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Competitions & Market Authority
25 Cabot Square
London, E14 4QZ

SUBJECT: PROLINX Response to the CMA's Provisional Decision on the Cloud Service's Market.

Dear Sir/Madam,

Prolinx welcome the provisional findings and acknowledgement that the “competition in the UK cloud market is not working as well as it could be”. The CMA has clearly recognised that the current marketplace offers limited choice, includes deliberate technical barriers to switching, significant barriers of entry to UK native sovereign cloud providers and bundling practices that limit opportunities for competitive challenge.

Prolinx are part of the Open Cloud Coalition (OCC) and have contributed to their response. This response will not repeat the key concerns and recommendations expressed by the OCC except to highlight the request for early action against well founded and clearly documented issues and solutions that could be enacted early either via policy changes or through interim measures. The explosive emergence of Artificial Intelligence and the corresponding demand for cloud services, noting the strong position of a small number of hyperscale vendors, demands urgent action. Any delay will only exacerbate the impacts on UK businesses to have choice in the cloud market or compete fairly in the cloud market and further weaken the UK's data and critical national infrastructure resilience.

Specific comments on the provisional decision:

- **Weak Signals.** The finding that “competition in the UK cloud market is not working as well as it could be” is a very weak signal to the market. It does not match the findings and should be strengthened. UK Cloud businesses are excluded or have ceased trading as a direct result of the market dominance of a few providers.
- **Assured Data Sovereignty in a geopolitical context.** Prolinx's original submission to the investigation raised the issue of data sovereignty. This has not been sufficiently addressed in the provisional findings. AWS, Microsoft, Google, Oracle and IBM are not UK companies. As US companies they are enabled by the Transatlantic Data Privacy Framework (TADPF) to share and store UK privacy data in the US or under US regulations and frameworks. The TADPF is provided oversight and assurance by the Privacy and Civil Liberties Oversight Board which in turn is relied upon by EU and UK to provide “adequate protection”. Whilst current media reporting that suggests the current US administration is effectively negating the authority of these boards may be overstated, it effectively highlights the risk to the UK

supply chain and dependence on other nation states and their national industries¹. The Cloud Act and the US-UK Executive agreement relating the directed disclosure of electronic data held in another sovereign territory should also be a key factor in this investigation.

- **Lack of focus on UK Business and the Growth Mission.** The provisional finding cites: “*Effective competition in the delivery of these vital services could drive choice, quality and competitive prices – not only helping UK businesses but boosting innovation, productivity, growth and investment across the UK economy*”. The provisional findings do not provide sufficient consideration to UK business, the geography and economic advantage of innovation and R&D is not benefiting growth and investment in the UK. The make-up of the workforce of the US Hyperscalers in the UK is sales and marketing weighted with engineering, feature development and support largely creating jobs, growth and investment elsewhere. Consultancies with Hyperscalers practices largely rely on offshoring strategies rather than UK based workforce. Therefore, without a UK preference for UK native cloud business the current cloud market does not support the UK Growth mission.
- **Comparative Competition scope insufficient.** It is not clear or evidenced whether the models that support the findings have comprehensively considered the UK cloud market as a whole. Analysis is very weighted to consideration of “rivals” of an equivalent scale – eg Google, Oracle and IBM. Smaller UK native (UK listed or owned) are barely referred to. The findings related to Committed Spend Agreements and Cloud Credits are reasonable when the competition is assumed to be an equivalent sized business, but not for SMEs. The size of the SME market combined is considerable and contributes significantly to the UK economy and should be given additional credence in the models.
- **Government Policy and Guidance.** The provisional findings do not sufficiently address buyer behaviours particularly in the Public sector. The bias to hyperscale cloud vendors will result in Critical National Infrastructure, data assurance and supply chain security risks. Prolinx provides secure cloud managed services but Defence commercial decisions that are narrowly interpreting “cloud” as either Azure, AWS, Google, Oracle or IBM have repeatedly excluded non-hyperscale vendors from the competition and the dialogue. The pro-competitive principles and recommendations suggested by the OCC submission, section 6, should be actioned to provide clearer UK Government policy and guidance to encourage diversification and multi-cloud and hybrid cloud solutions.

Prolinx work intimately with AWS, Microsoft, Oracle and IBM today in providing innovative cloud services to our clients. We are strong advocates of multi-cloud and hybrid cloud to enable resilience and optimisation. We recognise that hyperscale cloud offers significant opportunity to the productivity and economy of the UK. However today, the hyperscalers have an extreme market share which cannot continue to increase without direct impact on UK businesses, UK Growth and National Resilience. This trend must be reversed or at least stabilised through early intervention to enable fair competition.

I am happy to be contacted by the CMA and provide more detail on the issues raised.

Yours Sincerely,

Sara Sharkey

¹ See [US Cloud soon illegal? Trump punches first hole in EU-US Data Deal](#)