

3 June 2025

Feedback of

ACT | The App Association  
(Transparency Reg. # 72029513877-54)  
Rue Belliard 40,  
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to the

European Commission

regarding its

Cloud and AI Development Act

## Introduction and statement of interest

ACT | The App Association (hereafter ‘App Association’) welcomes the opportunity to submit comments to the European Commission’s consultation on its Cloud and AI Development Act.

The App Association is a policy trade association for the **small business technology developer community**. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the ecosystem the App Association represents—which we call the app economy—is valued at approximately €86 billion and is responsible for more than 1.3 million jobs in the European Union (EU).<sup>1</sup>

## Cloud and AI Development Act

Cloud computing services have become an ideal way to deliver solutions and enterprise networks for many different businesses across the globe. Before the widespread availability of cloud computing, businesses and individual users relied on traditional on-premises computing models, which limited computing resources and services to being managed, hosted, and owned locally by the user. This environment was expensive and cost-prohibitive for small businesses and startups.

Cloud computing services have given small businesses and startups greater flexibility, scalability, security, and cost savings. These services enable innovation and accelerate the time-to-market new applications. Cloud computing services provide small businesses with access to a wide range of cost-effective solutions as well as on-demand scalable infrastructure support that allow them to focus on their core operations and their customers’ needs. The nature of cloud infrastructure, which consists of many independent data centres located in different places, lets small businesses minimise outages and data losses by eliminating single points of failure that still exist for on-premises solutions.

Another benefit of cloud services is data portability and interoperability. Many App Association members, and the majority of cloud users, leverage two or more public cloud providers. Our community often will, depending on the unique circumstances they face, switch between cloud providers and between cloud and on-premises solutions. Additionally, succeeding in the digital economy requires a focus on data security. App Association members recognise the need for proactive security risk mitigation throughout a product or service’s lifecycle. For small businesses, particularly those that face resource constraints, leveraging cloud service providers’ enhanced security tools, monitoring, and mitigation services is critical to their operations. Cloud services are more resilient and

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<sup>1</sup> See <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

benefit from continuous security updates and monitoring. When drafting the Cloud and AI Development Act, it is vital that the Commission recognises the key role cloud services have in protecting the digital economy but also in data portability and interoperability.

AI and cloud computing are increasingly intertwined. The ongoing development of new cloud-based tools, such as AI and machine learning, will further boost productivity and innovation. Cloud services are, and will continue to be, vital for development and innovation of AI solutions, which require secure access to large amounts of data to train and improve. As App Association members seek to compete across consumer and enterprise markets using AI, their continued access to cost-effective and reliable cloud services will be essential to leveraging new capabilities (e.g. quantum computing capabilities). Second, AI is a means for cloud service providers to compete by developing new and improved services and features.

We strongly agree with the Commission's analysis that training, fine-tuning, and running AI models require vast computational resources, and that cloud and edge computing infrastructures are essential enablers for AI deployment at scale. The EU's current shortfall in data centre capacity compared to global competitors is a critical issue that must be addressed. To close the current gap with other global players, Europe must significantly ramp up its investment efforts. Public-private partnerships and incentives for building sustainable, innovative cloud infrastructure should be prioritised. We support measures to facilitate expansion of sustainable data centre infrastructure, especially through simplifying permitting processes, easing access to key resources, and encouraging investment in innovative, resource-efficient technologies.

We fully support the objective of strengthening European digital sovereignty. However, sovereignty should be achieved by investing in and nurturing European innovation, not by restricting access to non-European providers or creating protectionist barriers. Small and medium-sized enterprises (SMEs) and other users must continue to have access to the best, more secure, and most innovative solutions available, regardless of origin, to remain competitive. That is why we are pleased to see that the current mandate focuses on fostering innovation and investment. This is the right approach. The Cloud and AI Development Act should be centred on enabling growth, advancing technological capabilities, and creating the conditions for Europe to lead globally in cloud and AI technologies.

To continue, the App Association urges the Commission to align the upcoming Act with existing regulations such as the AI Act in order to avoid overlaps and ensure clarity for SMEs. Avoiding unnecessary overlaps and contradictions will be critical, particularly for SMEs that often face greater compliance challenges. Also, we advocate for ongoing public-private collaboration in order to ensure policies remain relevant as technologies evolve. A dynamic, cooperative approach between policymakers and the private sector will be key to Europe's success in this domain.

The App Association remains available to provide further input and welcomes the opportunity to contribute to policies that address SMEs' challenges while fostering a competitive and innovative business environment. We look forward to continued engagement with the European Commission to ensure SMEs thrive in the evolving digital economy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Sax'.

Mike Sax  
Founder and Chairperson

Brian Scarpelli  
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Maria Goikoetxea Gomez de Segura  
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