



ENTERPRISE CLOUD ECONOMICS INDEX

2026 Annual Index

Founding Edition • August 2026

How enterprise cloud economics are changing — and what the evidence most likely means for CIOs, CFOs, and technology leaders.

ECEI 2026 headline

Enterprise cloud is entering an optimization era: public cloud continues to expand, while enterprises increasingly manage a mixed infrastructure portfolio in which economics, operational complexity, resilience, control, concentration, and future optionality determine where individual workloads belong.

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Meridian Group International

Foreword

Why Meridian Publishes the Enterprise Cloud Economics Index

For decades, Meridian Group International has worked with enterprises at the intersection of technology infrastructure, business operations and economics. We help organizations design, acquire, integrate, operate, and manage the systems on which their businesses depend.

That experience gives Meridian a practical perspective on a question that has become increasingly difficult for enterprise leaders:

Where should a workload run - and why?

Our perspective comes not only from advising customers, but from operating enterprise infrastructure ourselves. Meridian operates co-located data-center and cloud environments supporting IBM Power and HPE GreenLake in the United States, United Kingdom, Ireland, and Germany, as well as IBM Power cloud environments in Sydney and Melbourne, Australia.

This international operating footprint exposes our teams to different customer requirements, regulatory environments, economic structures and approaches to resilience, sovereignty, and infrastructure management. It also gives us experience with the economics and operational realities that emerge after an architecture decision has been made - not simply the assumptions used to justify it initially.

Across those environments, one lesson has become increasingly clear:

There is rarely one universally correct infrastructure destination.

Public cloud can provide extraordinary flexibility, speed, and economics for the right workloads. Private and hybrid infrastructure can provide compelling economics, control, predictability, and resilience for others. In many enterprises, these environments will coexist.

The more useful question is therefore becoming less "Which cloud is best?" and more "What operating model is best for this workload, under these business conditions, at this point in time?"

That question led Meridian to create the Enterprise Cloud Economics Index (ECEI) and its companion ECEI self-evaluation tool for those who desire to leverage a C-suite level tool to help discover a more modern approach to workload placement and their Cloud strategy.

The ECEI report examines the economic, operational, and strategic forces changing enterprise infrastructure decisions. It is designed to distinguish three things that are too often blended together:

- what the evidence says,
- what that evidence most likely means,
- and what we still do not know.

Meridian's experience gives us a point of view. It does not make that point of view evidence.

For that reason, ECEI August 2026 is built upon a locked panel of 20 independent and verifiable publicly available sources spanning market research, official statistics, regulation, competition authorities, cybersecurity research, infrastructure research and standards organizations.

Meridian's role is to ask the questions, triangulate the evidence, identify contradictions, and offer our interpretation of what the evidence most likely means. Where credible evidence supports more than one interpretation, we identify that uncertainty rather than force a conclusion.

We also expect those interpretations to evolve. That is why ECEI is designed as an annual index. By maintaining a consistent methodology and evidence panel - and refreshing those sources with their latest available data - we intend to distinguish genuine changes in enterprise cloud economics from changes in market narrative.

Our objective is not to advocate for public cloud, private cloud, hybrid cloud, or any particular technology platform. It is to help enterprise leaders make better-informed technology decisions by understanding the economics, operational realities, risks, control requirements, and future options behind them.

About the Enterprise Cloud Economics Index

The Enterprise Cloud Economics Index (ECEI) is Meridian's annual evidence-based view of the forces shaping enterprise cloud economics and workload placement. It is designed to be useful to executives, architects, finance leaders, analysts, and practitioners regardless of the infrastructure platforms they use.

ECEI is not a vendor ranking, a Meridian CloudSmart sales tool, or a universal public-versus-private cloud TCO calculator. Its purpose is to distinguish market evidence from interpretation and to make uncertainty visible.

Editorial standard

What the evidence says → what it most likely means → credible alternative interpretation → evidence strength → annual conclusion.

The 2026 edition uses a locked 20-source evidence panel spanning independent market research, industry foundations, official statistics, competition authorities, regulation, cybersecurity research, infrastructure research and standards bodies. Provider documentation is used only to validate provider-specific commercial or technical facts and is not counted among the independent 20-source panel.

How to read ECEI

Term	Meaning
Observed evidence	A reported statistic, regulatory requirement, market measurement or documented technical condition.
Most likely interpretation	Meridian's judgment of the explanation best supported by the combined evidence.
Credible alternative	Another plausible explanation that the available evidence does not rule out.
Evidence strength	High, Medium, or Low based on source diversity, recency, consistency, and directness.
ECEI conclusion	The practical implication Meridian believes executives should carry into decision-making.

2026 Executive Readout

- Hybrid and multi-cloud are normal enterprise operating conditions, but prevalence does not prove intentional design or economic superiority.
- Cloud economics is broadening into technology economics: cloud consumption, private infrastructure, licensing, labor, data-center cost, commitments, and change costs increasingly belong in one executive view.
- Public cloud continues to grow rapidly while cost friction persists. The most likely conclusion is not that public cloud is failing, but that consumption requires active economic governance.
- Private and hybrid infrastructure remain strategically relevant. The broader evidence supports workload re-optimization more strongly than a broad repatriation wave.
- Control is becoming multidimensional: security, resilience, sovereignty, concentration, jurisdiction, interoperability, and recovery all influence enterprise value.

- Strategic optionality has measurable economic value where switching barriers, licensing, commitments, refactoring, or concentration are material.
- AI is increasing infrastructure heterogeneity because training, inference, data gravity, accelerator availability, latency, power, and density create different placement economics.
- Operational complexity is itself an economic variable. Hybrid flexibility can create value, but unmanaged handoffs, identity sprawl, duplicate tooling, and skills requirements can consume it.

Confidence in the overall direction of travel: HIGH. Confidence in the speed and magnitude of workload movement between public and private environments: MEDIUM.

The Eight ECEI 2026 Market Signals

Signal	Evidence strength	Most likely 2026 interpretation	Evidence pattern
1. Hybrid Normalization	HIGH	Hybrid is a normal operating condition. The executive issue is whether the mixed estate is intentional and governed.	73% hybrid adoption in Flexera 2026; PwC reports architecture change is imminent; CNCF/SlashData shows growth in hybrid and multi-cloud development.
2. Economics Expansion	HIGH	Technology economics is expanding beyond the cloud invoice.	FinOps 2026: 57% private cloud, 48% data center, 64% licensing and 28% labor within FinOps scope.
3. Public-Cloud Growth + Cost Friction	HIGH	Public cloud remains structurally strong while economic governance remains difficult.	Synergy: Q2 2026 cloud infrastructure spend reached \$143B, +43% YoY; Flexera: 85% cite cloud-spend management as a challenge and estimated waste is 29%.
4. Placement Reassessment	MEDIUM-HIGH	Workloads are being reconsidered, but the evidence supports re-optimization more strongly than a broad reversal from public cloud.	Hybrid/private capacity persists; architecture-change surveys are strong; repatriation evidence is directionally useful but less independent.
5. Control, Resilience & Sovereignty	HIGH	Control increasingly affects architecture and economics, not just compliance.	PwC, CSA, ENISA, DORA, and the EU Data Act converge on sovereignty, security, resilience, and concentration concerns.
6. Strategic Optionality	HIGH	Exit friction, interoperability, licensing, committed spend and concentration increasingly carry economic value.	UK CMA, OECD, EU Data Act, DORA, and NIST all support switching/interoperability as material concerns.
7. AI Infrastructure Economics	HIGH	AI changes placement economics through accelerators, data gravity, capacity, density, and power constraints.	Uptime Institute and current market research point to rising power/capacity pressure and AI-driven infrastructure change.
8. Operational Complexity	MEDIUM-HIGH	Hybrid and multi-cloud can improve flexibility while increasing operational burden if not deliberately governed.	CSA, CNCF, Uptime Institute and enterprise surveys show security, skills, tooling, and operating-model complexity.

1 | Hybrid Normalization

Observed evidence

Flexera reports that 73% of organizations operate hybrid estates. PwC's 2025 EMEA survey of more than 1,400 leaders found 94% plan to adjust and expand cloud architecture and coverage. CNCF/SlashData reports hybrid-cloud use among developers rising to 32%, with multi-cloud at 26%.

Most likely meaning

Hybrid is less a destination than an enterprise operating condition. The decision challenge is increasingly portfolio governance: why a workload is placed where it is, whether that rationale remains valid, and how the estate is operated coherently.

Credible alternative

A high hybrid rate can also reflect accumulated technical debt, mergers, siloed teams, or application-specific decisions rather than deliberate architecture.

ECEI conclusion

Do not equate hybrid prevalence with hybrid excellence. The stronger test is whether the enterprise can explain and periodically revalidate the placement of material workloads.

2 | Economics Expansion

Observed evidence

The FinOps Foundation reports that 90% of practitioners manage or plan to manage SaaS, 64% licensing, 57% private cloud, 48% data center and 28% labor. Its 2026 mission explicitly moved from managing the value of cloud to managing the value of technology.

Most likely meaning

CIO/CFO economics are converging. A cloud invoice is increasingly too narrow for infrastructure decisions, just as a server or data-center cost comparison is too narrow if it excludes labor, resilience, network, commitments, and change.

Credible alternative

FinOps scope expansion may be moving faster than organizations' ability to normalize data across technology categories.

ECEI conclusion

Compare total workload economics: Run + Operate + Protect + Commit + Change. Disclose where data quality is uneven.

3 | Public-Cloud Growth and Cost Friction Coexist

Observed evidence

Synergy Research reports Q2 2026 enterprise cloud-infrastructure spending of \$143 billion, up 43% year over year, with AWS, Microsoft and Google holding a combined 63% share. Flexera reports 85% still identify managing cloud spend as a challenge and estimates IaaS/PaaS waste at 29%.

Most likely meaning

Public cloud remains compelling and is expanding rapidly. At the same time, its economic value depends on workload behavior, commitment utilization, architecture, data movement, and operating discipline.

Credible alternative

Some apparent cost friction may be economically rational if additional spend buys speed, resilience, innovation, or AI capability with greater business value.

ECEI conclusion

Growth does not prove universal workload fit; waste does not prove cloud failure. Evaluate business value and risk-adjusted workload economics together.

4 | Placement Reassessment

Observed evidence

Independent evidence shows continued investment across public cloud, owned data centers, colocation, and hybrid architectures. Vendor-sponsored research also reports strong interest in private cloud and workload repatriation, but ECEI treats that evidence as supplemental rather than determinative.

Most likely meaning

Enterprises are re-optimizing placement rather than moving in one universal direction. Stable, regulated, data-intensive or mission-critical workloads can favor different operating models from elastic, interruptible or cloud-native workloads.

Credible alternative

The magnitude of actual workload movement is difficult to establish because 'considering,' 'planning' and 'executing' are often combined in market narratives.

ECEI conclusion

Treat repatriation as one possible outcome of workload re-optimization, not as a strategy in itself.

5 | Control, Resilience and Sovereignty Rise

Observed evidence

PwC reports 82% of surveyed EMEA organizations are refining cloud strategy in response to geopolitical or regulatory change. CSA reports widespread hybrid/multi-cloud use alongside identity, skills, and AI-security gaps. DORA explicitly addresses third-party concentration and substitutability.

Most likely meaning

Enterprise control is expanding beyond data residency. Executives increasingly need to understand who operates the environment, where dependencies sit, how recovery works, which jurisdictions apply and how concentrated critical services are.

Credible alternative

Some sovereignty requirements can be met within hyperscaler or sovereign-cloud offerings; control requirements do not inherently imply private infrastructure.

ECEI conclusion

Score control requirements explicitly. Do not use 'sovereignty' as shorthand for a predetermined architecture.

6 | Strategic Optionality Becomes Measurable

Observed evidence

The UK CMA's cloud-services investigation identified barriers involving egress, interoperability, licensing, and committed-spend structures. The OECD identifies concentration, portability, and interoperability as competition concerns. The EU Data Act eliminates switching charges from January 12, 2027, while DORA requires financial entities to consider substitutability and migration difficulty.

Most likely meaning

The ability to change provider or architecture has economic and governance value, especially for critical workloads.

Credible alternative

Regulatory reductions in contractual switching charges do not remove technical switching cost. Refactoring, data movement, skills, downtime risk, and stranded commitments can remain material.

ECEI conclusion

Optionality is the practical economic ability to change direction — not the theoretical existence of another provider.

7 | AI Changes Infrastructure Economics

Observed evidence

Current infrastructure research points to rising power constraints, density requirements, capacity pressure, and AI-driven investment. AI workloads also vary sharply between experimentation, large-scale training, and sustained inference.

Most likely meaning

AI is more likely to increase infrastructure heterogeneity than eliminate it. Different combinations of accelerator availability, utilization, data gravity, latency, governance, and power can favor different environments.

Credible alternative

Continued hyperscaler and neocloud investment could reduce some capacity constraints and improve economics for many AI workloads.

ECEI conclusion

Treat AI as a set of workload archetypes, not a generic reason to choose public or private infrastructure.

8 | Operational Complexity Is a First-Order Cost

Observed evidence

CSA reports hybrid and multi-cloud environments alongside identity and skills challenges; only a minority prioritize unified risk assessment or tool consolidation. Uptime Institute continues to report staffing, resiliency, and infrastructure-operating challenges.

Most likely meaning

Hybrid flexibility can create value, but fragmented ownership, duplicate tooling, specialist silos, and unclear incident accountability can consume it.

Credible alternative

Highly automated platform teams can operate heterogeneous estates efficiently; complexity is not inevitable.

ECEI conclusion

Operational simplicity should be measured through handoffs, tooling, staffing burden, provisioning time, and accountability — not assumed from architecture labels.

The ECEI Enterprise Profile

ECEI is intended to be usable, not merely readable. The public Enterprise Profile lets an organization test whether it has the disciplines needed to respond to the market conditions described in this index. It does not recommend a vendor or platform.

Profile dimension	Question the enterprise should be able to answer	A lower profile most likely indicates
Workload Placement Discipline	Can we explain why our material workloads are where they are — and when that decision was last revalidated?	Inherited/default placement or limited evidence.
Economic Visibility & Control	Can Finance and IT see total workload economics, commitments, and major sources of variance?	Fragmented cost views, weak forecasting, or unmanaged commitments.
Operational Simplicity	Can we operate the estate with clear ownership and without excessive tools, handoffs, or specialist silos?	Operating friction and hidden labor cost.
Enterprise Control & Resilience	Can we demonstrate security, recovery, residency, dependency, and concentration controls?	Unknown or untested control/resilience gaps.
Strategic Optionality	Could we change provider or architecture at an understood and acceptable cost and time?	High switching friction or poorly understood exit exposure.

Founding-edition limitation

ECEI 2026 does not publish industry, geography, or company-size percentiles. Meridian does not yet possess a governed, representative ECEI respondent dataset sufficient to make those comparisons defensibly. The public ECEI Companion Self-Test therefore produces a directional Enterprise Profile and evidence-confidence view only.

A separate public ECEI Self-Test accompanies this report and can be used with or without Meridian involvement.

How to Interpret a Profile

Directional band	Most likely meaning	Recommended response
80–100	Strong, intentional cloud-economic discipline.	Investigate only materially weaker dimensions or low-confidence answers.
65–79	Generally competitive with targeted gaps.	Address the weakest practices and evidence gaps.
50–64	Material improvement opportunity.	Run a deeper workload-level review.
Below 50	Structural weakness, limited visibility, or significant process gaps.	Validate evidence and redesign decision processes where warranted.
Many 'Unknown' answers	Decision-confidence problem regardless of numeric score.	Improve evidence before acting.

What ECEI 2026 Does Not Support

- “Public cloud failed.” Current market growth clearly contradicts this.
- “Everything is moving to public cloud.” The evidence also contradicts this as a universal enterprise strategy.
- “Repatriation is the dominant cloud trend.” Evidence supports reassessment and selective movement, not a universal reversal.
- “Hybrid is inherently better.” Hybrid is prevalent; it can also create material operating and security complexity.
- “Private cloud is generally cheaper.” The evidence does not support a universal TCO winner.
- “Sovereignty means local data residency.” Control also includes operations, jurisdiction, technology dependency, resilience, and concentration.
- “Lower switching fees eliminate lock-in.” Refactoring, data gravity, licensing, skills, and commitments can remain significant.

Methodology and Governance

ECEI August 2026 uses a publicly available locked 20-source panel for longitudinal comparability. In future annual reports, Meridian will refresh each source to its latest available data while preserving the source panel, definitions, and methodology. Source substitutions or methodology changes will be disclosed as version changes.

Evidence-strength framework

Test	High	Medium	Low
Independent support	3+ independent sources	2 independent sources	1 source or mainly sponsored evidence
Evidence diversity	2+ evidence classes	Primarily one class	Single method/source type
Recency	Majority within 24 months	Mixed recent and older	Mostly older
Consistency	Broad directional agreement	Some credible contradiction	Material unresolved contradiction
Directness	Directly measures the signal	Moderate inference required	Mostly proxy evidence

Editorial rules

- No statistic is an ECEI conclusion.
- Observed evidence, interpretation and uncertainty are separated.
- When credible evidence supports multiple explanations, ECEI states the most likely interpretation and preserves the credible alternative.
- Vendor-sponsored research may supplement but cannot establish an annual signal.
- Provider documentation is authoritative only for the provider's own terms, pricing, or capabilities.
- Peer benchmarks will not be published until cohort size, representativeness and governance are sufficient.
- Prior editions are preserved; methodology or source-panel changes require explicit versioning.

2027 Measurement Agenda

Area	What ECEI should collect	Purpose
Placement	Workload archetype, current location, placement rationale, and review frequency	Test whether hybrid is intentional or inherited.
Economics	Run / operate / protect / commit / change visibility and forecast accuracy	Measure economic control beyond invoices.
Operations	Tools, handoffs, staffing burden, provisioning time, incident ownership	Measure complexity rather than assume it.
Resilience	RTO/RPO performance, recovery tests, and concentration dependencies	Separate stated resilience from demonstrated resilience.
Optionality	Exit time, migration effort, refactoring, and stranded commitments	Turn lock-in into measurable economics.
Outcomes	Whether architecture/economic changes delivered expected value 12 months later	Test whether ECEI insights correlate with outcomes.

2026 Locked 20-Source Evidence Panel

#	Source	Evidence class	Primary ECEI role	Edition used
1	Flexera — 2026 State of the Cloud	Commercial market survey	Hybrid adoption; cloud spend; waste; value metrics	2026
2	FinOps Foundation — State of FinOps 2026	Industry foundation / practitioner data	Technology-economics scope; governance	2026
3	Gartner — cloud and infrastructure forecasts	Independent research/advisory	Public-cloud growth; infrastructure demand; sovereign-cloud context	Latest available
4	IDC — cloud and AI infrastructure research	Independent research/advisory	Cloud platforms; cost; AI infrastructure	Latest available
5	McKinsey — cloud value research	Management research	Enterprise cloud value and transformation context	Latest available
6	PwC — 2025 EMEA Cloud Business Survey	Professional-services research	Architecture change; sovereignty; AI	2025
7	Deloitte — hybrid cloud / AI infrastructure research	Professional-services research	Hybrid economics; AI infrastructure	Latest available
8	Uptime Institute — Global Data Center Survey	Independent infrastructure research	Capacity; power; resilience; staffing	2025
9	CNCF / SlashData — State of Cloud Native Development	Industry foundation + survey partner	Hybrid/multi-cloud development patterns	2025
10	Cloud Security Alliance — State of Cloud & AI Security	Industry association research	Identity; skills; hybrid/multi-cloud security	2025
11	ISG Index	Independent market/advisory data	XaaS and managed-services market movement	Latest available
12	Eurostat — enterprise cloud adoption	Official statistics	EU cloud adoption by enterprise size / geography	2025
13	UK Competition & Markets Authority — Cloud Services Market Investigation	Competition authority	Egress; interoperability; licensing; market power	2025–2026
14	EU Data Act — Regulation (EU) 2023/2854	Primary regulation	Switching; interoperability; switching charges	Current
15	DORA — Regulation (EU) 2022/2554	Primary regulation	ICT concentration; substitutability; migration risk	Current
16	ENISA — cloud / NIS360 security analysis	Cybersecurity agency	Resilience; systemic and security risk	Latest available
17	International Energy Agency — Energy and AI	Intergovernmental research	Data-center electricity and AI capacity pressure	Latest available
18	Synergy Research Group — cloud market data	Independent market intelligence	Cloud growth; market share; capacity	Q2 2026
19	OECD — Competition in the Provision of Cloud Computing Services	Intergovernmental research	Concentration; switching; interoperability	2025
20	NIST — Cloud Computing Standards Roadmap	Standards authority	Portability; interoperability; standards	Foundational

Selected Source Notes and Links

Flexera, 2026 State of the Cloud — [source](#)

FinOps Foundation, State of FinOps 2026 — [source](#)

PwC, 2025 EMEA Cloud Business Survey — [source](#)

Uptime Institute, Global Data Center Survey 2025 — [source](#)

CNCF / SlashData, State of Cloud Native Development — [source](#)

Cloud Security Alliance, State of Cloud and AI Security 2025 — [source](#)

Eurostat, Digitalisation in Europe 2026 — [source](#)

UK CMA, Cloud Services Market Investigation — [source](#)

EU Data Act, Regulation (EU) 2023/2854 — [source](#)

DORA, Regulation (EU) 2022/2554 — [source](#)

Synergy Research Group, Q2 2026 Cloud Market — [source](#)

OECD, Competition in the Provision of Cloud Computing Services — [source](#)

NIST, Cloud Computing Standards Roadmap — [source](#)

About Meridian Group International

Headquartered in Deerfield, IL Meridian Group International is an international technology and managed-services organization helping enterprises design, implement, operate, and manage complex technology environments.

Meridian's capabilities span enterprise infrastructure, cloud and hybrid-cloud environments, managed services, networking, collaboration, and the technologies required to operate and protect business-critical workloads.

Meridian combines customer advisory and integration experience with direct responsibility for operating enterprise cloud infrastructure across multiple countries and technology platforms.

Meridian operates co-located data-center and cloud environments supporting IBM Power and HPE GreenLake in the United States, United Kingdom, Ireland, and Germany. In Australia, Meridian operates IBM Power cloud environments from co-located data centers in Sydney and Melbourne.

This combination of customer advisory experience and direct operating responsibility provides Meridian with visibility into both sides of an infrastructure decision: the architecture and economic assumptions made when an investment is selected, and the operating, financial and resilience realities that develop over its lifecycle.

Meridian works across public, private and hybrid infrastructure models. We do not believe one model is inherently right for every enterprise or every workload.

That operating philosophy is reflected in the Enterprise Cloud Economics Index.

ECEI is Meridian's evidence-based framework for examining how enterprise technology economics are changing, what current market evidence most likely means, and which questions CIOs, CFOs and technology leaders should be asking as they make infrastructure decisions.

The index is deliberately separate from any individual Meridian product or platform. Its purpose is to contribute a rigorous, evidence-based perspective to the broader enterprise technology conversation.

Publication Notes

ECEI is an interpretive market index. It is not investment advice, legal advice, a security certification, or a guarantee of technology or financial outcomes. Market statistics remain the responsibility of the cited publishers. Meridian's contribution is the synthesis, interpretation, evidence-strength assessment and longitudinal methodology.

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