



Lock-in secrets of the hyperscalers, according to Civo



John Leonard

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Image: Lock-in secrets of the hyperscalers, according to Civo

All cloud providers are not equal when it comes to winning contracts, according to Mark Boost, CEO of UK cloud provider Civo.

"There is definitely an unlevel playing field. The challenger providers find it very hard to get in, especially on government contracts," Boost told *Computing*.

Sour grapes? Well perhaps, but he's hardly the only one to hold this opinion. Following a [prompt from Ofcom](#) the UK Competition and Markets Authority is investigating the dominance of the £15 billion public sector cloud market by Amazon and Microsoft. Between them, the two hyperscalers command 70% to 80% of the pie. Even Google struggles to compete.

Elsewhere, [European cloud providers](#) and [industry leaders](#) alike have been sounding the alarm. At a bloc level, the European Commission recently advanced a [€1.2 billion scheme](#) to bring cloud computing home.

And it's not only in government where the hyperscalers have an outsized advantage. The combined market share of the "big three" (Amazon, Google and Microsoft) in the UK cloud market is approximately 85% to 90%.

In addition to deploying numerous lobbyists in and around centres of power, the hyperscalers use aggressive commercial tactics like giving away free credits to lock customers in, according to Boost.

"They'll give you hundreds of thousands of credits per customer. The idea there is that the company uses that credit over a period of time and eventually runs out. But by that point they've built all their architecture around that cloud provider and its proprietary technology. They start to get large bills, realise that to get out is a six-month migration, and so they end up signing a long-term contract."

The lack of interoperability and open standards makes it hard to switch away from the hyperscalers, even when they are using open source technology.

"Kubernetes promised a world of open standards and interoperability, but a lot of the wrap around the outside of that is proprietary."

Then there are data egress charges. Competitive pressures have started to [bring these down](#) (Ts&Cs applying), but they still represent a considerable barrier to interoperability.

And of course you have the billing systems which seem to grow more and more complex and hard to navigate with each passing year, leading to nasty shocks. In part this is because of the sheer number of services provided, but, insists Boost, most firms don't need them. The company's internal research suggests that just 20% of cloud customers regularly use more than fifteen services, with most deploying fewer than five.

Against all this, local ventures have had a poor record of success.

"Look at [UKCloud](#). That was a sovereign cloud, but contracts were taken away from them and given to Amazon," said Boost, who said that company's bankruptcy had made him "wary of going down that route."

He continued: "We're picking our time because there's a lot happening at the moment. We are looking at the next G Cloud, and hopefully some people in the right places do the right things and level the playing field."

Civo was founded in 2019 and is part owned by THG (formerly The Hub Group). Its biggest customers are users of THG's ecommerce services including Coca Cola and Homebase, but Boost said it has seen a steady stream of new clients leaving the hyperscalers.

Headquartered in Stevenage, the company has two regions in the US and one in the UK, with another planned, and employs 50 people. Which makes it an absolute minnow compared with the US whales.

Because of this, Civo aims to compete on pricing, simplicity and ethics rather than lock-in, said Boost: "We're simpler, faster, cheaper without nickel and diming our customers and locking them in. We're trying to be the cloud provider of the future."


He added: "For me it's about the longer term, and being the sort of company everyone craved when cloud computing first came along and the promises were made."

In this vein, the company has adopted practices such as a four-day working week, flat egress charges and simple billing. It is also involved in schemes such as [heating swimming pools with waste data centre heat](#).

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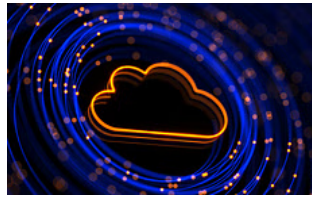


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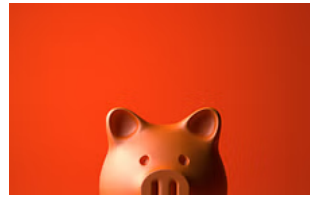
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