



***[Open letter] Mrs Vice-President Vestager, free, fair and open competition is quite clouded on cloud computing markets!***

Dear Mrs Vice-President,

Last week, we read with a great deal of enthusiasm your reaction after the political agreement about the Digital Markets Act (DMA), emphasizing that *"what we want is simple: fair markets also in digital. We are now taking a huge step forward to get there - that markets are fair, open and contestable"*.

As you rightly stated back in December 2020, about the DMA, *"we need to make rules that put order into chaos"*. Considering your constant voluntarism in the past months and years, [your assessment of the competitive landscape on the cloud computing markets](#) has been questioning many of us, whereas:

- A handful of (US-based) cloud service providers today dominate the European cloud markets, and keep strengthening their market power - knowing that depending on the market segments at stake, the border between oligopolies and monopolies can be very thin.
- The above-mentioned actors have widely benefited from the incomes of their parent companies, derived from dominating positions on other sides of the digital markets, to consolidate their cloud business along time - some of these players having by the way concealed market power, increased profit margins and expanded platform dominance over time, [while apparently omitting to fulfill some SEC-related transparency obligations](#).
- In the US, [an October 2020 report from the House of Representatives](#) stressed that *"surpassing the incumbents in the market will be challenging because of the potential for vendor lock-in. Other evidence reviewed by the Subcommittee on staff bolsters this concern, suggesting that lock-in exists because switching costs for cloud computing customers are high"*. In the meantime, *"Subcommittee staff has identified several common techniques infrastructure providers use to initially lock-in customers, including contract terms, free tier offerings, and egress fees"*.
- [Your services have been specifically alerted by some 20 Members of the European Parliament](#) in November 2021, about the distortive effects posed by one of these practices, i.e the large-scale deployment of free credits programmes, worsening, though predatory prices, the level playing field, boosting the paramount network effects those dominant suppliers already take advantage of, and strengthening the lock-in dynamics massively encountered by the users.
- The same report of the US House of Representatives also insisted on the fact that *"given the current trends towards concentration in the cloud infrastructure market, further scrutiny of the role standards play toward decreasing switching costs and enabling portability and interoperability is warranted"*.
- This report highlights in addition some questionable tying practices. Last year, Professor Jenny delivered on his side an [extensive study](#) analyzing how legacy software providers

were limiting choice in cloud infrastructure through unfair licence terms. As you know, several complaints have been carried at EU level in the last few months, raising the bell about the extremely pervasive effects of bundled or tied offers, in our sector.

- Meanwhile, several national competition authorities in the EU have launched since last year, specific investigations about competition trends in the cloud computing sector, acknowledging the complexity of our ecosystem, in terms of technologies, contractual relationships or business alliances at stake all along the value chain.

In this very abundant context, adopting a very neutral stance about the smooth functioning of the cloud computing markets, raising apparently no specific concerns, is sending, according to us, the (wrong) signal that "there is nothing to investigate".

Involved for years and years in the cloud computing business or in the tech sector, we have been facing a number of well-characterized, abusive practices. However complicated it may be to qualify them under current EU competition law provisions, we can testify they indeed annihilate any possibility of free, loyal competition.

Some of us are members of/committed in GAIA-X, others are not: we feel however all startled about how you are depicting this initiative, as a privileged — almost exclusive — leverage to improve competition conditions in the cloud computing market. The reality has been, however, seriously challenging this perception: thus, the Gaia-X project was first announced in 2019, the AISBL was initiated in June 2020. Since then, [the market shares of the leading US actors have been ever-growing, when, all together, the Europeans' have been persistently falling](#). Even if we collectively wish Gaia-X to succeed in line with its stated mission and values, we have concerns that it may lead to the exclusion of innovative European technologies in favor of incumbent non-European technologies and stakeholders. This is why we are convinced we need stronger policy actions enshrined in hard law, if EU institutions are to favour a real "rebalancing act" on the cloud computing markets.

We thank you for your repeated commitment to make competition policies and laws fit the digital era, and will be glad to exchange further in-depth with you on those crucial topics.

Yours sincerely,

**Quentin Adam**, CEO, Clever Cloud

**Pierre Baudracco**, CEO, BlueMind

**Paul Benoit**, CEO, Qarnot Computing

**Arnaud Creput**, CEO, SmartAdServer

**Gael Duval**, CEO, Murena

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**Alain Garnier**, CEO Jamespot

**Leonidas Kalogeropoulos**, General Delegate,  
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