AFTER THE ENTHUSIASM **Part I of VI** · AI Accountability Series ·

AI CAPACITY IS STRATEGY

THE BOARD MEETING THAT STARTED WITH ALGORITHMS AND ENDED WITH REAL ESTATE

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AI CAPACITY IS STRATEGY

The board meeting that started with algorithms and ended with real estate

At 7:43 a.m., the board packet still reads with confidence. AI-enabled customer personalization. Operational automation at scale. Next year's productivity expansion embedded in guidance. The roadmap is detailed. The ambition is credible. The numbers are tight.

By 8:12 a.m., the tone has shifted. The CTO is explaining that GPU allocation in a primary cloud region has been constrained. A power expansion tied to that region has slipped by two quarters. Model training timelines underlying three product launches are now uncertain. The algorithm is not the problem. The infrastructure isn't there. Nothing has failed. But something has changed.

That something is the operating assumption that has underpinned digital strategy for the past decade: that infrastructure is elastic, that compute scales on demand, and that the constraint on AI ambition is imagination rather than kilowatts. That assumption no longer holds.

> The competitive moat in AI may not be superior models. It may be secured, diversified, economically sustainable access to capacity.

For over a decade, digital transformation operated under a particular physics. Cloud abstracted the physical world. Infrastructure was a vendor's problem. Marginal scaling cost appeared negligible. Innovation velocity felt unconstrained. Executives designed roadmaps as though capacity were a given. Advanced AI has ended that era. Not gradually, but structurally.

At enterprise scale, AI is no longer a purely digital proposition.

It is bounded by industrial realities:

- INDUSTRIAL REALITIES
- SEMICONDUCTOR FABRICATION
- ELECTRICITY SUPPLY
- COOLING INFRASTRUCTURE
- THE GEOPOLITICAL CURRENTS

that govern who can access what, from whom, and under which conditions.

SCALE OF THE SHIFT — AI INFRASTRUCTURE CAPEX Top 11 Cloud Providers

$392 Billion deployed in 2025 alone

Source: Morgan Stanley Research (2025) — more than the prior two years combined.

The ecosystem is investing at a scale that changes downstream expectations.Morgan Stanley projects an additional $2.9 trillion in AI infrastructure spending between 2025 and 2028. Big Tech's capex as a share of revenue has risen from around 10% to more than 20%, a threshold not seen in over a decade. Bank of America Research notes that hyperscaler AI capex is now consuming 94% of operating cash flows net of dividends and buybacks.

This is not maintenance spending. It is a long-term buildout of the physical scaffolding for the next phase of compute. And the enterprises that assumed frictionless access to that scaffolding without contracts, without diversification, without a capacity strategy — are now the most exposed.

The global AI supply chain depends on a tightly concentrated set of inputs: advanced semiconductor manufacturing, high-performance GPU production, specialized fabrication plants, rare earth mineral supply, and hyperscale data center build-out.

Export control regimes increasingly influence which jurisdictions can access advanced chips. National AI industrial policies are shaping domestic compute strategies. Regional grid constraints are delaying data center deployment in key markets. AI has moved from abstraction to asset intensity. And asset intensity belongs inside fiduciary oversight.

For the Chief Executive, the capacity conversation is not about caution. It is about control.

AI roadmaps must be stress-tested against infrastructure realities, not aspirational timelines. Model deployment schedules must align with verified allocation guarantees, not vendor promises. Supplier concentration must be actively managed. Multi-region redundancy must be evaluated not merely as technical resilience, but as strategic hedging against scenarios the organization has not yet modelled.

The CEO who manages compute with the same discipline applied to critical manufacturing inputs or commodity exposure is not being conservative. They are being rigorous. The CEO who assumes availability is being optimistic in a way that markets will eventually price.
The questions a CEO must be able to answer before the next strategy presentation are these:

01 What portion of our AI workloads are regionally concentrated?

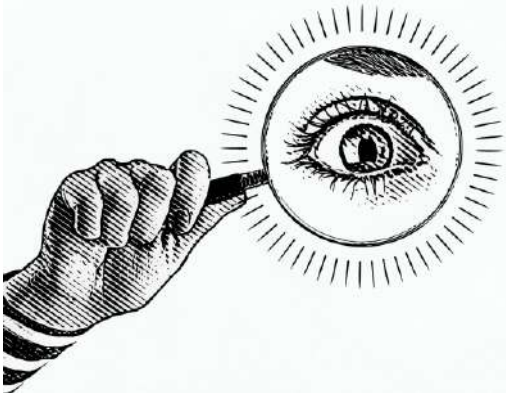
02 How exposed are our product timelines to energy grid expansion delays?

03 What contingency exists if allocation freezes occur?

These are not technical questions. They are strategic questions with financial consequence. The CEO who cannot answer them is not governing AI. They are hoping for it.

There is also the energy dimension. AI workloads are energy intensive. Data center cooling and grid stability are becoming strategic variables in ways that were invisible when digital transformation meant deploying software. In several regions, data center expansion is now limited by power availability rather than capital access — reversing a decade-long assumption of elastic scale.

Executives pursuing aggressive AI expansion must account for regional grid reliability, carbon intensityexposure, energy price volatility, and regulatory limits on expansion. These are not sustainability considerations. They are operational ones.



BOARD LENS CAPACITY AS FIDUCIARY OVERSIGHT

Boards are accustomed to overseeing supply chain concentration, liquidity risk, cyber exposure, and regulatory change. AI capacity now belongs in that same category of structural oversight. The oversight gap is significant. AI incidents reported in the AI Incident Database rose 26% from 2022 to 2023, with a further estimated rise of more than 32% in 2024.

Meanwhile, boards continue to receive AI updates framed primarily in activity metrics:

NUMBER OF PILOTS	ADOPTION RATES	TOOL ROLLOUTS

These indicate motion. They do not indicate control, and they do not surface infrastructure exposure. Directors must move the capacity conversation out of technical updates and into risk architecture.

The questions that belong on the board agenda are not questions about model performance or feature capability. They are questions about structural dependency and financial resilience.

To translate oversight into practice, organizations should develop a formal AI Capacity Map.

A board-level artifact that documents

SUPPLIER CONCENTRATION METRICS	REGIONAL COMPUTE ALLOCATION	ENERGY DEPENDENCY ANALYSIS
INFRASTRUCTURE CONTRACT DURATION	REVENUE SENSITIVITY MODELLING	GEOPOLITICAL EXPOSURE MAPPING.

This document should sit alongside the cybersecurity dashboard and the liquidity summary in every board pack. Capacity risk should not surface only during disruption. It should be visible, monitored, and stress-tested.

Directors should be asking:

01 What percentage of our AI workloads rely on a single supplier?

02 What geographic regions underpin our model training and inference?

03 How exposed are we to semiconductor export controls?

04 What is the revenue sensitivity if primary allocation is constrained for 90 days?

05 How does compute concentration compare to our stated risk appetite?

06 Where does AI capacity risk sit on our enterprise risk heat map?

If these questions cannot be answered, the board does not yet have visibility of a material risk it is already carrying.

THE GOVERNANCE GAP

Only 15% of boards receive AI-related metrics in board reporting.

Source: NACD 2025 Private Company Board Practices Survey

CHAIR LENS
STEWARDSHIP IN AN ERA OF CONSTRAINT

The Chair's role is integrative. Capacity is not simply an operational matter. It is a structural constraint that intersects strategy, capital allocation, and risk oversight simultaneously.

The Chair must ensure that management is not overstating scalability in investor communications. That risk committees understand concentration exposure. That capital allocation reflects infrastructure realities rather than aspirational timelines. That the enterprise narrative aligns with capacity discipline rather than outrunning it.

There is a particular responsibility that falls to the Chair when ambition and constraint converge. The board that governs capital but not pace that approves AI strategy without examining the infrastructure assumptions beneath it is only governing half the business. The MIT Center for Information Systems Research published findings in 2025 that make this concrete.

Companies with digitally and AI-savvy boards outperform their industry peers by 10.9 percentage points in return on equity. Companies without this board capability lag 3.8 points below their industry average. The performance differential is not abstract. It is 14.7 percentage points of return on equity, compounding annually.
AI-savvy governance is no longer a differentiator at the margins. It is the mechanism by which boards protect institutional value in a period of fundamental technological transition.

> The enterprise must move at the pace its infrastructure can sustain.
> The Chair's responsibility is coherence between ambition and reality.

The psychological shift required of boards and executives is significant. For years, leaders operated in a world of perceived digital abundance. Infrastructure scaled on demand. Marginal cost appeared negligible. Innovation velocity felt unconstrained. The governing metaphor was software: weightless, replicable, infinitely scalable.

AI reintroduces the logic of physical capital. Scarcity of chips. Scarcity of energy. Scarcity of specializedfabrication capacity. Scarcity shaped by politics as much asmarkets. These are not temporary conditions. They are structural features of a technology that requires industrial-grade infrastructure to function at scale.

Scarcity changes governance. It forces prioritization. It requires capital discipline. It rewards diversification. Enterprises that understand this shift early will build resilience into their AI architecture. Those that ignore it may discover that their strategic aspirations are bounded not by competitors, but by constraints they never mapped. The conversation has shifted. From algorithms to allocation. From abstraction to asset intensity. In the industrial age of AI, capacity is strategy. And strategy belongs on the board agenda not as a technical footnote, but as a first-order question of fiduciary stewardship.

DIRECTOR DIAGNOSTIC THREE QUESTIONS FOR THE NEXT BOARD MEETING

What percentage of our AI workloads rely on a single supplier or geographic region and what is the revenue sensitivity if that allocation is constrained for 90 days? 01

Does our board pack include an AI Capacity Map alongside the cybersecurity dashboard and liquidity summary or is capacity risk only visible during disruption? 02

Does management's AI roadmap reflect verified infrastructure guarantees, or aspirational timelines built on the assumption of elastic capacity? 03

About the Author

Dr. Fumbi Chima is a global technology executive who has led digital and operational transformation initiatives at industry-leading brands including adidas, Burberry, Walmart, Boeing Credit Union, and Fox Networks. Her experience spans P&L ownership, M&A, operations, and enterprise technology leadership across retail, CPG, digital, and financial services.

She is widely recognized as an AI thought leader with a strong reputation for aligning innovation with business goals to deliver sustainable value and competitive advantage. At adidas AG, she spearheaded large-scaleinfrastructure and process transformations, achieving cost savings, accelerating speed to market, and enabling cross-market scalability.

Known for bridging the gap between technology and business, she fosters high-performance cultures rooted in innovation, accountability, and transparency. Her leadership has consistently increased employee engagement and organizational impact.

Throughout her career, she has championed innovative solutions in data strategy, digital marketing, and cybersecurity, always with a relentless focus on driving growth and enhancing customer experience.

Fumbi Chima

Check her LinkedIn Profile