The Autorité de la concurrence starts proceedings ex officio to analyse competition conditions in the cloud computing sector

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During his hearing on 12 January 2022 before the French National Assembly (Assemblée nationale), Benoit Cœuré indicated that the digital sector would be one of the priorities of his mandate. The President of the *Autorité de la concurrence* has stated his intention to focus on "*the emergence of new critical infrastructures such as the cloud,*" and announced that "*it would be important and justified for the Autorité to rapidly undertake in-depth work on the consequences of the cloud in all sectors, in conjunction with the relevant sectoral authorities.*"

In accordance with the provisions of Article L. 462-4 of the French Commercial Code (Code de commerce), the *Autorité* has therefore decided to start proceedings ex officio in order to assess the competitive situation of the cloud sector.

The cloud, infrastructures and remote services that adapt to needs and uses

The cloud represents all shared services, accessible via the Internet, on demand, paid per use and, by extension, some of the underlying infrastructures (notably data centres). Examples of cloud services are online document storage, online email and video streaming services.

A fast-growing sector supported by the public authorities

The cloud therefore offers multiple advantages for consumers, companies and public administrations, with easy and fast access to computing resources. The cloud also allows for new types of work organisation, which has been particularly useful during the crisis caused by the COVID-19 epidemic.

This opinion comes at a time when the French and European cloud market is booming, with average annual growth expected to exceed 25% over the next few years, resulting in strong value-creation challenges for the economy.

This growth in the cloud is accompanied by significant support from public authorities in the research and development of innovative technologies, in order to support the digitisation of the economy as well as European and French industry. The recent national plan to support the French cloud industry[1] is an illustration of this.

An analysis of a complex ecosystem

The purpose of the *Autorité's* opinion is to enable it to conduct an overall analysis of how competition operates in this sector.

In this context, the Investigation Services will examine in particular the competitive dynamics of the sector and the presence of players in the various segments of the value chain, as well as their contractual relationships, in an environment in which multiple alliances and partnerships are concluded for the provision of cloud services.

The focus will also be on defining the relevant markets in the cloud sector, assessing the position and competitive advantages of the various players involved and examining the commercial practices that may be put in place.

The *Autorité de la concurrence* may also, where appropriate, make proposals to improve the competitive functioning of the sector.

Schedule

As part of its investigation, the *Autorité* will hold a broad public consultation around the summer to gather comments from all stakeholders. Following this consultation, the *Autorité* will issue the final conclusions of its sector inquiry in early 2023.

Operators wishing to send their comments to the *Autorité* are invited to send them to the following e-mail address: avis.cloud@autoritedelaconcurrence.fr

A team with varied skills

Given the scope of this opinion and the complex nature of the technologies used in this sector, the *Autorité de la concurrence*, for the first time in its advisory capacity, has decided to set up an investigation team with varied profiles (lawyers, economists and data scientists) from the newly created Digital Economy unit, from units specialising in these competition issues and from the *Autorité's* Chief Economist's team.

[1] On 2 November 2021, the Secretary of State for Digital Transition and Electronic Communications announced the industrial plan to support the French cloud industry, the third component of the national cloud strategy: https://www.entreprises.gouv.fr/fr/actualites/numerique/strategie-nationale-cloud-lancement-du-plan-industriel-de-soutien-la-filiere

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