

# Clouded Judgement 10.31.25 - Cloud Giants Report Q3



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## Cloud Giants

This week the 3 hyperscalers reported (AWS, Azure and Google Cloud). What did we learn? Most importantly - they ALL called out still being meaningfully capacity constrained. CapEx guides are going up, data center builds are going up, power constraints are meaningful. This isn't the telecom bust where the world laid fiber was "dark" (ie unused). GPUs are being used the second they come online...

Here are the numbers:

AWS (Amazon): \$132B run rate growing 20% YoY (last Q grew 17%)

Azure (Microsoft): ~\$93B run rate (estimate) growing 39% YoY (last Q grew 39%)

Google Cloud (includes GSuite): \$61B run rate growing 34% YoY (last Q grew 32%, neither are cc)



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## Takeaways from AWS:

### On capacity and constraints

- Added 3.8 GW of power in the last 12 months, at least 1 GW more in Q4
- On track to double overall capacity again by 2027
- Current industry bottleneck is power, chips may tighten later
- As capacity lands it is getting monetized immediately
- Bedrock positioned to become the largest inference engine over time, potentially as large as EC2

### Custom silicon and chips:

- Trainium2 is fully subscribed and a multibillion dollar business, up 150 percent quarter over quarter
- Project Rainier for Anthropic at 500k Trainium2 chips, scaling to 1M by year
- Majority of Bedrock token usage already runs on Trainium

- Trainium3 preview later this year, volume early 2026, Amazon reiterates 30 to percent price performance advantage vs alternatives

One sentence takeaway: Capacity is the moat, silicon is the margin unlock, agents the new workload that can make Bedrock feel like the next EC2 moment

### Takeaways from Azure:

On capacity and constraints:

- AI capacity expanding 80%+ this year; total data-center footprint to double in years.
- New 2-GW “Fairwater” site in Wisconsin billed as world’s most powerful AI center.
- First hyperscaler to deploy NVIDIA GB300s; continuously modernizing a “fungible fleet” across all AI stages (training to inference).
- Software optimizations increased GPT-4.1 and GPT-5 token throughput 30%+ GPU - efficiency is becoming the moat.

### AI Demand

- Over 900M MAUs using AI features; 150M active Copilot users across M365, GitHub, and security.
- M365 Copilot adoption up 50% QoQ; 90% of Fortune 500 using it.
- GitHub Copilot at 26M users, 80% of new devs adopt it within a week.
- Enterprise customers (PwC, Accenture, EY, Lloyds) scaling seats fast and reporting tangible productivity gains.

### OpenAI Relationship

- Microsoft has 10x'd its investment; OpenAI contracted \$250B in new Azure spend.
- Extends rev-share, IP, and API exclusivity through 2030–2032.
- Azure remains OpenAI's exclusive cloud until AGI (or at least the end of the decade).

One sentence takeaway: Microsoft is short on capacity, not demand

### Takeaways from Google:

On capacity and constraints:

- Still supply constrained
- Management expects a tight demand supply environment through Q4 and into 2026 despite speeding server deployments and data center construction.
- Cloud demand is the driver, with AI infra and Gemini solutions leading bookings and backlog
- 2025 CapEx raised to 91 to 93B (from 85B). 2026 CapEx will “increase significantly”
- Anthropic plans to access up to 1 million TPUs, reinforcing the need to keep adding capacity.

### AI Demand

- Management explicitly tied the 34% YoY Cloud growth and 46% QoQ backlog jump to enterprise AI demand.
- Enterprise AI products are generating “billions in quarterly revenue” across infrastructure and Gemini-based solutions.
- Generative AI product revenue up 200% YoY, fueled by adoption of Gemini, V Imagine, and Chirp.
- Nearly 150 enterprise customers each processed ~1 trillion tokens in the past year using Google models for tasks like marketing, personalization, and analytics.
- Gemini API usage is massive – 7 billion tokens per minute processed; Gemini at 650M MAUs with 3x query growth since Q2.
- AI is expanding search demand, not cannibalizing it – AI overviews and AI M drove incremental total and commercial query growth.

### Quarterly Reports Summary

	Reported Revenue			Next Quarter Rev		
	Actual	Consensus	Δ	Guidance	Consensus	
Tenable	\$252.4M	\$247.1M	2.2%	\$251.1M	\$251.0M	0%
Confluent	\$298.5M	\$292.5M	2.0%	\$296.0M	\$295.9M	0%
ServiceNow	\$3,407M	\$3353.0M	1.6%	\$3,425M	\$3405.4M	0%
AppFolio	\$249.4M	\$245.2M	1.7%	NA	\$244.2M	1%
Atlassian	\$1433.0M	\$1399.8M	2.4%	\$1539.0M	\$1513.9M	1%
Cloudflare	\$562.0M	\$544.1M	3.3%	\$589.0M	\$579.5M	1%

## Top 10 EV / NTM Revenue Multiples

Company	EV / NTM Rev	EV / 2026 Rev	EV / NTM FCF	NTM Rev Growth	Gross Margin	Operating Margin	FCF Margin	% in 1 Over
1 Palantir	94.4x	80.8x	187x	40%	80%	17%	50%	10
2 Cloudflare	32.7x	29.1x	241x	26%	76%	(10%)	10%	10
3 CrowdStrike	24.9x	22.5x	87x	21%	74%	(9%)	24%	10
4 Figma	20.0x	NA	100x	27%	91%	18%	28%	25
5 Shopify	18.0x	16.2x	93x	23%	49%	15%	18%	68
6 Snowflake	17.8x	16.1x	66x	24%	67%	(37%)	18%	90
7 Zscaler	15.0x	13.7x	56x	23%	77%	(5%)	27%	52
8 Datadog	14.4x	13.1x	55x	20%	80%	(1%)	28%	49
9 Guidewire	14.0x	13.1x	59x	17%	63%	3%	24%	87
10 Palo Alto	13.1x	12.4x	34x	14%	73%	13%	38%	36
Top 10 Average	26.4x	24.1x	98x	24%	73%	1%	26%	71
Top 10 Median	17.9x	16.1x	77x	23%	75%	1%	26%	77
Overall Median	5.1x	4.7x	26.5x	12%	76%	(2%)	18%	

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## Top 10 Weekly Share Price Movement

Company	7 Day Share Price Δ	30 Day Share Price Δ	YTD Share Price Δ	Current Ma Cap (\$MM)
1 Jamf	22%	20%	(8%)	\$1,708
2 Palantir	8%	7%	157%	\$461,539
3 BlackLine	7%	7%	(7%)	\$3,512
4 Snowflake	7%	20%	76%	\$91,876
5 MongoDB	5%	12%	49%	\$28,275
6 Shopify	4%	17%	63%	\$226,105
7 Domo	4%	(13%)	94%	\$566
8 nCino	3%	(1%)	(20%)	\$3,104
9 CrowdStrike	3%	10%	57%	\$135,185
10 Confluent	3%	19%	(16%)	\$8,269
Average	7%	10%	45%	\$96,014
Median	5%	11%	53%	\$18,272

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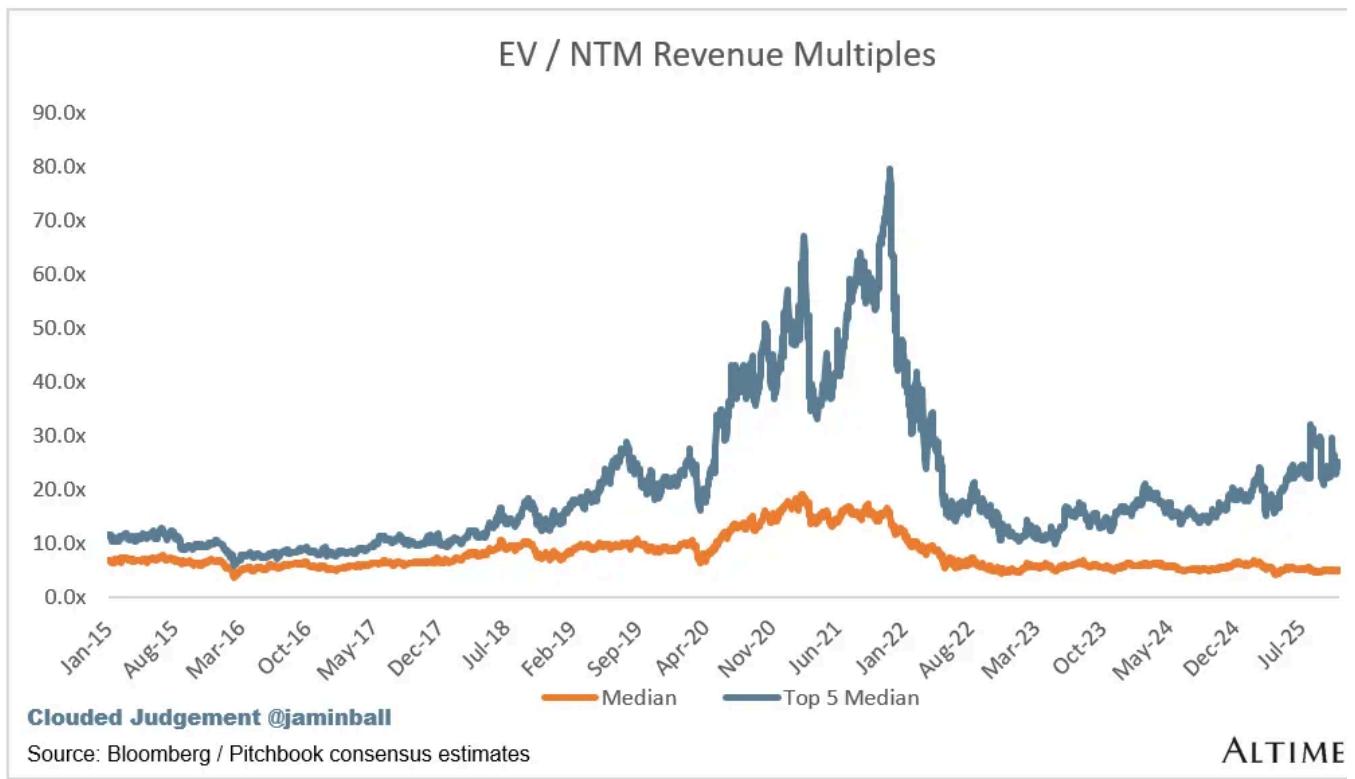
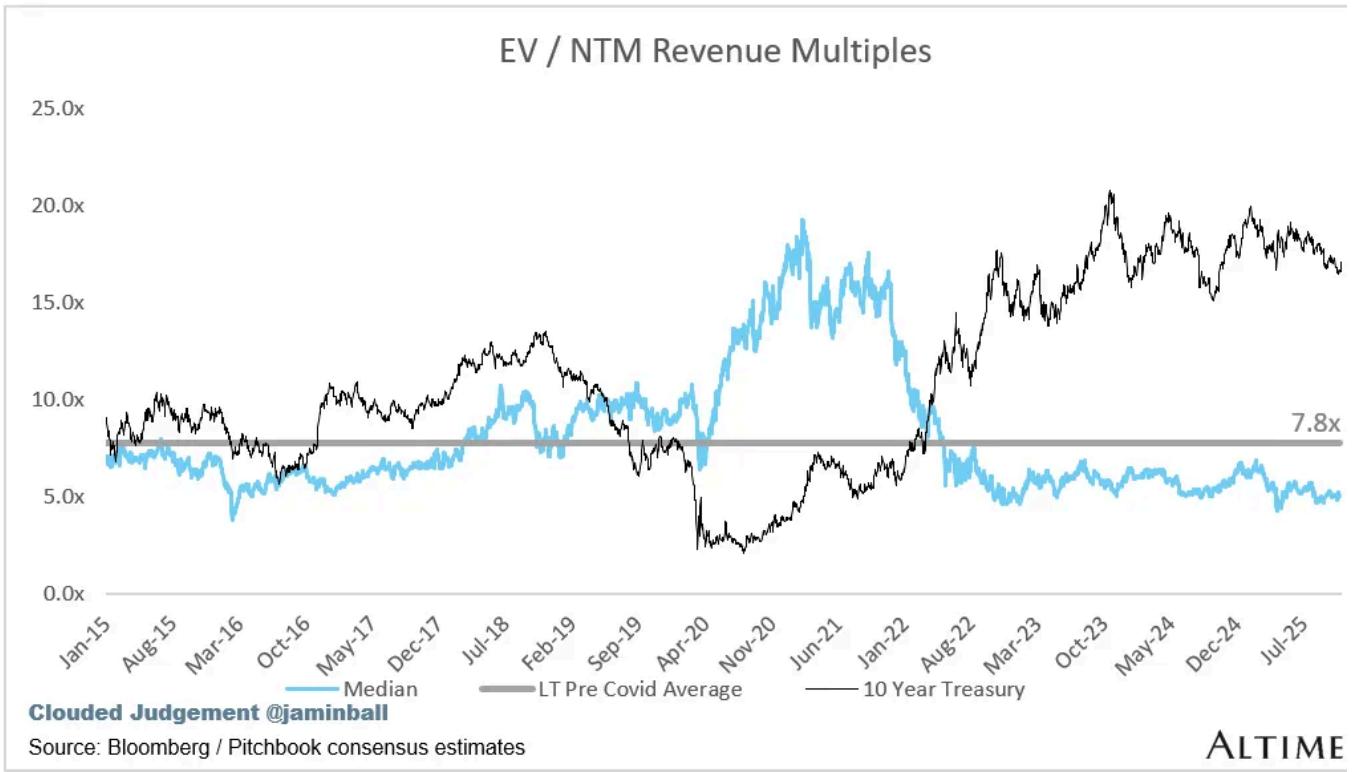
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## Update on Multiples

SaaS businesses are generally valued on a multiple of their revenue - in most cases projected revenue for the next 12 months. Revenue multiples are a shorthand valuation framework. Given most software companies are not profitable, or not generating meaningful FCF, it's the only metric to compare the entire industry against. Even DCF is riddled with long term assumptions. The promise of SaaS is that growth in early years leads to profits in the mature years. Multiples shown below are calculated by taking the Enterprise Value (market cap + debt - cash) / NTM revenue.

### Overall Stats:

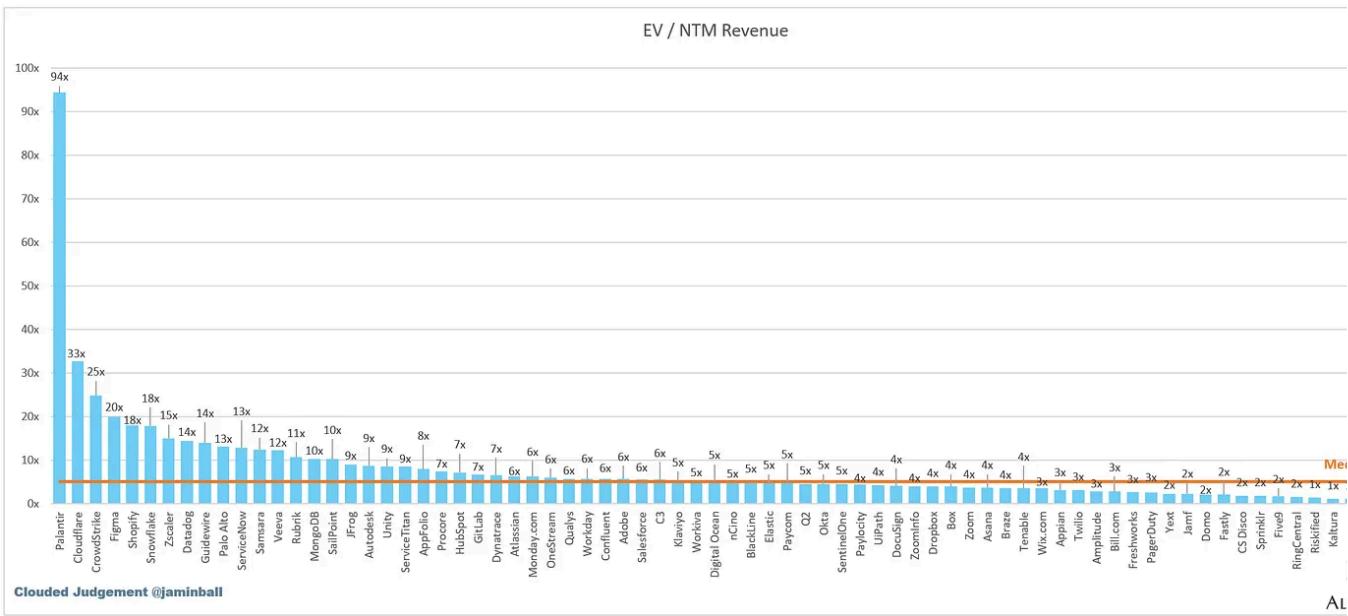
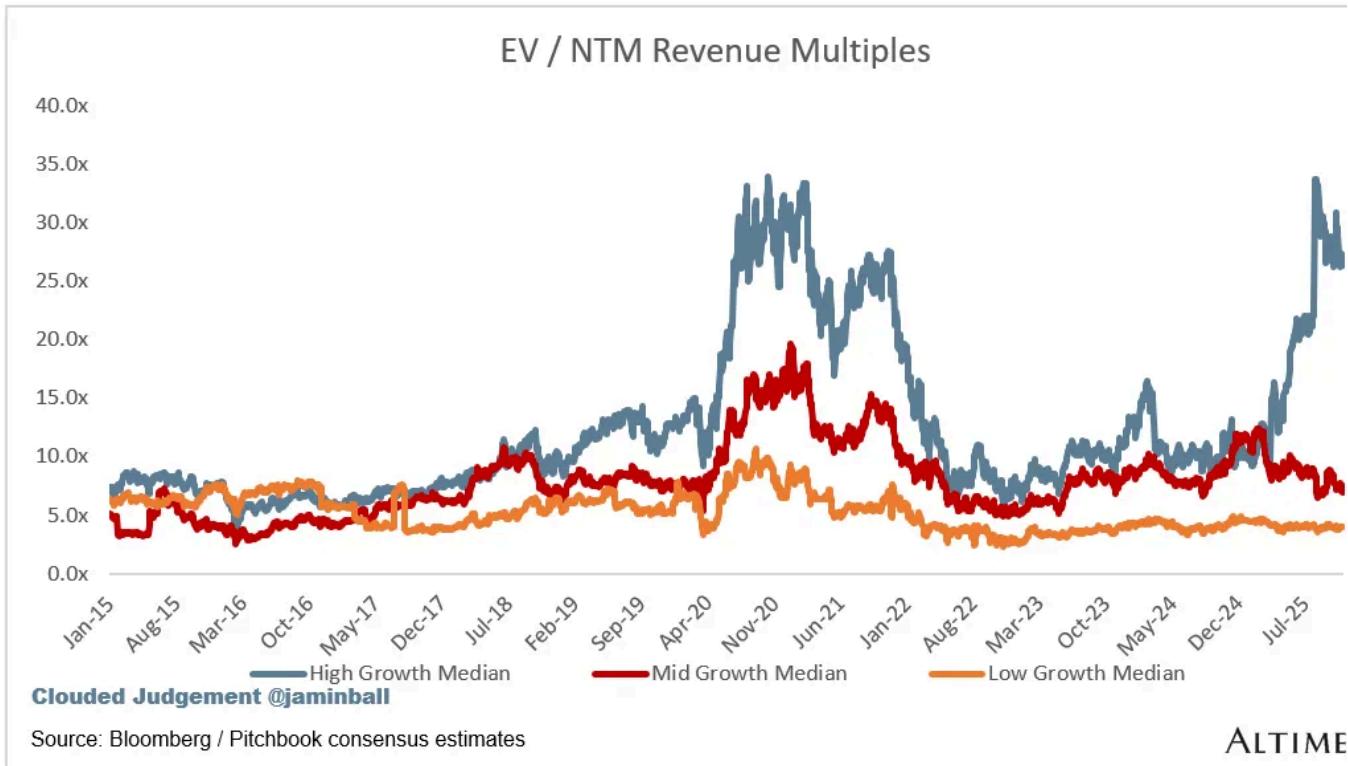
- Overall Median: 5.1x
- Top 5 Median: 24.9x
- 10Y: 4.1%



Bucketed by Growth. In the buckets below I consider high growth >25% projected NTM growth, mid growth 15%-25% and low growth <15%

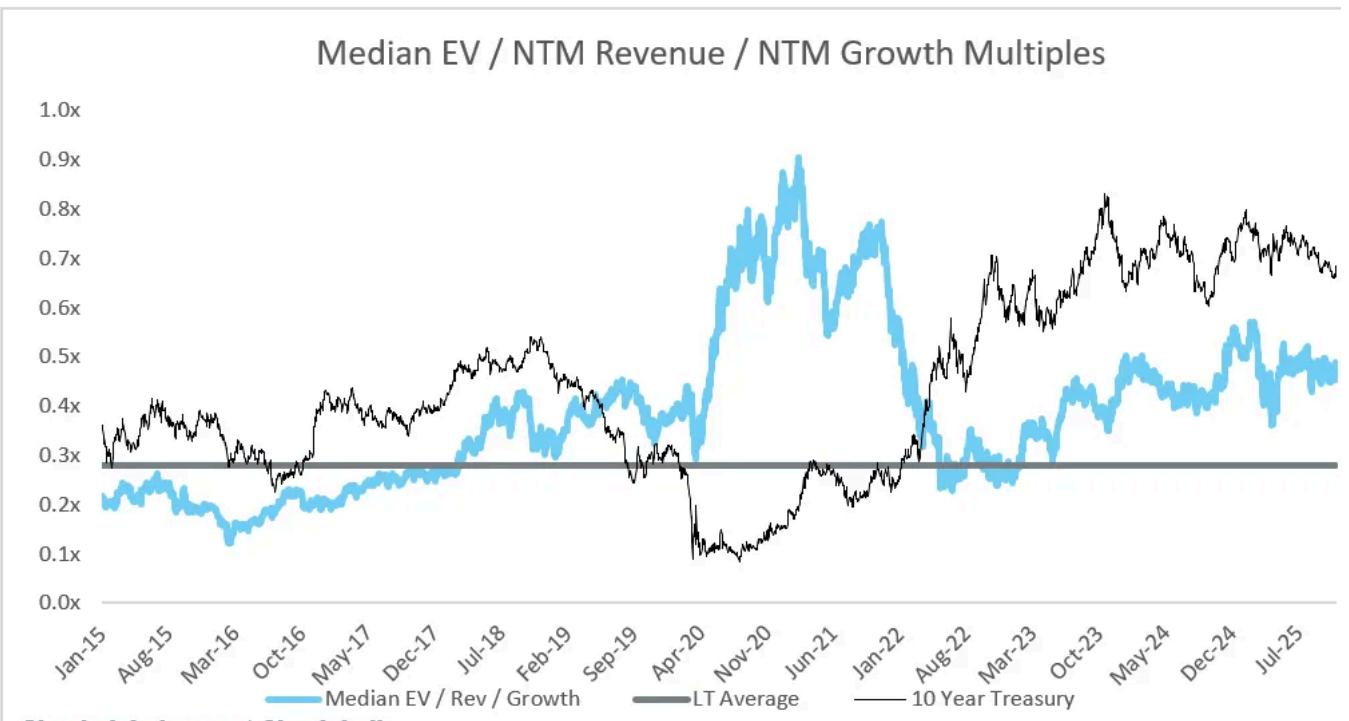
- High Growth Median: 26.3x
- Mid Growth Median: 7.5x

- Low Growth Median: 4.0x



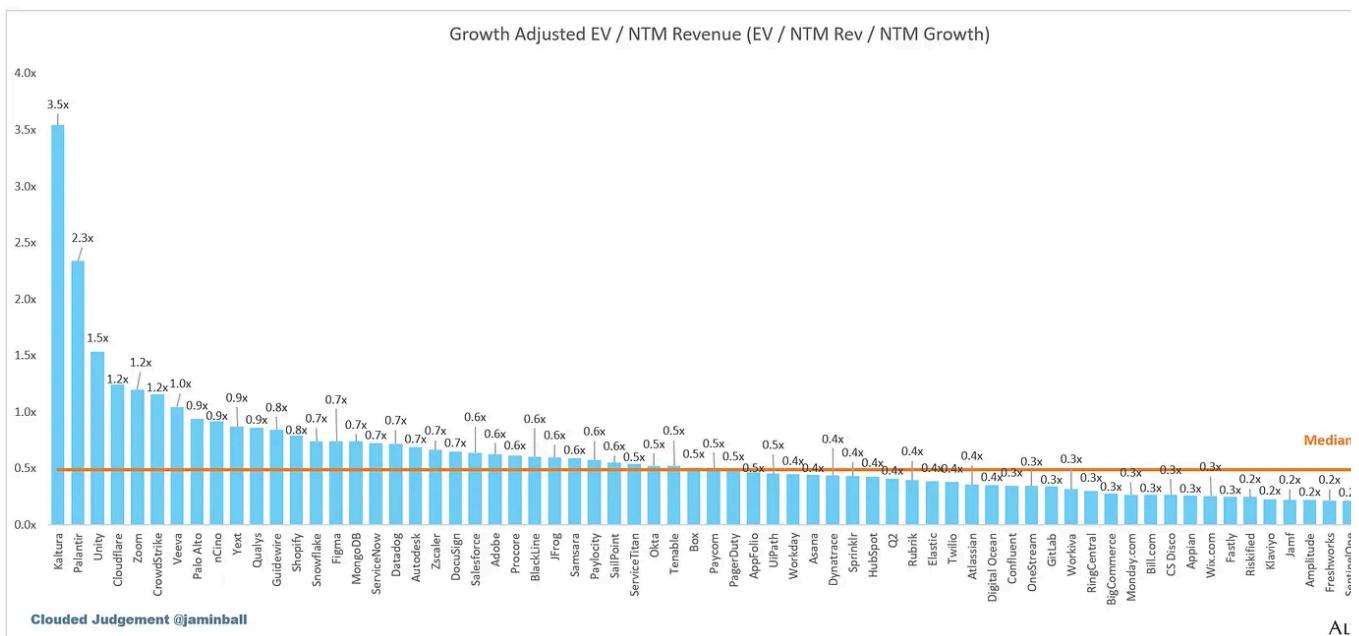
### EV / NTM Rev / NTM Growth

The below chart shows the EV / NTM revenue multiple divided by NTM consensus growth expectations. So a company trading at 20x NTM revenue that is projected to grow 100% would be trading at 0.2x. The goal of this graph is to show how relative cheap / expensive each stock is relative to its growth expectations.

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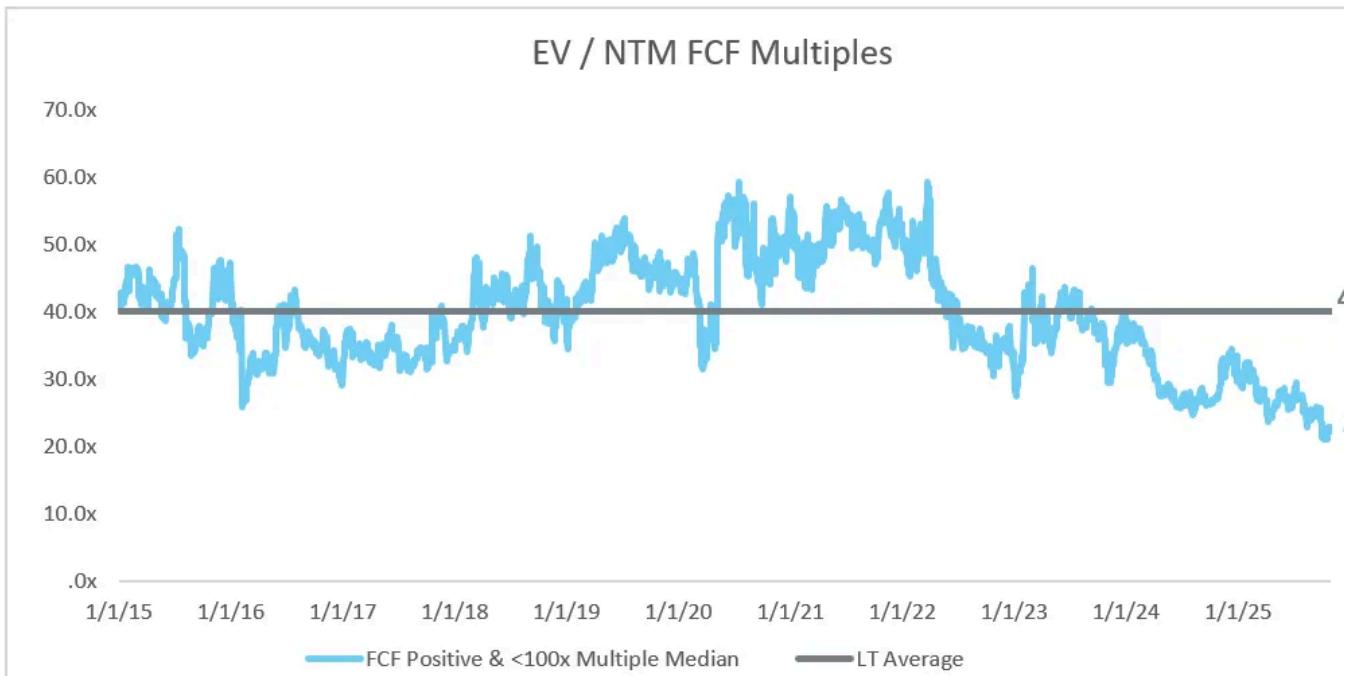
Source: Bloomberg / Pitchbook consensus estimates

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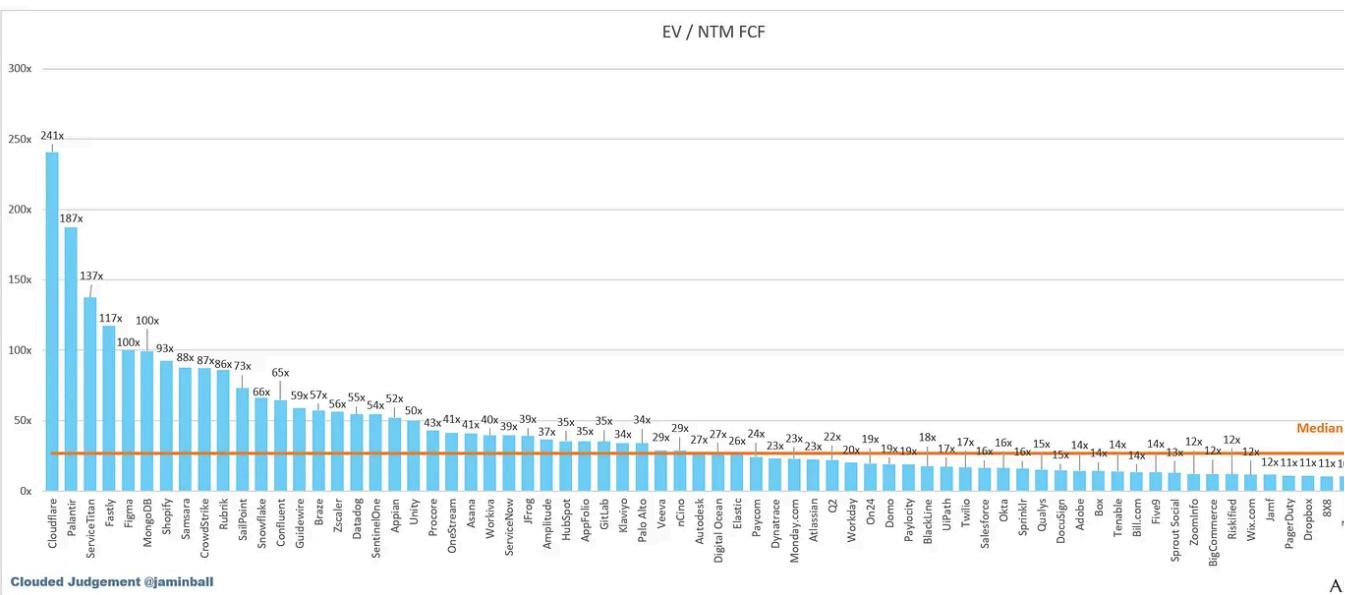
## EV / NTM FCF

The line chart shows the median of all companies with a FCF multiple >0x and <1x created this subset to show companies where FCF is a relevant valuation metric.

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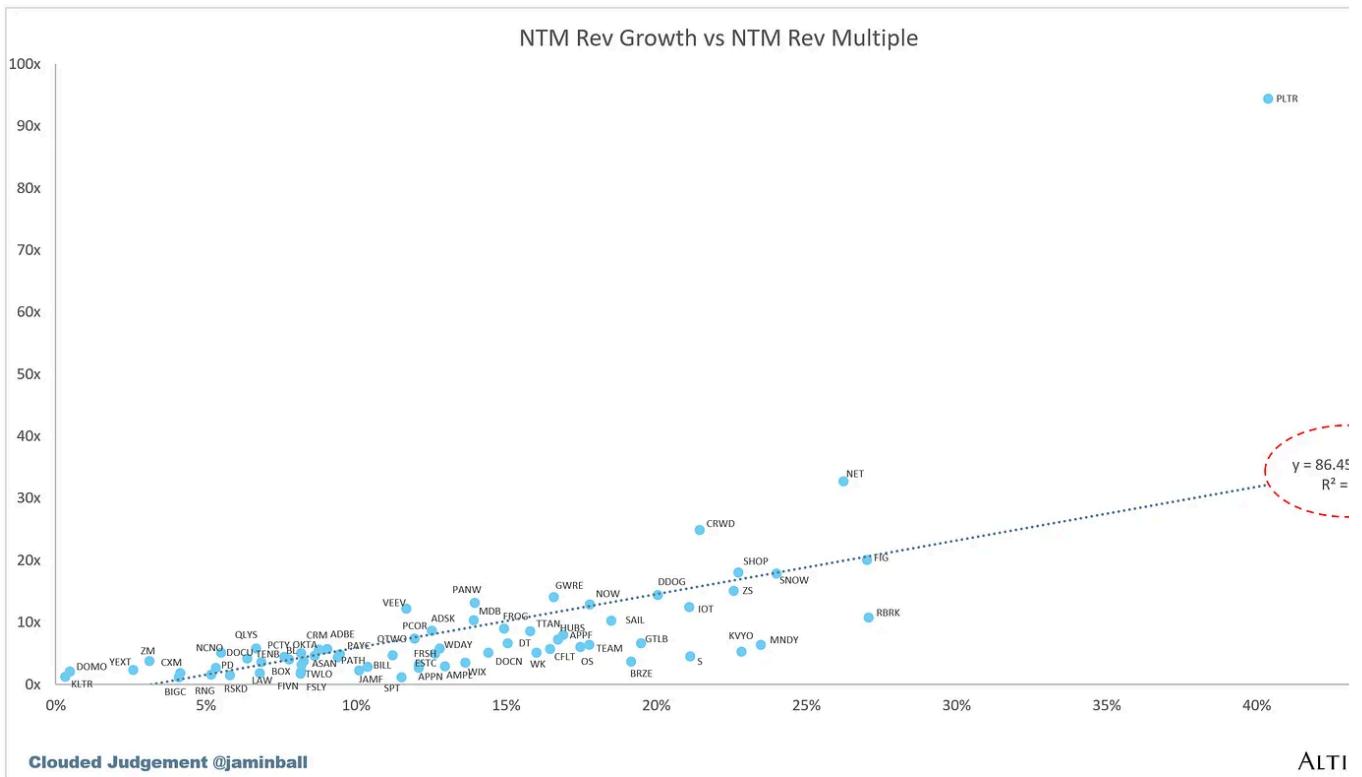
Source: Bloomberg / Pitchbook consensus estimates. Excludes companies with negative FCF, or companies with FCF multiple &gt;100x

Companies with negative NTM FCF are not listed on the chart



Scatter Plot of EV / NTM Rev Multiple vs NTM Rev Growth

How correlated is growth to valuation multiple?



## Operating Metrics

- Median NTM growth rate: 12%
- Median LTM growth rate: 14%
- Median Gross Margin: 76%
- Median Operating Margin (2%)
- Median FCF Margin: 18%
- Median Net Retention: 108%
- Median CAC Payback: 32 months
- Median S&M % Revenue: 37%
- Median R&D % Revenue: 24%
- Median G&A % Revenue: 15%

## Comps Output

Rule of 40 shows rev growth + FCF margin (both LTM and NTM for growth + margins). FCF calculated as Cash Flow from Operations - Capital Expenditures

GM Adjusted Payback is calculated as: (Previous Q S&M) / (Net New ARR in Q x C Margin) x 12. It shows the number of months it takes for a SaaS business to pay back its fully burdened CAC on a gross profit basis. Most public companies don't report new ARR, so I'm taking an implied ARR metric (quarterly subscription revenue x 4). Net new ARR is simply the ARR of the current quarter, minus the ARR of the previous quarter. Companies that do not disclose subscription rev have been left out of the analysis and are listed as NA.

Valuation	Rev Multiple		FCF Multiple		Rev Growth		LTM	Gross Margin	Operating Margin	FCF Margin		Rule of 40		LTM Operating Expenses % Rev			Net Expansion	GM Adj. Payback	Share Price Perf							
	Market Cap	EV	LTM	NTM	2026	LTM	NTM	Revenue	%	17%	LTM	NTM	LTM	NTM	S&M	R&D	G&A	SBC	Current	Week %	Year %					
Palantir	\$481,839	\$455,873	132.6x	94.4x	80.8x	267x	187x	39%	40%	\$3,441	80%	17%	50%	46%	88%	87%	28%	16%	19%	21%	NA	NA	\$195	8%	7	
Cloudflare	\$78,066	\$77,569	41.2x	32.7x	29.1x	433x	241x	27%	26%	\$1,881	76%	(10%)	10%	13%	37%	39%	43%	26%	17%	21%	114%	26 Months	\$223	2%	4	
CrowdStrike	\$135,185	\$131,061	30.2x	24.9x	22.5x	126x	87x	23%	21%	\$4,341	74%	(9%)	24%	28%	47%	50%	39%	29%	14%	24%	NA	33 Months	\$539	3%	10	
Figma	\$293,925	\$22,726	4.2x	20.0x	NA	91x	100x	46%	27%	\$893	91%	18%	28%	19%	74%	46%	33%	39%	11%	129%	11 Months	\$49	(8%)	(6)		
Shopify	\$226,121	\$221,446	22.1x	18.0x	16.2x	122x	93x	29%	23%	\$10,014	49%	15%	18%	18%	47%	41%	15%	15%	5%	4%	NA	NA	\$174	4%	11	
Snowflake	\$9,187	\$9,088	12.2x	17.8x	16.1x	124x	66x	28%	24%	\$4,116	67%	(37%)	18%	27%	46%	51%	44%	48%	13%	38%	125%	22 Months	\$271	7%	20	
Zscaler	\$50,979	\$49,203	18.4x	15.0x	13.7x	68x	56x	23%	23%	\$2,673	77%	(5%)	27%	27%	50%	49%	47%	25%	9%	25%	114%	30 Months	\$322	1%	7	
Datadog	\$54,777	\$52,131	17.3x	14.4x	13.1x	61x	55x	26%	20%	\$3,016	80%	(1%)	28%	25%	54%	45%	45%	28%	44%	8%	21%	120%	12 Months	\$157	0%	10
Guidewire	\$20,100	\$19,666	16.4x	14.0x	13.1x	69x	59x	23%	17%	\$1,202	63%	3%	24%	24%	46%	41%	19%	25%	15%	13%	NA	NA	\$236	(6%)	3	
Palo Alto	\$146,001	\$137,959	15.0x	13.1x	12.4x	40x	34x	15%	14%	\$9,222	73%	13%	38%	39%	53%	53%	34%	22%	5%	14%	NA	NA	\$218	2%	7	
ServiceNow	\$194,413	\$191,404	15.1x	12.8x	12.3x	48x	39x	21%	18%	\$12,687	78%	14%	31%	32%	52%	50%	34%	23%	8%	15%	NA	24 Months	\$935	(0%)	2	
Samsara	\$22,125	\$21,500	15.0x	12.4x	11.3x	127x	88x	30%	21%	\$1,427	77%	(8%)	12%	14%	42%	35%	45%	22%	18%	21%	115%	25 Months	\$39	(0%)	4	
Veeva	\$46,719	\$40,400	13.6x	12.2x	11.5x	30x	29x	15%	12%	\$2,568	76%	27%	52%	42%	68%	54%	18%	28%	13%	18%	NA	16 Months	\$285	(2%)	(4)	
Rubrik	\$150,604	\$14,712	13.6x	10.7x	9.6x	79x	66x	48%	27%	\$1,063	75%	(40%)	17%	12%	65%	39%	62%	31%	25%	31%	120%	36 Months	\$71	(8%)	(14)	
MongoDB	\$26,275	\$25,899	11.7x	10.3x	9.4x	108x	100x	22%	14%	\$2,218	72%	(7%)	11%	10%	33%	24%	40%	29%	10%	24%	119%	23 Months	\$348	5%	12	
SailPoint	\$11,995	\$11,724	12.1x	10.2x	9.3x	NM	73x	26%	19%	\$970	64%	(29%)	(6%)	14%	20%	32%	54%	21%	18%	114%	52 Months	\$22	(3%)	(2)		
JFrog	\$5,487	\$4,889	10.3x	9.0x	8.3x	35x	39x	22%	15%	\$475	76%	(22%)	29%	22%	51%	37%	43%	38%	16%	32%	118%	42 Months	\$47	(3%)	(1)	
Autodesk	\$64,064	\$64,280	9.7x	8.6x	8.2x	34x	27x	14%	13%	\$8,605	91%	23%	29%	32%	42%	44%	33%	24%	10%	12%	NA	105%	\$301	(3%)	(5)	
Unity	\$15,268	\$16,162	9.1x	8.6x	8.2x	46x	50x	(14%)	6%	\$1,780	74%	(28%)	20%	17%	6%	22%	38%	49%	16%	23%	NA	NA	\$36	(0%)	(11)	
ServiceTitan	\$8,900	\$8,591	9.9x	8.6x	8.0x	230x	137x	26%	16%	\$866	68%	(26%)	(2%)	6%	24%	22%	30%	33%	29%	25%	110%	11 Months	\$96	(3%)	(5)	
AppFolio	\$8,498	\$8,406	9.2x	7.9x	7.6x	47x	35x	19%	17%	\$910	64%	16%	21%	23%	40%	39%	15%	20%	10%	8%	NA	13 Months	\$236	(2%)	(14)	
Procore	\$10,814	\$10,179	8.3x	7.4x	6.9x	126x	43x	16%	12%	\$1,232	80%	(14%)	7%	17%	23%	28%	47%	28%	18%	16%	NA	40 Months	\$72	(2%)	(1)	
HubSpot	\$25,167	\$23,778	8.3x	7.2x	6.6x	46x	35x	19%	17%	\$2,848	85%	(2%)	18%	19%	37%	38%	45%	30%	11%	18%	103%	26 Months	\$478	0%	2	
GitLab	\$7,915	\$7,695	7.9x	6.6x	6.0x	190x	35x	29%	19%	\$585	89%	(12%)	4%	19%	33%	38%	48%	30%	22%	121%	20 Months	\$47	(1%)	5		
Dynatrace	\$14,659	\$13,401	7.5x	6.6x	6.1x	29x	23x	19%	15%	\$1,777	81%	11%	26%	27%	45%	43%	35%	23%	12%	16%	111%	27 Months	\$49	(3%)	0	
Atlassian	\$42,293	\$40,596	7.4x	6.3x	6.0x	29x	23x	20%	18%	\$5,460	85%	(3%)	27%	28%	47%	46%	21%	12%	26%	NA	18 Months	\$161	(3%)	1		
Monday.com	\$10,099	\$8,574	7.8x	6.3x	5.7x	27x	23x	30%	23%	\$1,100	89%	(2%)	29%	26%	60%	52%	25%	15%	14%	111%	28 Months	\$199	1%	3		
OneStream	\$4,400	\$3,855	7.1x	6.0x	5.5x	42x	41x	25%	17%	\$546	64%	(69%)	17%	14%	41%	31%	67%	35%	31%	70%	NA	35 Months	\$18	0%	(2)	
Qualys	\$4,468	\$3,902	8.1x	5.7x	5.6x	15x	15x	10%	7%	\$637	82%	31%	38%	37%	47%	43%	21%	18%	11%	12%	NA	NA	\$124	(3%)	(6)	
Workday	\$62,176	\$57,752	6.4x	5.7x	5.4x	24x	20x	14%	13%	\$8,599	76%	9%	27%	28%	41%	41%	28%	30%	9%	18%	NA	23 Months	\$233	(4%)	(3)	
nCino	\$10,404	\$10,037	5.5x	5.1x	4.8x	51x	29x	13%	6%	\$573	60%	(3%)	10%	17%	24%	35%	39%	21%	12%	23%	NA	32 Months	\$27	3%	(1)	
Blackline	\$3,512	\$3,611	5.4x	4.9x	4.7x	25x	18x	8%	8%	\$674	75%	5%	21%	27%	29%	35%	38%	15%	17%	13%	105%	55 Months	\$57	7%	7	
Elastic	\$9,393	\$8,493	5.5x	4.9x	4.5x	27x	26x	17%	13%	\$1,551	75%	(2%)	20%	18%	38%	31%	41%	25%	11%	17%	112%	24 Months	\$88	1%	5	
Paycom	\$10,724	\$10,273	5.2x	4.8x	4.8x	29x	24x	10%	9%	\$1,980	82%	28%	18%	19%	29%	22%	14%	14%	5%	NA	NA	\$185	(7%)	(11)		
Q2	\$3,799	\$3,806	5.1x	4.6x	4.4x	25x	22x	13%	11%	\$743	53%	1%	20%	20%	34%	32%	14%	20%	17%	12%	NA	28 Months	\$61	(1%)	(14)	

Valuation	Rev Multiple		FCF Multiple		Rev Growth		LTM	Gross Margin	Operating Margin	FCF Margin		Rule of 40		LTM Operating Expenses % Rev			Net Expansion	GM Adj. Payback	Share Price Perf						
	Market Cap	EV	LTM	NTM	2026	LTM	NTM	Revenue	%	17%	LTM	NTM	LTM	NTM	S&M	R&D	G&A	SBC	Current	Week %	Year %				
Okta	\$15,505	\$13,587	4.9x	4.5x	4.3x	16x	16x	13%	9%	\$2,683	77%	3%	30%	28%	43%	36%	35%	23%	16%	19%	106%	24 Months	\$88	(1%)	(4)
SentinelOne	\$5,765	\$4,954	5.5x	4.5x	4.1x	296x	54x	25%	21%	\$907	75%	(38%)	2%	8%	27%	57%	33%	22%	32%	NA	41 Months	\$17	(2%)	(3)	
Paylocity	\$7,674	\$7,494	4.7x	4.4x	4.2x	22x	19x	14%	8%	\$1,595	69%	19%	22%	22%	35%	30%	23%	13%	9%	NA	NA	\$141	(7%)	(1)	
UiPath	\$8,427	\$6,984	4.3x	4.3x	4.1x	23x	17x	8%	9%	\$1,497	83%	(3%)	21%	25%	29%	34%	46%	26%	14%	22%	108%	75 Months	\$16	3%	1
DocuSign	\$14,401	\$13,644	4.4x	4.2x	4.0x	15x	15x	8%	6%	\$3,095	79%	8%	30%	28%	39%	35%	39%	21%	12%	20%	102%	29 Months	\$72	1%	(1)
ZoomInfo	\$3,473	\$4,878	4.0x	4.0x	4.0x	18x	12x	(1%)	(0%)	\$2,255	84%	15%	22%	33%	22%	32%	35%	16%	16%	11%	89%	379 Months	\$11	(1%)	(C)
Dropbox	\$7,761	\$9,840	3.9x	4.0x	4.0x	11x	11x	6%	8%	\$2,533	81%	23%	37%	36%	34%	34%	17%	33%	9%	13%	NA	NM	\$29	(2%)	(5)
Box	\$6,815	\$4,807	4.3x	4.0x	3.8x	18x	14x	6%	8%	\$1,126	79%	6%	27%	28%	33%	36%	35%	25%	13%	20%	103%	21 Months	\$32	(4%)	(1)
Zoom	\$20,038	\$18,313	3.0x	3.7x	3.7x	10x	10x	4%	3%	\$4,754	78%	20%	39%	38%	42%	37%	23%	19%	18%	19%	98%	32 Months	\$64	2	

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Patrick Mathieson 19h

What do you mean by "Azure remains OpenAI's exclusive cloud until AGI (or at least the end decade)"? Oracle?



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