Appendix N: Egress fees – free switching programmes

Background

N.1 This appendix sets out the evidence gathered on the programmes providing free egress for switching ('free switching programmes') that have been introduced by some cloud providers in response to the forthcoming requirements of the European Union's (EU) Data Act (the 'EU Data Act').[1]

N.2 The EU Data Act contains provisions relevant to egress fees for EU customers, including a current requirement that any 'switching charges' (which includes data egress charges relating to switching) 'cannot exceed costs incurred by the provider of data processing services that are directly linked to the switching process concerned'.[2] From 12 January 2027, a full removal of switching charges is required.[3]

N.3 Since the start of the application of Article 29(2) of the EU Data Act, free switching programmes have been introduced by three cloud providers globally:

(a) On 11 January 2024, Google announced a global programme of providing free egress for customers switching to other cloud providers (or to on-premises).[4]

(b) On 5 March 2024, AWS announced a similar programme of providing free data transfer out to the internet to customers globally who want to move to another IT provider (effective as of the date of announcement).[5]

(c) On 13 March 2024, Microsoft announced that it also offers free egress globally for customers leaving Azure when taking their data out of the Azure infrastructure via the internet to switch to another cloud provider or an on-premises.[6]

N.4 Other cloud providers such as IBM and Oracle have not introduced similar free switching programmes, in the EU or globally. However, Civo, a UK-based smaller cloud provider, announced on 4 April 2024 that it had abolished all egress fees for its customers.[7] Civo's removal of egress fees does not have any customer

[1] Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonised rules on fair access to and use of data and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 (Data Act) ('EU Data Act'). The EU Data Act came into force on 11 January 2024.
[2] EU Data Act, Articles 29(2) and 29(3).
[3] EU Data Act, Article 29(1).
[4] Eliminating data transfer fees when migrating off Google Cloud, accessed 22 February 2024.
[5] Promoting customer choice: AWS takes another step to lower costs for customers changing IT providers, accessed 22 February 2024.
[6] Microsoft website, Now available: Free data transfer out to internet when leaving Azure, accessed 14 March 2024.
[7] Civo abolishes all egress fees to advance cloud simplicity strategy, accessed 24 September 2024.

requirements or limits (such as being specific to switching egress) according to its announcement.

IBM and Oracle approach to EU Data Act switching provisions

N.5 IBM said it plans to charge egress at cost for EU-based customers that are switching cloud provider between 11 January 2024 and 11 January 2027, after which this egress will reduce to nil in line with the EU Data Act. IBM said [✂].[8]

N.6 IBM said [✂].[9]

N.7 Oracle said [✂].[10] We understand this to mean [✂] is therefore already compliant with the current Data Act provisions in relation to egress fees for switching.

Rationale for introducing free switching programmes

N.8 AWS submitted that [✂].[11]

N.9 AWS said that it made the decision to provide free switching egress due to [✂].[12]

N.10 [✂].[13]

N.11 Google said that it introduced its free switching programme globally as [✂].[14]

N.12 On the 60-day switching period for its programme, Google said that the EU Data Act has different timelines for different aspects in relation to switching, and it considered 60 days to be a long enough period to cover all of these different aspects. Google also noted that the 60-day period was longer than its customer contract termination period of 30 days.[15]

N.13 A Google internal document with internal FAQs also states that [✂].[16] Another Google internal document states that [✂].[17]

N.14 On the rationale for introducing the free switching programme globally, Microsoft said [✂]. Microsoft said [✂]. Microsoft also said [✂].[18] A Microsoft internal FAQs

[8] IBM's response to the CMA's information request [✂].
[9] IBM's response to the CMA's information request [✂].
[10] Oracle's response to the CMA's information request [✂].
[11] AWS' submission to the CMA [✂].
[12] Note of meeting with AWS [✂].
[13] [✂] response to the CMA's information request [✂].
[14] Note of meeting with Google [✂].
[15] Note of meeting with Google [✂].
[16] Google's response to the CMA's information request [✂].
[17] Google's response to the CMA's information request [✂].
[18] Note of meeting with Microsoft [✂].

document on the announcement of the free switching programme states that [✂].[19]

N.15 Microsoft's website notes that the exemption on data transfer out to the internet fees 'aligns with the European Data Act'.[20] Microsoft said it introduced free switching programme in response to the EU Data Act.[21] Microsoft's internal documents relating to its free switching programme also indicate that [✂].[22]

Coverage of the free switching programmes

N.16 We have considered the applicability of AWS, Google and Microsoft's free switching programmes from information received and the cloud providers' websites. The coverage of each providers' programme is set out below.

AWS' programme

N.17 AWS' programme is described as being for data transfer fees when a customer is moving all data off of AWS (and won't be covered by AWS' existing free tier). Customers who want to move their total usage of a single service, but not their entire account, off AWS may also contact AWS Customer Support to request credits under the programme.[23] AWS confirmed that single service switches are also eligible, although this may not apply to individual workloads.[24] Customers must delete all remaining data and workloads from their AWS account (or for single service switches, all remaining data from the switched service), or they can close their account.[25]

N.18 AWS' programme applies globally, from any AWS region.[26] The programme has a number of restrictions and limitations, such as:

(a) Customers with less that 100GB of data stored on AWS are not eligible for additional credits for switching under the programme (beyond the 100GB monthly free tier for egress that AWS normally allows).[27]

(b) Customers have 60 days to complete their move off of AWS.[28]

---

[19] Microsoft's response to the CMA's information request [✂].
[20] Now available: Free data transfer out to internet when leaving Azure, accessed 30 September 2024.
[21] Summary of hearing with Microsoft, paragraph 60.
[22] Microsoft's response to the CMA's information request [✂].
[23] Amazon EC2 FAQs – AWS.
[24] Note of meeting with AWS [✂].
[25] Free data transfer out to internet when moving out of AWS; Amazon EC2 FAQs – AWS; Note of meeting with AWS [✂].
[26] Free data transfer out to internet when moving out of AWS.
[27] Amazon EC2 FAQs, accessed 22 February 2024.
[28] Amazon EC2 FAQs, accessed 22 February 2024.

(c) Customers must request AWS' pre-approval for the free switching programme before moving their data out of AWS,[29] and the request must come from a customer's [✂].[30]

N.19 Customers are required to contact AWS customer support to initiate the process of getting approval for this programme and once approved, receive a temporary credit for the cost of egress (based on the volume of all data stored at the time of AWS' calculation).[31] Customers can notify AWS Customer Support if they can't complete their move off AWS within 60 days, but AWS does not specify what process will be followed in those circumstances.[32] An AWS submission noted that [✂].[33]

N.20 [✂].[34] However, this is not specified on AWS' website, and AWS' method for calculating the switching egress credit indicates that a customer would not receive credits for transferring data more than once.

N.21 AWS' website FAQs also note that 'AWS may make changes with respect to free data transfers out to the internet at any time.' and 'AWS may review your service usage to verify compliance with these requirements. If we determine your use of data transfer out was for a purpose other than moving off of AWS, we may charge you for the data transfer out that had been credited.'[35]

Google's programme

N.22 Google's programme applies to customers who want to do a complete exit from Google Cloud. Google's website also states that it will review cases where customers want to migrate only a portion of their data off Google Cloud on a case-by-case basis.[36] Google has since confirmed that its free switching programme applies to partial switching[37], but has not specified how it defines partial switching for eligibility purposes.[38]

N.23 Google's programme applies globally to all customers and [✂].[39] The programme has a number of restrictions and limitations, such as:

---

[29] Amazon EC2 FAQs, accessed 22 February 2024.
[30] AWS' response to the CMA's information request [✂].
[31] Amazon EC2 FAQs, accessed 22 February 2024.
[32] Amazon EC2 FAQs, accessed 22 February 2024.
[33] AWS' submission to the CMA [✂]; Amazon EC2 FAQs – AWS.
[34] Note of meeting with AWS [✂].
[35] Amazon EC2 FAQs – AWS.
[36] Google's FAQs state 'For cases where customers are migrating only a portion of their data and not completely migrating off Google Cloud, customers are not required to terminate their Google Cloud agreement. Please contact us by completing the form with the specifics of your migration and the Google Cloud Support team will review the case and get back to you.' Google Cloud Exit free data transfer request.
[37] Google's response to Egress fees working paper, Annex response (b).
[38] A Google internal document indicates that [✂]. Google's response to the CMA's information request [✂].
[39] Google Cloud Exit free data transfer request; Note of meeting with Google [✂].

(a) The free switching egress only applies to data residing in Google Cloud data storage and data management products.[40]

(b) Customers must move all their workloads and data out of Google Cloud and terminate their contract with Google Cloud, except in cases where customers are migrating only a portion of their data.

(c) Customers must complete their move within 60 days of eligibility approval.[41]

(d) Customers must submit a request for free switching egress prior to the termination of their Google Cloud agreement.[42]

N.24 The approach to identifying relevant egress data transfers is for customers to submit a Google Cloud exit form, which the Google Cloud support team will then assess for eligibility and approval.[43] Google's website notes that if customers are unable to complete their migration within the specified 60 days, they must notify the Google Cloud Support team of their new timeline for completing migration.[44] Google said that [✂],[45] although we note this is not specified on Google's website.

N.25 Following notification of approval from Google Cloud Support customers will receive a credit amount for the cost of egress for its migration, based on the amount of data and workloads the customer has on the Google Cloud platform at the time of its request submission.[46]

N.26 Google said [✂].[47] However, we note that this is not specified on Google's website, and Google's method for calculating the switching egress credit indicates that a customer would not receive credits for transferring data more than once. Google's programme does not apply to ordinary course multi-cloud use.[48]

N.27 A Google internal document setting out implementation options for the programme [✂].[49] This indicates that some [✂] in Google's implementation of free switching. The internal document also states that [✂].[50]

[40] Data sources eligible include BigQuery, Cloud Bigtable, Cloud SQL, Cloud Storage, Datastore, Filestore, Spanner, and Persistent Disk. Google Cloud Exit free data transfer request, accessed 22 February 2024.
[41] Google Cloud Exit free data transfer request.
[42] Google Cloud Exit free data transfer request.
[43] Google Cloud Exit free data transfer request.
[44] Google Cloud Exit free data transfer request.
[45] Note of meeting with Google [✂].
[46] Google Cloud Exit free data transfer request.
[47] Note of meeting with Google [✂].
[48] Note of meeting with Google [✂].
[49] Google's response to the CMA's information request [✂].
[50] Google's response to the CMA's information request [✂].

Microsoft's programme

N.28 Microsoft's programme is for full switching only and does not apply to partial switches for workloads or a single service.[51] Microsoft said its free switching programme would cover multi-cloud egress done as part of a customer's process for switching during the programme's 60-day switching period.[52]

N.29 Microsoft's programme applies globally to all Azure customers.[53] The programme has a number of restrictions and limitations, such as:

(a) Only egress charges for moving Azure Storage data out of Azure are eligible (according to Microsoft's website terms).[54]

(b) Customers that need to egress less that 100GB per month for the switch are not eligible (noting that Microsoft provide a 100GB monthly free tier for egress normally).[55]

(c) Customers have 60 days to egress data out of Azure and must cancel all Azure subscriptions associated with their account.[56]

(d) Only egress data transfers via the ISP network can be used under the free switching programme, not Microsoft's Premium Global Network routing.[57]

N.30 Customers must submit a request to Azure Support with their planned date for commencing switching and estimated amount of data egress to initiate the eligibility process for Microsoft's free switching programme. Customers' 60-day window for switching starts from the date the customer indicated as their planned commencement date in their request.[58] Microsoft's website does not specify whether or in what circumstances additional time will be granted under the programme, however it notes that customers will only receive credit for a maximum of 60 calendar days of egress charges.[59]

N.31 Customers will be eligible for a credit when their data transfer process for the switch is complete and all their Azure subscriptions have been cancelled.[60] Customers must contact Azure Support a second time (after their switch has been completed and subscriptions have been cancelled) to request this credit.[61]

---

[51] Note of meeting with Microsoft [✂].; Cancel and delete your Azure subscription - Microsoft Cost Management.
[52] Note of meeting with Microsoft [✂].
[53] Now available: Free data transfer out to internet when leaving Azure.
[54] Cancel and delete your Azure subscription - Microsoft Cost Management.
[55] Now available: Free data transfer out to internet when leaving Azure.
[56] Cancel and delete your Azure subscription - Microsoft Cost Management.
[57] Note of meeting with Microsoft [✂].
[58] Microsoft's website notes that if customers need more than 60 days to egress data, they should include a migration timeline in their initial Azure support request. Cancel and delete your Azure subscription - Microsoft Cost Management.
[59] Cancel and delete your Azure subscription - Microsoft Cost Management.
[60] Now available: Free data transfer out to internet when leaving Azure.
[61] Cancel and delete your Azure subscription - Microsoft Cost Management.

N.32 Microsoft's website also notes that "If we determine the customer request doesn't follow the documented process, we might not issue the credit request" and "Azure might make changes regarding the egress credit policy in the future".[62]

Summary of AWS, Google and Microsoft programmes

N.33 In summary, AWS, Google and Microsoft have each introduced global programmes which allow for free egress for customers that switch cloud providers. However, each programme has differences in eligibility and requirements for customers.

N.34 The table below summarises the differences in coverage for full switching, partial switching, and multi-cloud use either on an ongoing basis or to enable switching. In addition, we note the following commonalities:

(a) Both AWS and Microsoft limit their programmes to customers with more than 100GB of data, based on their monthly free egress tier of 100GB.

(b) Both Google and Microsoft limit their programmes to specified types of data stored (according to their website terms).

(c) All three providers allow for a 60-day switching period under their published website terms.

(d) All three providers require customers to submit requests in advance of switching to be eligible for the programmes.

(e) Eligibility for all three programmes is largely at the discretion of the providers. Decisions on the programmes are made by customer support teams, rather than an automated system of eligibility checks, and none of the programmes specify any customer dispute mechanism.

(f) All three providers' programmes rely on customers self-identifying their eligibility and manually submitting switching applications.

[62] Cancel and delete your Azure subscription - Microsoft Cost Management.

Figure N.1: Summary of switching and multi-cloud egress eligibility for free switching programmes under standard terms (assuming other customer eligibility criteria are met)

Egress use case:	*One-off switching of total cloud account*	*One-off switching of partial cloud account*	*Temporary multi-cloud use to enable switch*	*Ongoing multi-cloud use (non-switching)*
AWS	Eligible	Eligible if a 'single service switch'	May not be eligible according to website terms[63]	Not eligible
Google Cloud	Eligible	Eligible for a 'single service exit'	May not be eligible according to website terms [64]	Not eligible
Microsoft Azure	Eligible	Not eligible	Total switch: eligible Partial switch: not eligible	Not eligible

Source: CMA analysis of Amazon EC2 FAQs – AWS; Cancel and delete your Azure subscription - Microsoft Cost Management | Microsoft Learn; Google Cloud Exit free data transfer request.

Customer awareness requirement

N.35 AWS, Microsoft and Google rely on customers self-identifying that they are eligible for reduced egress fees for switching and notifying the cloud providers of this (eg by submitting a form, contacting the customer support team or opening a ticket in their account).[65] IBM also relies on customers self-identifying that they are eligible for reduced egress fees for switching.[66]

N.36 Google noted its efforts to publicise its free switching programme as including its blog post on the announcement of the programme, its GCP website webpage with the steps for getting the free switching programme and FAQs, and news reports (with a Wall Street Journal article given as an example).[67]

N.37 AWS said its programme had been publicised through a number of AWS channels and had received significant media coverage.[68]

N.38 As of 19 September 2024, the main public egress pricing webpages for AWS[69], and Google[70] did not mention their free switching programmes. However, AWS' webpage states "*EU customers may request reduced data transfer rates for eligible use cases under the European Data Act. Please contact AWS Customer*

[63] Given that AWS calculates the credit provided to customers under the programme based on the amount of data they have stored at the time of switching request, this indicates that a customer will only receive a credit for transferring data once, therefore multi-cloud use is not eligible under the published website terms.
[64] Given that Google calculates the credit provided to customers under the programme based on the amount of data they have stored at the time of switching request, this indicates that a customer will only receive a credit for transferring data once, therefore multi-cloud use is not eligible under the published website terms.
[65] Google Cloud Exit free data transfer request, accessed 30 September 2024; Amazon EC2 FAQs, accessed 30 September 2024; Cancel and delete your Azure subscription - Microsoft Cost Management, accessed 30 September 2024.
[66] IBM's response to the CMA's information request [✂].
[67] Google's response to the CMA's information request [✂].
[68] AWS' response to the CMA's information request [✂].
[69] EC2 On-Demand Instance Pricing – Amazon Web Services.
[70] All networking pricing.

Support for more information.".[71] Microsoft's main public egress pricing webpage includes the free switching programme in the FAQs.[72]

Our analysis of relevance of free switching programmes to UK customers

N.39 Our view is that UK customers of AWS, Microsoft and Google that are seeking to do a complete switch from one cloud to another (or to on-premises) should be to a large extent currently covered by these programmes in terms of eligibility, though not completely covered given some service eligibility restrictions, as well as being reliant on programme terms remaining unchanged.

N.40 However, we consider there to be some substantial limitations in the extent to which these programmes apply to the switching and multi-cloud behaviour of UK customers which is the focus of this investigation, both under the terms of the programmes and in practice:

(a) Free egress for switching is only available (and subject to requirements and restrictions in some cases) for the customers of AWS, Microsoft, Google and Civo. UK customers of other cloud providers do not benefit from these programmes.

(b) The free switching programmes do not cover ongoing multi-cloud egress for UK customers (or globally).

(c) Microsoft's UK customers are not eligible for free egress for partial switching. We consider customers' ability to do a partial switch to be a similar competitive pressure to full switching and note that as Microsoft's market share in the UK is between [30%-40%],[73] this limitation could apply to a substantial portion of UK customers.

(d) AWS' and Google's UK customers are not eligible for credits for temporary multi-cloud egress during the 60-day switching period in order to enable their switch. Some customer evidence has suggested switching involves periods of multi-cloud running.[74]

(e) AWS, Microsoft and Google only provide a 60-day period for switching under the standard terms of the programmes (and Microsoft's terms say customers will only receive a credit for a maximum of 60 calendar days). This is unlikely to be a sufficient period of time to complete a switch for many customers, particularly those with less IT resource or more complex IT architectures. We

[71] EC2 On-Demand Instance Pricing.
[72] 'What data transfer fees are applied when moving all data off Azure', Pricing - Bandwidth - Microsoft Azure.
[73] See Market structure and concentration in Chapter 3.
[74] The Jigsaw report found that switching typically involved running two sets of services concurrently, then switching off the legacy system when ready. Cloud Services Market Investigation Qualitative Customer Research conducted by Jigsaw Research (2024). [✂] said that a switch would involve "leaving the old environment running for a while in case there are problems with the new one." Note of meeting with [✂].

set out the customer evidence on time required for the switching process below.

(f) There is cost and eligibility risk to customers given that the programmes have been voluntarily introduced. The cloud providers could change the applicability and eligibility rules of the programmes at any time, and AWS and Microsoft's websites specifically note their ability to change the programme terms. Also, Microsoft's customers can only become eligible for a credit when their switch is complete, all their Azure subscriptions associated with their account have been cancelled, and a second request has been made. This means Microsoft's customers bear the egress costs during switching and have uncertainty over the value and receipt of their credit.

(g) Customers need to aware of the programmes in order to apply for them and factor them into any decision-making, and the programmes are not clearly visible on AWS' and Google's main public egress pricing webpages.

N.41 IBM's 'at cost' egress rate will not apply to UK customers, and Oracle has indicated that its current egress rates (including those applicable in the UK) are [✂].

Customer evidence on time required for switching

N.42 Across different methods of customer engagement, nine customers commented on how long it takes to switch, either describing how long a switch might take or providing a more concrete estimate. This includes:

(a) A large supermarket said that 'even the simplest' workloads take more than a month to port, and the most complex can take over a year, due to differences in how clouds work.[75]

(b) A financial institution said that switching between providers would require a significant amount of time, effort, and resources to migrate, configure, and test the existing applications and data on the new platform.[76] The main impact of switching would be the disruption of engineering effort – it would take 12 months and tie up approximately 1000 employees.[77]

(c) One customer targets to have achieved [30-40]% cloud migration ([✂]) by the end of 2024 and to have substantially executed such migration by 2026.[78]

[75] Note of meeting with [✂].
[76] [✂] response to the CMA's information request [✂].
[77] Note of meeting with [✂].
[78] [✂] response to the CMA's information request [✂].

(d) Another customer's internal documents show that for one of its US businesses, migration from Azure into AWS was scheduled to take over a year from start to finish (March 2023 – Sept 2024).[79]

(e) A bank told Ofcom that 'a switch would likely entail a gradual depreciation and wind-down in our use of one cloud in favour of another. This would be opposed to a sudden, wholesale switch, which would likely entail significant operational risk.'[80]

(f) One customer has not considered switching cloud providers because of, amongst other factors, the time it takes.[81]

(g) Another customer said the largest challenge of migration is the complexity and the time it takes to migrate. It continued that this means that there is no certainty that there will be positive return on the investment within a few years of the migration which acts as a disincentive to carry out the migration in the first place.[82]

(h) A respondent to the Jigsaw research said that when it decided to switch, it 'expected 1 month of work, but it was more like 3.'[83]

(i) Another said that its switch 'did have its challenges, including in terms of the quality of support from the third party. It took longer than expected, around 4 months in total.'[84]

(j) Jigsaw Research's overall view was that switching could be a straightforward process of a few weeks for start-ups, or take up to months or years for more established or complex businesses, followed by a long process of learning and consolidation to optimise and increase efficiency.[85]

N.43 In addition, Google submitted it takes time for customers to learn how to and implement multi-cloud, stating that one large customer took two to three years to fully set-up a multi-cloud architecture for a Microsoft legacy workload.[86]

[79] [✂] response to the CMA's information request [✂].
[80] [✂] response to Ofcom's information request [✂].
[81] [✂] response to the CMA's information request [✂].
[82] [✂] response to the CMA's information request [✂].
[83] Cloud Services Market Investigation Qualitative Customer Research conducted by Jigsaw (2024), paragraph 3.6.5.
[84] Cloud Services Market Investigation Qualitative Customer Research conducted by Jigsaw (2024), page 43.
[85] Cloud Services Market Investigation Qualitative Customer Research conducted by Jigsaw (2024), paragraph 3.6.8.
[86] Summary of hearing with Google, paragraph 18; Transcript of hearing with Google [✂].

Uptake of free or ‘at cost’ switching egress

Cloud provider submissions

N.44 Google said that [✂] customers globally have used the free switching programme since it was announced in January 2024 and characterised the level of switching as ‘[✂]’. It said the level of switching shows that [✂].[87]

N.45 AWS said that as of 22 July 2024, it had received [✂] requests for its free switching programme worldwide. Of that total, [✂] were eligible and [✂] were not eligible, either because the amount of data which needed be transferred out of the network fell within the AWS free tier of data transfers for customers, or because AWS’ customer support team concluded that the customer was not switching from AWS to another provider (in full or for a particular service). AWS said that the remaining [✂] requests were either [✂].[88]

N.46 AWS said that [✂].[89]

N.47 IBM said that [✂].[90]

Our analysis

N.48 Cloud providers’ submissions appear to indicate that use of the free switching programmes and the EU Data Act’s ‘at cost’ switching requirements by customers has been low to moderate since January 2024 (although AWS’ number of requests indicates a higher level of interest in switching and/or receiving free egress). We consider that this could be due to a number of factors:

(a) The egress cost to customers for switching may not be a factor influencing the decision to switch.

(b) There may be other factors deterring customer switching that the reduction in egress fee costs alone cannot overcome.

(c) There may be low customer awareness about AWS, Google and Microsoft’s free switching programmes and, for EU customers of other cloud providers, their entitlements under EU Data Act provisions.

(d) The requirements, restrictions and/or uncertainty around discretionary aspects of the free switching programmes may mean some customers are

[87] Google’s response to the CMA’s information request [✂].
[88] AWS’ submission to the CMA [✂].
[89] AWS’ response to the CMA’s information request [✂].
[90] IBM’s response to the CMA’s information request [✂].

not eligible, or would not have a sufficient amount of egress usage covered, thereby preventing use of the programmes.

(e) There is likely to be some time lag between customers becoming aware of the free switching programmes and this influencing any decisions about switching.[91]

(f) We also note that of the [✂] switching requests received by AWS from UK customers (out of the [✂] global requests), [✂].[92] It is unclear what the standard time frame is for cloud providers to review and approve or reject switching requests, which will also impact uptake data.

N.49 Given this, we consider the customer uptake data to be inconclusive in terms of whether egress fees are or are not a barrier to switching and multi-cloud.

Free switching cost to cloud providers

N.50 We have considered evidence on the costs to AWS, Microsoft and Google of introducing the free switching programmes:

(a) [✂].[93]

(b) Microsoft did not submit cost estimates for the cost of introducing the programme of free egress for switching.[94]

(c) A Google Internal Document prepared for internal decision-makers on Google's 'Cloud Exit' approach indicates that Google expects [✂].[95] The Internal Document also sets out Google's estimates for expected number of customers using the free switching programme and associated costs. These estimates indicate [✂].[96]

N.51 In relation to recovering costs, AWS and Google confirmed [✂].[97] Microsoft said [✂].[98]

Multi-cloud provisions of the EU Data Act

N.52 The EU Data Act also contains provisions relevant to egress fees for multi-cloud use by customers. Article 34(2) requires that egress data charges for customer

[91] We note that AWS submitted that, based on anecdotal customer feedback, [✂]. This suggests that for some customers there could be a period of time between making a decision to switch and enacting the switch. AWS' submission to the CMA [✂].
[92] AWS' submission to the CMA [✂].
[93] AWS' response to the CMA's information request [✂].
[94] Note of meeting with Microsoft [✂].
[95] Google's response to the CMA's information request [✂].
[96] Google's response to the CMA's information request [✂].
[97] Note of meeting with AWS [✂]; Note of meeting with Google [✂].
[98] Note of meeting with Microsoft [✂].

use of data processing services in parallel with another data processing service (which we consider to cover multi-cloud use) cannot exceed costs incurred by the provider. Our understanding is that this will take effect along with other main provision of the EU Data Act on 12 September 2025.

N.53 We have considered further information on how cloud providers will comply with the requirements of Article 34(2) of the EU Data Act for 'in parallel use' data transfer fees.

Cloud providers' submissions

N.54 AWS said [✂].[99]

N.55 AWS said [✂].[100]

N.56 AWS said [✂].[101]

N.57 Google said it [✂]. Google noted [✂].[102]

N.58 Google said [✂]. Google said it is incentivised to encourage multi-cloud, [✂].[103]

N.59 Microsoft said [✂].[104] It said the complexity of applying different egress rates (for the free switching programme and the 'in-parallel use' provisions of the EU Data Act) is a challenge.[105] Microsoft noted it was difficult to determine EU customers.[106]

N.60 IBM said that for the purposes of its compliance with the 'at cost' pricing provision under the EU Data Act requirements, EU-based customers are determined by the address of the corporate headquarters for that company, eg, the headquarter is based in an EU territory.[107]

N.61 IBM said that it [✂].[108]

Internal documents

N.62 We have reviewed internal documents referring to the free switching programmes and compliance with the egress fee provisions of the EU Data Act. We identified

[99] Note of meeting with AWS [✂].
[100] Note of meeting with AWS [✂].
[101] Note of meeting with AWS [✂].
[102] Note of meeting with Google [✂].
[103] Note of meeting with Google [✂].
[104] Note of meeting with Microsoft [✂].
[105] Note of meeting with Microsoft [✂].
[106] Note of meeting with Microsoft [✂].
[107] IBM's response to the CMA's information request [✂].
[108] IBM's response to the CMA's information request [✂].

the following relevant information in relation to cloud providers' approach to the 'in parallel use' provisions of the EU Data Act:

(a) [✂].[109] [✂].[110]

(b) Google internal documents indicate that Google has been [✂]:[111]

(i) [✂]

(ii) [✂]

(iii) [✂]

(iv) [✂]

(c) A Google internal document states that [✂].[112]

(d) A Microsoft internal document indicates that Microsoft's engineering & business planning teams are [✂].[113]

Our assessment

N.63 AWS, Google, Microsoft and IBM have indicated that there are substantial difficulties in determining an 'at cost' rate to apply to egress data transfers for compliance with the EU Data Act provisions in relation to 'in parallel use'.

N.64 In setting requirements for egress fee pricing based on egress data transfer purpose/type (ie switching and 'in parallel use'), there also appears to be some complexity for cloud providers and an element of interpretation in the scope of the requirements, for example in relation to the applicable 'in parallel use' use cases and elements of the data transfer journey.

[109] [✂] response to the CMA's information request [✂].
[110] [✂] response to the CMA's information request [✂].
[111] Google's response to the CMA's information request [✂].
[112] Google's response to the CMA's information request [✂].
[113] Microsoft's response to the CMA's information request [✂].