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Executive summary of the roundtable of competition in the provision of cloud computing services

Annex to the Summary Record of the 146th Meeting of the Competition Committee

19 June 2025

This executive summary by the OECD Secretariat contains the key findings the roundtable on competition in the provision of cloud computing services held during the 146th meeting of the Competition Committee held on 19 June 2025.

More documents related to this discussion can be found at:
https://www.oecd.org/en/events/2025/06/competition-in-the-provision-of-cloud-computing-services.html

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Executive Summary of the Roundtable on Competition in the Provision of Cloud Computing Services

By the Secretariat[1]

On 19 June 2025, the OECD Competition Committee held a roundtable to discuss competition in the provision of cloud computing services chaired by Mr Benoît Cœuré, President of the Autorité de la concurrence. Taking into account the background note prepared by the OECD Secretariat, the written contributions, as well as the discussion by the expert panelists, the following key points emerged:

1. Cloud computing services have become of great strategic importance across the economy

Cloud computing has become a foundational layer of the digital economy, underpinning a wide array of business, government, and consumer activities. Its core features—scalability, flexibility, and on-demand access—have enabled rapid digital transformation across sectors. The sector is characterised by rapid growth, with annual revenue increases of 20–40% reported in major jurisdictions. Cloud services are now critical for the deployment of artificial intelligence (AI), data analytics, and digital public services.

2. The cloud computing services market structure exhibits a number of factors which may create competition concerns

All OECD Member countries that have conducted analysis of the cloud computing services market have identified common factors that may undermine free competition.

2.1. High Concentration and the Role of Hyperscalers

The cloud computing sector is highly concentrated, with a small number of "hyperscalers" (Amazon Web Services (AWS), Microsoft Azure, and Google Cloud). These three firms have the majority market share in the OECD Member countries that have assessed local market share. In some jurisdictions, AWS and Microsoft together account for up to 80% of market share. These firms benefit from substantial economies of scale, vertical integration, and strong network effects, which reinforce their market power and create significant barriers to entry for new competitors.

2.1.1. Barriers to Entry and Switching

Barriers to entry in cloud markets are substantial, driven by the need for large capital investments in data centres and infrastructure, as well as access to advanced chipsets for AI workloads. Customers face high switching costs due to technical incompatibility, proprietary standards, complex contractual arrangements, and high egress fees (charges for

[1] This executive summary does not necessarily represent the consensus view of the participants of the Global Forum on Competition. It does however identify key points from the discussion at the Roundtable, including from the background note, the presentations of the expert panellists and the participants' oral and written contributions.

moving data out of a provider's cloud). These factors contribute to customer lock-in and limit the ability of users to multi-home or migrate between providers.

2.1.2. Integration with adjacent digital services

Hyperscalers leverage their positions in related digital markets—such as productivity software, databases, and AI platforms—to reinforce their cloud offerings. This integration creates powerful ecosystems that can further entrench market power and raise concerns about the leveraging of dominance from adjacent markets.

2.2. Market studies to date have found common competition concerns

These include:

- **Switching barriers and lock-in:** A central concern is the prevalence of switching barriers, both technical (e.g. lack of interoperability, proprietary APIs) and contractual (e.g. long-term agreements, complex pricing). Egress fees (charges imposed on data leaving a cloud network) have been identified as a significant obstacle, sometimes exceeding actual costs by large margins. These practices can deter customers from switching providers and reduce competitive pressure.
- **Pricing practices and cloud credits:** The pricing structures of cloud services are often opaque and unpredictable, complicating cost comparisons and migration decisions. The use of cloud credits (namely large discounts or free access offers to high-growth startups) may have pro-competitive benefits but also raise concerns about loyalty rebates and potential foreclosure of smaller competitors.
- **Market power leveraging:** There is growing scrutiny of practices such as bundling and tying (by integrating collaboration tools with cloud infrastructure) and exclusionary licensing policies that may disadvantage rival providers. For example, changes to software licensing terms can increase costs for customers who wish to use competing cloud infrastructure, potentially raising rivals' costs and limiting customer choice.
- **Interoperability and standardisation**: A lack of common technical standards and interoperability protocols exacerbates lock-in and limits the ability of customers to adopt multi-cloud strategies. While standardisation could enhance competition, there are risks that dominant firms may influence standards to reinforce their own market positions.
- **Competition in cloud marketplaces**: Cloud providers operate marketplaces for third-party applications and services. Concerns have been raised about restrictive access conditions, self-preferencing, and the potential for these marketplaces to reinforce the dominance of the host provider.

2.3. Policy and regulatory responses are still in their infancy

To date, the majority of activity from competition authorities has been focused on conducting market studies. Competition authorities in France, Japan, Korea, the Netherlands and the United Kingdom have all conducted market studies to better understand the dynamics of cloud markets. Other jurisdictions such as Spain and the United States have undertaken other market analysis activities.

The European Union has introduced ex-ante regulatory frameworks such as the Digital Markets Act (DMA) and the Data Act. The DMA contains powers to designate cloud

services as core platform services and imposes obligations on gatekeepers to prevent switching restrictions and ensure data portability. The Data Act aims to eliminate technical and contractual barriers to switching and mandates that, after a transition period, switching between providers must be free of charge. These measures are largely untested, but intend to enhance interoperability, reduce lock-in, and promote a more open and competitive cloud ecosystem.

2.4. There is a good deal of consensus on the importance of competition in cloud computing services

Given the global nature of cloud markets, international co-operation among competition authorities is essential. The session highlighted the need for coordinated approaches to enforcement, regulatory design, and standard-setting to address cross-border challenges and prevent regulatory fragmentation.

Cloud computing is integral to the development and deployment of AI technologies. Hyperscalers' control over critical infrastructure and partnerships with AI firms raise new competition questions, including the risk of self-preferencing, bundling, and the creation of "choke points" in the AI value chain. Authorities are monitoring these developments closely, recognising the potential for cloud providers to influence the direction of AI research and innovation

Efforts to develop open and widely adopted technical standards are ongoing, with the aim of facilitating interoperability and reducing switching costs. However, authorities caution that standardisation must be managed carefully to avoid entrenching the dominance of incumbent providers.

Potential policy interventions and areas for reform discussed included:

- **Enhancing interoperability and data portability**: Through regulatory mandates and standardisation, to reduce switching costs and foster competition.
- **Monitoring and addressing exclusionary practices**: Including bundling, tying, and restrictive licensing, to ensure a level playing field.
- **Promoting transparency**: In pricing and contractual terms, to empower customers and facilitate informed choices.
- **Supporting open standards and innovation**: While guarding against the risk of reinforcing incumbent dominance.
- **Strengthening international cooperation**: To address the global nature of cloud markets and harmonise regulatory approaches.