

What the EU Should Learn from the UK Cloud Services Investigation

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Following the UK's cloud services decision, the European Commission should ensure international coherence and seek voluntary commitments from firms to address competition concerns in the sector.

Introduction

The European Commission is investigating cloud services that underpin critical digital infrastructure for European businesses and citizens. Under the EU's digital competition framework, the Digital Markets Act (Regulation (EU) 2022/1925, DMA), the Commission opened two market investigations in November 2025¹.

The first examines whether Amazon Web Services (AWS) and Microsoft Azure qualify as "gatekeepers," defined as key gateways through which business users reach end users. If designated, both firms would need to comply with a set of obligations that would significantly reshape their operations in the European Union.

The second investigation assesses how the DMA applies to cloud services and may result in additional obligations for designated providers.

In parallel, the UK Competition and Markets Authority (CMA) published its findings on cloud services in March 2026². The CMA chose not to intervene under its digital competition regime, the UK's Digital Markets, Competition and Consumers Act (DMCCA).

¹ Commission Launches Market Investigations on Cloud Computing Services Under the Digital Markets Act, *European Commission*, 18 November 2025 (accessed 8 April 2026). Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2717

² CMA Announces Package of Actions on Business Software and Cloud Services, *Competition and Markets Authority*, 31 March 2026 (accessed 8 April 2026). Available at: <https://www.gov.uk/government/news/cma-announces-package-of-actions-on-business-software-and-cloud-services>

Like the DMA, the DMCCA enables the CMA to impose requirements on firms designated as having “Strategic Market Status” (SMS). However, instead of pursuing formal designation, the CMA concluded that voluntary commitments from Amazon and Microsoft sufficiently address competition concerns regarding interoperability and data egress fees.

The CMA has also opened a separate SMS investigation into Microsoft’s business software ecosystem, focusing on its cloud licensing practices.

Given the close alignment between the EU and UK investigations, the CMA’s approach offers valuable lessons for the Commission. Drawing on this comparison, this analysis concludes with policy recommendations for the Commission to ensure international coherence with the UK’s decision and pursue a participative approach similar to the UK to seek voluntary commitments from firms to address competition concerns in a timely manner.

Comparative Analysis

Both the EU and UK investigations examine the role of AWS and Microsoft Azure in their respective cloud services markets. Their digital competition regimes also share similar procedural frameworks, structured around a designation phase followed by a compliance phase.

However, the CMA did not proceed to the designation stage. Had it done so, it would have relied on criteria, as under the DMA, combining quantitative indicators (e.g., user numbers and turnover) with qualitative factors (e.g., network effects)³. Although the CMA did not explicitly justify its decision, its choice not to launch SMS investigations suggests that it did not consider the firms to meet the necessary thresholds.

³ Digital Markets Competition Regime Guidance, *Competition and Markets Authority*, 19 December 2024 (accessed the 8 April 2026). Available at: <https://www.gov.uk/government/publications/digital-markets-competition-regime-guidance>

Market conditions likely influenced this outcome. Strong competition, sustained investment, and rapid innovation, particularly driven by Artificial Intelligence (AI), may have reduced the need for regulatory intervention⁴.

More importantly, the CMA addressed competition concerns without entering a formal compliance phase. It focused on practical barriers to switching, notably cloud interoperability and data egress fees when moving data to alternative cloud providers. Amazon and Microsoft responded with voluntary commitments, including extending solutions developed under the EU Data Act (Regulation (EU) 2023/2854, DA) that address these concerns⁵.

By contrast, the Commission's investigation adopts a broader scope. It examines not only interoperability between cloud services but also potential restrictions on business users' access to data, tying and bundling practices, and imbalanced contractual terms. The CMA's narrower focus may indicate that it considers these additional concerns either less relevant or lower priority in the UK context.

However, the CMA raised concerns about Microsoft's licensing practices when customers use its software with competing cloud providers. In the EU, Microsoft has already reached settlements with some European cloud providers on this issue, although these exclude non-European competitors⁶.

Beyond substance, the CMA's process highlights the value of a participative approach. Through sustained constructive dialogue with stakeholders, it secured targeted voluntary commitments that addressed concerns quickly and proportionately, thereby avoiding a resource-intensive, time-consuming process.

4 Christophe Carugati, The UK Should Refrain from Intervention in Cloud Services, *Digital Competition*, 25 March 2026 (accessed 8 April 2026). Available at: <https://www.digital-competition.com/articles/the-uk-should-refrain-from-intervention-in-cloud-services>

5 See for Amazon, Andrew DeVore, Delivering Good Outcomes for UK Customers, *Amazon*, 31 March 2026 (accessed 9 April 2026). Available at: <https://www.aboutamazon.co.uk/news/aws/delivering-good-outcomes-for-uk-customers>

See for Microsoft, Brad Smith, Working Constructively with the UK CMA to Support Customer Choice and Cloud Competition, *Microsoft*, 31 March 2026 (accessed 9 April 2026). Available at: <https://blogs.microsoft.com/on-the-issues/2026/03/31/working-constructively-with-the-uk-cma-to-support-customer-choice-and-cloud-competition/>

6 CISPE Secures Landmark Licensing Reform in Agreement with Microsoft, *CISPE*, 18 July 2025 (accessed 8 April 2026). Available at: <https://www.cispe.cloud/cispe-secures-landmark-licensing-reform-in-agreement-with-microsoft/>

By contrast, the EU's ongoing investigations require substantial time and resources and might lead to new obligations that are not tailored to address firm-specific issues.

Policy Recommendations

In global digital markets such as cloud services, the Commission should ensure international coherence. Closer alignment with other competition authorities can reduce compliance costs for regulated firms, increase benefits for interested third parties, and limit administrative costs for competition authorities⁷.

Substantively, the Commission should coordinate closely with the CMA throughout its investigations. Given the similarities between the EU and UK cloud services markets and digital competition regimes, the Commission should avoid diverging significantly from the CMA's assessment. A consistent approach may lead the Commission to refrain from designating AWS and Microsoft Azure as gatekeepers and to focus primarily on cloud interoperability and egress fees, in line with the Data Act.

Procedurally, the Commission should adopt a more participative approach, as the UK does. Its regulatory dialogue with firms and stakeholders should aim to seek voluntary commitments that address concerns swiftly and effectively. Tailored solutions are better suited to firms' business models than uniform regulatory obligations.

This approach also reflects the limitations of the DMA. The regulation sets out general obligations that do not easily accommodate firm-specific issues. While the Commission can clarify these obligations through specification proceedings under Article 8(2), it cannot introduce entirely new, tailored remedies without lengthy procedures. Market investigations to add new obligations under Article 19 can take up to 18 months, followed by additional legislative or delegated processes.

In fast-moving markets shaped by rapid technological change, such a lengthy process risk renders regulatory intervention ineffective. By contrast, voluntary commitments can deliver timely and targeted solutions that keep pace with market developments.

⁷ Christophe Carugati, Proposals for International Cooperation in Digital Markets, *Competition Policy International*, October 2022. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4204419

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