



17<sup>th</sup> May 2023

## **UKCTA Response: Consultation: Proposal to make a market investigation reference into the supply of public cloud infrastructure services in the UK**

### **Introduction**

1. This submission is made by the UK Competitive Telecommunications Association (UKCTA). UKCTA is a trade association promoting the interests of fixed line telecommunications companies competing against BT as well as each other, in the residential and business markets. Its role is to develop and promote the interest of its members to Ofcom and the Government. Details of membership can be found at [www.ukcta.org.uk](http://www.ukcta.org.uk). Its members serve millions of UK consumers. We are pleased to be able to engage in the debate about the future regulation of cloud services.
2. Cloud services are now a vital part of the digital landscape and can't be avoided by businesses. We are responding in our role of users of these services.

### **Egress Fees**

3. UK consumers should have access to a well-functioning market that is not inhibited by excessive egress charges. Excessive egress charges can act to deter consumers of cloud services from exercising optimal choices in their solution design and raise the costs associated with switching suppliers. This can impact the ability of users to innovate, resulting in them not optimising a solution that is best for their business.
4. In the first instance cloud providers should be given the opportunity to remedy the matter themselves, volunteering a solution that seeks to preserve consumer choice and improve overall market flexibility, allowing consumers to mix and match services and introduce a different range of suppliers should they wish, with the minimum level of disruption and cost.

### **Technical Barriers**

5. UKCTA members appreciate that Ofcom is concerned about are technical restrictions on interoperability imposed by main suppliers that may prevent their services working effectively with services from other suppliers. Where main suppliers introduce technical features that reduce interoperability yet do not deliver other user benefits (e.g., security), caution is warranted. It must be understood though that such features can also impact

other smaller suppliers innovating or differentiating to meet the needs of differing user groups.

6. Going forward (and across digital markets), we see value in industry, users and other stakeholders exploring ways to improve interoperability and portability, through market initiatives or otherwise. The greater the freedom that users have in deciding on their consumption of digital services without being unduly constrained by interoperability or portability challenges, the better this will be for the outcomes that markets can deliver.

### **Discounts**

7. In common with many other markets, discounts remain an important feature of the market and can often be central to how propositions are put together. We are keen to see an outcome which preserves the healthy, competitive aspects of discounting, while offering safeguards against more harmful behaviours that may have a detrimental impact on competition. We appreciate in such circumstances careful judgement is required in order to filter out harmful effects while preserving the positive impact that discounts can make to competition. If there is to be any consideration of the imposition of ex ante regulations it is essential that there is a full consultation and that a full regulatory impact assessment is carried out.

### **Conclusion**

8. A regulatory framework which encourages a competitive market and product innovation for the benefit of users, both business and consumers, is a solid goal. Undoubtedly cloud services are of growing importance for all sectors of the UK economy, and the product landscape is likely to change significantly over the coming years. UKCTA members look forward to continued involvement in the regulatory debate.

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