

PARTING CLOUDS: CREATING A COMPETITIVE AND DIVERSIFIED MARKETPLACE FOR COMPUTE

This brief summarizes CAMP's full Parting Clouds report, which argues that Canada's cloud strategy must address the concentration of market power by the dominant hyperscalers. To do so, federal policy makers should employ a combination of procurement strategy, regulation, and competition law enforcement to drive commoditization of cloud services; making them interoperable, restoring competitive dynamics, and increasing customer choice for the public and private sectors.



The Costs of Canada's Concentrated Cloud Market

Cloud computing is the infrastructure of the modern economy, but three firms, Amazon, Microsoft, and Alphabet, control 85% of Canada's public cloud market, and make up most of the federal government's cloud contracts.¹ This concentration is reinforced by vendor lock-in, opaque pricing, tying, self-preferencing, and the foreclosure of competition in adjacent markets. Questions of market efficiency are now also questions of national resilience, with dependence on cloud providers increasingly tied up with trade negotiations, economic independence, and the ability to regulate digital markets.

Canada's Response: Commoditization, Competition, and Interoperability

The most effective response to this current state is to commoditize cloud infrastructure: make it a fungible resource where workloads can move between providers with minimal friction. This will restore competitive dynamics and reduce the dependencies caused by lock-in, and requires action on three fronts:

1.

Procurement and international cooperation to drive commoditization from the demand side

- a. Require interoperability and portability certifications in federal cloud contracts.
- b. Adopt S3-compatible storage as a standard, then move up to the platform layer.
- c. Tie domestic cloud investment to the same interoperability standards, and clawback if not met.
- d. Coordinate with likeminded nations on aligned procurement standards.

2.

Ex ante regulation to treat the cloud as utility-like infrastructure

- a. Require egress and ingress fees to be symmetrical and cost-aligned.
- b. Ban self-preferencing, discriminatory pricing, and abusive bundling by dominant providers.
- c. Require public posting of pricing and discount formulas.
- d. Designate an industry regulator with technical capacity to enforce.

3.

Competition enforcement to target the mechanisms that sustain lock-in

- a. Conduct a market study on Canada's compute market and pursue proceedings on bundling, tying, cloud credits, and discriminatory licensing.
- b. Treat mergers, acquisitions, and acquisitions of Canadian companies (where IP or R&D talent is at stake) as presumptively harmful to domestic innovation capacity.
- c. Run parallel competition enforcement actions with peer authorities.

Interoperability is the basis for agency. A market in which workloads move freely is a market in which competition works. And a market in which competition works is one in which sovereignty is the standard.

¹ Dwayne Winseck. Canada's Network Media Economy: Growth, Concentration and Upheaval 1984-2024. Canada Report. Global Media and Internet Concentration Project, Carleton University, 2025. <https://gmcp.org/canadas-network-media-economy-growth-concentration-and-upheaval-1984-2024/>; Shared Services Canada. "Evaluation of Shared Services Canada's Cloud Services." Government of Canada, November 28, 2024. <https://www.canada.ca/en/shared-services/corporate/publications/2024-25/evaluation-ssc-cloud-services.html>.