1000+ CFOs, COOs, and operators at high-growth technology companies—shares why these findings reflect what operators are navigating in real time.



Casey Woo
Co-Founder, CEO, Operators Guild

What this research makes clear is what Operators Guild members have been living for years: the biggest shifts in our industry do not surface along clean org-chart lines. They show up in the seams — where finance, engineering, product, and data decisions collide long before the quarterly report does. OG operators feel this instinctively. You can't run a modern company from inside a single function. The real work lives in the in-between.

We see this across the community every day. The strongest operators build shared fluency across disciplines so they can see around corners. AI is accelerating every dependency inside a company, tightening the links between teams. The only durable answer is cross-functional leadership that understands the whole system, not only the role they were hired to run.

Cloud spend is the clearest example of this shift. It looks technical from the outside, but the financial impact is unmistakable. Cloud has moved into the top tier of operating costs. AI workloads already account for nearly a quarter of that spend. Forecast variance is hitting ranges that would be unthinkable for any other major cost center. And margin performance tracks directly with how well teams can see, model, and govern this spend.

The teams with the tightest forecasts, strongest margins, and highest confidence are the ones where Finance and Engineering operate as a single system. When they share accountability, volatility turns into control. Cloud becomes forecastable. AI becomes a managed investment instead of a moving target. Spend becomes strategy.

This is the edge of change we stay close to as a community. AI is pulling product, engineering, finance, and data closer together, whether companies are ready or not. Operators who can move confidently across those boundaries are the ones who end up setting the pace.

If there's one message to take from this report, it's this: the future is cross-functional. And the companies that build tight, collaborative operator cores will stay ahead of whatever the next wave brings.

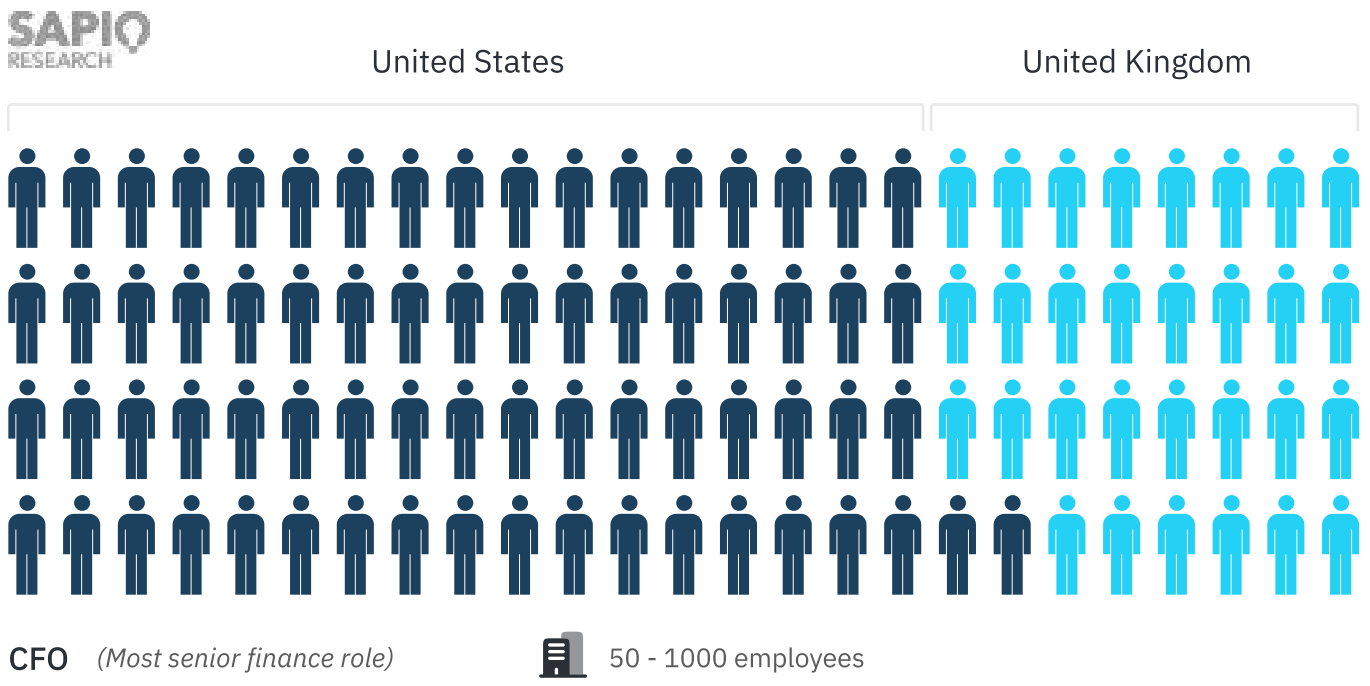
— Casey Woo

Research Methodology

Cloud Capital partnered with Sapio Research, an independent insights firm specializing in finance and enterprise technology, to ensure this report reflects decision-grade, unbiased data. The study was designed to capture how senior finance leaders at growth-stage technology companies are navigating cloud-driven cost structures, forecasting challenges, and the rising operational pressures associated with cloud infrastructure spend.

Fieldwork was conducted online in October 2025 using a structured email invitation and a secure survey environment. This ensured consistent screening, validated respondent identities, and eliminated channel-based sampling bias.

Every participant held the senior-most finance role in their organization (CFO or equivalent). By focusing exclusively on these leaders, the study captures strategic priorities and real-world decision-making rather than departmental sentiment.



Category	Details
Research partner	Sapio Research
Fieldwork dates	October 2025
Method	Email invitation → online survey
Respondent profile	Senior-most finance leaders (CFO or equivalent)
Sample size	100 qualified respondents
Company size	50–1,000 employees
Company type	Cloud-native / SaaS and technology
Geographies	70% US, 30% UK

We collected 100 fully qualified responses from companies employing 50–1,000 people—the scale at which cloud spend becomes one of the largest contributors to COGS and operating variability. Our geographic footprint reflects where cloud-native businesses, and Cloud Capital's core market, are most mature: 70% United States and 30% United Kingdom.

These methodological choices provide Cloud Capital and Sapio Research high confidence in the clarity, relevance, and reliability of the findings. Our intent is simple: equip finance leaders with an objective, data-backed benchmark for navigating the next era of cloud governance.

1

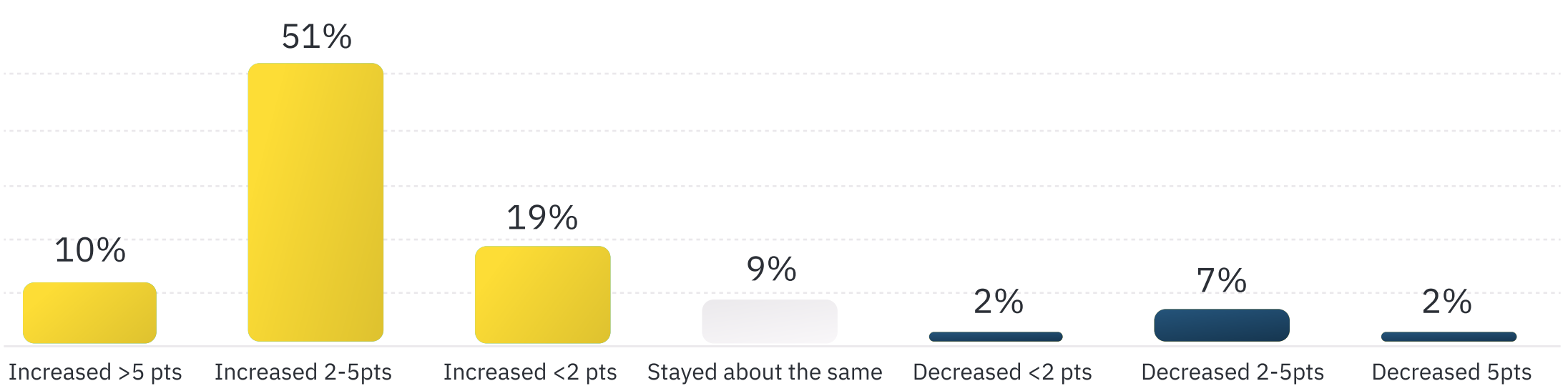
Cloud volatility is now a CFO-level problem

The Margin Impact

Cloud infrastructure has crossed the materiality threshold where Finance expects tight control. At 10-20% of revenue for most growth-stage SaaS companies, **cloud now represents the second or third-largest expense category after headcount**. But materiality alone does not explain why cloud has become a CFO-level priority.

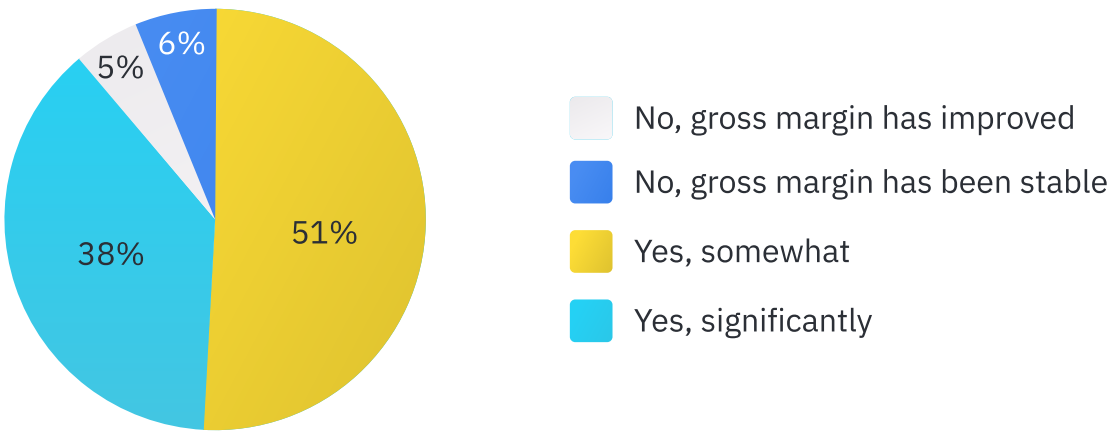
Cloud Spend as a % of Revenue is Increasing

How has your cloud spend as a % of revenue changed in the past 12 months?



Cloud Spend is Negatively Impacting Margins

Have rising cloud costs negatively impacted your company's gross margin over the past 12 months?



89% of CFOs report that rising cloud costs negatively impacted gross margins over the past 12 months. This is the signal that cloud has crossed from an operational concern into a CFO-level financial risk. When a 10-15% component of COGS moves unpredictably month to month, gross margin becomes harder to forecast, harder to defend, and harder to manage with the precision boards expect. Cloud volatility is no longer about cloud bills. It is about margin credibility.

The Variance Reality

The mechanism driving margin pressure is forecast variance. **74% of CFOs report monthly cloud forecast variance between 5% and 10%**. Only 26% achieve the precision Finance expects for expenses at this scale: variance of 5% or less.

To contextualize this level of variance, consider that payroll (often 70% of SaaS costs)stays within ±2-3% of forecast. If headcount projections missed by 7% each month, the CFO would face immediate board scrutiny. For cloud costs, this level of variance has become normalized despite comparable materiality.

The comparison to other expense categories reveals the control gap. Finance maintains tight control where it has organizational ownership: headcount stays within ±2-3% of forecast, fixed expenses rarely deviate more than 2%. Cloud infrastructure, at 10-20% of revenue, fluctuates at variance levels 2-5× higher than other major line items.

Expense Category	% of SaaS Revenue	Typical Variance	Finance Control
Headcount	~70%	±2-3%	High
Fixed Costs	10-15%	<2%	High
Cloud Infrastructure	10-20%	5-10%	Low

The Credibility Consequence

Just over half of CFOs express high confidence in their cloud Cost of Goods Sold reporting accuracy.

When 10-15% of COGS fluctuates at 5-10% monthly variance, Finance cannot defend gross margin projections with the precision boards expect.

The CFO who can confidently explain headcount, fixed costs, and every other major expense line now finds cloud infrastructure stubbornly unpredictable despite its materiality and demonstrated impact on profitability.

1

Cloud has crossed the threshold where Finance demands tight control

- 10-20% of revenue for most SaaS companies
- Second or third-largest expense line
- 89% report direct negative impact on gross margins

2

But it performs with variance levels Finance doesn't tolerate anywhere else

- 74% report 5-10% monthly variance
- Only 26% achieve <5% variance
- Variance is 2-5× higher than headcount or fixed costs

Result

Finance loses credibility on a material line item it cannot reliably forecast or defend.

What This Means

Cloud variance is now a financial control gap on a line item too large to leave unmanaged. At 10-20% of revenue, cloud has demonstrably pressured margins for 89% of Finance organizations. The legacy model (delegated ownership, reactive controls, retrospective reporting) cannot support the materiality or the variance. Finance now needs to apply headcount-level rigor to cloud, or continue absorbing margin pressure and credibility risk from a line item that boards increasingly scrutinize.

The problem is accelerating. AI workloads are scaling years ahead of initial projections, amplifying variance and compressing Finance's timeline to respond.

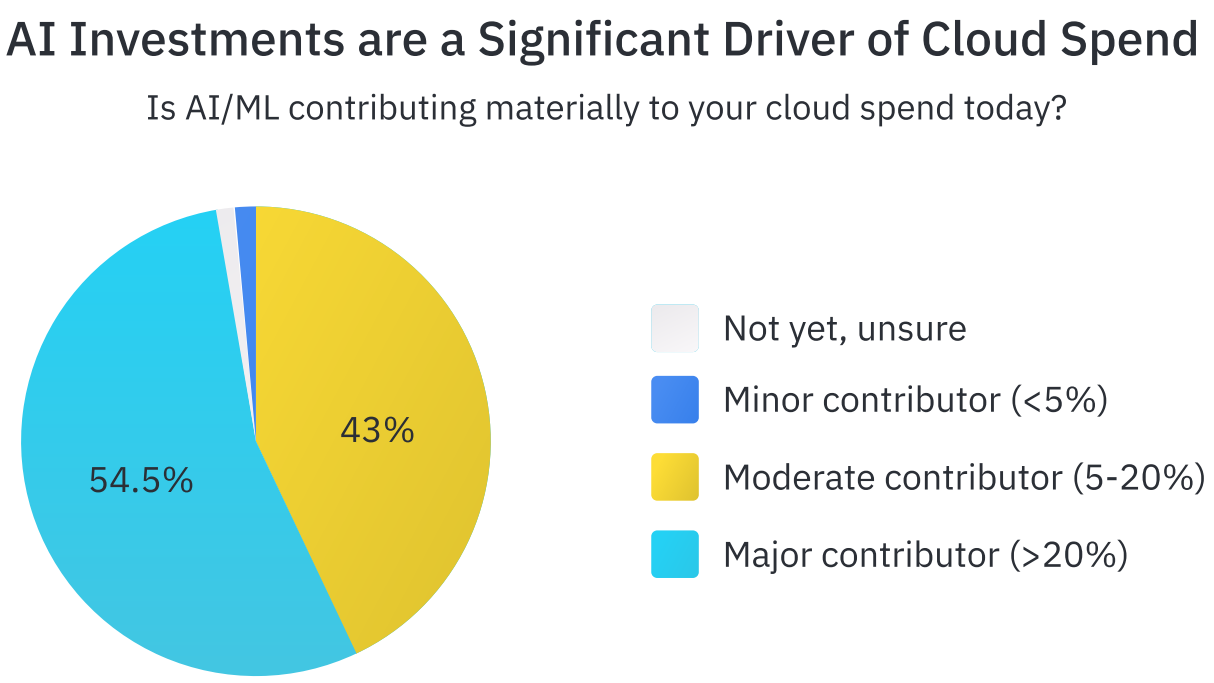
2

AI is accelerating the volatility problem

The Acceleration

AI workloads already consume 22 percent of cloud spend for growth-stage technology companies, far earlier and far faster than traditional forecast models assumed. This level of exposure usually builds gradually over several planning cycles. Instead, it has arrived all at once, introducing cost patterns that behave fundamentally differently from traditional SaaS infrastructure. For Finance, this means managing material cost dynamics with almost no historical precedent for modeling or prediction.

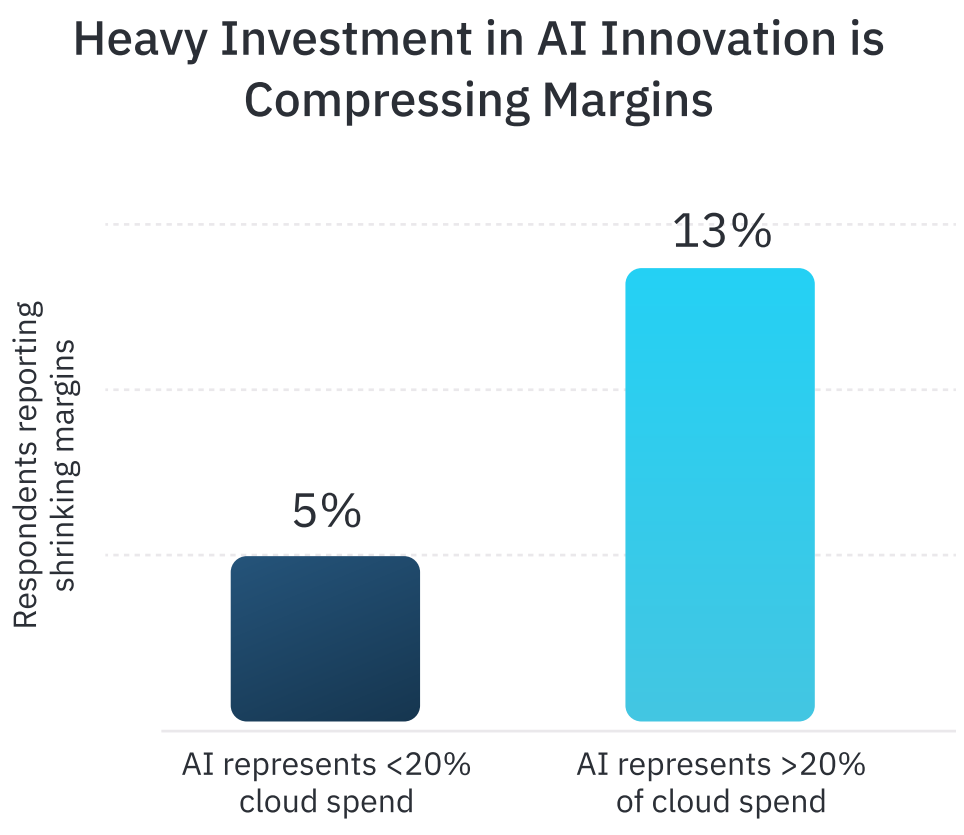
The concentration varies significantly. Among companies where AI represents a major contributor (more than 20% of cloud spend), these workloads now dominate cost structures and behave in ways that break the linear patterns Finance relies on to forecast other infrastructure.



The Margin Bending Effect

Organizations with major AI workloads (20%+ of cloud spend) are 2.6× more likely to report margin decline than those with moderate AI exposure.

While the majority of AI-heavy companies improved margins over the past 12 months, 13% saw margins compress. Among companies with moderate AI contribution (5-20% of spend), just 5% experienced margin decline. AI is working on average, but an emerging risk cohort is absorbing compute costs that outpace revenue capture.

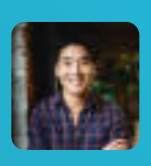


The majority of AI-heavy organizations still capture value faster than costs accumulate. However, the 2-3× higher incidence of margin compression signals that compute costs are scaling faster than Finance can price or allocate them for a material minority.

This subset is absorbing cost growth that outpaces revenue capture, creating margin instability that traditional cost management approaches have not yet solved.

Why AI Behaves Differently

"AI introduces cost curves that Finance has never had to forecast at scale: unpredictable training spikes, usage-driven inference, and experimentation noise that looks like variance. Traditional SaaS workloads scale predictably. AI does not. Training generates bursty, non-linear spikes. Inference costs depend on user patterns Finance cannot see in real time. Experimentation adds intentional cost noise. Together, these dynamics break the linear forecasting assumptions Finance relies on."



Casey Woo
Co-Founder, CEO, Operators Guild

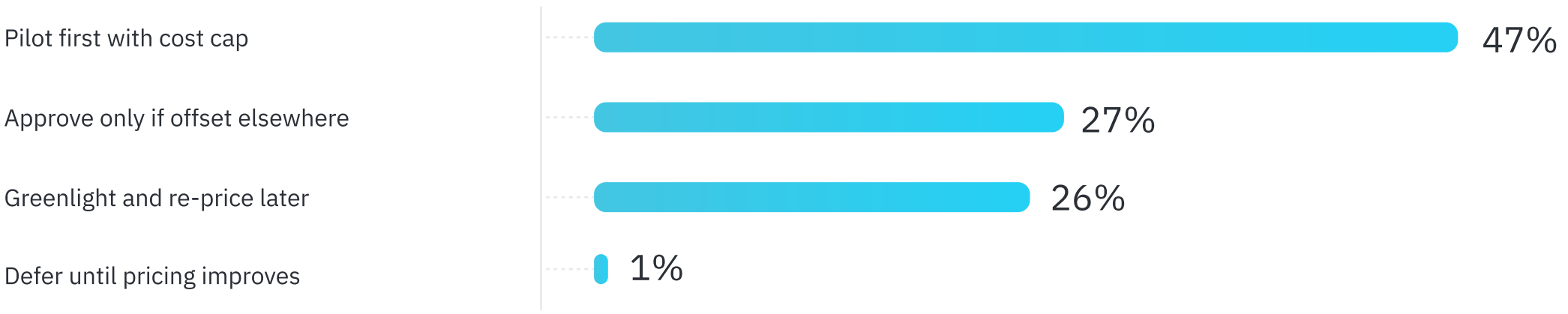
Operators Guild

How Finance Is Responding

72% of CFOs apply financial guardrails to AI investment decisions. When presented with a scenario where an AI feature could increase revenue by 4-5% but would increase cloud spend by 2-4%, nearly half (47%) choose to pilot first with a cost cap and review period. Another 27% approve only if the incremental spend is offset elsewhere in the budget. Just 25% greenlight the investment and plan to re-price later despite clear projected revenue gains.

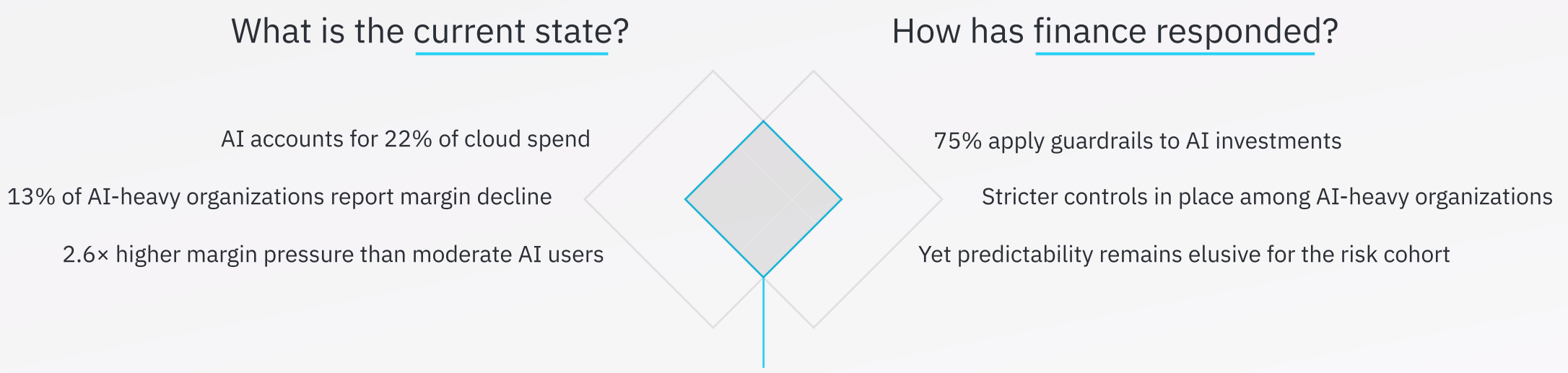
Scenario

Your product team proposes an AI feature expected to increase user adoption and revenue by 4–5% over the next two quarters. Supporting it would increase cloud spend by 2–4% during the same period due to additional compute and model-serving costs. How would Finance respond?



This response pattern reveals Finance treating AI workloads as balance sheet variables requiring structured controls, not growth opportunities to pursue without constraint. CFOs are not blocking AI investment. They are financializing it early, before cost volatility forces reactive intervention.

Even with stricter financial controls in place among AI-heavy organizations, predictability has not improved for the minority experiencing margin pressure.



AI is amplifying every dependency inside a company.

The teams that stay ahead treat infrastructure and cost modeling as cross-functional responsibilities. When Finance and Engineering share ownership, volatility drops, and cloud spend becomes something you can actually steer. For CFOs, this means cloud and AI can't be 'someone else's domain' anymore. Predictability now depends on being at the table with engineering.

Edward Barrow
Co-Founder & CEO at Cloud Capital

What This Means

AI is amplifying the cloud cost challenge by introducing workloads that scale non-linearly and resist traditional forecasting approaches. The margin data reveals a bifurcation: most AI-heavy organizations are capturing value faster than costs accumulate, but a meaningful subset is absorbing compute intensity that outpaces revenue capture.

Finance is responding with behavioral guardrails (piloting, cost caps, offset requirements), yet these controls have not eliminated exposure for organizations where AI spend scales faster than pricing models can accommodate.

Organizations with stronger cloud predictability are absorbing AI acceleration with greater stability. Those without it are seeing volatility spill into margins.

3

Finance involvement transforms outcomes

The Organizational Unlock

The strongest predictor of cloud cost predictability is not tools, team size, or spend level. It is who owns the problem.

When Finance gets involved in cloud cost management, forecast predictability doubles: 32% of Finance-involved teams achieve highly predictable forecasts (less than 5% monthly variance) compared to 16% of Engineering-owned teams.

COGS confidence increases 50%, and reported visibility improves 25%. The gap is structural, not incidental.

Finance Involvement Improves Cloud Forecast Accuracy

% of respondents achieving <5% forecast variance by ownership model

Finance Involvement Leads to Stronger Margin Peformance

% of respondents achieving >5% gross margin improvement by ownership model

Joint Ownership Delivers Best-in-Class Results

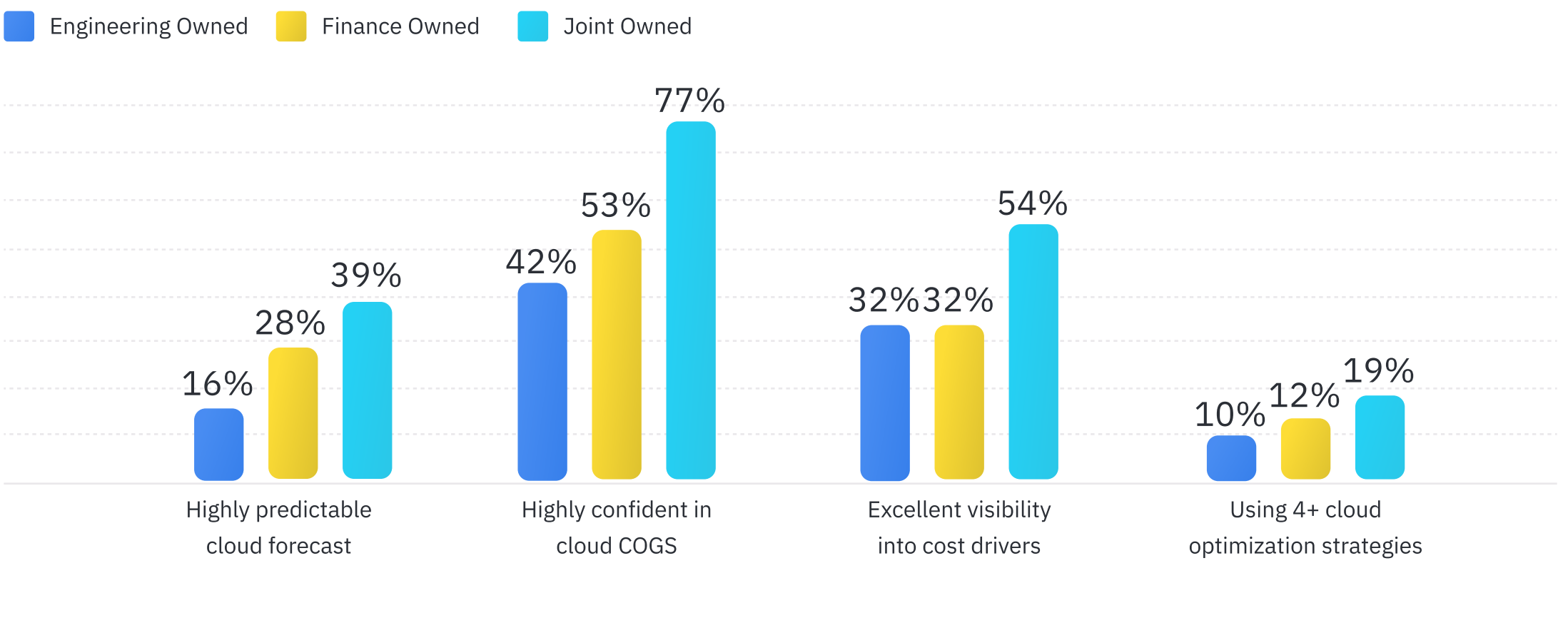
Joint Finance-Engineering ownership achieves what neither function delivers alone: 39% of joint teams reach highly predictable forecasts, and 77% report high confidence in COGS accuracy.

This compares to 28% predictability and 53% confidence for Finance-only teams, and 16% predictability and 42% confidence for Engineering-only teams. Joint ownership combines financial rigor with operational responsiveness, closing the gap between forecast discipline and technical reality.

The optimization advantage follows the same pattern. Joint teams deploy four or more advanced optimization strategies at nearly twice the rate of other models: 19% compared to 12% for Finance-only and 10% for Engineering-only teams. Shared accountability transforms optimization from reactive cost-cutting into systematic financial discipline.

Finance Involvement Drives Confidence and Performance

% of respondents by ownership model



What Finance Ownership Looks Like

Finance ownership does not mean Finance manages cloud infrastructure. It means Finance brings the same accountability to cloud that it applies to headcount and fixed expenses: clear budget authority, regular forecasting discipline, and responsibility for explaining variances.

The joint ownership model formalizes this partnership. Finance sets the spending envelope and owns variance explanations. Engineering operates within that envelope and provides technical context. When spend exceeds forecast, Finance defines the financial constraint; Engineering identifies the operational levers.

Finance Ownership	Finance and Engineering
Forecast predictability doubles (32% vs 16% for Engineering-only)	39% achieve highly predictable forecasts (best-in-class)
COGS confidence increases 50% (61% vs 42%)	77% report high COGS confidence
Visibility improves 25% (40% vs 32% excellent)	54% achieve excellent cost visibility
	Optimization becomes systematic, not reactive

The Unlock

Finance brings rigor and accountability. Engineering brings operational control. Together, they close the gap between forecast and actual.

What this means

When Finance takes accountability for cloud costs, outcomes improve across every dimension that matters: predictability, confidence, visibility, and optimization discipline.

When Finance and Engineering share that accountability, outcomes reach levels neither function achieves independently. The organizations making this shift transform cloud infrastructure from an unpredictable expense into a manageable financial system.

4

Visibility, governance, and cadence drive cloud forecast precision

The Pattern of Success

85% of organizations that achieve highly predictable forecasts (less than 5% monthly variance) have fully implemented governance policies for cloud spend.

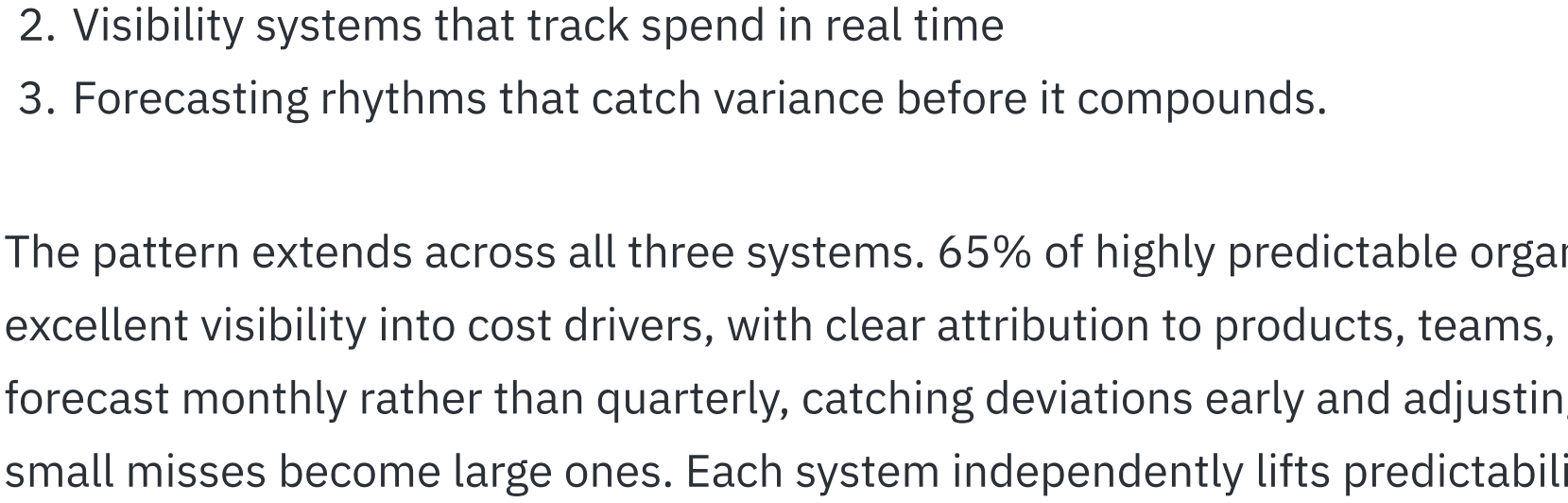
This is not coincidence. The most predictable forecasters share common operational characteristics:

1. Formal controls that prevent runaway costs
2. Visibility systems that track spend in real time
3. Forecasting rhythms that catch variance before it compounds.

The pattern extends across all three systems. 65% of highly predictable organizations maintain excellent visibility into cost drivers, with clear attribution to products, teams, and customers. 33% forecast monthly rather than quarterly, catching deviations early and adjusting assumptions before small misses become large ones. Each system independently lifts predictability above baseline. Together, these systems form the operational architecture behind the most predictable organizations in the dataset.

Highly-Predictable Cloud Forecasters Report Higher Systems Adoption

% of highly-predictable cloud forecasters reporting systems adoption vs baseline



SYSTEM 1

Visibility Enables Control

Excellent visibility means real-time cost attribution by product, customer, team, and project. Finance requires detail sufficient to model spend and detect deviations early. This level of visibility comes from instrumented cost tracking integrated directly into Finance systems.

Visibility is foundational, not singularly determinative, but the lift is dramatic. **43.6% of organizations with excellent visibility achieve highly predictable forecasts, compared to 14.8% of those with good or poor visibility.** The gap reflects that visibility provides the inputs Finance needs to forecast accurately.

Without clear line of sight into what drives costs, Finance cannot model them or intervene when they deviate. With visibility, Finance gains the data required to detect anomalies early and update forecasts with precision.

SYSTEM 2

Governance Prevents Runaway Costs

Governance policies establish the rules that dictate how cloud resources are provisioned, who approves them, and what the spending limits are. Full governance includes budget caps at the team or product level, approval workflows for new workload launches, and policies governing instance types, reserved capacity, and architectural choices. These controls are not bureaucracy. They are guardrails that keep costs within the envelope Finance has approved.

35.5% of organizations with fully implemented governance achieve highly predictable forecasts, **compared to 10.5% of those with partial or no governance**. Governance is the strongest structural predictor of forecast precision. When teams cannot spin up resources without approval, costs stay on plan. When budget caps enforce discipline, variance stays within acceptable bounds. The organizations achieving <5% monthly variance do not rely on retrospective cost reviews. They enforce controls that prevent deviations before they occur.

SYSTEM 3

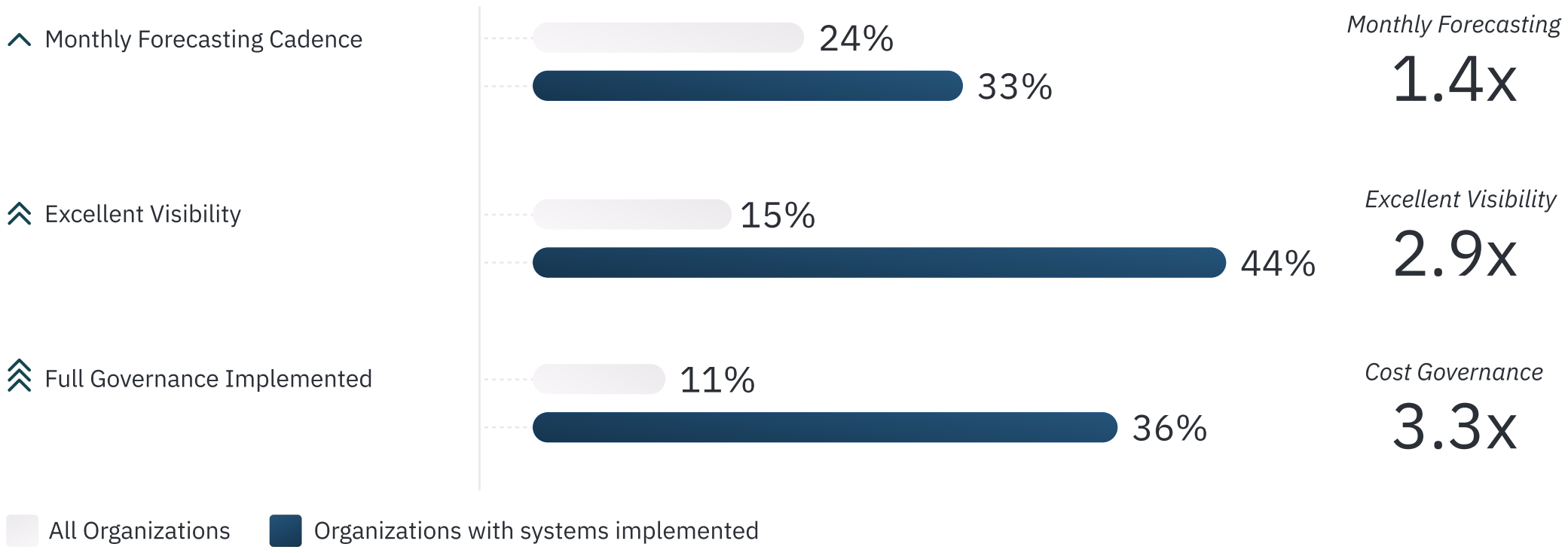
Monthly Cadence Catches Variance Early

Monthly forecasting means Finance updates cloud cost projections every month, analyzes variance against actuals, and holds teams accountable for explaining deviations. This is distinct from running the same annual forecast on a quarterly cycle. Monthly cadence requires Finance to adjust assumptions based on what happened last month, not what was assumed six months ago. The discipline catches small overruns before they compound into material misses.

33.3% of monthly forecasters achieve highly predictable outcomes, and none report variance exceeding 10%. Quarterly forecasting works for stable expenses. Cloud requires monthly rigor. The organizations that forecast monthly catch variance in real time, tighten spend trajectories mid-quarter, and avoid the large swings that quarterly cycles allow to accumulate undetected.

Systems Adoption Drives Forecast Accuracy

% of respondents claiming <5% variance to forecast



The Compounding Effect

These systems are mutually reinforcing. Visibility without governance gives Finance data but no control. Governance without visibility creates policies Finance cannot enforce. Cadence without both means frequently updating forecasts with incomplete inputs. Only 11.5% of surveyed organizations have implemented all three systems, but those that have are overwhelmingly represented among the most predictable forecasters.

What this means

Predictability results from deliberate operational choices. The organizations achieving <5% monthly variance have built the systems that make precision possible: visibility that shows Finance what drives costs, governance that prevents costs from deviating, and cadence that catches variance before it compounds. Each system independently lifts predictability above baseline. Combined, they create the infrastructure Finance needs to manage cloud costs with the same rigor applied to other major expense categories.

These systems create precision. Precision, in turn, drives compounding margin advantage.

5

Accurate forecasts lead to compounding margin advantage

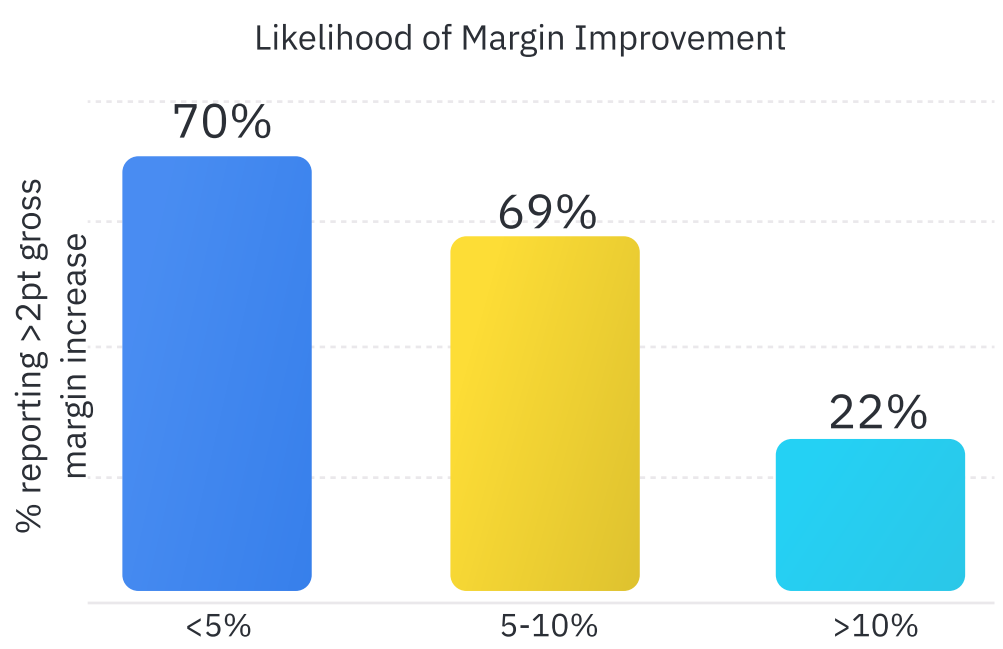
The Precision Premium

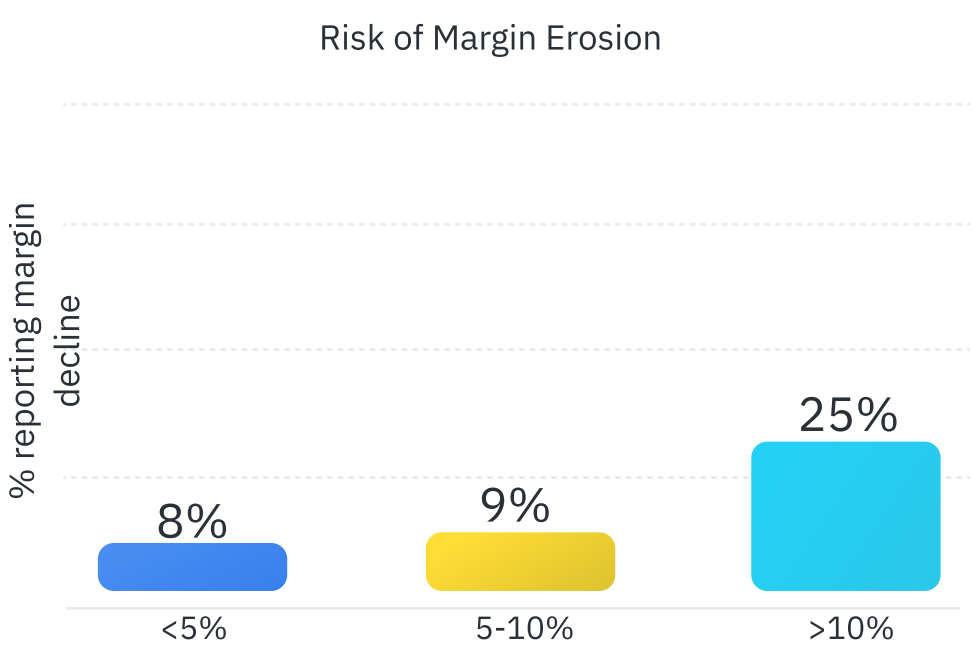
Forecast precision converts cloud spend from an unpredictable variable cost into a governable system, and that structural shift creates compounding margin advantage. **Organizations with highly predictable forecasts (0-5% monthly variance) improve gross margins at 2.8× the rate of unpredictable forecasters.**

69% of highly predictable organizations reported margin increases of more than 2 percentage points over the past 12 months, compared to just 25% of unpredictable forecasters. The mechanism is clear: precision enables the proactive decisions, optimizations, and trade-offs that drive margin expansion. Unpredictable forecasters operate in reactive mode, managing variance after it occurs rather than preventing it.

The pattern holds across forecasting cadence. **Monthly forecasters are 1.5× more likely to improve margins than those who forecast quarterly or less frequently.** Organizations that tighten forecasting rhythm compound the advantage. Monthly discipline catches deviations early, enabling mid-quarter course corrections that quarterly cycles miss. Over time, this delta compounds into measurable margin separation.

Forecast Predictability as Insurance: Upside & Downside Protection





Why Precision Compounds

Predictability creates a structural advantage that builds over time. When Finance can forecast cloud costs within 5%, it gains latitude to make proactive optimization decisions rather than reactive cuts. Predictable forecasters identify waste before it accumulates, reallocate budgets strategically, and invest in efficiency improvements that pay off across multiple quarters. Unpredictable forecasters operate in damage control mode, cutting costs after variance has already materialized and margins have already compressed.

Cloud Forecast Variance	% Gross Margin ≥70%	% Gross Margin <60%
<5%	35%	23%
>5%	23%	29%

The advantage extends to investment decisions. **CFOs with predictable cloud costs can approve AI features, new infrastructure, and growth investments with confidence, knowing they will catch cost deviations early.** CFOs with unpredictable costs hesitate, slowing product velocity and delaying revenue capture. The organizations that can invest confidently capture growth opportunities their unpredictable peers must defer.

Precision also enables better trade-off decisions. When a workload grows faster than expected, predictable forecasters can determine whether to optimize it or accept higher costs because it drives revenue. Unpredictable forecasters lack the data to make this judgment. They default to broad cost-cutting that treats all spend equally, missing the distinction between strategic investment and operational waste.

The Strategic Priority

44% of CFOs cite improving forecast accuracy as one of their top three priorities for 2026.

This ties with improving gross margins as the most frequently selected concern. The convergence reflects recognition that forecast precision and margin performance are connected. The organizations that achieve forecast precision improve margins at nearly three times the rate of those that do not. The CFOs who build predictability now, through the organizational ownership and operational systems outlined in Takeaways 3 and 4, gain structural advantages their peers cannot match.

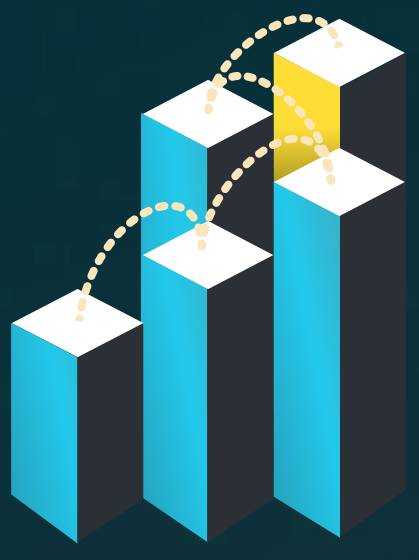
The strategic urgency is clear. Margin gains compound into structural profitability. **Organizations that achieve <5% monthly variance maintain higher baseline margins and are 2.8× more likely to improve them.**

Predictable organizations accelerate. Unpredictable organizations fall behind.

What this means

Forecast precision is not operational hygiene. It is financial leverage. **Organizations that achieve <5% monthly variance improve margins 2.8× faster than unpredictable forecasters and maintain higher baseline margins.** Monthly forecasting delivers 1.5× better outcomes than quarterly. The compounding effect is structural. Precision enables better decisions today, which create margin gains that fund further optimization tomorrow.

The path from problem to solution runs through organizational ownership and operational systems . Finance either builds this capability or accepts ongoing margin pressure from a line item consuming 10-20% of revenue.



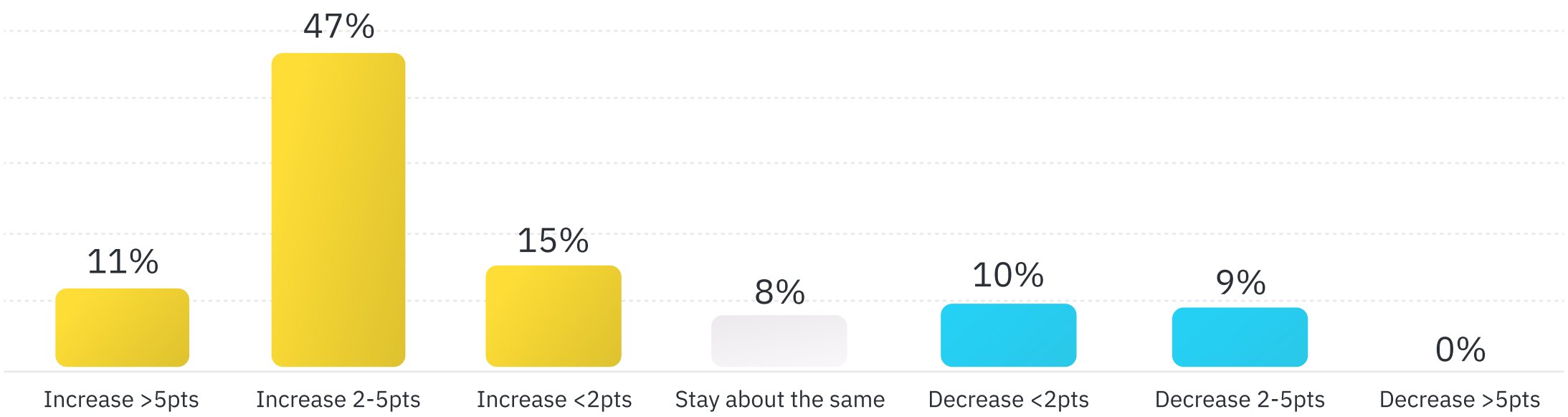
The Path Forward

Cloud spend is rising, AI workloads are scaling faster than expected, and variance on a growing cost base compounds into material financial risk. The organizations that achieve predictability now will widen the performance gap over the next 12–24 months. Those that remain unpredictable will see volatility accelerate as cloud's share of revenue expands.

73% of CFOs expect cloud spend as a percentage of revenue to increase over the next 12 months. Nearly half anticipate 2–5 point increases; another 11% expect more than 5 points. Only 8% expect stability. The direction is unambiguous: cloud will take a larger share of revenue in 2026, increasing the financial cost of poor predictability.

CFO's Expect Cloud Spend as a % of Revenue to Continue Increasing in 2026

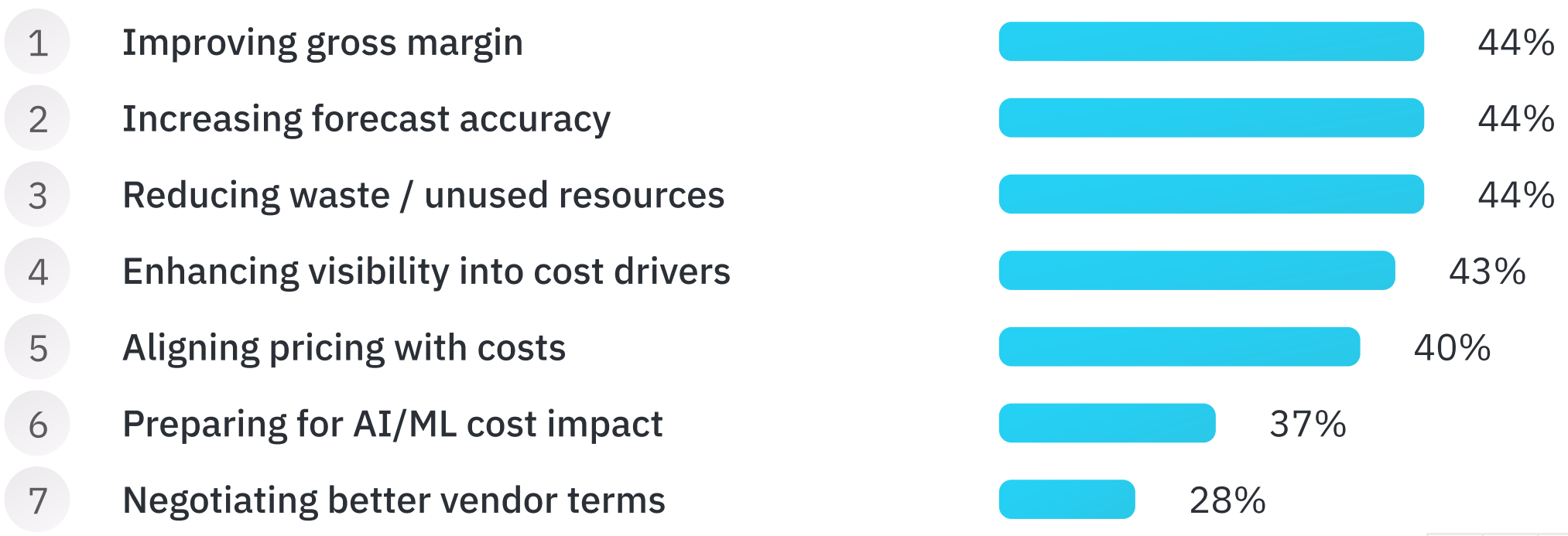
How do you expect cloud spend as a % of revenue to change over the next 12 months?



CFO priorities for 2026 reflect this pressure. Forecast accuracy (44%), gross margin improvement (44%), and reducing waste (44%) rank at the top. **The priorities mirror the findings of this research: predictability, visibility, and margin protection have become central to cloud financial strategy.**

Top Cloud Cost Concerns for 2026

Which of the following cloud cost concerns are most urgent for you over the next 12 months?



Finance must take the reins

The model is clear. Finance involvement doubles predictability. Joint ownership unlocks best-in-class performance. Governance, visibility, and monthly cadence form the operating system of control. And the business case is measurable: predictable organizations improve margins nearly three times faster.

Finance either applies the same rigor to cloud that it applies to headcount and fixed expenses, or accepts ongoing variance on a line item consuming 10–20% of revenue and growing.

Cloud infrastructure costs have crossed the threshold where delegation fails. Finance leaders must take the reins.

Cloud Forecasting & Optimization

Cloud Capital provides Finance and Engineering teams with visibility, predictability, and control over cloud spend — through precise forecasting and flexible cost optimization

Cloud Cost Chaos

Budget-Busting Cloud Costs

Cloud spend is now your largest non-human cost, and constant pressure to meet budgets is a rag on innovation.

Risk-Riddled Commitments

Planning, controlling and optimizing cloud spend is a full-time job, and comes with significant financial risks.

Forecasting Frustration

Making commitments requires careful planning & forecasting across finance & engineering, and continuous measurement.

Cloud Forecasting

Our platform delivers accurate long-term cloud forecasts by connecting & analyzing your historical cloud spend, business metrics, and engineering roadmap.

Free Cloud Forecast

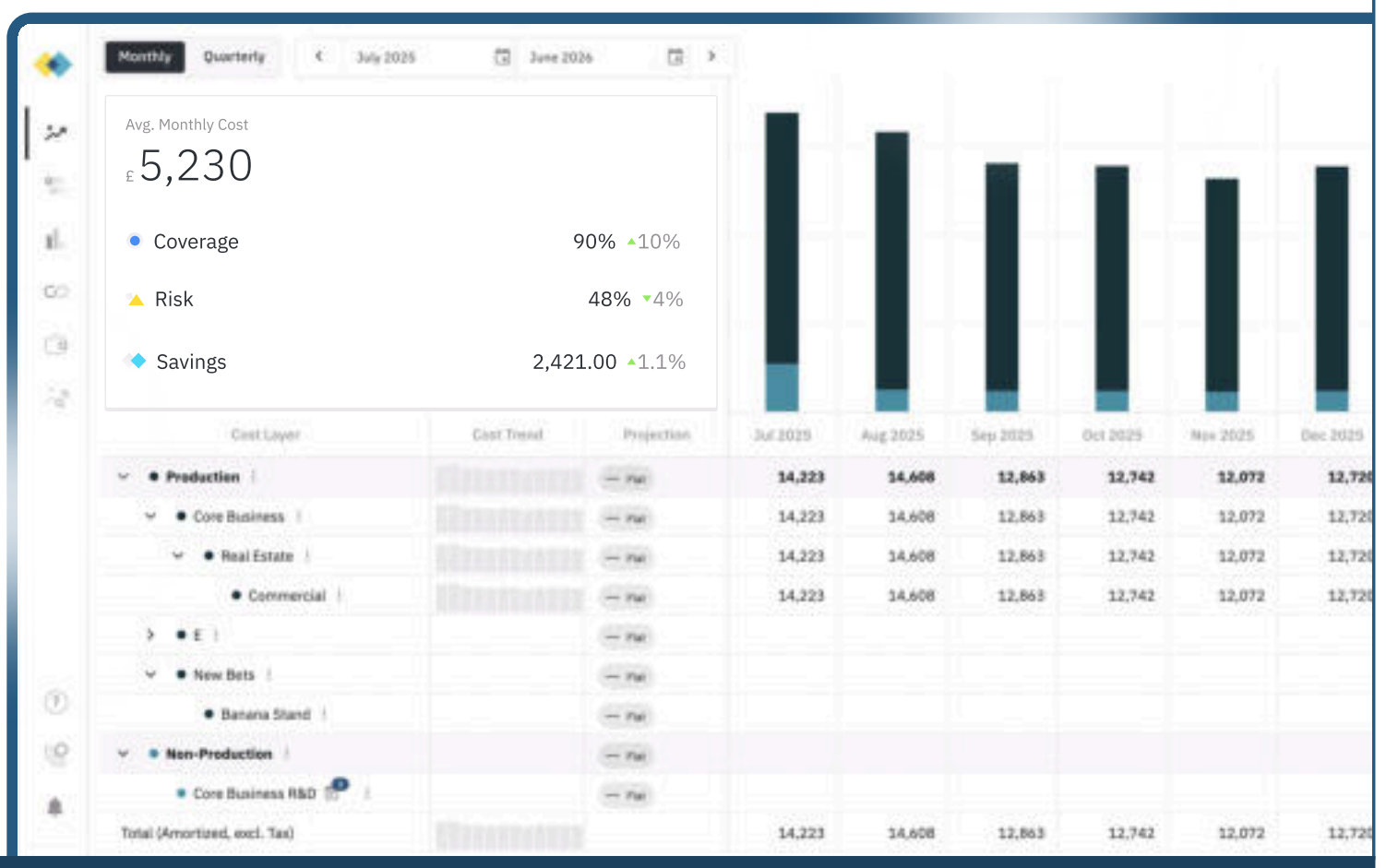
Get spend visibility by forecasting cloud spend with a clear breakdown of your cloud bill.

Aligned to your Business Plan

Correlate your business metrics (such as revenue, engagement & retention) with your underlying cloud spend.

Aligned to your Engineering Roadmap

Capture engineering initiatives (such as migrations or right-sizing) that impact the usage of your cloud resources.



We purchase cloud spend commitments on your behalf

Achieving maximum cost savings while minimising your engineering effort and financial risk.

We buy commitments on your behalf

Our automated smart purchasing tool & cloud analyst team buy new commitments and renew existing commitments that anticipate upcoming changes in your forecast.

We maximize saving

Each commitment purchased through Cloud Capital has a guaranteed savings rate, removing overcommitment risk, and maximising savings.

Avg. 25% Cost Savings

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