

NON-CONFIDENTIAL Guardian Media Group response to Ofcom Cloud services market study Interim report

About Guardian Media Group

Guardian Media Group (GMG) is one of the UK's leading commercial media organisations and a British-owned, independent, news media business. GMG owns Guardian News & Media (GNM), the publisher of theguardian.com and the Guardian and Observer newspapers, and its globally acclaimed investigations, including investigating the Paradise Papers and Panama Papers, and Cambridge Analytica. As well as being the UK's largest quality news brand, the Guardian and Observer have pioneered a highly distinctive, open approach to publishing on the web and it has achieved significant global audience growth over the past 20 years. Our endowment fund and portfolio of other holdings exist to support the Guardian's journalism by providing financial returns.

Introduction

GMG welcomes the opportunity to respond to Ofcom's Cloud services market study interim report. Over time, cloud services have become a critical operational element of our publishing business, enabling storage and access to our website and related services.

This has enabled GMG to scale our need for cloud services with relative ease over time. The availability of new functionality from our cloud provider has also been a positive aspect of our experience of using cloud services.

The challenge, from a competition perspective, is that once customers are engaged with a cloud provider, the relationship with those cloud providers can become deeply entangled. Any business decision to switch services to an alternative provider would take a significant amount of time and resources.

This is due to the fact that cloud service providers offer hundreds of different capabilities within their cloud offerings, with which customers may have an integration. While these capabilities are broadly comparable¹, the reality is that there is limited to no interoperability between those capabilities in the event that a customer chose to switch between providers.

We estimate that a process of extricating from existing integrations, to integrating with a new provider would take many months to complete and be extremely costly. This creates a huge disincentive to switching once cloud services have been procured.

Ofcom's focus on interoperability and data portability are welcome, though it is not clear how realistic it would be to mandate interoperability of the full suite of services provided by the large cloud service providers.

In addition to the remedies proposed by Ofcom, any future market investigation by the CMA, may look at commercial measures including - but not limited to - a limit on the extent to which a cloud service provider can unilaterally increase fees within their contract term (for example, RPI or CPI plus X%).

**Guardian Media Group
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¹ <https://cloud.google.com/docs/get-started/aws-azure-gcp-service-comparison>