

## **CISPE - Review of the Digital Markets Act**

### **Introduction**

CISPE.cloud welcomes the opportunity to contribute to the Commission's first review of the Digital Markets Act (DMA).

The absence of cloud services from the DMA represents a serious and harmful gap, particularly given that cloud infrastructure underpins artificial intelligence (AI) and almost all other emerging technologies. Designed without a genuine, principle-based approach and implemented as a static "shopping list" of services, the DMA risks becoming a patchwork of technologies that is neither future-proof nor effective.

Simply adding another "AI service category" would not solve the problem; on the contrary, it would worsen the existing design flaws. This is especially true as product categories increasingly merge - for example, office productivity suites integrated with AI assistants such as Copilot, or search engines like Google Search enriched with AI-generated summaries. Entirely new service layers, such as Model Context Protocols (MCPs) for AI, further challenge this approach. Each time a service evolves or is bundled with other applications, including AI services, the DMA risks missing the mark.

Unless this structural weakness is addressed - by designating all cloud core platforms and the essential services they underpin (in particular AI and identity and access management (IAM) services, which function as gateways for all applications relying on cloud infrastructure) - the DMA will fail to achieve its core objective: ensuring fair and contestable markets for European businesses and citizens.

### **Six gatekeepers and hundreds of millions of users, yet no cloud, no AI, no IAM providers**

The DMA has designated six gatekeepers and 18 core platform services, yet none of the major providers' cloud services have been included - despite vastly exceeding user thresholds by hundreds of millions. Amazon Web Services (AWS) and Microsoft Azure alone serve more than one billion active enterprise and consumer users globally. In parallel, Europe's share of the cloud market has collapsed from 23% in 2017 to just 13% in 2022. This decline shows that relying only on antitrust cases or long-term remedies is not viable: by the time enforcement catches up, European providers will have been permanently lost their market share..

### **There is no AI without cloud**

AI deployment depends entirely on cloud computing infrastructure. Training and operating largescale models requires vast hyperscale compute resources: training GPT-3 is estimated to have required over 1,000 petaflop/s-days of compute and today, more than 70% of enterprise AI workloads run on public cloud platforms. Without DMA enforcement, the EU lacks the tools to prevent abuse, technology bundling, and lock-in in this foundational layer of our economy.

### **The next generation of cloud will be AI.**

Forecasts show that AI workloads will dominate global compute demand within just a few years. The International Energy Agency projects that AI-related data centre workloads could exceed

90% of incremental capacity by 2027. Gartner predicts that by 2027, over 80% of cloud infrastructure will be “AI-native,” shifting from traditional virtualisation to architectures where both applications and compute are orchestrated by AI systems. IDC further estimates that global spending on AI infrastructure will exceed \$150 billion annually by 2027, effectively merging the AI and cloud markets into one. In other words, AI will not simply run on the cloud—AI will become the cloud.

Without decisive action now, it is all but certain that the entirety of future computing capacity - AI and cloud workloads alike - will default to non-European hyperscale providers, entrenching dependency and undermining Europe’s technological sovereignty.

## Background

When the DMA entered into force, cloud computing was nominally listed as a “core platform service” under Article 2(2). Yet, none of the large gatekeepers’ cloud platforms were designated, even though they almost certainly exceed the thresholds.

Moreover, every business and policymaker using these large foreign cloud platforms is automatically enrolled through their identity and access management (IAM) systems. These IAM services are the gateways to all applications - including AI tools - and should be treated as the core platform services they are.

In the near future (less than five years), AI systems will themselves be capable of either simulating or automatically deploying cloud software and services (such as storage, databases, containers). This means that almost any AI-driven process will be directed to cloud infrastructure linked to specific AI models, effectively locking customers and AI users into dominant cloud providers.

Excluding these dominant cloud services from designation has already had tangible negative consequences. Much of CISPE’s work in recent years has been dedicated to challenging the very practices that the DMA was supposed to prevent - tying, bundling, self-preferencing, and other unfair behaviours. However, in the absence of DMA enforcement in the cloud sector, we have been forced to rely on antitrust complaints, which are slow and often ineffective. The result is delay and uncertainty, and our fear is that by the time such procedures take effect, Europe’s independent cloud providers may already be irreparably weakened.

## Why the DMA Must Cover Cloud and IAM Services to address challenges with AI and computing

We call on the Commission, in its first review of the Digital Markets Act, to ensure that the regulation is fit to tackle unfair practices by cloud computing gatekeepers. Providers that meet the thresholds should be designated without delay. Our reasons are clear:

1. **AI dependency:** If the EU aspires to be the “AI Continent,” it must recognise that AI models cannot be deployed without cloud computing infrastructure. Contestability in AI therefore depends on contestability in cloud.
2. **Interoperability:** IAM services are chokepoints for access to cloud and AI. Mandating their interoperability is the single most effective pro-competitive measure.

3. **Market reality:** Core platform cloud services almost certainly exceed the designation thresholds if user numbers are identified and calculated in line with the real functioning of the technology and the market. Their exclusion undermines the credibility of the DMA as a mean to regulate anti-competitive behaviors on the cloud market.
4. **Timeliness:** Relying on piecemeal antitrust cases risks permanent erosion of European market share. The DMA must deliver structural solutions now.

### Our Recommendations for the DMA Review: **Correct Annex A**

- Currently, the methodology and definitions used for cloud computing services do not represent the reality of competition and fairness issues in cloud technologies which undermines the designation of gatekeepers for this core platform service.
- To tackle challenges peculiar to computing and AI services we call the European Commission to amend the definition of “active end users” and “active business users” in the Annex of the text, as well as the methodology and indicators for identifying and calculating users.
- In light of the provisions of the Digital Markets Act, and given the specific characteristics of artificial intelligence technologies - which rely on computing services that are comparable, if not equivalent, to cloud services - the structural issues identified in the DMA’s text, its implementation, and its enforcement are likely to be replicated in the field of AI.
- This is all the more pressing considering the current practices of cloud market leaders, who already engage in bundling of AI services with their own cloud offerings. Such conduct effectively prevents smaller providers of computing and AI services from offering their solutions independently, obliges them to integrate with competing products, or locks them into unsuitable technological environments.

### Conclusions

The DMA is a vital tool for ensuring fair and contestable digital markets. But in its current form, it excludes one of the most critical enablers of Europe’s digital and AI future: cloud services. Unless gatekeeper cloud services and IAM are designated, Europe will remain vulnerable to lock-in, abuse, and the decline of its domestic cloud sector.

To remain relevant in the years ahead, the DMA must fully address competition in cloud services and in the AI services that rely on them.

CISPE therefore urges the Commission to seize this first review as an opportunity to correct course. A DMA that squarely addresses cloud is the only way to ensure that European businesses, innovators, and citizens can fully benefit from fair competition in the age of AI.

Our team and members remain available to the European Commission services, to support their work with existing and experienced technology bundling, lock ins, available data and other inputs that could help in identifying gatekeepers, platform services and unfair practices.