

# THE FRENCH COMPETITION AUTHORITY SELF-REFERRAL FOR AN OPINION ON THE CLOUD-COMPUTING SECTOR

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## Data Protection, Privacy, and Security Alert

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During his [January 2022 hearing](#) before France's National Assembly, the newly appointed chairman of the [French competition authority](#) (AdIC), Benoit Coeuré, stated that the digital sector would be one of the principal subject matters of his chairmanship (see press release [here](#) in English).

His intention is to focus on “the emergence of new essential infrastructures such as cloud-computing” and that, in consequence, “it would be important and justified for the AdIC to rapidly undertake in-depth work on the consequences of cloud-computing in all sectors in conjunction with the relevant sectoral authorities.”

Pursuant to [Article L. 462-4](#) of the French Commercial Code, the AdIC has therefore decided to conduct a wide analysis of the matter in order to assess the competitive situation of the cloud-computing ecosystem.

## A BOOMING SECTOR

This opinion comes at a time when the cloud-computing market is booming at both the European and French level, with an average annual growth expected to exceed 25% over the next few years, with strong value-creation challenges for the economy, and allowing for a 2030 market prediction 10 times larger than in 2020.

Over the last few years, cloud computing has become a complex ecosystem of technologies, products, and services, giving rise to a wealthy economy where several cloud-computing service providers compete for an ever-increasing share of the service market. This peaking sector allows for more efficient ways of working, which has ended up being especially valuable during the COVID-19 pandemic.

This “cloud boom” also serves as the backbone of a widespread digitalization of the economy, which is supported by the French government with its new [national plan to support the French cloud industry](#).

## THE NECESSITY FOR GLOBAL ANALYSIS

The AdIC's purpose to conduct a broad analysis of the cloud-computing sector is pushed by both a European and international dynamic.

In this regard, the AdIC intends to provide for a definition of the relevant markets in the sector.

This commitment can be traced back to the European Commission's (EU Commission) early analysis of the “IT outsourcing services” market encompassing the “public cloud computing services” as one of its sub-segments.<sup>1</sup> Concurrently and from a transatlantic perspective, the [U.S. Federal Trade Commission](#) is also pushing forward with an antitrust scrutiny in the cloud-computing business.

The AdIC intends to study the competitive dynamics of the sector and the presence of operators in the various segments of the value chain (including their contractual relations) in a context where multiple alliances and partnerships are concluded for the provision of cloud services.

Should the AdIC identify potential improvements, proposals may be issued for the competitive functioning of the sector.

Taking into account the variety and complexity of the cloud-computing technologies involved, the AdIC announced that, for the first time, the investigation unit will comprise lawyers, economists, and data scientists notably from the [newly created Digital Economy Department](#).

## THE NEXT STEPS

A broad public consultation will be taking place in the next few months to gather comments and suggestions from the stakeholders. Comments are to be sent to the AdIC through the following email address:

[avis.cloud@autoritedelaconcurrence.fr](mailto:avis.cloud@autoritedelaconcurrence.fr).

The final opinion is expected to be issued by the beginning of 2023.

The firm's global [competition](#) and [data protection](#) team (including the [competition team](#) and [data protection team](#) in each of our European offices) remains available to assist you in achieving the compliance of your data and antitrust matters at global levels.

## FOOTNOTES

<sup>1</sup> EU Commission, 19 June 2013, decision No [COMP/M.6921](#) IMB Italia/Ubis; EU Commission, decision No [COMP/M.7458](#), IBM/INF Business of Deutsche Lufthansa.

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