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SEB Lunch meeting

Could geopolitical tensions push the European corporations to move away from the US Cloud services providers?

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Who we are

Who we are - Netic

Supporting the digitalisation through secure IT operations.



Trifork Group

Trifork



FinTech



Digital Health



Smart Building



Smart Enterprise



Cyber Protection



Cloud Operations

netic
A TRIFORK COMPANY

Contain
by netic

Trifork Labs

Trifork's R&D

- Founding & financing of start-ups
- Minority investments
- Investment criteria:

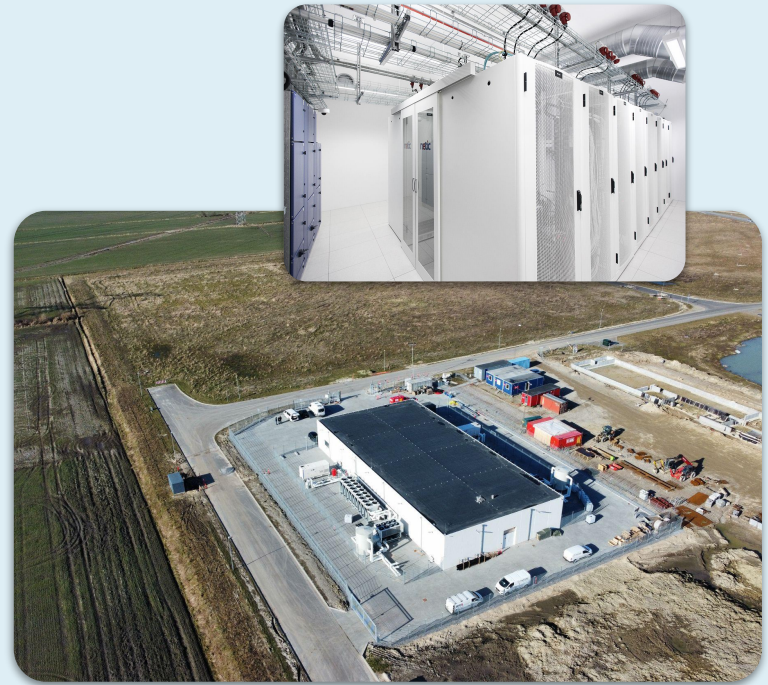
New
technology

Potential to
become
business drive

Potential to
become
strategic partner

Our data centres are placed locally in Denmark...

...And we are present globally with shared
cloud, public cloud (Azure, AWS, Google)
and hybrid cloud...



What you gain from partnering with Netic.

Business Continuity

Keep your mission critical infrastructure and applications available 24/7.

Your choice of Cloud: Public, Private or Hybrid. Global or Local.

Everything-as-a-Service

Tap into standardised service offerings with well defined outcomes and SLAs.

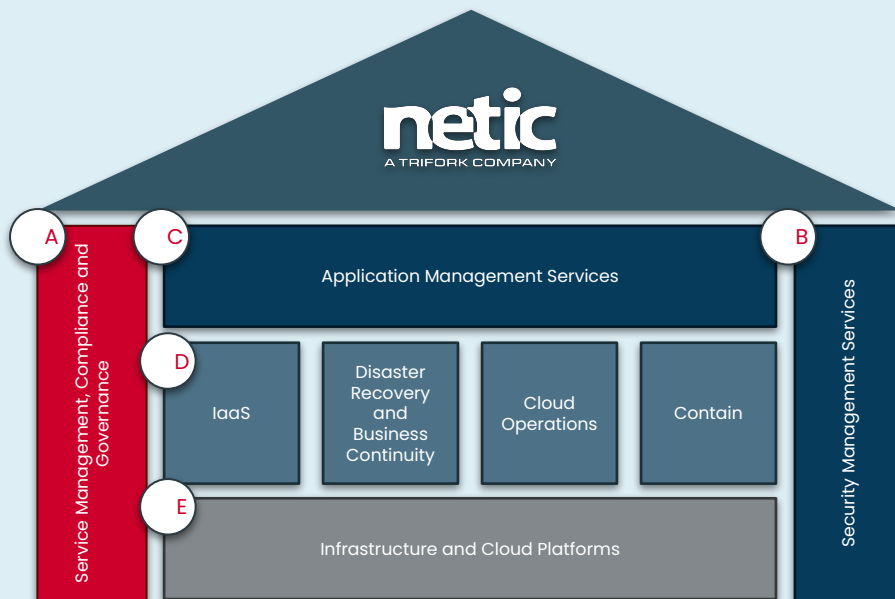
Pay as you grow and scale to your demands.

Responsible & Compliant

Leverage highly efficient, green energy powered DK-based Data Centers and infrastructure.

End-2-end control and insights through ISO27K1 certified processes.

Our product and service offering.



- A**
 - Delivery Management
 - Service Quality reporting
 - Capacity Management
 - ISO 27001/2, DORA, NIS2
- B**
 - Managed EDR
 - Vulnerability Management
 - SIEM/SOC
 - Security Incident Response
- C**
 - Application Operation and Application Maintenance
 - Database and middleware
 - Customer specific application and procedure operations
- D**
 - Industry standard compute, network, storage, operations and management services
 - Backup/restore, geo-redundancy, resilience, continuity planning
 - Automation, ops and optimization in Hybrid Cloud environments
 - Managed Application Platform / K8s PaaS
- E**
 - Netic Data Centers (Housing and hosting)
 - HyperScalers (AWS, Azure, GCP)
 - On-prem / Air-gapped at customer premises

Background

Background:

- US tech giants dominate the European cloud market
- Rising geopolitical tensions and data protection concerns
- Tech choices are now strategic geopolitical decisions

Geopolitical Drivers of Change:

- US Surveillance Laws: FISA 702 (and: EO 12333 + CLOUD ACT) and concerns over foreign data access
- Trust and Autonomy: EU push for digital sovereignty, GDPR, NIS2 (various sectors), DORA (financial sector) and CER

What is FISA 702:

- **Enacted:** In 2008, as part of the FISA Amendments Act.
- **Purpose:** Allows the U.S. National Security Agency (NSA) and other intelligence agencies to compel U.S.-based companies (like Google, Microsoft, AWS) to hand over data on foreign targets, even if the data is stored outside the U.S..
- **Scope:** Applies only to non-U.S. persons reasonably believed to be outside the U.S., but data is often swept up through bulk surveillance methods.
- These authorize programmatic surveillance, rather than targeting individuals one-by-one.
- U.S. tech companies cannot refuse such orders and often cannot disclose them due to associated gag orders.

Executive Order 12333 (EO 12333) and CLOUD Act (Clarifying Lawful Overseas Use of Data Act) are also highly relevant and raises concerns for EU.

Why It's a Concern for Europeans:

- **No equivalent protections: Non-U.S. persons have limited or no legal remedies under U.S. law.**
- **Legal clashes with the EU:**
- **The Schrems II judgment (2020) by the European Court of Justice struck down the EU-U.S. Privacy Shield, primarily because of FISA 702 concerns.**
- **The EU found that U.S. surveillance laws do not provide adequate protection for European citizens' data.**
- **EU-U.S. Data Privacy Framework (2023), which attempts to re-establish transatlantic data transfer, but faces continued legal scrutiny.**

Not all Clouds are equal

Not all Clouds are equal:

When discussing a potential shift away from US cloud providers, it's important to distinguish between different types of cloud services:

SaaS – Harder to Replace

- Examples: Microsoft 365, Google Workspace, Salesforce
- These are tightly integrated platforms with significant ecosystem lock-in.
- Migration is difficult due to proprietary features, user workflows, and interdependencies.
- Conclusion: Less likely to move away in the short term, though EU alternatives may emerge.

Custom – Developed Applications – Easier to Migrate

- Often developed internally or by partners.
- Can be migrated more flexibly between infrastructures.
- Ideal candidates for cloud-native transformation or sovereign deployment.

Key considerations for Management

Legal Risk (Compliance & Jurisdiction):

GDPR and Cross-Border Transfers

- Data hosted by US-based providers—even in EU datacenters—can still be subject to FISA 702.
- Legal uncertainty remains despite frameworks like the EU-U.S. Data Privacy Framework.
- Recent rulings (e.g., Schrems II) show courts may continue to strike down transatlantic data flows lacking adequate safeguards.
- Management Implication: Legal transfers may become invalid overnight, leading to risk of regulatory fines and business disruption.

Sector-Specific Requirements (Energy, Health, Finance)

- NIS2 imposes stricter requirements for critical infrastructure, including energy, healthcare, and transport.
- Denmark's energy minister has stated that energy sector data must be hosted in the EU or by EU entities—a potential template for other sectors.
- While DORA currently emphasizes resilience, future interpretations may extend to data residency.

Business Risk / Security Risk:

Strategic Dependency on U.S. Providers

- **Vendor concentration risk:** Microsoft, Google, and Amazon dominate mission-critical services.
- **In a politically hostile scenario (e.g., under a Trump administration), these services could be weaponized:**
 - Hypothetical scenario: “Lower your tariffs or we shut off your cloud access.”
 - Even rumors of such actions can undermine business confidence.

Over-Bundling and Forced Upselling

- **Microsoft and others often bundle products (e.g., Office 365, Power BI, PowerApps), making it hard to decouple.**
- **Public sector entities are forced into ecosystems they might not need.**
- **This is not solved by changing data hosting alone but reflects a lack of market alternatives.**

Procurement Strategy: Organizations could favor modular, open-source or European alternatives when feasible.

Board-Level Concern: Strategic IT dependency is no longer just a CIO topic—it’s a geopolitical issue.

Market Actions

(for Enterprises & the Public Sector)

Market Actions:

Adopt Cloud-Agnostic Architectures

- Use Kubernetes-based platforms like Netic's Contain that allow flexibility between on-prem, private, and public clouds.
- Implement infrastructure as code to standardize deployments across cloud environments.

Gradually Unbundle from SaaS Giants

- Evaluate alternatives for email, office productivity, CRM, etc.
- Consider hybrid models (e.g., run local document storage, use cloud only for collaboration).

Make “Exit Strategy” a Procurement Requirement

- Include a “data portability and reversibility clause” in all cloud contracts.
- Require suppliers to provide tools and documentation for migrating workloads out.

Train C-Level and Procurement Teams

- Raise awareness of the strategic implications of vendor lock-in.
- Offer guidelines on assessing compliance, resilience, and sovereignty.

Elevate Digital Sovereignty to Board Level

- Make it a strategic KPI—not just a technical concern.

Technical Standards & Ecosystem Development:

Invest in Federated Platforms

- Support initiatives like Gaia-X that aim to create interoperable, federated cloud services across Europe.
- Encourage decentralized identity, data exchange, and trust frameworks.

Mandate Open APIs and Interoperability

- Force hyperscalers to expose interfaces and avoid lock-in.
- Require open formats for data import/export.



European cloud market

Q&A?



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