

SaaS METRICS PALOOZA

Cloud Cost Metrics and Benchmarks + AI Impact



Phil Pergola
CEO
CloudZero

Imagine A World Where ...

Finance

Confidently predict how cloud spend will grow as the business grows

Customer Success

Understand what drives the profitability of every single customer

Revenue

Be aggressive with pricing or discounting without margin concerns

Product

Understand what drives the profitability of your products and features

Engineering

Re-allocate savings on cloud spend to increased headcount

So how do we
get there ...

CURRENT CLOUD SPEND

\$4.63M +4.7%
vs. Q2



CLOUD EFFICIENCY RATE

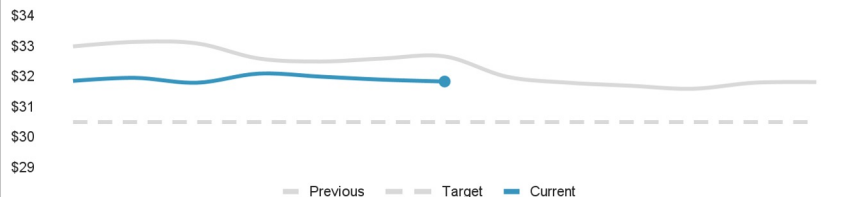
72.71% +2.60%
vs. Q2



COST PER DAILY ACTIVE USER

\$31.84 -2.7% -4.2%
vs. Q2 vs. Target

Q2 2024 **Q3 2024**



BUDGET FORECAST

\$-42,028 PROJECTED OVERAGE
For Q3



MARGIN UPGRADES

Customer	Margin	Change
Vandelay Ind.	56.1%	+7.9%
Monsters, Inc.	86.2%	+4.5%
Stark Ind.	77.7%	+4.4%
Dunder Mifflin	53.1%	+3.8%
Acme Corp	83.2%	+3.6%

MARGIN DOWNGRADES

Customer	Margin	Change
Ingen	75.6%	-10.2%
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Pied Piper	68.6%	-8.3%
Oscorp	71.1%	-7.9%
Oceanic Airlines	42.0%	-7.7%

BUDGET BY PROVIDER

Provider	Budget	Forecast
AWS	\$583,000	-2.3%
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COGS BY FEATURE

Feature	Current Cost	Change
Chat AI	\$54,232	+1.2%
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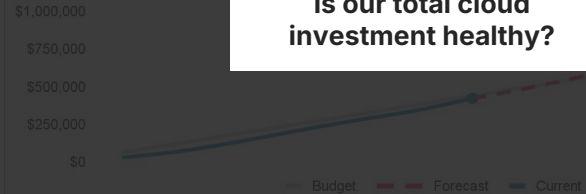
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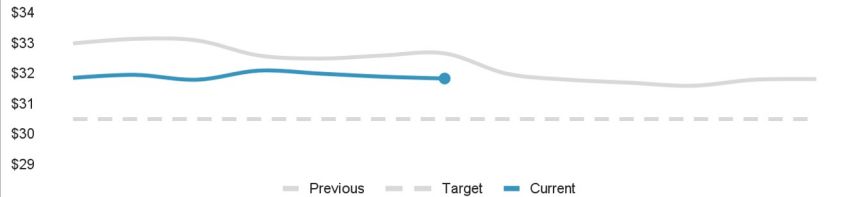
What is our cost to serve each product user?

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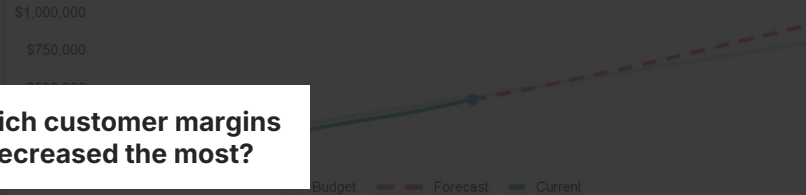
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Which customer margins decreased the most?

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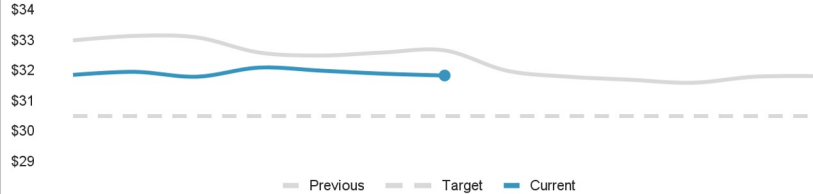


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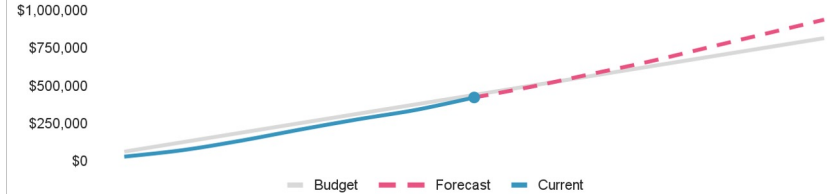
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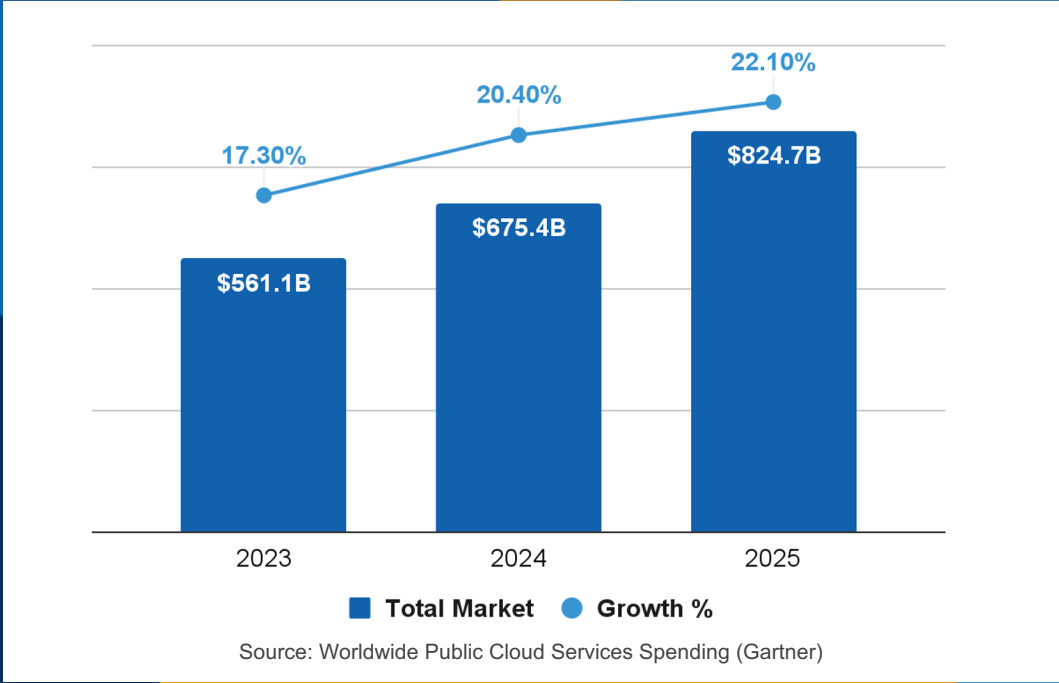
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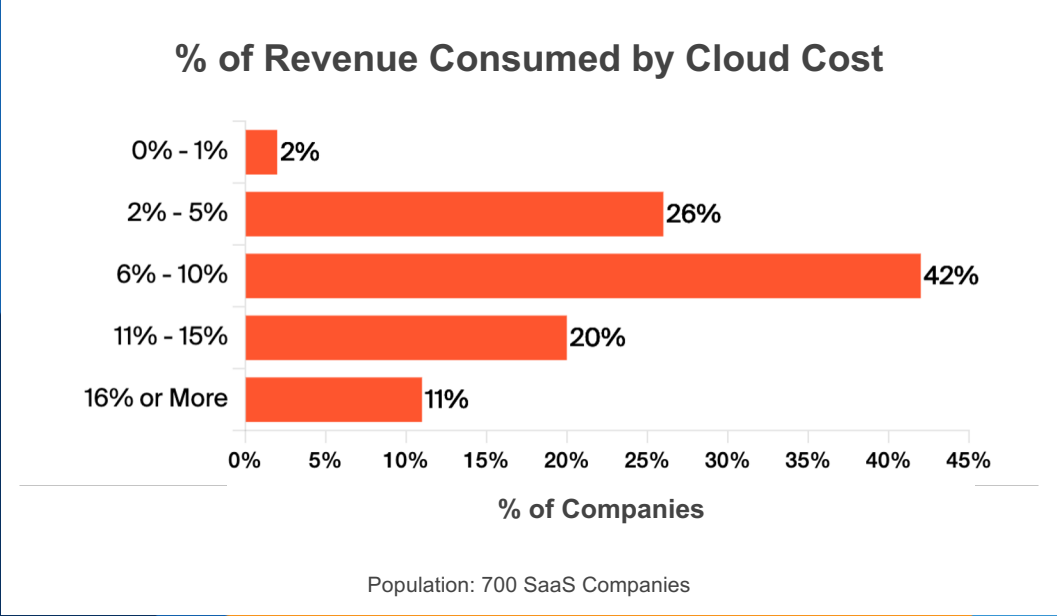
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Cloud Costs Keep Going Up



And It's Killing Your Profit

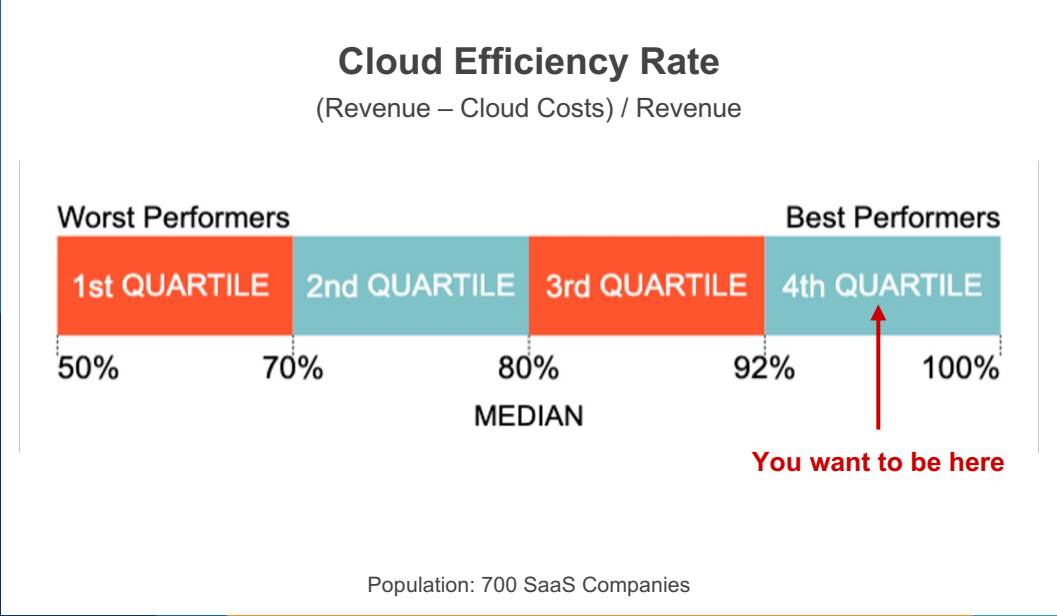


And Your Efficiency

Cloud Efficiency Rate

$(\text{Revenue} - \text{Cloud Costs}) / \text{Revenue}$

And Your Efficiency



The Truth You Don't Want To Hear

~~The cloud is not
the problem~~

How SaaS orgs
manage the cloud is
the problem

The Secret To Improving Cloud Costs

Cloud Unit Economics

System for profit maximization based on objective measurements

Focuses on marginal cost and marginal revenue specific to cloud-based software

The Secret To Improving Cloud Costs

Cloud Unit
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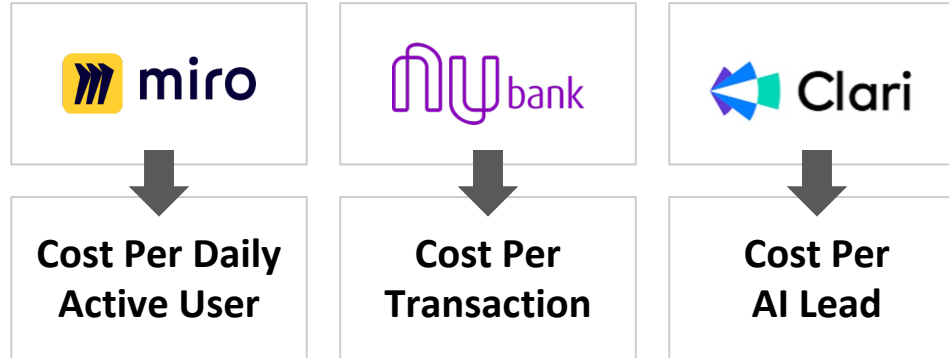
**Cloud Unit
Economics**

**Cost Per
[Demand Driver]**

Cloud Cost

[Demand Driver]

Example Unit Metrics



Why Does It Matter?

**Determines break-even point
and profitability of cloud
operations**

**Essential for data-driven
business decisions and
forecasting**

What Are The Benefits?

**Quantify
Financial
Performance**

**Forecast
Profitability**

**Optimize
Costs**

**Evaluate
Product
Potential**

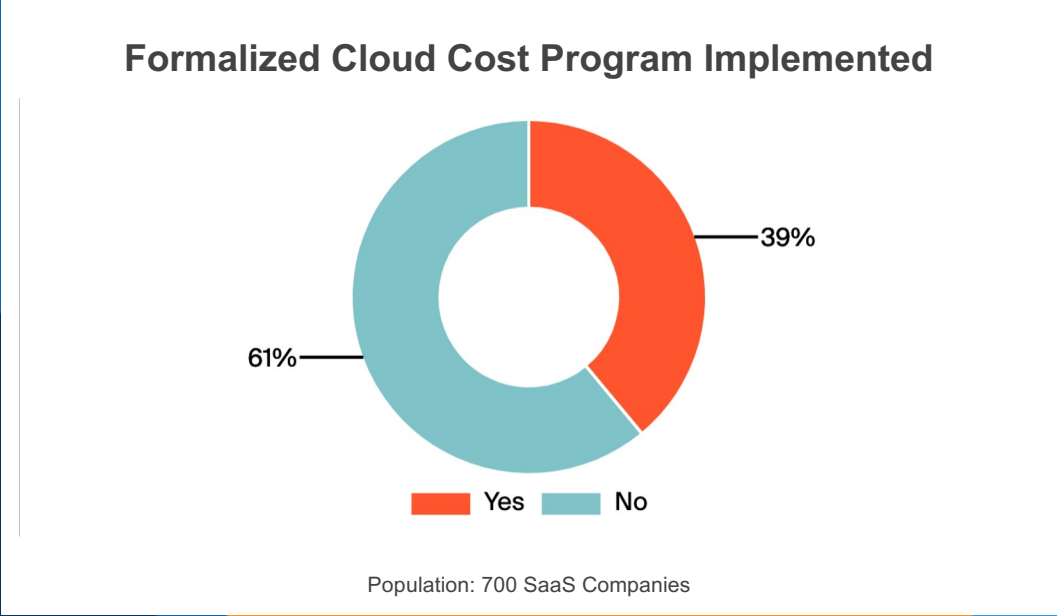
**Drive
Responsible
Cloud Use**

Credit: FinOps Foundation

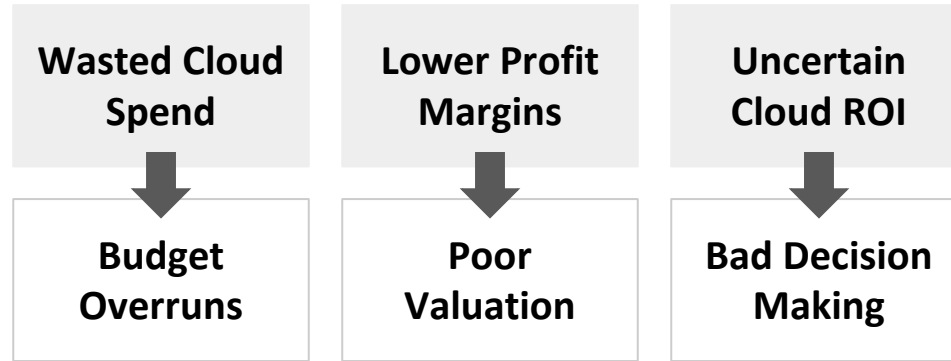
Adopting cloud unit economics is the secret

...

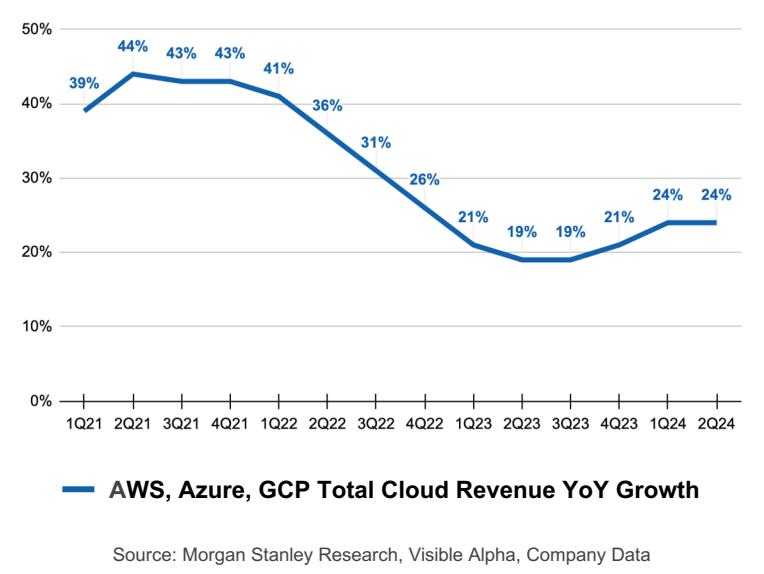
That Not Enough Companies Have Adopted



The Price Of Ignoring Cloud Unit Economics



AI Is Making Things Worse



OpenAI Is Growing Fast and Burning Through Piles of Money



New York Times Article Published September 27, 2024

Cloud unit economics is your secret weapon for profitability in 2025

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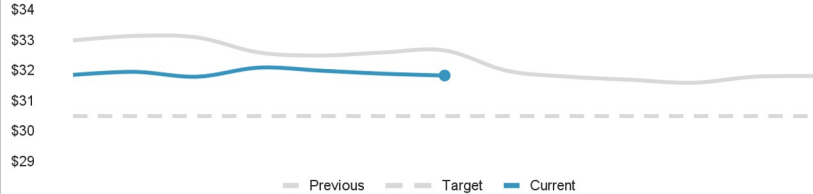


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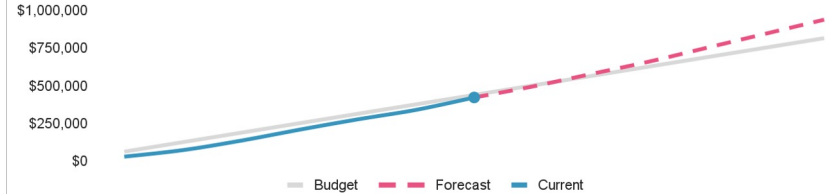
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Wait, I thought we
were a SaaS
company not a
Cloud Reseller ...

Thank You



Phil Pergola
CEO
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More Cloud Cost Benchmarks

<https://www.cloudzero.com/cloud-cost-benchmark-tool/>