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On-Demand tech is on the rise, but spiraling costs, complexity, and governance gaps are putting returns at risk

- *Nearly eight in ten organizations say public cloud, Software-as-a-Service[1] (SaaS) and Gen AI on cloud are key to drive growth, yet the same proportion are struggling to contain costs*
- *Three-quarters exceeded their public cloud budgets (by an average of 10%), while 68% overspent on Gen AI and 52% on SaaS*
- *Strategic cost management and FinOps[2] maturity is essential to unlock their full potential*

Paris, September 10, 2025 – As digital transformation accelerates across industries, organizations are embracing On-Demand technologies — such as public cloud, Software-as-a-Service (SaaS), and Generative AI (Gen AI) — to scale innovation, improve agility, and support competitiveness. But while the benefits are clear, a new global study from the Capgemini Research Institute published today, '*The On-Demand tech paradox: balancing speed and spend*', reveals that rising costs, complexity, and governance gaps are putting returns at risk. With growing demand for digital infrastructure, organizations are struggling to contain technology costs due to lack of cost visibility, underutilized resources, as well as a legacy mindset.

Organizations are pivoting from capital-intensive IT investments to flexible, consumption-based models and On-Demand technologies. According to the report, IT and technology spend is projected to rise and the share of On-Demand tech in IT budgets is expected to grow from 29% to 41% over the next year. The majority (77%) of executives view cloud scalability and performance as critical to business growth and differentiation, as it allows their organizations to scale innovation, accelerate time-to-market and stay competitive. Despite these benefits, many organizations are struggling to harness these On-Demand technologies while maintaining costs.

"The surge of On-Demand technologies – such as Public Cloud, SaaS, and Gen AI – has reshaped how leading businesses operate. These tools offer unparalleled convenience, but they come with a financial implication," said Karine Brunet, CEO of Cloud Infrastructure Services at Capgemini and member of the Group Executive Committee. *"While On-Demand technology expenses are projected to double over the next three to four years, organizations must find a way to gain transparency and control over costs while elevating value. Those that align their cloud strategy with their overall business goals are well positioned to harness this opportunity. By designing scalable, modular, cloud-native[3] and frugal architecture, they are set-up to drive sustainable value through smarter FinOps, integrated governance, and AI-driven automation."*

[1] SaaS is a cloud-based software delivery model where applications are hosted by a third-party service provider and are accessed by users through a web browser, application programming interface (API), or dedicated desktop client.
[2] FinOps stands for Financial Operations. It's a management practice focused on optimizing cloud costs by fostering collaboration between IT, finance, and business teams. This collaborative approach ensures that cloud spending is aligned with business value and technical needs.
[3] Cloud-native architecture and technologies are an approach to designing, constructing, and operating workloads that are built in the cloud and take full advantage of the cloud computing model.

On-Demand technologies are driving tech and IT spending, but not without challenges
While the more advanced adopters of On-Demand tech are already reaping rewards — from cost savings and faster product innovation to improved service quality and operational productivity, less mature adopters are finding that the road ahead is not without its challenges. These include:

- Soaring costs and complexity: 82% of executives report significant increases in cloud, SaaS, and Gen AI costs. Inflation, AI adoption, and digital infrastructure demands are key drivers.
- Budget overruns: 76% of organizations exceeded their public cloud budgets (by an average of 10%), while 68% overspent on Gen AI and 52% on SaaS. Underutilized resources and decentralized procurement are major culprits.
- Shadow IT and security risks: Business units now drive 59% of Gen AI and 48% of SaaS spending. 12% of all SaaS spending is unmanaged. Nearly all executives (98%) admit to bypassing IT for tech purchases, creating inefficiencies and security vulnerabilities.
- Limited ROI realization: Despite heavy investments, only 29% achieved expected SaaS cost savings, 33% saw desired cloud service quality, and 38% realized faster innovation with Gen AI.

FinOps, a critical yet underdeveloped discipline to optimize costs and elevate On-Demand tech value
According to the survey, 60% of organizations use cloud cost management tools, but only 37% evaluate their effectiveness or act on insights. While three quarters of the organizations surveyed (76%) have or plan to establish FinOps teams, most remain narrowly focused and operational in nature. Only 2% who have a dedicated FinOps function cover cloud, SaaS, and Gen AI holistically, and just 42% influence business decisions.

In addition, more than half (53%) of the organizations agree that suboptimal On-Demand tech usage leads to excessive energy consumption and increased carbon emissions. Despite this, only 36% of organizations have a strategy for integrating sustainability into FinOps. Integrating practices such as developing energy-efficient architectures, optimizing computing and storage, switching off idle resources and scheduling workloads can reduce costs as well as carbon.

Report Methodology
The Capgemini Research Institute conducted a survey of 1,000 executives from global organizations with annual revenue of at least $1 billion who are consuming On-Demand technologies (Cloud, SaaS, and Gen AI on Cloud) in 12 sectors and 14 countries across North America, Europe, and Asia-Pacific. The global survey was carried out in May 2025. To supplement the findings, Capgemini also conducted in-depth discussions with 10 executives from global organizations. The study findings reflect the views of the respondents in the online questionnaire for this research and are intended to provide directional guidance.

About Capgemini
Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 350,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, generative AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2024 global revenues of €22.1 billion.

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