


Dear Sir/Madam,

 have reviewed the recent publications issued by the CMA in relation to the CMA's Market Investigation into Public Cloud Infrastructure services.¹

We are broadly supportive of the scope of the Market Investigation as set out in the Issues Statement and the four Theories of Harm that the CMA outline. Further to our review of the CMA's recent papers we make several over-arching comments below, which we consider that (if actioned) would assist greatly in ensuring a competitive market and a fair deal for cloud customers. We would be happy to discuss our comments with the CMA in more detail if that would be of assistance.

- **Portability:** CSP-managed services which synchronise data bi-directionally between platforms (e.g. for object stores, databases, and messages) can enhance portability and ensure reliable and secure replication across Cloud providers. Standardised API- and protocol-level portability layers will be crucial to allow seamless movement between different platforms and products, promoting interoperability.
- **Egress Costs:** The reduction and (ideally) removal of egress costs, making them cost-reflective rather than pitched to deter—inadvertently or otherwise—full or partial switching, would enhance flexibility and reduce the cost of data replication.
- **Licensing:** Enabling platform-agnostic software licensing across CSPs could remove licensing as a barrier to multiplatform use, thereby promoting flexibility and reducing vendor lock-in. We do recognise that some CSPs have USP products that cannot be deployed elsewhere, but this should be the exception and any restrictions on portability should be objectively justifiable.
- **Network Integration and Security:** Direct, low-latency, high-bandwidth network integration between customer networks in different CSPs would simplify the design and implementation of resilient and highly available architectures, which will further aid portability.
- **Access Management:** Integrating IAM-based zero trust and SDN capabilities across CSPs would improve consistency and enhance multi-platform operation, integration, portability and enhance regulatory compliance.
- **Insights and Data:** Additional transparency regarding product-level SLA adherence and incident reporting would enable customers to gain greater comparability across cloud providers based on cost and quality of service. Deeper insight on concentration, resiliency, geographical and logical control plane risks would improve customers' risk assessments, strategy, and architectural decisions.
- **Market Construct:** We are keen to understand in greater detail the steps the CMA may consider as appropriate to potentially disrupt the current competitive landscape, including how any such interventions would have the flexibility necessary to adapt to market change and wider regulatory reform; and how new entrants would be able to provide the scale benefits (security, resilience, cost etc) whilst facing into the need for long term sustained capital investment. It will also be key for market participants to understand the consideration given by the CMA to impacts for the wider supply chain, and/or steps that they would need to implement to mitigate the technical barriers flowing from any CMA remedies. Regulatory intervention would need to be carefully evaluated vis-a-vis the wider benefits of cloud services to the resilience of major sectors of the UK economy.
- **Committed Spend Agreements:** We believe protecting the current cost position of public cloud customers is essential. This is especially vital for CSP customers during their cloud migration journey. We fully understand and support the CMA's concern to ensure discounting practices do not, artificially, foreclose would-be competitors (for all or some of the services) and we would, certainly,

¹ Namely, Updated issues statement (PDF, 244KB) (6.6.24) and the following working papers: Technical barriers (PDF, 976KB) (6.6.24) Licensing practices (PDF, 1077KB) (6.6.24) Potential remedies (PDF, 327KB) (6.6.24); Competitive landscape (PDF, 1.37 MB) (23.5.24); Egress fees (PDF, 813KB) (23.5.24); Committed spend agreements (PDF, 545KB) (23.5.24)

have a competitive concern should, for example, a cloud provider force a customer to take products it does not want or need (either generally or from that cloud provider) in order to benefit from discounts. At present, however, we consider the market offers a range of methods with which to engage the major public cloud providers, committed spend agreements being only one such engagement route. Indeed, what we consider to be critical is the ability to have, upfront, a transparent and readily understandable/comparable view of pricing via (for example) public cost calculators. This is critical to allow all firms to assess current versus future costs and the competitiveness or otherwise of a supplier's offering. We do not consider that (often sophisticated) customer views as to the benefits or otherwise of committed spend or any other form of discount should be dismissed out-of-hand by the CMA² and we would urge the CMA to continue to ensure that customer views are properly factored into its assessment. Overall, regulatory intervention should be carefully evaluated to avoid jeopardizing the broader business and economic advantages associated with cloud adoption and the commercial deals that have been struck to date absent clearly abusive terms and conditions.

- **Profitability/Pricing:** Balancing the scale of investment by leading CSPs with market review changes is crucial. While technical integration drives innovation and new services, we feel it must also ensure access to cost-competitive pricing and promote sustainability. Striking this balance, we believe, will be essential for the continued growth and resilience of the cloud industry.

We would also encourage further understanding of CSP priorities and roadmaps.



² We are concerned this has happened per paragraph 1.42 of the CMA's working paper on committed spend agreements.