

**NEWS – ECIPE PRESS RELEASE – NEW OCCASIONAL PAPER**

# **Breaking Barriers to Cloud Customer Choice: Unlocking Europe's AI and Innovation Leadership**

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*Unlocking €1.2 Trillion in Productivity and Growth: ECIPE Study Charts  
Europe's Path to Cloud Customer Choice and AI Leadership*

**Brussels, 16 July 2025** - A [new study](#) by the European Centre for International Political Economy (ECIPE), commissioned by the **Open Cloud Coalition**, outlines a compelling roadmap to strengthen Europe's digital economy through enhanced **cloud customer choice and interoperability**. With a set of policy action and reform, the EU could unlock **over €1.2 trillion in economy-wide GDP gains**. In the public sector alone, **EU governments could unlock €450 billion annually in productivity gains and fiscal savings** by shifting to a **rigorous multi-cloud-first approach**.

The study underscores the strategic convergence of **cloud infrastructure, edge computing, and AI applications**. Europe's cloud and AI adoption is being held back, not by lack of technology, but by structural and regulatory barriers that limit user flexibility and market competition. The study identifies two core challenges:

- 1) **Market conduct issues** such as **restrictive licensing and bundling practices** can reinforce dominant positions in the cloud market, making it harder for users to switch providers, adopt multi-cloud strategies, or access interoperable services.
- 2) **Recent EU regulations** – including the **Data Act, Digital Markets Act, and Digital Services Act** – introduce overlapping obligations, unclear definitions, and rigid, one-size-fits-all rules that risk further constraining cloud customer choice.

While new proposals like the **Digital Networks Act and Cloud and AI Development Act** aim to strengthen Europe's digital capabilities, they could introduce new inconsistencies and result in regulatory overreach if not carefully aligned with market realities and the need for openness and non-discriminatory access for both EU and non-EU providers.

The study proposes a **dual-track policy strategy** combining immediate actions with longer-term structural changes to improve cloud customer choice:

### Short-Term Opportunities

#### *For Competition Authorities*

- Step up case-by-case competition enforcement against anti-competitive practices, such as bundling and discriminatory licensing.
- Issue guidance on when API or architecture alignment supports switching.

#### *For Regulators and Governments*

- Use public procurement to demand multi-cloud compatibility and open licensing.
- Support SME participation in standard-setting and clarify contract terms.

#### *For Standard-Setters*

- Accelerate practical, open and global standards development (e.g. through CWAs).
- Strengthen links with open-source communities and start providing clarity on FRAND licensing.

### Long-Term Imperatives

#### *For Regulators and Governments: Modernise Regulation and Public Procurement*

- Align all EU digital policies with the structure and realities of today's decentralised, AI-enabled cloud markets
- Remove legal barriers that limit customer choice and entrench dependence on legacy systems
- Redefine digital sovereignty as user freedom and open market access – not based on infrastructure location or provider nationality
- Adopt "multi-cloud-by-default" strategies in public IT systems to promote resilience, innovation, and vendor neutrality

#### *For Standard-Setting Bodies: Promote Open, Global Standards*

- Encourage bottom-up, business-led standardisation aligned with international norms to reflect real-world market practices

- Institutionalise FRAND principles to ensure sustainable interoperability and reduce fragmentation

*For Competition Authorities: Strengthen Market Architecture*

- Continue case-by-case monitoring for structural foreclosure in cloud and AI markets
- Create legal clarity to support pro-competitive cooperation around standards and interoperability

***“The tools for success are already in Europe’s hands. By aligning regulation, competition policy, and standards around openness and interoperability, the EU can foster a cloud market that drives innovation, reduces costs, and strengthens sovereignty,”*** said Matthias Bauer, lead author of the study.

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**Publication details:** [Breaking Barriers to Cloud Customer Choice: Unlocking Europe’s AI and Innovation Leadership](#), ECIPE Occasional Paper No. 07/2025,

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