



The CMA has published interim papers discussing a range of prospective remedies. Vodafone has adopted both public and private cloud services across its business units to carry out its day-to-day business functions. We also resell Cloud services to Enterprise customers and have a range of professional services to support customers in designing and managing cloud services in an optimal way for their individual needs. Our comments reflect both purchasing and reselling.

Overall, the Cloud market has provided continuous product innovation which Cloud users greatly benefit from. We agree with the CMA it is of importance to the wider economy that this market develops to be competitive.

Market developments

The wider environment for Cloud services continues to change:

- EU rules have led to changed policies for data egress transfer pricing when enterprises switch Cloud provider. This change does not, however, address data egress charging in non-switching scenarios such as where an Enterprise has demand to use a variety of Cloud providers. We support a wider application of data egress policy.
- The development of partnerships between Generative AI services and Cloud platforms could further drive-up demand for multiple Cloud access. How AI changes demand and competition should be considered.
- Sovereign Cloud may limit the choice of Cloud providers open to an Enterprise, how this limits competition development should be considered.

Technical Barriers

Standards for mature products and their complementary services

Continued innovation, at any layer of the Cloud stack, should be supported. We recognise there is a balance to be struck in facilitating interoperability and it not becoming a disincentive to innovation, or a limitation on a company in developing any USP. It may be possible to determine the point at which a company should ensure there are standards established, shared and supported. This may relate to a product's success, as illustrated by market penetration, or its lifecycle position (post introduction). For mature technologies, standards could help since there is less service innovation or change – Infrastructure as a Service (IaaS) primarily offers compute, storage and networking which can all be defined as code or by calling an API. Each provider today uses proprietary 'language' to drive this and there is no common API. Terraform is a commonly used open-source (with commercial support available) product that abstracts from this –this could be supported by a remedy or a commitment from the providers to ensure when new APIs or features for their IaaS are created, these are immediately reflected into a Terraform library. To facilitate portability any proprietary developed silicon (CPU and GPU) should support open standards. It isn't advisable to set rigid standards for immature technologies including PaaS and SaaS services as this could limit innovation.

UK access and alignment with technical changes from the EU Data Act

Cloud service providers operating in the UK should extend any actions to address technical barriers that are addressed in complying with the EU Data Act to the UK.



Standards to be created by organisations with representation across the ecosystem and users

The CMA could facilitate agreement between stakeholders as to which bodies should be responsible for creating the required standards. The membership of these bodies must contain a balance of stakeholders' representatives, possibly including regulators, e.g. CNCF (Cloud Native Computing Foundation), and FinOps Foundation (www.finops.org) looking for common billing formats and sustainability reporting (FinOps Cost and Usage Specification (FOCUS™)).

Data egress

For Enterprises who are keen to utilise a number of Cloud providers, the reduction of egress charges will be seen as an enabler. Our view is that the volume demand for Cloud services will continue to increase. Multi-Cloud will in our view be a driver of overall market growth, creating overall growth and benefit for CSPs.

IT costs for enterprises are rising

The CMA is considering increasing information transparency:

- Cloud providers could facilitate an independent 3rd party to provide comparison data. Comparison between CSP features to understand true equivalence even for something apparently simple like compute SKUs is very complicated and nuanced.
- Tracking changes to CSP list prices is not possible. Prices can change ad hoc and there is no public online system which enables users to see the current price versus historic pricing. The approach taken by Openreach in this regard works very well. [Pricing \(openreach.co.uk\)](https://openreach.co.uk/pricing)

Spend commitment-based discounts give the appearance of giving purchasers a "deal" and control over their IT costs. They do not, however protect purchasers from overall cost increases. List prices are not protected during commitment periods. List prices rise over time leading to higher overall costs despite the offered spend discounts.

Higher costs also arise following from product/service retirement. Replacement product/services tend to have incremental features and come at higher cost, although we may not have a need for the new features.

Approaches taken in support agreements can cause additional costs or limit supplier choice, for example, anything that makes it less attractive to run commercial software on any one cloud is a limitation for customers.