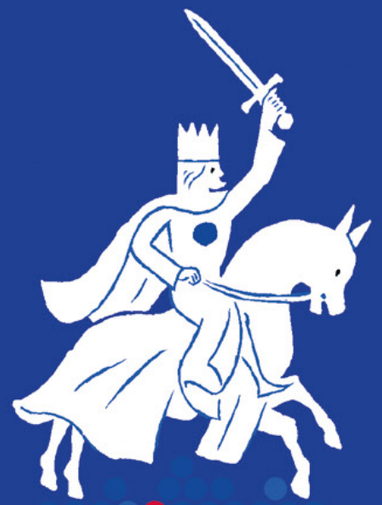
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DOSSIER

Europe's quest for digital sovereignty

Tensions with the US administration are heightening the need for alternatives to the American tech giants. But doing without Amazon, Google or Microsoft altogether is no easy task. Here's why. BY BERTRAND BEAUTÉ

'Digital sovereignty.' 'Strategic autonomy.' 'Technological independence.' For several months now, these phrases have been cropping up in the media and political circles. Everywhere, the same call to action: Europe's digital sector, which has been crushed for far too long by the American giants, must be rescued. "The issue had been in the air for years, but everything accelerated with the mainstreaming of artificial intelligence," points out Otmane Jai, head of investment strategy at family office MJ&Cie. "Digital technology is no longer seen as a mere tool, but as a strategic asset."

"Europe has become aware of its dependence on foreign suppliers in this area," confirms Dominique Lecocq, founder of Laine Neural Network, a Geneva-based startup developing AI for the legal sector. "Donald Trump's second term will at least have contributed to that." It must be said that in recent years, Europe's trust in Uncle Sam has been seriously dented. Last June, for example, Washington suddenly ordered the American AI company Anthropic to cut off access to its most powerful model, Claude Mythos 5, and its consumer version, Claude Fable 5, for all foreign nationals. The reason given: national security.

Judging it impossible to screen its users by nationality, Anthropic was forced to disable both models for all its customers in order to comply. Although the restrictions were lifted on 30 June, the damage had already been done. Anthropic's foreign customers who suddenly found themselves in a bind – particularly Europeans – realised that, if US President →



↑
An OVHcloud employee at one of the company's data centres in Roubaix, France, on 3 April 2025. Europe's leading cloud provider generates roughly one-hundredth of Amazon Web Services' revenue.

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Donald Trump so decides, they can be cut off without warning from a service that has become essential.

Such a cutoff, known as a 'kill-switch', was a risk that still seemed largely theoretical to European businesses and public authorities just a few years ago. US solutions were seen as a guaranteed service. But Washington's growing hostility towards Brussels has changed the situation. "President Donald Trump has woken Europe up by showing it that digital technology can be used as a weapon," sums up Dimitri Kallianiotis, technology investment specialist at Union Bancaire Privée (UBP).

The threat is not merely theoretical. In August 2025, six judges and three prosecutors at the International Criminal Court (ICC) in The Hague, including the then Chief Prosecutor, Karim Khan, were subjected to sanctions by the United States for their role in proceedings targeting Israeli or American officials. Several of them had been involved in the proceedings leading to the arrest warrants for Israeli Prime Minister, Benjamin Netanyahu, and his former Defence Minister, Yoav Gallant. Overnight, these nine individuals found themselves cut off from a host of financial and digital services linked to US companies: messaging apps, payment methods, cloud services and online platforms – sanctions usually associated with terrorists, drug traffickers or leaders of authoritarian regimes.

"You only have to look at your phone to realise just how dependent we really are on the United States. Very quickly, my accounts were closed and my transactions declined. I tried to make bookings on Booking.com, Expedia… to no avail. The same with Uber, Airbnb, PayPal (…) But the most serious thing is that in France, there isn't a single payment card left that isn't American. It's all Visa or MasterCard," says French judge Nicolas Guillou, one of the magistrates affected, in an interview with the newspaper *Le Parisien*. "I've been forced to go back to a pre-digital way of life."

"President Donald Trump has woken Europe up by showing it that digital technology can be used as a weapon"

Dimitri Kallianiotis, technology investment specialist at Union Bancaire Privée (UBP)

In Europe, the affair has heightened fears that Trump might decide to 'unplug' the continent from American digital solutions. According to the European Commission, the EU currently depends on non-European suppliers for more than 80% of its key digital products, services and infrastructure. A survey by the Swiss company Proton, published in August 2026, found that nearly 74% of the 1,500 business leaders polled fear that a US emergency shutdown could disrupt their operations. This proportion places the prospect of a Washington-triggered 'kill-switch' on the same risk level as cyberattacks and ransomware. Even more concerning, over half of the companies (54%) state that they could not survive a single working day without digital services before being forced to suspend their operations.

However, fearing a risk does not necessarily mean switching providers. This is borne out by another survey, conducted by research firm OpinionWay for consultancy Sia Partners among 1,000 French business leaders shortly after the US government restricted access to Anthropic's AI models. The question asked was different: it was no longer a matter of gauging their fears, but their priorities. The results showed that 15% of business leaders were convinced of the need for European digital sovereignty, and 11% cited sovereignty as a criterion for selecting an AI solution – up from 9% prior to the 'kill-switch' incident. According to OpinionWay, cost is a far more important factor: 24% of respondents highlighted it. "While sovereignty may help secure a contract, it cannot make an unprofitable contract attractive," notes Joe Faraday, an investment manager at Baillie Gifford.

Moreover, switching suppliers to opt for a European solution is no easy matter. With a few notable exceptions, such as the German software publisher SAP or the Dutch firm ASML – the world's leading manufacturer of machines that etch the most advanced microchips – very few European companies rank among the global tech elite. However, "critical mass plays a key role in technology," says Dimitri Kallianiotis. "A very large company will not take the risk of switching to a small supplier for something as sensitive as its digital services." In March 2021, a fire at an OVHcloud data centre in Strasbourg resulted in many of the company's clients losing their data. This is a risk that major players are better able to mitigate thanks to much more redundant infrastructure.

"The picture is very bleak," Cyrille Dalmont, a research fellow at the Thomas More Institute and author of the report *L'impossible souveraineté numérique européenne* (The Impossibility of European Digital Sovereignty), published in March 2021, told *Swissquote Magazine* back in July 2021. "There are no European companies among the world's top five hardware firms. The same applies to operating systems, the cloud, data centres, smartphones, semiconductors, chips and microprocessors. Europe has become a digital colony, dependent on American and Asian giants."

And this technological dependence comes at an astronomical cost. According to a study by the French research firm Asterès commissioned by Cigref (the association of large French companies and public administrations using digital technology) and published in May 2026, European companies and public administrations spent around €400 billion on cloud services and software in 2024, of which €330 billion – or 83% – went to US companies. Yet this bill is only set to rise: digital decisionmakers surveyed by Asterès report an average annual increase of 8.7% in the cost of their cloud and software services over the last three years. And the rise could accelerate to 12% per year between 2026 and 2030. →

This represents an average additional cost of €140 billion a year, the vast majority of which (€93 billion) would permanently leave Europe's economy, mainly enriching the US and funding its resource-hungry AI infrastructure.

According to the study's authors, this inflation in digital costs has a single cause: "Competition in the cloud software market is limited, keeping users in a state of dependency on their suppliers." The three US cloud giants, known as 'hyperscalers' – Amazon (AWS), Microsoft (Azure) and Google Cloud – alone control over 60% of the global cloud market (see infographic on p. 30).

The study estimates the resulting costs to the European economy at approximately €107 billion in added value per year – equivalent to 0.6% of GDP – and 1.4 million jobs by 2030. "Europe's tech dependencies are alarming," laments Finnish MEP Aura Salla on her website in June 2026. "We cannot continue to build our digital future on strategic dependencies."

Brussels legislates more than it invests

Given how far behind Europe is, all the experts we consulted agree: revitalising Europe's digital sector requires strong support from public authorities. "If European policy does not change, we are unlikely to see any European champions emerge," says Otmane Jai.

Brussels has begun to take action. On 3 June 2026, the European Commission presented a package of measures on technological sovereignty, covering semiconductors, AI, the cloud and open-source software. Its centrepiece, the Cloud and AI Development Act, aims to at least triple the capacity of European data centres within five to seven years, notably by streamlining the permit-granting process, which can take up to four years in Germany. The legislation also establishes a four-tier sovereignty scale for cloud services procured by the public sector. For some of the most sensitive applications, only providers not subject to any foreign jurisdiction would be eligible to bid. Amazon, Google and Microsoft could therefore be excluded.

French President Emmanuel Macron and German Chancellor Friedrich Merz hold a press conference following the European Digital Sovereignty Summit in Berlin, Germany, on 18 November 2025. ↓



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The reason: the CLOUD Act, a law passed in 2018 during Trump's first term, which allows US authorities to demand data from US companies, even when it is stored outside the US.

To fund these new capabilities, Brussels is relying primarily on private investment. As for the €20 billion facility announced in February 2025 to mobilise investment for AI 'gigafactories', it had not resulted in any concrete awards by June 2026. By comparison, US resources are on a completely different scale. According to the *Financial Times*' figures, Amazon, Microsoft, Alphabet (Google) and Meta are planning to spend around $725 billion on investment in 2026, largely on the infrastructure required for AI and cloud computing (chips, servers and data centres). This is 77% more than in 2025. Amazon alone plans to invest around $200 billion. The gap is just as striking when it comes to private investment in AI. According to Stanford University's *2026 AI Index Report*, private investment in AI reached $285.9 billion in the United States in 2025, compared with $5.9 billion in the United Kingdom, the top-ranked European country – nearly 50 times less. "Private funding in Europe is cautious. It will take very strong government support to get back in the race," says Dominique Lecocq. "A major technological recovery plan is needed."

Switzerland is also preparing an alternative to Microsoft: in September 2026, the federal government announced that by the end of 2027, around 3,000 of its staff would be able to use a sovereign, open-source office suite, running alongside Microsoft 365. Too little, too late? "Too late for what?" counters Joe Faraday of Baillie Gifford. "Wanting to replicate every American platform is one thing; building value-creating European companies is quite another.

> **"If European policy does not change, we are unlikely to see any European champions emerge"**
> **Otmane Jai,** head of investment strategy at family office MJ&Cie

Not all applications require the most powerful general-purpose AI model. If standard AI capabilities become cheaper and more interchangeable, value could shift towards proprietary data, trusted applications and customer relationships. That is why I would be wary of viewing the current AI leaders as the big winners. Europe can capture this value without seeking to dominate every level of the technology. Mistral AI [Ed.: an unlisted French AI startup] could be an interesting example of this."

Otmane Jai shares this view: "The wrong strategy would be to try to compete with the hyperscalers across all their activities. It's a losing battle from the outset. On the other hand, Europe can set itself apart by targeting specific links in the value chain. Unlike the hyperscalers, which are generalist companies, European firms must develop specialised services, following the example of ASML, which is a leader in its field."

Uncle Sam strikes back

However, Washington and Beijing have no intention of standing idly by. By adopting too blatant a form of digital protectionism, the EU risks antagonising them, both of whom are quick to reach for retaliatory measures. US President Donald Trump regularly threatens fresh tariff hikes whenever the EU takes action against the tech giants. China, for its part, has already shown that it can strike hard. In October 2025, Beijing banned the export of certain China-made Nexperia chips, in reprisal for the Dutch government taking control of the company. Nexperia had come under the control of the Chinese group Wingtech in 2019. However, its components are essential to the car industry and the ban jeopardised the production lines of European car manufacturers.

In a different vein, last September, Alex Karp, the CEO of Palantir, sharply criticised France's decision to replace its data analytics software – used by the DGSI (the French domestic intelligence service) since 2016 – with that of the French startup ChapsVision. In his view, relying on a French provider for security is an illusion: "It is literally the technical equivalent of an afternoon tryst without a condom," he told AFP, speaking in French, on the sidelines of a G20 ministerial meeting in North Carolina.

Furthermore, as soon as a promising European startup emerges, it is often snapped up by an American giant. This is the case with Hugging Face, an AI startup founded by French entrepreneurs, which Nvidia, the world leader in AI chips, announced it was acquiring on →

3 September for $12.9 billion. Before that, the British company DeepMind, an AI pioneer founded in London, had been acquired by Google in 2014 for around $500 million. “Since 2010, more than 100 European startups have been acquired by US companies,” notes Cyril Suter, investment specialist at Indosuez Wealth Management. “In the summer of 2025, Apple was even considering acquiring Mistral AI. We need more regulation on mergers and acquisitions to protect European companies.”

US giants have also realised that sovereignty has become a selling point. Several of them now offer their own ‘sovereign’ solutions, in collaboration with European partners. Google, for example, announced in May 2026 a partnership with the French firm Thales to launch a sovereign cloud service in Germany. “This new, 100% German entity, owned and controlled by Thales in Germany, will offer a dedicated cloud solution. It will be based on Google Cloud technology but will have a separate infrastructure, operated in Germany, subject to German law and completely independent of Google Cloud,” the two companies stated in a joint press release.

> “Digital sovereignty is a fundamental trend”
>
> **Eunice Harbeke,** investment advisor at Banque Heritage

This is not the first time: in 2022, Google and Thales had already set up a joint venture in France, based on the same model, called S3NS. Its offering has been awarded SecNumCloud, the French government’s most stringent security certification, which is designed, in particular, to protect against the application of non-European laws such as the CLOUD Act. In partnership with Proximus, Clarence and Mistral AI, S3NS is even part of one of the four solutions selected by the European Commission in April 2026 for its sovereign cloud. Therefore, part of the European institutions’ sovereign cloud could be based on US technology.

Swiss solutions to US software

Services	US products	Swiss alternative
Email	Gmail	Proton Mail Infomaniak Mail
Office suite	Microsoft 365 Google Workspace	kSuite (Infomaniak)
Video conferencing	Teams Zoom Google Meet	kMeet (Infomaniak)
Instant messaging	Teams	kChat (Infomaniak)
Cloud	Amazon Web Services Google Cloud Microsoft Azure	Infomaniak Public Cloud Exoscale Xelon ELCA Cloud (EveryWare)

Early-stage investors on the lookout

Despite the measured reluctance highlighted by OpinionWay, demand for sovereign services is growing, both in the public sector and among private companies. “According to IDC, 40% of European organisations were already using the sovereign cloud in 2025, and a further 31% were considering adopting it,” points out Eunice Harbeke, an investment advisor at Banque Heritage. “Demand is no longer in question. The real challenge is whether European players can keep up with the US hyperscalers.” Zurich-based company Open Circle, which markets cloud solutions for SMEs, agrees: “Since the start of Donald Trump’s second term, we have noticed increased interest in issues of geopolitical dependence,” says Mike Burkart, chief growth officer at Open Circle. “Control over confidential data and compliance with regulatory requirements or data protection standards are now major concerns for our clients.”

In the shadow of the giants, European players are beginning to carve out a place for themselves, such as the Swiss firm Infomaniak and France’s OVHcloud (see company profiles on pp. 44 to 50). For investors, has the time come to turn their attention to the sovereign cloud? OVHcloud’s share price has soared by 120% since the start of the year, while Infomaniak’s jumped by 50% during its first week of trading in early October. But experts are divided.

The more sceptical point to the significant gap. “The sovereign cloud has become a real business,” acknowledges Dimitri Kallianiotis. “But while players such as OVHcloud, Ionos and Infomaniak are posting strong growth, it remains well below that of US giants. In 2025, for example, Amazon Web Services’ (AWS) revenue reached $128.7 billion, up around 19% to 20% year-on-year, whereas OVHcloud’s rose by only around 9%, to €1.08 billion.” AWS is therefore around a hundred times larger and is growing much faster. It is hard to imagine David catching up with Goliath. “We cannot do without US hyperscalers. They are very big and are set to become even bigger,” sums up Cyril Suter, investment specialist at Indosuez Wealth Management. “And AI will reinforce American hegemony.”

Others, such as Eunice Harbeke, believe, on the contrary, that the time is right, “provided one is selective”. “Digital sovereignty is a fundamental trend, driven by European regulation, geopolitical risks, growing cybersecurity needs and the rise of AI,” she says. “The investment case is compelling in the long term. But in the short term, patience will be required: these companies still have to prove themselves, some valuations need watching and they remain much smaller than Big Tech.”

Overall, however, European players are still valued well below US counterparts. “But the lines are starting to shift,” continues Eunice Harbeke. “OVHcloud, Deutsche Telekom, Proximus, Capgemini and Thales are winning contracts linked to digital sovereignty. In Switzerland, Infomaniak, Exoscale, Swisscom and ELCA are benefiting from the country’s reputation for data protection. For customers, sovereignty has already become a purchasing criterion, but not yet a valuation criterion for investors. Those who position themselves early could stand to gain.”



↑ Clément Delangue, CEO of Hugging Face, speaks via video link during a meeting of the UN Security Council in New York on 23 September 2026. Founded by French entrepreneurs, Hugging Face has just been acquired by Nvidia for $12.9 billion.

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