

Andrus Ansip  
Vice-President for the Digital Single Market  
European Commission  
Rue de la Loi 200  
1049 Brussels  
Belgium

29<sup>th</sup> March 2017

Dear Vice-President Ansip

**RE: European Cloud Alliance – Building a European Data Economy**

The European Cloud Alliance brings together businesses across the cloud value chain to provide a voice on cloud-related policy issues. We represent those that use, create, and provide cloud services across Europe. We write to share our views on the Commission's January 10, 2017 Communication on Building a European Data Economy.

We applaud the Commission's leadership to ensure the free flow of data within the Union. The free flow of data is a key driver of growth and development in European cloud-based services; it also plays a major role in holding costs down for users of those services.

For these reasons, we welcome the Commission's Communication. However, as providers of cloud services, and also as users whose operations rely increasingly on the benefits delivered by the cloud, we encourage the Commission to consider going further. The Communication proposes possible action against Member States that maintain unjustified data localisation mandates. While this may be appropriate, we are concerned that this approach may not be sufficient. Currently, there are a number of Member State measures in place that restrict, or are perceived to restrict, flows of data out of the jurisdiction and, as a result, impede the use of cloud services unless data is stored locally. A clear policy prohibiting such measures – rather than a piecemeal approach – would be highly beneficial for Europe. Such a policy would also set a strong international example, helping to stop the proliferation of these measures in other global markets.

As you know, cloud technologies lie at the heart of the emerging digital economy, and underpin diverse and promising technologies, from many of today's digital consumer services to the Internet of Things and real-time logistics and business production chains. Cloud services also help organisations to save on IT costs, freeing up capital for further investment in plants and also new employment opportunities. Based on these benefits, the cloud is driving socio-economic transformation in every corner of Europe, helping businesses and organisations innovate, grow and compete across borders.

The benefits of the cloud revolution depend on the free flow of data. Without data flows, cloud providers would need to install data centres in every Member State, no matter the size of the underlying market – pushing up the cost of cloud services for customers. In some cases, where these costs cannot be justified by the size of the market, cloud services are simply unavailable. Such restrictions also create uncertainty (particularly for SMEs, which

may not have the legal resources to assess requirements in each Member State when seeking to trade across borders), and raise compliance costs associated with adoption of cloud services – leading many organisations to simply avoid the cloud altogether. This has a real cost for Europe. Studies indicate that removing current barriers to the free flow of data could add up to €8 billion per year to European GDP.

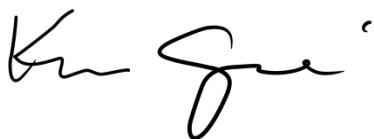
Localisation measures can take many forms. They can be part of “black letter law.” They can be set out in guidance, or regulatory decisions. They can be part of public procurement criteria. In many cases, measures do not apply to cloud service providers directly, but instead apply to their customers in sectors such as health, gaming, or financial services.

In some cases – for example, in the context of national security – we recognise that such measures may sometimes be justified. But, in many cases, existing measures are not justifiable – and their costs to providers and cloud customers are not balanced by any corresponding benefits to the Member State that maintains the measures.

Measures that impede the free flow of data within the Union serve only to fragment markets along national borders and undermine the ability to achieve a true Digital Single Market. We support the Commission’s efforts to find and tackle these unproductive measures – and we also encourage the Commission to reach ambitiously when doing so.

We would be happy to discuss this further with you. Thank you for your support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kim Gagné', with a stylized flourish at the end.

Kim Gagné  
Executive Director  
European Cloud Alliance