

Shifting to European sovereign digital supply: a “how to” approach

Six questions European companies and their investors ask before moving their digital supply to European providers:

- ◆ What do we put in scope?
- ◆ How far does AI belong in it?
- ◆ How do we build the business case?
- ◆ How do we structure the contracts?
- ◆ Do we rent or build?
- ◆ How do we form a consortium?

A seventh, for investors: what should we require of the companies we fund?

A Board must decide three things: which layer to move first and on what contract terms; whether to anchor a consortium; what to require of the companies it funds.



Software you cannot leave is where prices keep rising, because the ceiling on what you pay is your own exit cost

8.7%

a year, for three years, on the cloud and software European buyers cannot easily leave

Asteres study for Cigref, the association of large French IT buyers

<1%

of cloud customers switch provider in any given year

UK competition authority, cloud market investigation

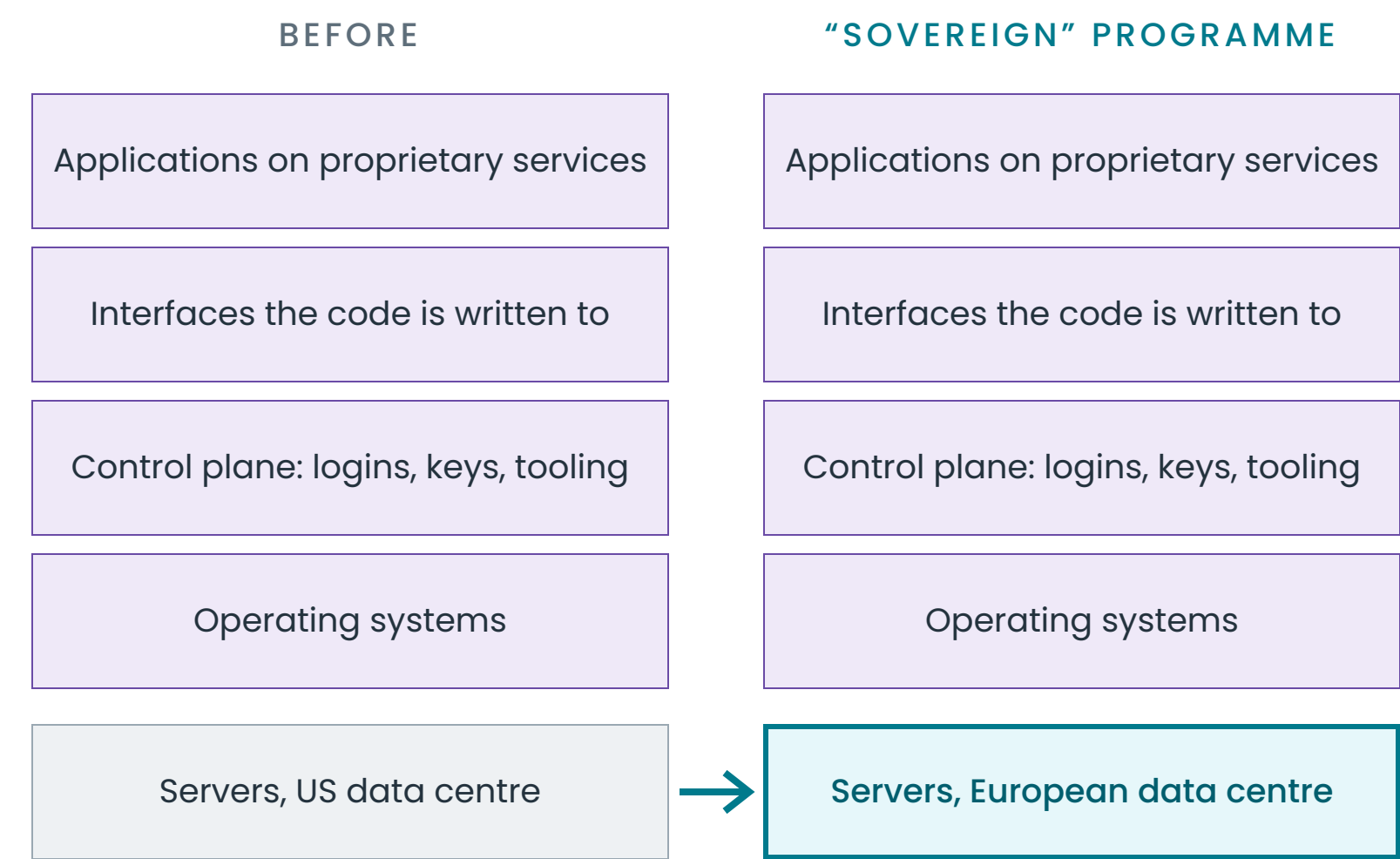
THE ONE IDEA

Two things decide your exposure: who controls the software your business runs on and what leaving it would cost. Nothing else in this deck is independent of those two.



What a supplier can charge before you would walk away

Moving the servers to Europe while keeping the same provider’s software changes neither the exit cost nor the price



Lilac: the provider’s proprietary software, unchanged.
That is where the exit cost lives.

A data centre in Europe running the same provider’s proprietary software at every level leaves your switching cost exactly where it was, together with the price you can be charged.

Residency answers one legitimate question: where does the data sit? It does not answer the one that sets the bill: who controls the software your business runs on?

WHAT FOLLOWS

Sort the systems by where a move removes the most exposure for the least effort, then go in that order. Do not try to move everything.

The seven questions and their answers

- 1 What do we put in scope?** Move the control plane first; take the commodity layers as a quick win in parallel; build nothing new on the services you cannot leave.
- 2 How far does AI belong in it?** Put it in scope at the layer where projects actually fail; budget it as a running cost.
- 3 How do we build the business case?** Build it on the bill you will receive over the years your exit cost keeps you in place.
- 4 How do we structure the contracts?** Screen suppliers on who controls them; commit volume, never architecture.
- 5 Do we rent or build?** Rent from European providers by default; build a data centre of your own only where you can keep it busy.
- 6 How do we put together a consortium?** Be the anchor yourself: bring your holdings in as the first contracted members and lock the governance before the first euro goes in.
- 7 What should we require of the companies we fund?** Write the covenants into the next shareholders' agreement; put a yearly exit-cost disclosure on every board agenda.

WHO IS IT FOR?

Answers 1 to 5 are for the buyer, its CIO and its CFO. Answer 6 is for an investor asked to anchor a consortium, written with a fund holding industrial and energy companies in mind. Answer 7 is for any investor with a portfolio.

CONCEDED UP FRONT

The technology of the large US cloud providers is more often better integrated and better marketed than better or cheaper. The gap is real where the value is highest, in managed platform services and AI. Pooled demand, interface terms and integration work close it.

What is decided today and what waits on two studies the brief proposes

DECIDE NOW, AS A BUYER

- ◆ Commission the costing of the control-plane move on your own systems; start the commodity sourcing exercise in parallel.
- ◆ Adopt the contract terms of answer 4 for every renewal from now on.
- ◆ Put an internal price on bundled services; run the break-even of answer 3 on your own invoice, workload by workload.

WAITS ON THE TWO STUDIES

One is the build decision: it turns on the committed load at which owning beats renting. The other is the contract structure that makes a small supplier's demand floor bankable. The first needs the anchor's own load and energy data.

DECIDE NOW, AS AN INVESTOR

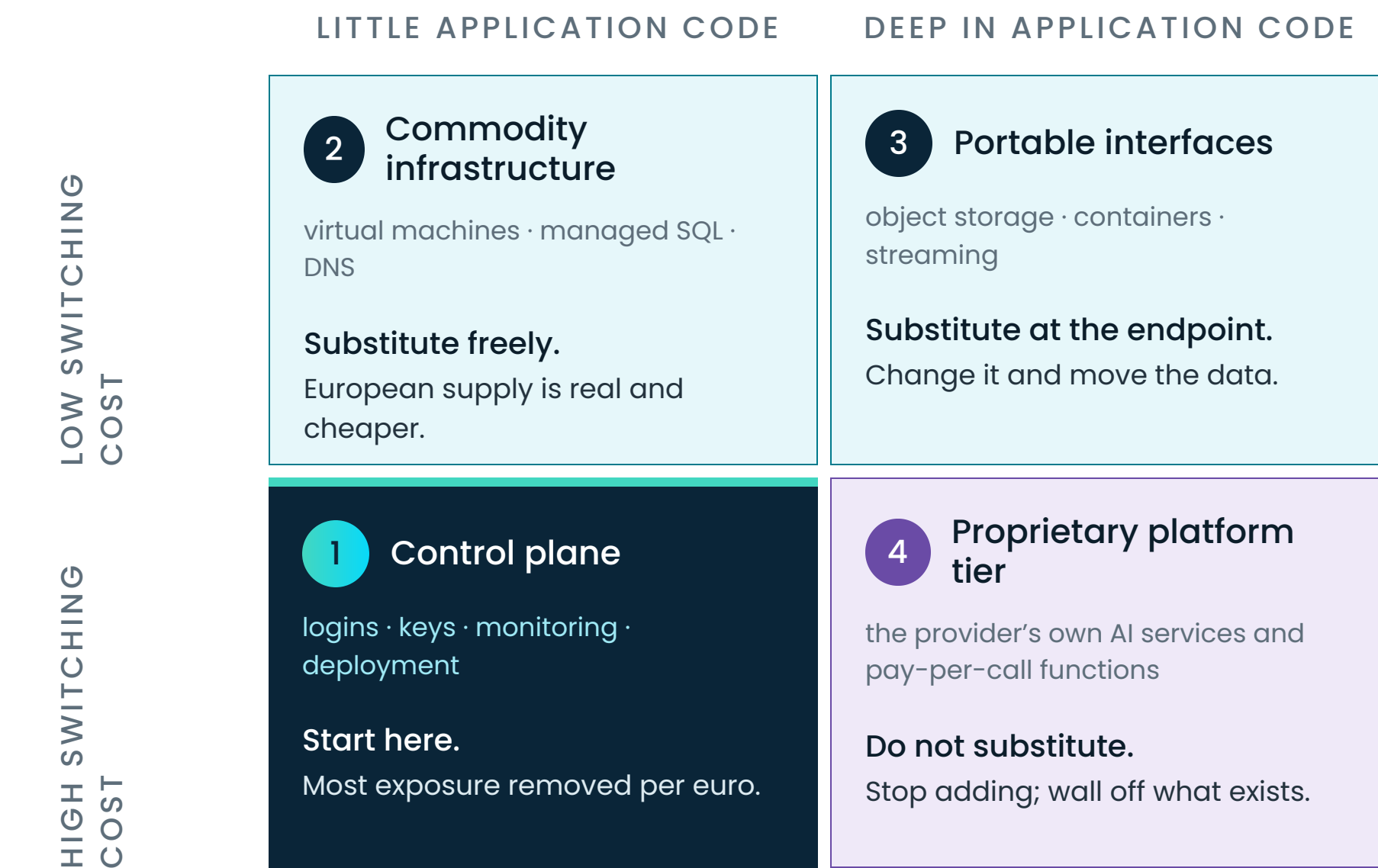
- ◆ Write the seven covenants into the next shareholders' agreement; put the yearly exit-cost disclosure on every board agenda.
- ◆ Decide in principle whether to anchor a consortium; if so, name the holdings that join first and the governance lock the vehicle carries.
- ◆ Until the two studies are done, commit demand through your holdings' membership and equity into the club's vehicle; capital into a facility waits.

WHAT IT COSTS

The brief does not size it. The first spending is the costing itself and the sourcing exercise. Each migration is then decided on its own break-even.

What do we put in scope?

Sort every service on two axes and attack where leaving is expensive and the code is shallow



Thirty-five managed services from Amazon Web Services' catalogue were scored on these two axes. The numerals are the order of attack.

WHY THAT CORNER FIRST

The control plane is expensive to leave and barely wired into your code. That is the one place where a large exposure has a bounded fix. Every other system authenticates against it, so it goes first.

Starting where leaving is already cheap removes little: a service you can walk away from is not one you are being overcharged for.

What do we put in scope?

The control plane first, the cheap layer in parallel, a rule for everything else

THE CONTROL PLANE

Why the exposure is large. Who can log in and to what, where the keys are kept, the monitoring and the deployment tooling are all configured in the provider's own formats. Leave in a hurry and you rebuild it under pressure with the business down. Your supplier prices every renewal knowing that.

Why the fix is bounded. A planned replacement rewrites no business logic. You rebuild the record of users and rights, the custody of the keys and the tooling once, then re-point your applications. We cannot size it for you; cost it first.

THE QUICK WIN

Buy computing capacity, storage and databases from European providers as ordinary procurement while the control-plane work goes on.

2.5–6×

cheaper for computing capacity, on published prices; about 2.4× for object storage; at parity on managed databases. Your negotiated rates may narrow the gap, so run the comparison on them.

It funds the programme without being it: these are services you could already leave.

WHAT STAYS, IN WHAT ORDER

- ◆ **The proprietary tier** (managed AI, pay-per-call functions) is woven into your code and no European provider sells an integrated substitute. Do not plan to replace it. Stop adding to it and confine what you have.
- ◆ **The office and collaboration suite** has proven European substitutes and a known sequence: back-end services, then client applications, the workstation last.
- ◆ **Line-of-business systems, ERP included**, stay out of joint purchasing and get the exit clauses of answer 4.

How far does AI belong in scope?

Fully, aimed at the layer where AI projects fail, which Europe’s public programmes do not fund

37–49% ÷50

of teams building with today’s models stall before production: 37% of those on closed models, 49% on open ones

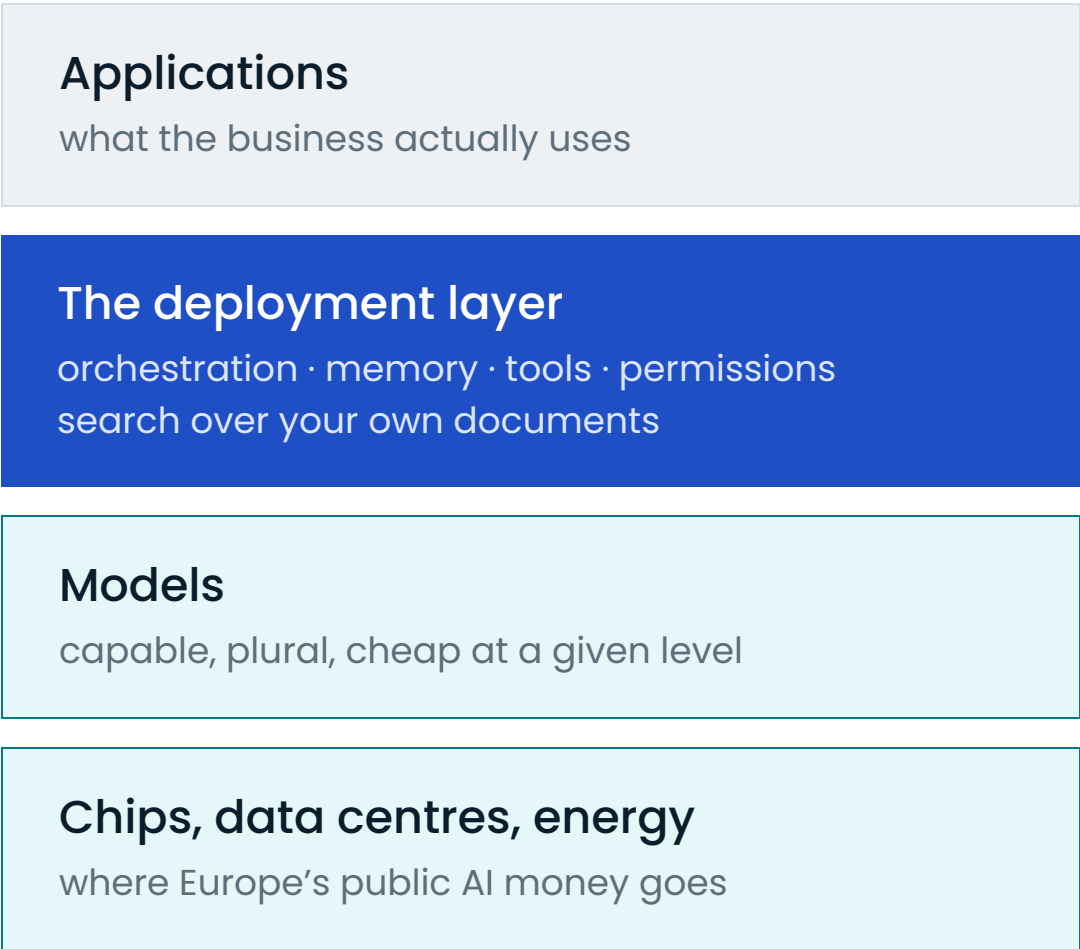
Mozilla, The State of Open Source AI, July 2026

the price of a given level of model capability, today against three years ago. Frontier models improve at about the same price; open-weight models sell last year’s level for a fraction

Brief, section 2

TWO BUDGET LINES

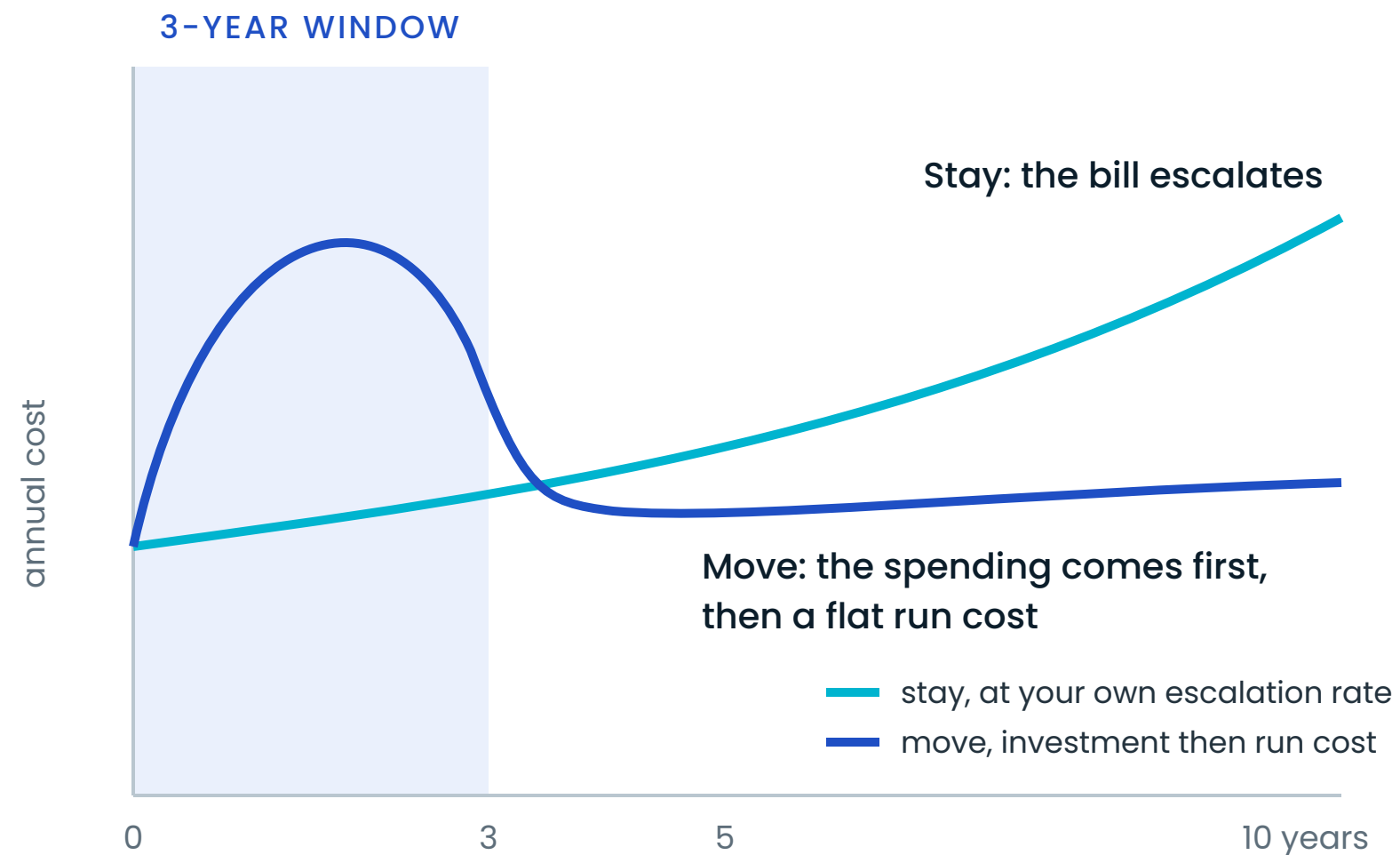
Inference, metered per token or processor hour, gets its own line; the deployment layer, shared engineering, gets the other. Whatever your AI systems accumulate must stay exportable: an assistant inside the incumbent’s suite is a switching cost of its own.



← **Where projects fail:**
two layers above where the public money goes.
Scope the deployment layer.

How do we build the business case?

Build it on the bill you cannot walk away from; a three-year window is biased against any investment



Shapes only, no costing. Where the lines cross depends on your own escalation rate; the three-year test sees the investment and little of the return.

Separate two kinds of move. Where a European provider already sells the same service cheaper, the case is a price comparison with the migration effort added. Where the move means rebuilding something, it is an investment: a migration buys a credible exit threat first; cost reduction, if it arrives, arrives late.

THREE THINGS THE USUAL COMPARISON LEAVES OUT

- ◆ **Escalation.** Use your own rate, from your last three years of renewal quotes, across the whole horizon.
- ◆ **The margin you concede.** A supplier can charge above the competitive price only up to what it would cost you to leave. The brief states the bound; the euro figure needs your own numbers.
- ◆ **Insurance.** A working alternative limits the loss when a supplier fails or cuts you off; it needs no political forecast.

How do we build the business case?

Do not forecast savings. Compute the price at which the move breaks even, then put it next to your invoice

What would the incumbent have to charge you, per seat, per hour of computing or per million tokens, for the move to pay over three, five and ten years? You already hold the second number. The inputs you assume are your escalation rate and your own migration effort.

ONE MORE RULE

A service that arrives at no extra charge inside a suite has no budget line and is never compared with anything. Charge your business units an internal price for it. Put a periodic review on the calendar.

ILLUSTRATION: A COLLABORATION BACK END, EUR PER SEAT PER YEAR

ESTATE	3 YEARS	5 YEARS	10 YEARS
250 seats	401	269	170
2,500 seats	293	229	182
25,000 seats	207	160	126

Above the figure the move is cheaper over that horizon; below it the incumbent is. Migration cost is mostly fixed, so small estates face the hardest arithmetic: an argument for pooling. The 250-seat row omits three components priced only from 300 seats, which is why its ten-year figure sits below the 2,500-seat one. Undiscounted. Discounting raises them, since the migration pays at the start and the incumbent across the horizon: a 4% rate adds 6% to 14% to the ten-year figures, an 8% rate 13% to 29%, the smallest estate most.

The list prices are February 2024 figures for five open-source products (Bern University of Applied Sciences, for the Swiss Federal Chancellery). The EUR 1,200 day rate, the 144 to 953 person-days and the lost user-day per user are illustrative: replace them first.

How do we structure the contracts?

Screen suppliers on control: five facts separate them where the usual requirements do not

NECESSARY FOR THEIR OWN SAKE, USELESS FOR TELLING SUPPLIERS APART

- ◆ Data residency
- ◆ Local staff and local incorporation
- ◆ A local headquarters, in the newer requirement texts
- ◆ Generic certifications

A foreign-controlled supplier meets every one of them at the same cost as anyone else. Require them for their own sake; give them no award weight.

THE LIVE EXAMPLE

Since February 2025 Microsoft claims to keep its European customers' data inside the EU. In June 2025, under oath before a French Senate inquiry, its legal director in France could not guarantee that the data would never be handed to the US authorities without French agreement.

ESTABLISH THESE FIVE. EVERYTHING ELSE STAYS OFF THE SCORESHEET

- 1 Who ultimately owns the supplier
- 2 Which law governs the contract
- 3 Who holds the encryption keys
- 4 What the parent's home law lets a foreign authority compel
- 5 What the contract says happens to your service under such an order

Every extra clause weakens the ones that matter: a supplier caught cheating loses the same contract however many clauses it broke.

Award on price at the commodity layer, where you can leave. For a supplier you will rely on and have verified, a decent margin gives it something to lose if caught cheating; award such a supplier on lowest price and you pay for the enforcement yourself.

How do we structure the contracts?

Commit volume, never architecture: a floor the supplier can plan on, while you keep the right to move

The usual way

You commit to spend so much over so many years, drawn down against the supplier's own catalogue of products.

That is how lock-in arrives.

The commitment shapes the workload around one catalogue.

Instead

You commit capacity, in seats, cores, terabytes or tokens, against interfaces that more than one supplier serves: databases, storage (S3), logins (OpenID Connect) and monitoring (OpenTelemetry).

The supplier can plan on it.

You keep the right to place the load elsewhere.

If you can move, a wrong 2029 load forecast is a pricing mistake you can absorb.

FOUR TERMS CARRY THE WEIGHT

- ◆ **Exit assistance** is priced and scoped in the contract.
- ◆ **Data export** is free, tested and retested on a schedule.
- ◆ **Each bidder names** who could take over from it in three years; a good answer names competitors.
- ◆ **The tender is written for the service you need** and weighted on the supplier's willingness to build to it.

NOT YET DESIGNED

The brief proposes a study of a take-or-pay structure (you pay for the committed volume, used or not) a small supplier could finance against without new lock-in. Regulated members owe tested exit strategies under DORA, the EU's resilience rules for finance: start there.

Do we rent or build?

Rent from European providers by default. Build your own data centre only where you can keep it busy

3 · Build your own

past the custody case, a bet on utilisation

2 · Co-locate, or a private cloud run for you

where a system needs hardware under your own custody

1 · Buy cloud services from European providers

the default, on exit terms your lawyers could actually enforce

Buy by default. Move up a step only when a workload's physical profile requires it.

Physical infrastructure only. It says nothing against building the applications that are your business in-house.

OWN THE FOUR THINGS THAT DECIDE WHO CAN SWITCH

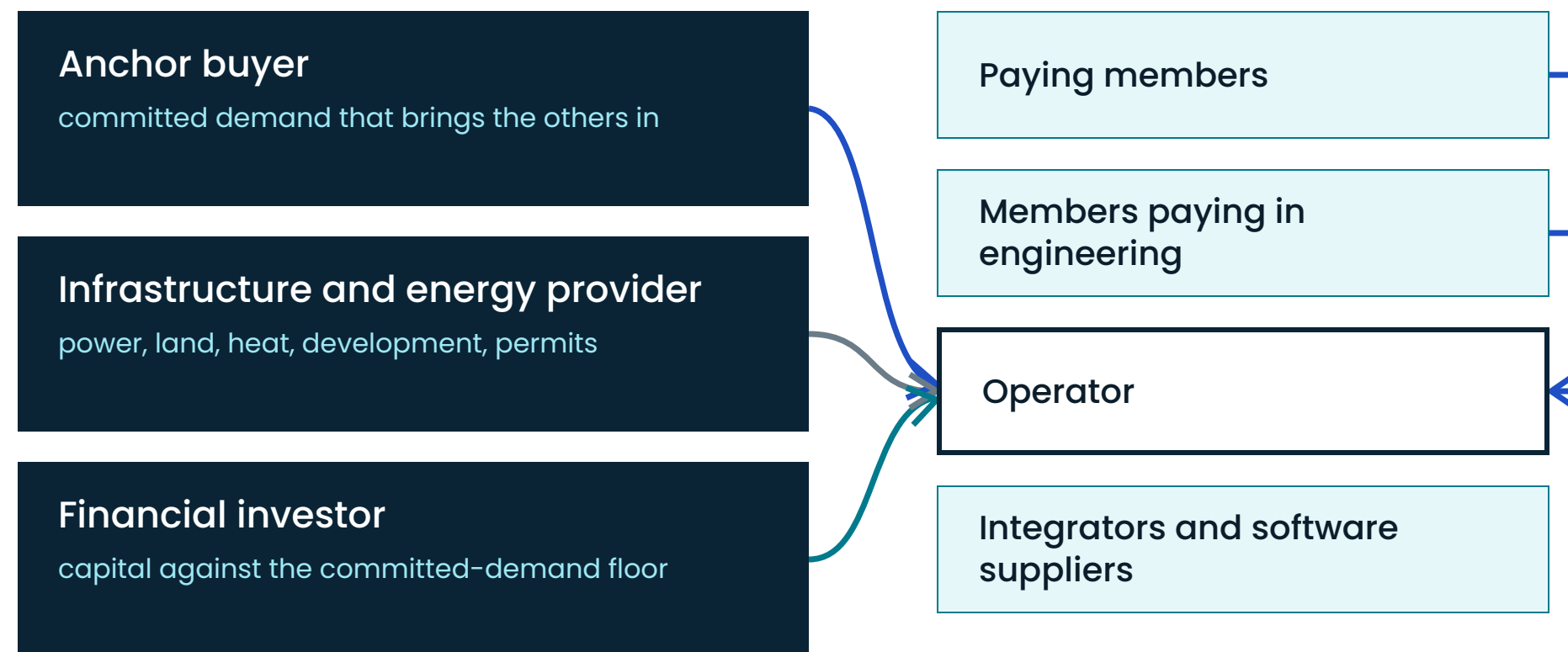
They are the login system, the encryption keys, the data and the interfaces your applications are written against. Keep a tested reserve as well, a separately hosted fallback: the cheapest form of ownership.

BUILD ANYWAY IN THREE CASES

- ◆ No usable supplier can be verified to the standard a workload needs, so custody of the hardware is the only real protection.
- ◆ The workload's physical profile favours ownership: high utilisation, data you cannot delegate, hard latency limits, cheap energy and heat of your own.
- ◆ A consortium can contract enough pooled demand to keep the facility busy.

How do we put together a consortium?

Be the anchor yourself: bring your holdings in as the first contracted members



Three roles one investor with industrial and energy holdings can fill at once.

Blue: demand from the anchor and the members, which the club contracts once.

Grey: power, land and permits. Teal: capital, against that demand.

Clubs form when someone credible commits first.

HOW THE DEMAND IS COMMITTED

A facility is financed only against contracted demand. A fund does not consume cloud and will not sign a capacity contract itself; its holdings do, so the contracts come from them and from the other members. The fund's part is to put in the equity and to bring its holdings in, through its board seats in the mature ones and its influence over the young ones.

WHAT THE ANCHOR GETS

The anchor gets first-mover terms, governance seats and a lower exit cost across its holdings.

How do we put together a consortium?

Five rules for the anchor, before the first euro goes in

- 1** Equity goes into the club's own vehicle, against contracted demand; everywhere else, use demand. Buying cloud and software suppliers tends to buy an acquisition target. In the lab's model, procurement and portability rules remove about as much exposure as buying them would.
- 2** If the consortium takes a stake in a supplier anyway, require a governance lock: foundation ownership, super-voting shares, a golden share or state control. A purely financial investor, for whom a sale is an exit, is not bound.
- 3** Give the related-party conflict its own rules: arm's-length pricing and approval by members without a stake, since the anchor buys from a facility it finances and powers.
- 4** Apply the supplier screen of answer 4 to the consortium's own procurement, including members' own bids.
- 5** Contract your holdings' commitments for longer than the formation phase; where the club finances a facility, they are long by design. An anchor that leaves early takes the club with it.

89% vs 55%

of resolved cases: among 125 prominent European technology companies, the share that stayed under European control, with a governance lock and without one. Rule 2 rests on this.

Abilian Econ Lab, *Sovereignty as a Flow* (2026); an association across resolved cases, not an estimated effect

OUTSIDE THIS BRIEF

Competition law applies to any buyers' club, and state-aid rules where the anchor is public. Take advice on both before anything is signed.

What should we require of the companies we fund?

Seven covenants for the next investment, one board item for the companies you already hold

The cheapest instrument an investor holds works through the companies it funds, because a company that has not yet built its systems has nothing to migrate. Cloud credits, the free capacity hyperscalers give start-ups, are how the dependence usually arrives: book them as a loan repaid in switching cost.

IN THE ARCHITECTURE

- ◆ The login system and the encryption keys under the company’s own control
- ◆ Open interfaces named in the plan
- ◆ A stop-adding rule for the proprietary tier, with exceptions justified on the record
- ◆ Portable formats for what its AI systems accumulate

Section 7 of the brief gives the seven in full. What comes back: a company that could walk away from its suppliers concedes them less margin on every contract, which shows up in earnings. Companies built on shared interfaces can later buy together.

IN THE CONTRACTS AND THE BOARD PACK

- ◆ A yearly disclosure to the board of what leaving each material supplier would cost
- ◆ Free and tested data export in every material contract
- ◆ An internal price on anything that arrives bundled

THE ONE THAT DOES MOST OF THE WORK

The yearly exit-cost disclosure does most of the work. It is also the one item a minority investor or a board member can ask for without writing any terms. For a company twenty years old, the same covenants are a migration programme.

Three things this brief cannot give you, plus the costs a business case must not hide

THE COST OF THE FIRST MOVE

We cannot size the control-plane rebuild for you. Its cost grows with the number of systems that authenticate against your provider; the size of your codebase does not enter. It is the first thing to cost on your own systems.

THE MEGAWATT THRESHOLD

We do not know the committed load at which owning a facility beats renting, once pooled demand and the exit cost of the chosen design are counted. No build-or-rent model we have found carries those two terms. The anchor’s own load and energy data would turn it into a figure.

THE BANKABLE FLOOR

A small European supplier can only borrow against demand that is committed to it. We cannot yet write the contract that commits that demand without handing the supplier the lock-in you are leaving. We can price exit rights and premia; the contract template is the second study the brief proposes.

COSTS A BUSINESS CASE MUST NOT HIDE, FROM THE BRIEF’S ANNEX B

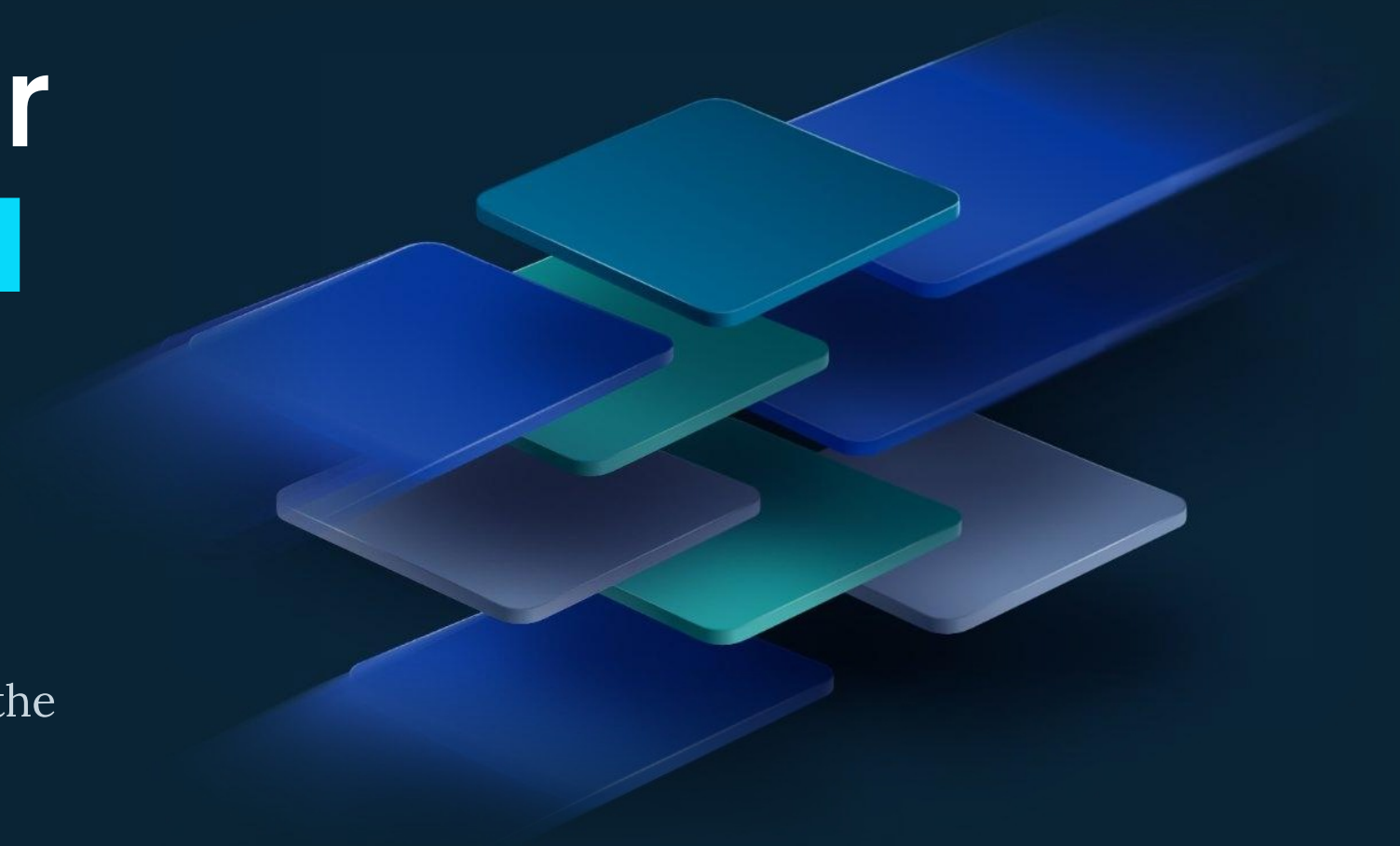
Infrastructure and redundancy; backup, continuity and off-site transfer; security capability and the people to run it; parallel running of both stacks for the duration; data migration tooling and effort; training; recruitment and retention; contributions of money or engineering to the open-source software you depend on; the incumbent’s exit terms, which come first in sequence because reducing seats mid-term often saves nothing.

Who controls the software your business runs on? **What would leaving it cost?**

Every answer in this deck follows from those two questions. Three next steps: cost the control-plane move on your own systems, run the break-even on your own invoice, name the holdings that would join a consortium first.

The brief, “Shifting to European sovereign digital supply: a ‘how to’ approach”, carries the checklists, the break-even device and the sources: eurostack.eu

Additional resources/papers: econ.lab.abilian.com



* ABILIAN ECON LAB

Written for the EuroStack Foundation, the industry initiative for a European digital stack. The lab's parent company, Abilian, is a French open-source software vendor. The brief recommends no supplier.