

## Progress update on the cloud services market investigation

1. This document sets out an update for interested stakeholders on the CMA's market investigation into public cloud infrastructure services (cloud services).
2. Details of the scope of this investigation can be found in our issues statement <sup>1</sup> which is published alongside other information on our case page.<sup>2</sup>
3. Since we began this market investigation in October 2023, we have gathered a wide range of evidence to inform our analysis of how competition is working in relation to the provision of cloud services in the UK.
4. Our main evidence gathering has included:
  - (a) a series of information requests, including through the use of our compulsory powers,<sup>3</sup> to the main providers of cloud services in the UK;
  - (b) site visits to each of AWS, Microsoft and Google in December 2023 and January 2024;
  - (c) a large number of information requests to customers of cloud services in the UK;<sup>4</sup>
  - (d) calls held with a range of customers as well as intermediaries to understand their use of public cloud better; and
  - (e) the commissioning of primary qualitative research amongst UK customers of cloud services that was carried out between January and March 2024.
5. Today we have published the first set of our working papers: these are on the competitive landscape for cloud services in the UK and two of the four theories of harm set out in our issues statement: egress fees and committed spend agreements.
6. Working papers set out a snapshot of our work to date and any emerging findings the inquiry group has, based on the evidence we have seen and the analysis we have conducted to date. These papers do not set out any provisional decisions. The inquiry group is carrying forward its information-gathering and analysis and will proceed to prepare its provisional decision report later this year.

## Forthcoming publications

7. We set out below the other publications, including further working papers, that we expect to publish over the course of the coming weeks.

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<sup>1</sup> [Issues statement](#)

<sup>2</sup> [Cloud services market investigation - GOV.UK \(www.gov.uk\)](#)

<sup>3</sup> Section 174 Enterprise Act 2002 ([legislation.gov.uk](#)) (the EA02)

<sup>4</sup> Customers have been identified using customer lists requested from cloud services providers using our formal evidence gathering powers under s174 EA02, information received from Ofcom, as well as desk research.

### ***Working papers***

8. We will publish further working papers on areas of the investigation, including the theories of harm set out in our issues statement and where relevant, any potential remedies that might address any harm to competition found.
9. We have published today papers covering the following areas:<sup>5</sup>
  - (f) the competitive landscape for cloud services in the UK;
  - (g) the fees charged by providers to transfer customers' data outside of the provider's infrastructure (known as egress fees) and whether these constitute a barrier to multi-cloud and switching;
  - (h) the committed spend agreements offered by some cloud providers which offer discounts which are conditional on customers committing to a certain level of spend with them. We consider whether these may increase barriers to multi-cloud and switching;
10. We expect to publish papers on the following areas in early June:
  - (a) technical barriers and whether they hinder customers' ability to use a multi-cloud architecture and/or switch provider;
  - (b) the software licensing practices by cloud services providers and whether these reduce competition or raise barriers to entry; and
  - (c) some cross-cutting considerations relating to any remedies that we may require.
11. Our aim in publishing these working papers is that we conduct this investigation in a fair and transparent manner and enable interested parties to submit their views and any relevant evidence on our work to date.

### ***Primary research***

12. We commissioned a market research agency to carry out qualitative depth interviews with customers of cloud providers. This research had the overarching objective of deepening our understanding of UK cloud customers' decision making on their choice of cloud services, their multi-cloud and switching behaviour and their views on their expected future use of cloud services.
13. The findings from this research will be included where relevant in our working papers as it informs our consideration of the theories of harm set out in our issues statement. The full research report was published today.

### ***Updated issues statement***

14. Alongside our working papers, we will publish an updated issues statement. The purpose of this is to set out an overview of our emerging thinking on the theories of harm and our

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<sup>5</sup> [Cloud services market investigation working papers](#)

analysis to date. The statement will not include any decisions on either competition or potential remedies, as none will have been taken. Its aim is to communicate our developing approach across the scope of the working papers we have published.

15. We expect to publish this in early June.

## **Next steps**

16. Following these publications, we will hold hearings with AWS, Microsoft and Google. We will publish summaries of these hearings on our case page.
17. As set out in our published administrative timetable,<sup>6</sup> we expect to publish our provisional findings in September or October 2024. A final decision must be made and published by our statutory deadline of 4 April 2025.
18. We welcome submissions of relevant evidence to our inquiry. Any interested party wishing to respond to our working papers or to submit evidence should do so in writing by emailing [CloudMI@cma.gov.uk](mailto:CloudMI@cma.gov.uk). Submissions in response to the working papers should be made by the deadlines set out in each of the working papers. As set out in our administrative timetable, our deadline for receipt of any submissions prior to our provisional decision is July 2024.

23 May 2024

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<sup>6</sup> [Administrative timetable](#)