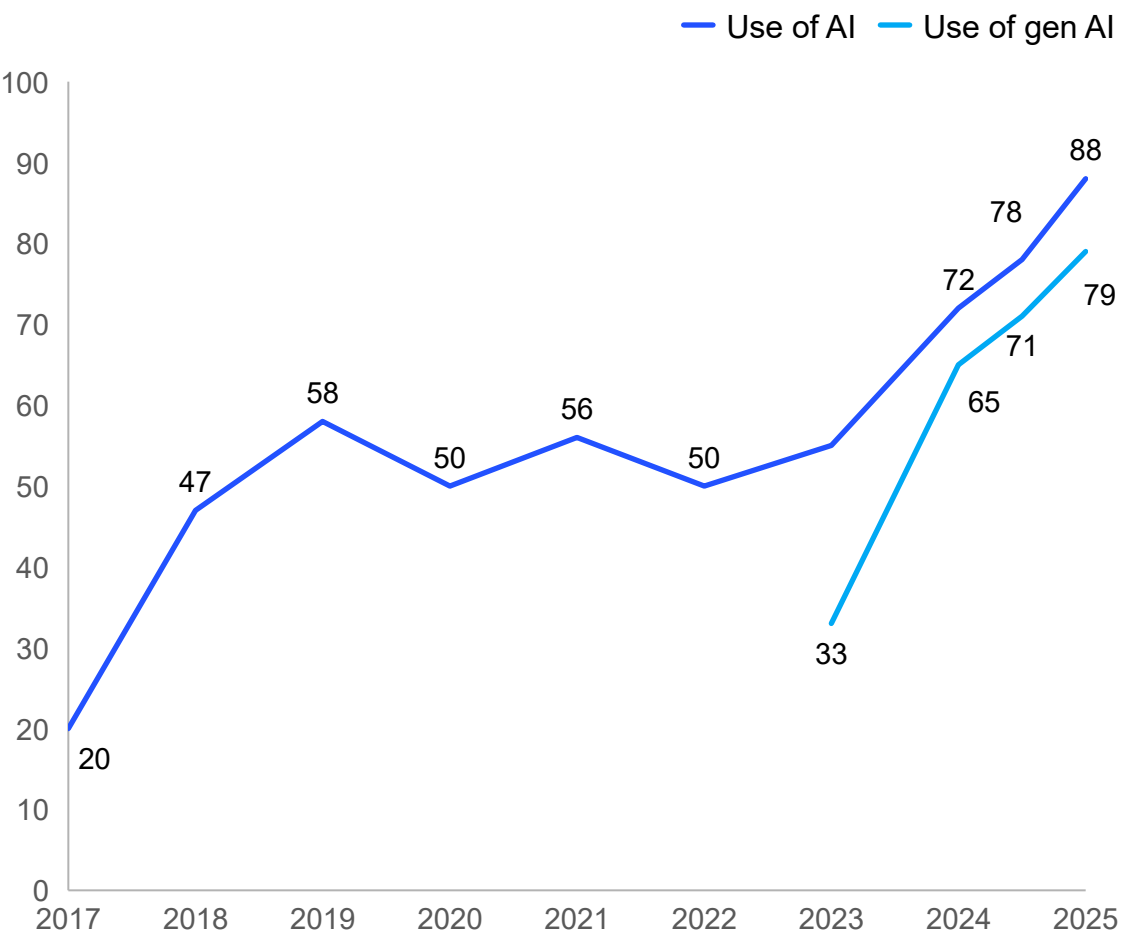


European Sovereign AI – aspiration or reality?

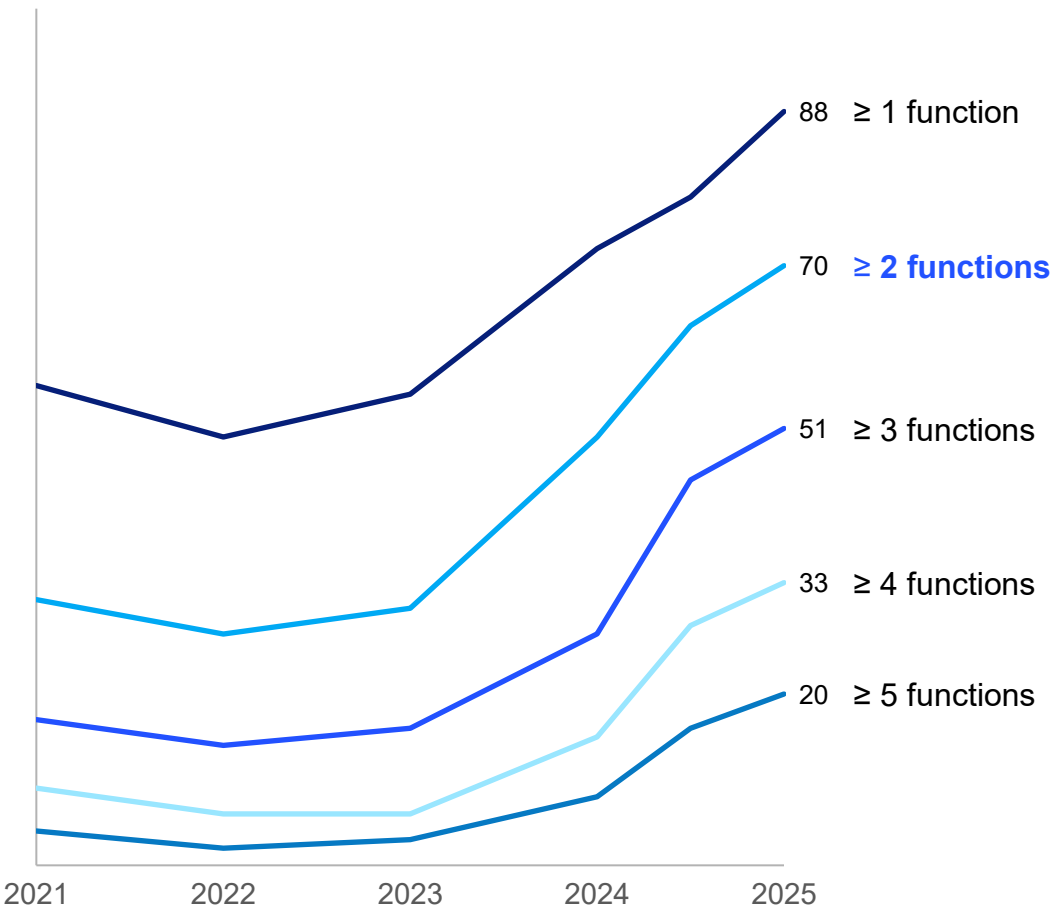
Cambridge Risk Symposium
18 June 2026

AI adoption is accelerating, driven by new waves like agentic AI

Organisations that use AI in at least 1 business function, % of respondents



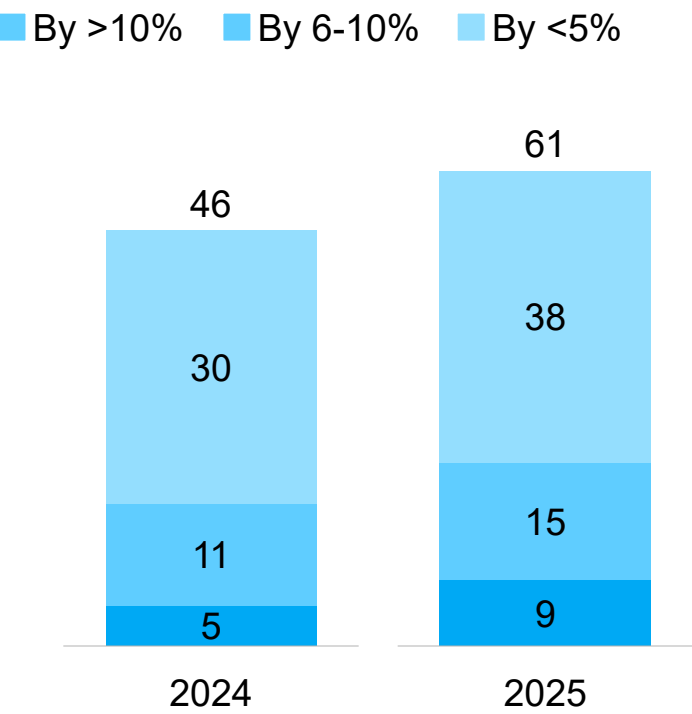
Business functions at respondents' organisations that have adopted AI, % of respondents



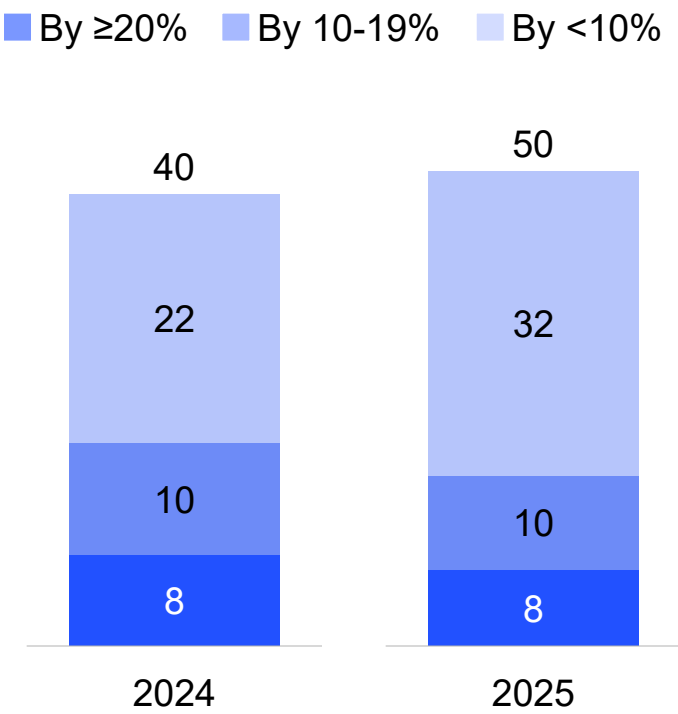
Organisations increasingly see AI’s effects on costs and revenues across all business units and functions

Revenue increase and cost decrease from use of AI in 2025, % of respondents

Revenue increase



Cost decrease



Business functions with greatest impact observed

Revenue increase:

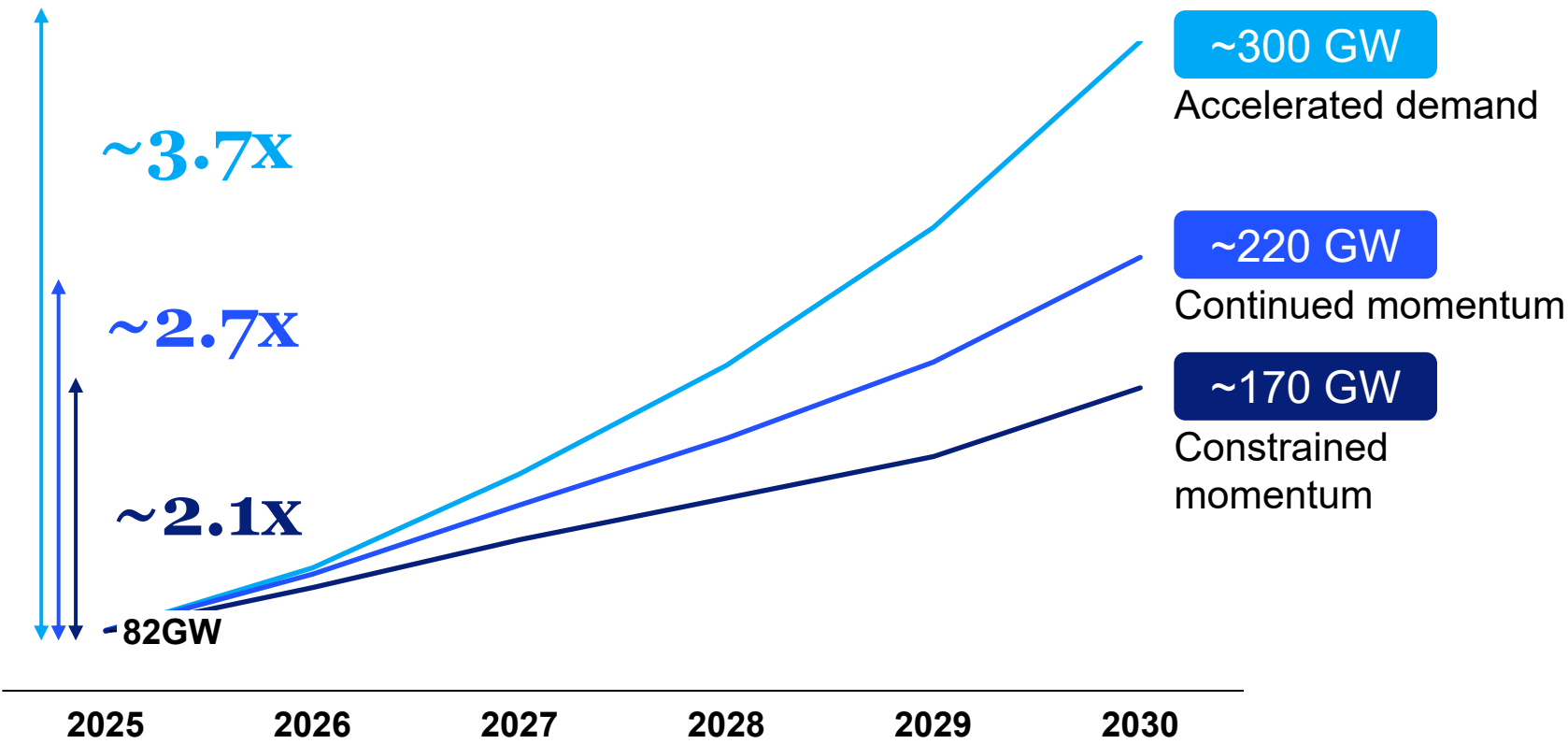
- Marketing and sales
- Strategy and corporate finance
- Product or service development

Cost efficiency:

- Service operations
- Software engineering
- IT

Global data centre demand is anticipated to more than double, reaching ~220 GW by 2030

Estimated Global Data Centre Demand, in GW IT compute



~70%

Share of total capacity driven by AI workloads in 2030

>4x

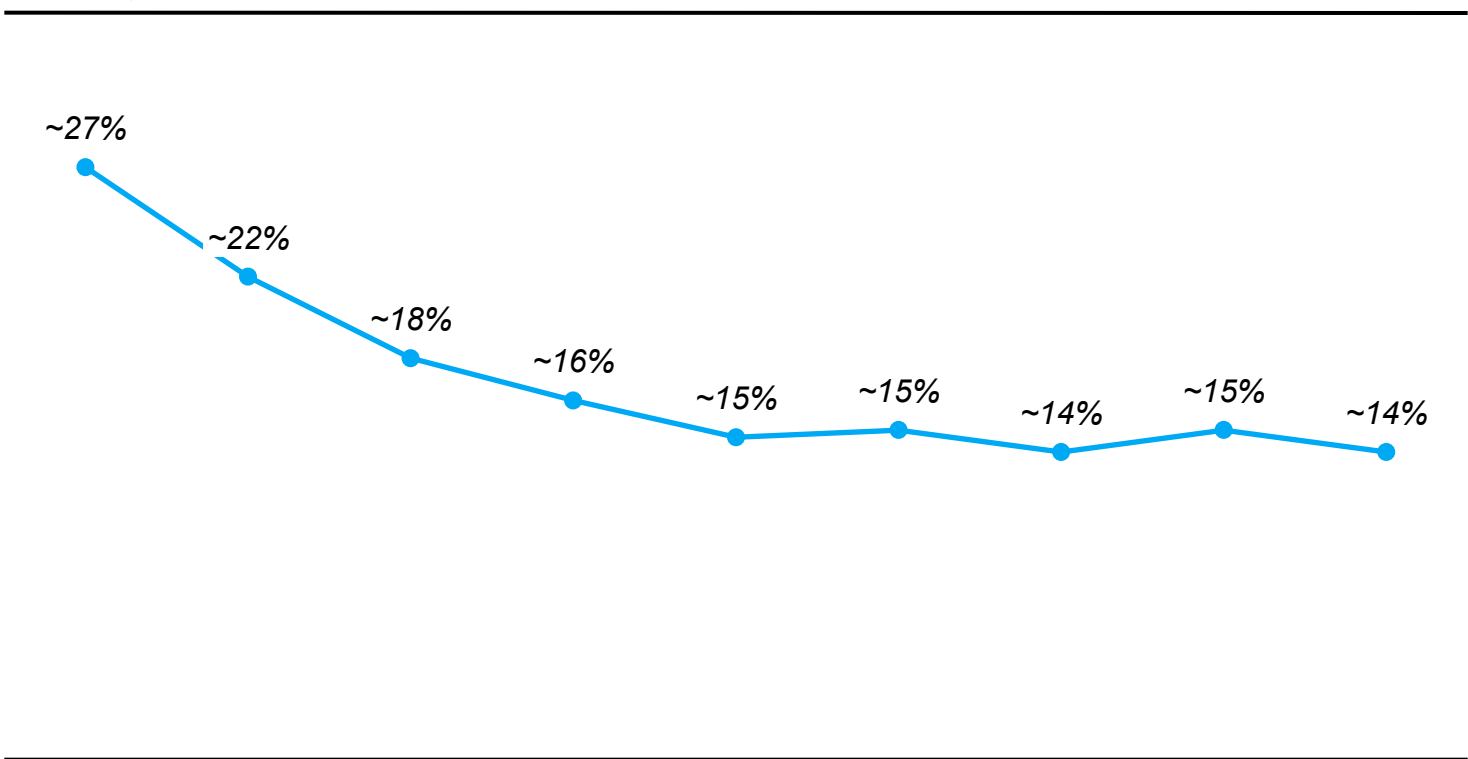
Growth in GPU power consumption between 2020-25 (e.g., GB200: ~1,200W vs. A100:300W)

Source: McKinsey Cloud Infra & Data Centre Service Line AI forecast (based on bottom-up shipment data and triangulated with LLM demand and IT decision makers (Updated February 2026)

At the same time, European AI hosting options remain dominated by hyperscalers

— Market share of European cloud providers

Market share of European cloud providers within Europe’s cloud infrastructure market, 2017-2025



2017 18 19 20 21 22 23 24 2025

Source: Synergy Research Group

4 main areas of concerns raised in Europe

Exposure to extra territorial law

The use of US-based Hyperscalers exposes organizations to legal uncertainty under EU data protection regulations, due to conflicting obligations imposed by laws such as the US CLOUD Act

Operational

Dependency on a foreign provider to run operations, system could be shut down or service level reduced depending on geopolitics

Financial

Exposure to one sided decision on cost increase (e.g., VMware, O365, ...) or potential tariffs may increase IT costs, forcing cloud service providers to raise prices

Macroeconomic

Over 200bn€ of tech cost is spent on US tech companies

So why Sovereign AI?

Several drivers have put Sovereign AI high on the agenda for enterprises, boardrooms, government officials, policymakers and investors globally



Massive value capture & competitiveness opportunity:

By 2030, AI market spend projected at **\$1.3-1.5T¹**, with **\$~4.4T** value from (Gen)AI, positioning Sovereign AI as vital for global competitiveness

Rising in-country compute demand: Critical for regulated sectors (e.g., healthcare, manufacturing)

Talent competition: Scarce frontier talent (researchers, ML engineers, chip designers) remains concentrated

Economic imbalance: NVIDIA, Google, Microsoft and Amazon are valued higher than the GDP of Germany and Japan



Geopolitical uncertainty & regulatory pressure:

Rising tensions and new regulations (e.g., US CLOUD Act) highlight the need for countries to reduce reliance on others



Localisation & cultural aspects:

AI requires countries to embed their history, culture, languages and values (unlike cloud, which primarily processes data)

Paradigm shift vs. Cloud: data used in AI is considered a core asset with cultural and social weight (vs. Cloud has mostly been considered a “pass-through” for data)

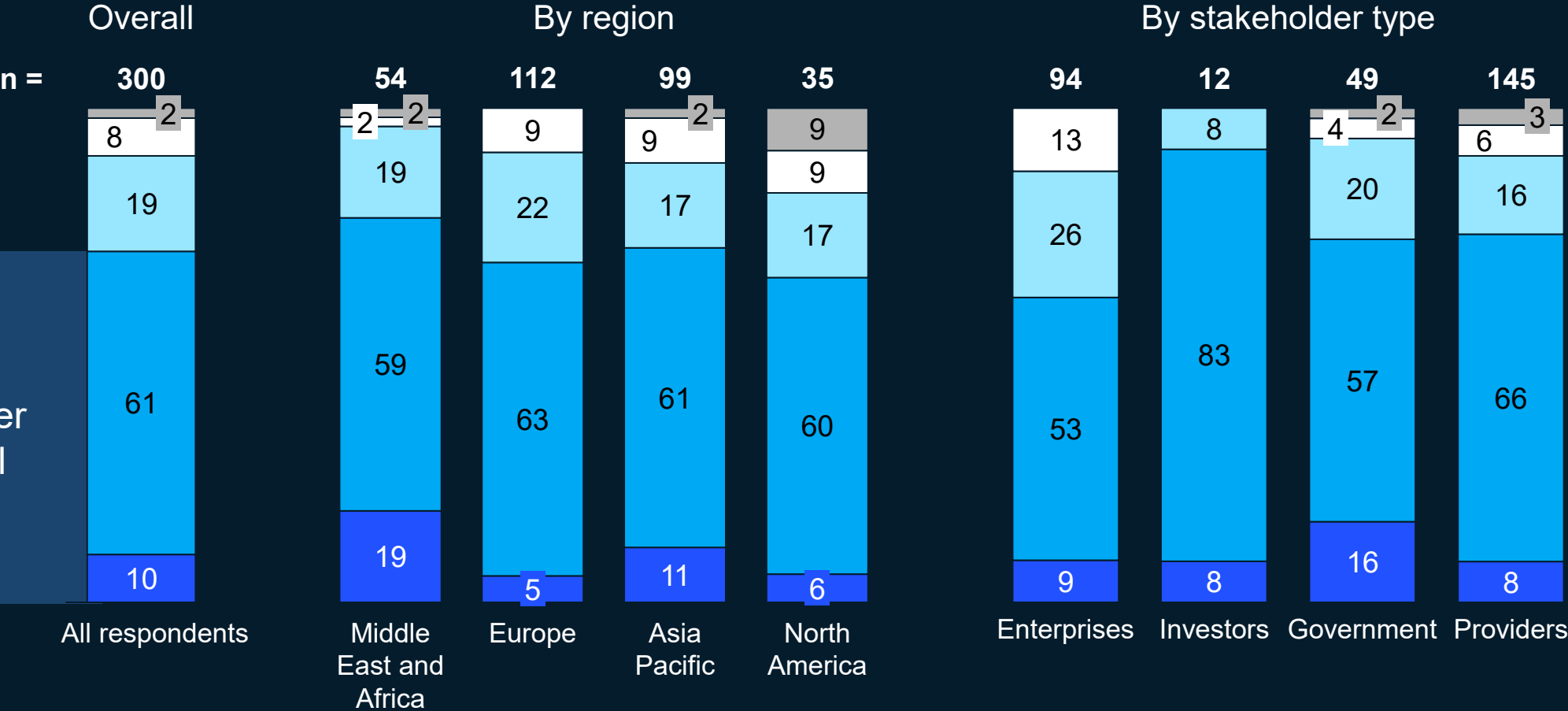
1. \$600-800B on applications & models (source: IDC - GlobalData); \$700B on infrastructure (source: McKinsey CAPEX model)

Sovereign AI is high on the global agenda

- Opportunistic
- Risk mitigation / compliance
- Competitive differentiator
- Strategic imperative
- Existential concern

Q: How pressing is the Sovereign AI need for you? in %

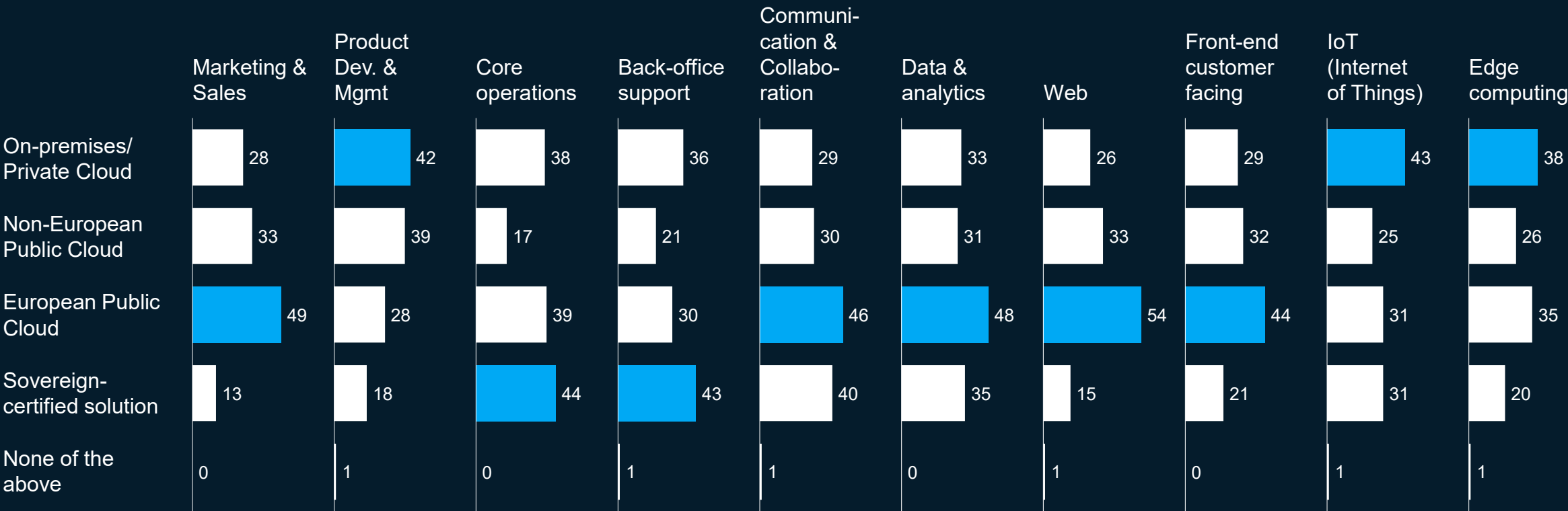
71%
of CxOs consider
it an existential
or strategic
imperative



If available, European or sovereign options would be CIO's preferred setup for most IT domains

Most preferred option

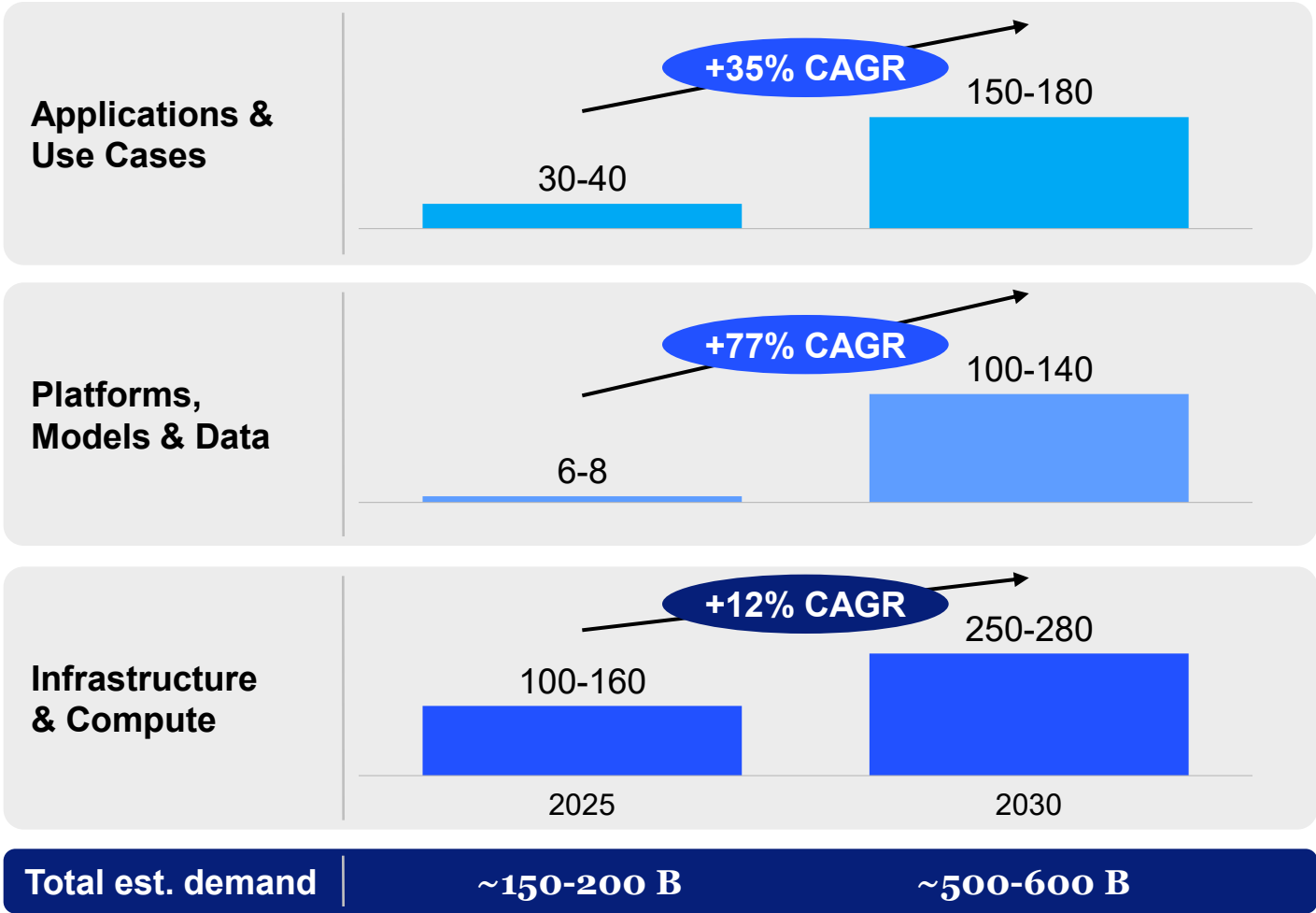
Q: For each domain, what would be your preferred hosting option(s) for your systems and data?
multiple choice, in %



Source: McKinsey survey of more than 100 technology leaders (CIO, heads of IT, heads of infrastructure, and heads of cloud) in France, Germany, Italy, and Spain working at companies across industries, with 35% being companies with more than \$5 billion in annual revenue, July 2025

And sovereign AI also has a clear business case: 30-40% of the AI market by 2030 could be sovereign

Global sovereign AI market size (TAM¹, \$ B)



Key drivers

Significant demand from regulated industries for sovereign components – which tech incumbents cannot always guarantee:

Example: Reserve Bank of India issued an RFP in January 2026 for a Sovereign AI Cloud explicitly requiring the above **Data + metadata + logs** remaining in-country

IP / Control plane ownership

Operations / support that do not require external access or foreign dependency

Legal / geopolitical disruption protection

30-40% of the total AI market in 2030

1. TAM equivalent to total estimated demand for sovereign AI based on baseline AI numbers and sovereignty requirements; this differs from actual spend captured by sovereign AI solutions (which evolves from a low % in 2025 to a high % in 2030 – differentiated based on national archetypes)

Finally, there is an increased regulatory pressure ...

	NIS2 Directive	Mandates cybersecurity measures for data centers, including risk management, incident reporting, and disaster recovery planning
	EU-US data privacy framework	Sets rules for handling EU users' personal data and ensures protection for data transfers under an EU-US framework
	BSI C5 Certification	Sets cybersecurity and transparency standards for cloud providers
	SecNumCloud certification	Certifies EU cloud providers for sensitive data with top standards in cybersecurity and compliance
	Article 4 of Royal Decree-Law 14/2019	Prohibits storing electoral, population, tax, and national health system data outside the EU
	Public Records Act	Regulates management and access to public records for data centers handling government data
	Act on Information Security for Essential and Digital Services	Implements the EU NIS directive and stipulates cybersecurity requirements for essential services and digital services

... with Europe clearly asking for sovereign solutions

	EUCS	Establishes a comprehensive framework that encourages the resilience of critical infrastructures, incl. data centers, against cyber threats
Provisions		
	Unification of standards	The scheme seeks to unify cloud security standards across the EU, promoting a consistent high level of security and boosting trust in cloud services for businesses and consumers
	Tailored security requirements	Develops tailored security mandates to address various cloud computing risks by implementing four security levels based on data sensitivity
	Certification process	To uphold the certification, cloud service providers are subject to periodic audits
	Dynamic Adaptation	EUCS framework is designed to be adaptive. It is consistently evolving to confront new cybersecurity challenges and integrate technological innovations
	Security levels	Basic: provides essential security protections for cloud services with lower risk profiles Substantial: Provides advanced security for sensitive data and broader risk management High: Tailored for sensitive data and critical operations, it demands strict security controls High+¹: The highest assurance level enhances security for especially sensitive data with stricter measures

1. Level « High + » generates most debates, with lack of alignment between members states

So what is Sovereign AI then?

Sovereign cloud is all the advantages of the cloud (**scalability, availability, innovation**), AND it meets users' standards in terms of **control and autonomy**.

These standards can vary by player, hence **there are many shades of 'sovereign cloud'**. Control and autonomy requirements are a combination of:



**Data –
Territorial**
(data
localisation)



Operational
(provider
control)



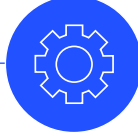
Technology
(digital infra)



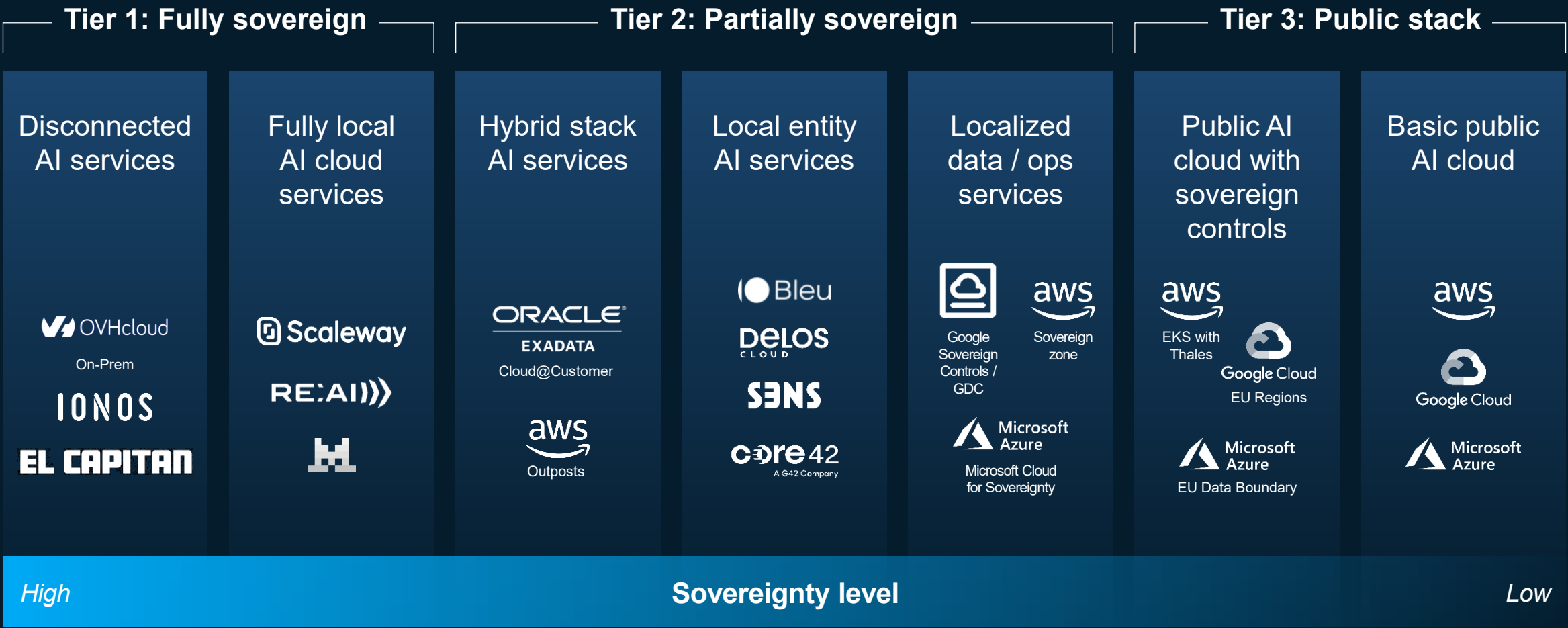
Legal (entity
jurisdiction)

A closer look under the hood

Building and running AI across the stack with data, operational, technological, and legal independence

	 Data – Territorial (data localisation)	 Operational (provider control)	 Technology (digital infra)	 Legal (entity jurisdiction)
Applications & Use Cases	Hosting of apps on domestic vs. foreign servers	Control of app development , deployment, and access management	Ownership of app frameworks , APIs, and orchestration layers	Jurisdiction of app providers and exposure to foreign laws
Models, Data & Tooling	Training location and storage of models and datasets	Control of model training , dataset management, and tooling pipelines	Ownership of model IP , datasets, and tooling software	Jurisdiction of model developers , dataset owners, and tooling vendors
Infrastructure & Compute	Location of data centres and compute clusters	Control of cloud operations , data centre management, and admin access	Ownership of chips , networking stack, and infra software	Jurisdiction of cloud and chip providers , and exposure to extraterritorial laws

As a result, Sovereign AI comes in many shades, allowing local players to challenge global tech incumbents



A Sovereign AI ecosystem requires tightly integrated stack – from energy to policy – underpinned by local ownership, ops and governance

Energy supply and grid: local, controlled, redundant energy / smart-grid powers AI infrastructure



Data centers: High-efficiency data center and GPU clusters distributed across nation



Connectivity infrastructure: Clusters are linked via high-speed, sovereign networks for secure connectivity with redundant cross-border links



Hardware: Locally trusted AI hardware and high-density / liquid cooled racks

4

Cloud & AI platforms: Sovereign cloud & AI platforms deliver compute, storage, and integration services



Models & data: AI models are built / fine-tuned / accessed on sovereign platforms and localized datasets



AI applications: applications help industries create value locally with AI use cases

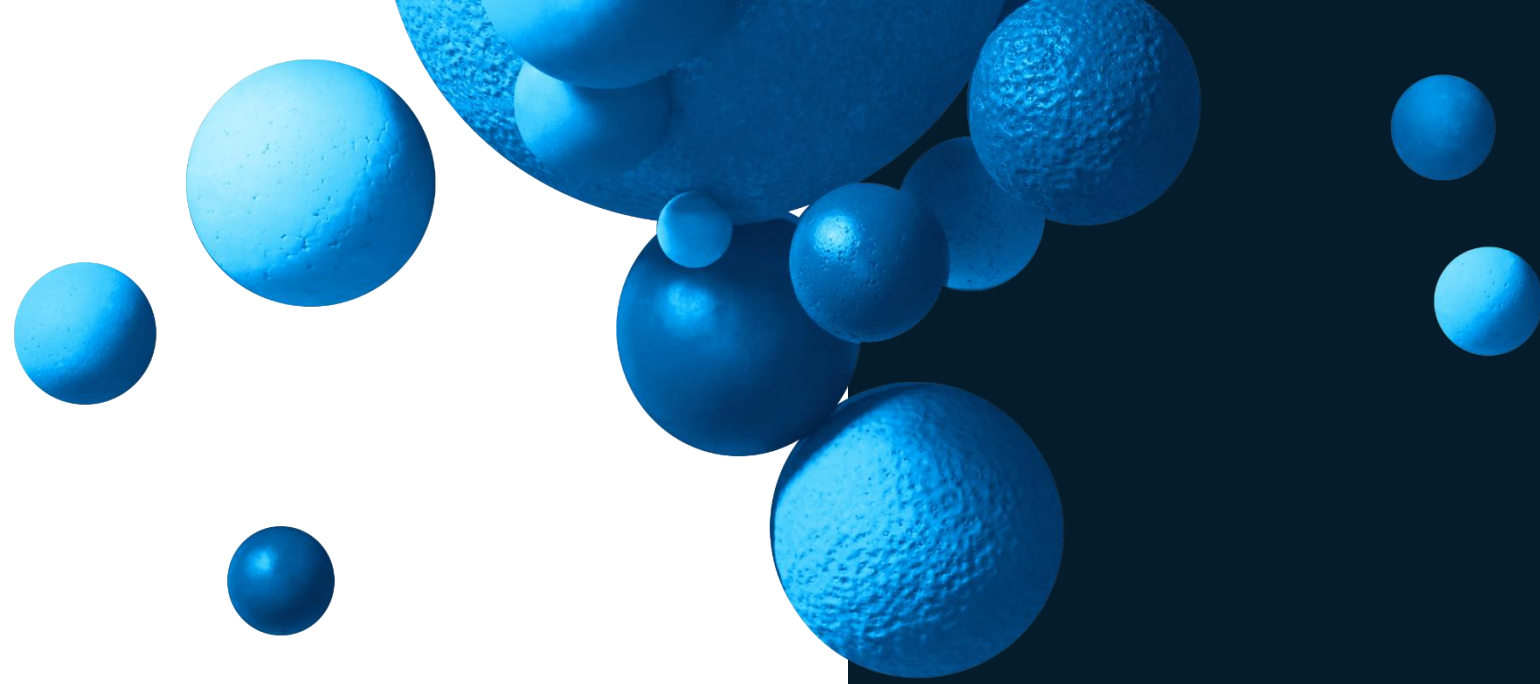


Responsible AI: AI systems are governed by nationally-aligned tools

0



Sovereign AI ecosystem



How to scale Sovereign AI?

Sovereign AI has been making headlines globally, emerging as a top-of-mind topic with developments across regions



No Jitter

Genesys to launch sovereign EU cloud

As launch partner for AWS European sovereign cloud, Genesys Cloud will have its own sovereign EU cloud by summer.



FT Financial Times

UAE launches 'sovereign' open AI model to counter Chinese rivals

The Mohamed bin Zayed University of Artificial Intelligence (MBZUAI) on Tuesday released its latest model, K2 Think, alongside a complete...



F Forbes

India Pitches Sovereign AI As The Alternative To Big Tech Dependence

India's AI Impact Summit drew \$250B in pledges from Reliance, Adani, Microsoft and Google but organizational failures and long-term...



Telecompaper

Cisco and Sharon AI launch sovereign AI facility in Australia

Cisco and startup Sharon AI have announced the launch of what they describe as Australia's first Cisco Secure AI Factory with Nvidia,...



Key takeaways



Sovereignty is a **dominant theme across Europe and Asia**



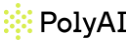
Countries across these regions launching **national initiatives to strengthen domestic** AI capabilities across the stack



Developing markets are also **mobilising**, with early sovereign AI initiatives emerging in regions like **Kenya and the African Union**

Today, Europe has strong foundations and several players across the 7 layers of the AI stack, though it lags in infrastructure...

Lagging Maturing Mature

Layers	Current maturity		EU players
7 AI applications		- Fewer globally scaled consumer-facing AI platforms compared to the U.S. and China - Depth in applied AI research and industrial automation use cases	  
6 Models & data		- Growing ecosystem of foundation and open-source model developers - Limited access to large-scale compute and high-quality multilingual datasets - Strength in responsible data governance and privacy-centric model development	 
5 Cloud & integration platforms		- Market largely dominated by US hyperscalers - Emerging trusted and sovereign cloud offerings within Europe - Mature enterprise integration and software ecosystems in key markets	   
4 Hardware		- Leadership in lithography and semiconductor equipment - Limited semiconductor manufacturing capacity and dependence on non-EU fabs	
3 Data centers		- Expanding regional capacity with strong sustainability credentials - High-quality colocation and hyperscale presence concentrated in Western Europe - Data center supply driven by demand for non-EU hyperscaler cloud services	
2 Connectivity infrastructure		- Advanced fiber and 5G networks across most European markets - Fragmentation in national telecom markets limits unified infrastructure scaling	 
1 Energy supply & grid		- Strong industrial base for energy efficiency and grid modernization - Rising power demand from data centers and AI workloads testing grid resilience	  
0 Responsible AI		Recognized as world leader in AI regulation and governance frameworks	 

... and many players are operating at sub-scale levels

● Negligeable (<5%) ● Moderate (5-15%) ● Fair (<15%)

Europe has the building blocks to accelerate its AI competences...

... but they are mostly operating at sub-scale levels

European providers

Cloud providers



● <\$1bn revenue for OVH (Europe leader) vs ~\$90bn for AWS

Network



● Nokia and Ericsson together holds ~30% of the global market in networking equipment

Cyber security



● European players together hold ~20% of the global market in cyber security applications, with the US holding ~50%

AI models



● ~\$6bn valuation for Mistral AI (Europe leader) vs ~\$80bn for OpenAI

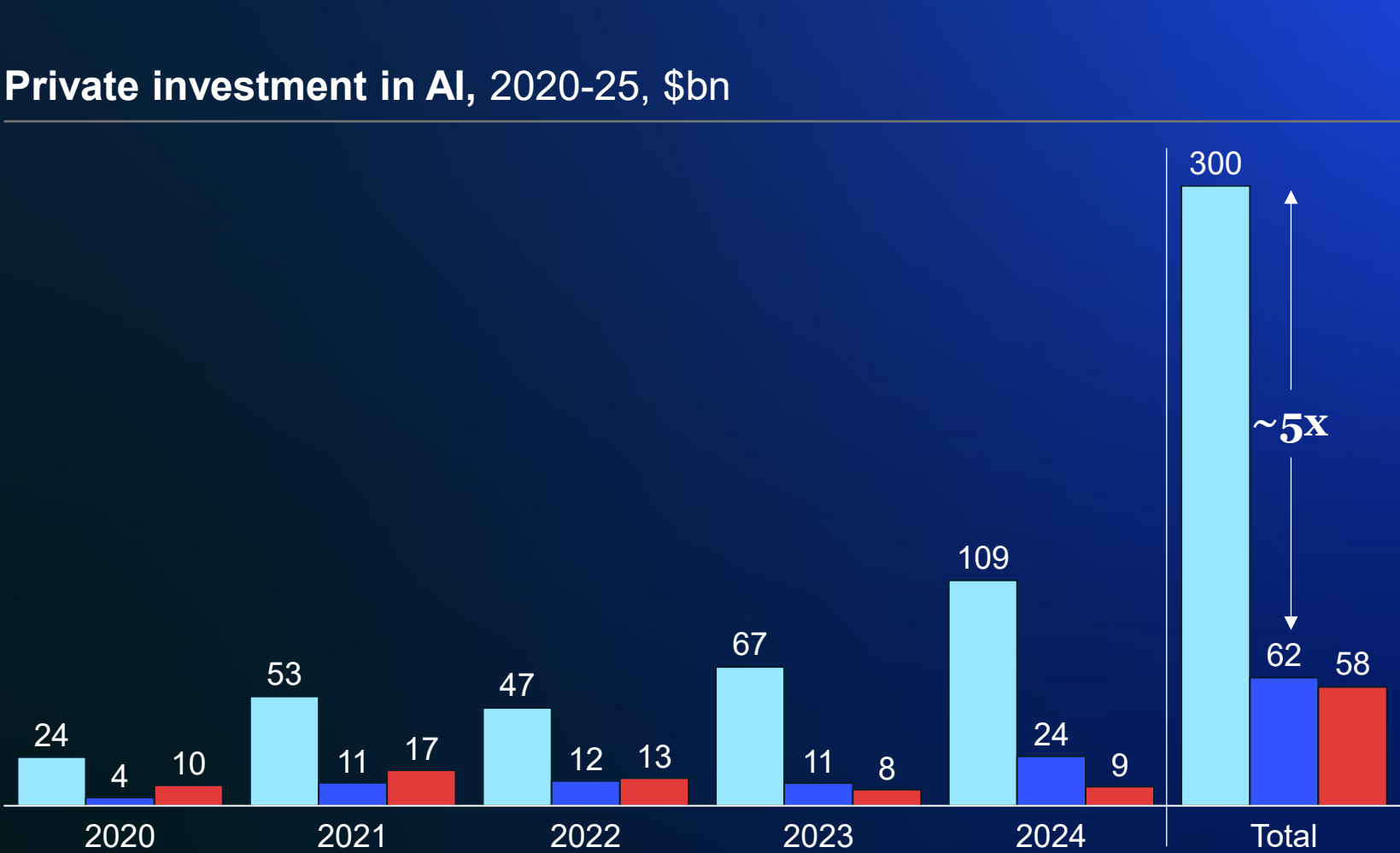
Data platform



● <\$1bn revenue for Collibra (Europe leader) vs ~\$4bn for Snowflake

Additionally, European private investments have doubled in 2024, however still catch-up to US necessary

Private investment in AI, 2020-25, \$bn



Why it matters

Total private investment in AI in the past 5 years is **5x larger** in the United States than Europe

This is a \$238bn gap. Just to **catch-up with the US**, private sector investment in Europe will need to **grow 10x** relative to the ~\$24bn invested in 2024

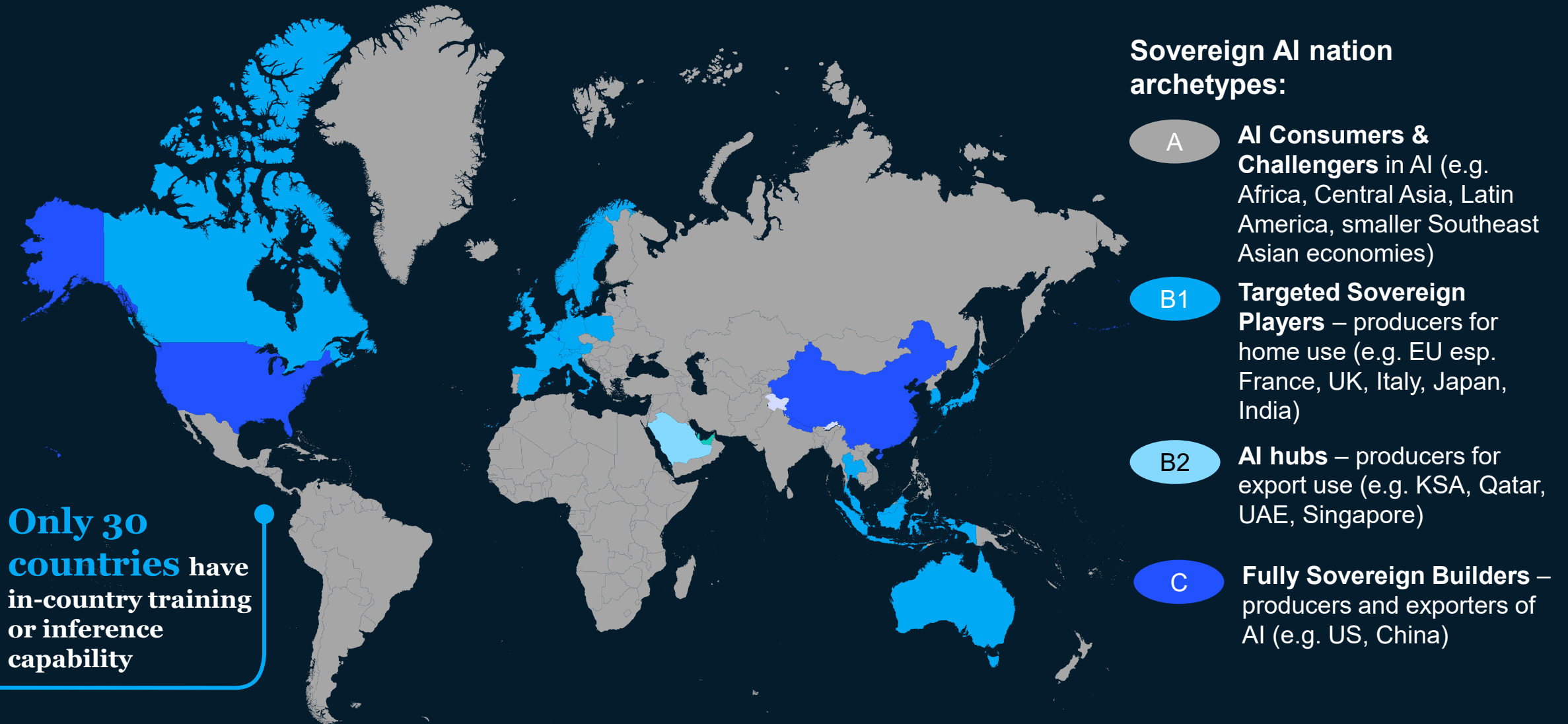
To unlock private investment in AI at scale, Europe needs to overcome regulatory constraints and cross-border compliance challenges (e.g. through a 28th regime / EU inc. model)

While Europe is at parity with Chinese private investment, state backing in China means they are ahead in technology

1. Europe includes the European Union, the United Kingdom, Switzerland and Norway (where data is available in AI index reports)

Also on a country level, only a handful of countries have AI compute today – most are consumer nations

Countries with in-country training or inference capability, 2025



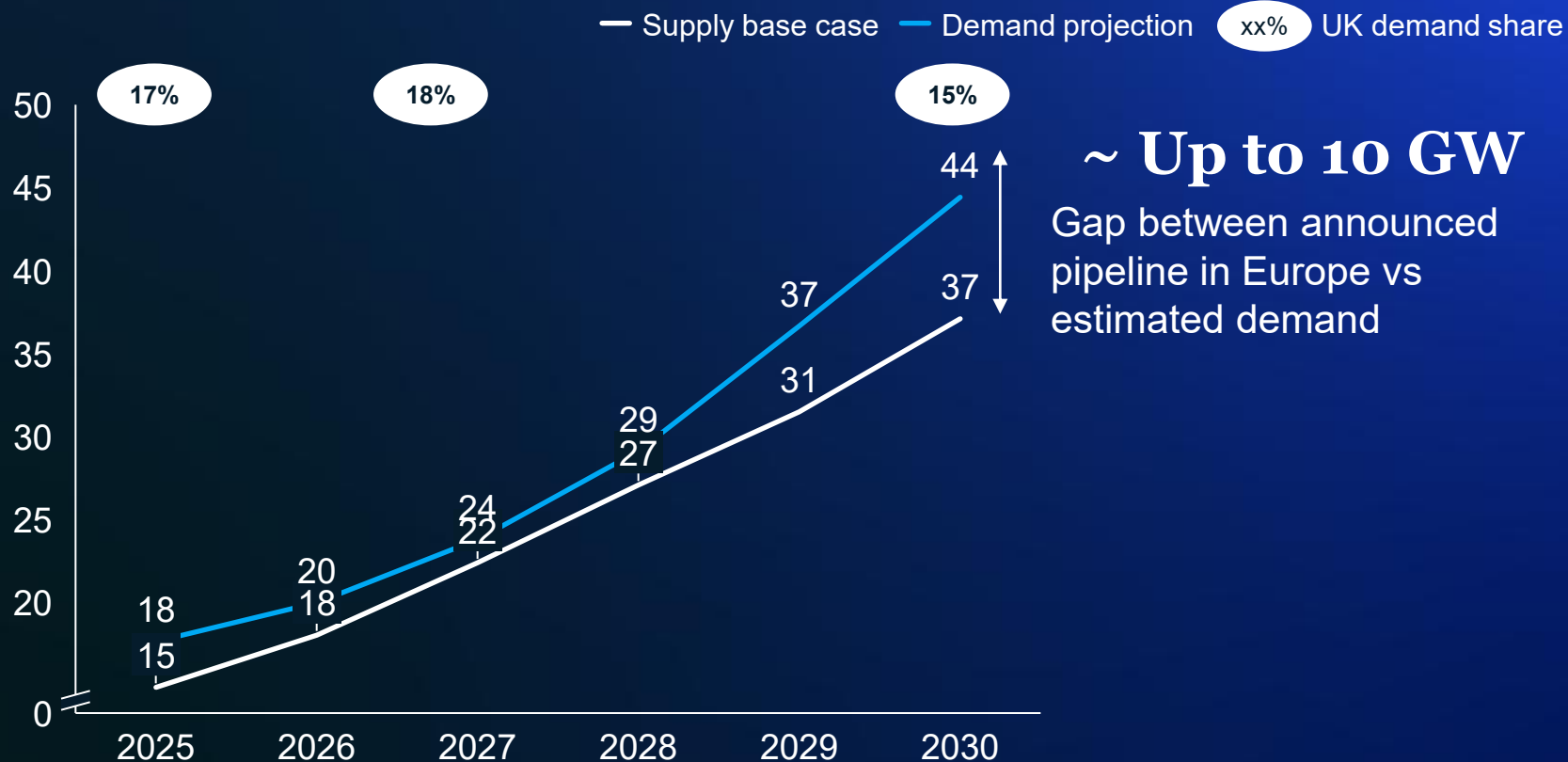
Nations need to make key decision points when designing a national sovereign AI strategy

Decision points & questions:		Design options:					Key trade offs:
Objectives (why sovereignty?)	① Why sovereign: what objectives do you want to optimize for?	Economic competitiveness	National security & resilience	Strategic compute autonomy	Digital rights & citizen trust	Preserve & promote culture & identity	• Defining objectives will help select aspirations for national archetype and following stack questions
	② Target national archetype: how deep do we want to build our sovereign capabilities?	Fully sovereign builder	Targeted sovereign player	AI Hub & platform provider	Consumer nation		• Archetype aspirations will dictate how deep in the stack and what layers of the stack to play in
	③ Sovereignty scope: where should we focus to build sovereignty?	Full stack sovereignty	Sectoral sovereignty	Infra only	Model only	Data only	• Participating in full stack sovereignty requires high CapEx and ecosystem enablement however, selective stack focus will result in stack vulnerability
	④ Demand activation (apps): where & how do we want to activate sovereign AI demand?	Public sector & SOE lighthouse projects	Mandate led adoption	Incentive driven enablement	AI sandboxes & private accelerators		• Public sector investments and projects guarantees off-take and enables ecosystem participation but has higher government expenditure
Stack (where to build sovereignty?)	⑤ Models & data: what is our model & data sovereignty strategy?	Locally developed models & localized data	Localized frontier models & localized data	Regionally developed models & regional sovereign data solutions	Global frontier models & public cloud for data		• Local development provides full control of IP but has high CapEx and requires high capabilities/ talent
	⑥ Sovereign supply of infra: how will we secure sovereign supply across the stack?	National GPU super clusters	Local cloud providers	Chip alliances & regional fabs	Sovereign hyperscaler clouds		• Full national control maximizes resilience but limits scalability while hybrid supply models accelerate rollout but retain dependencies
Enablers (how to operationalize?)	⑦ Talent & R&D: how will we ensure we build the talent pipeline to support innovation	Fully sovereign builder	Targeted sovereign player	AI Hub & platform provider	Consumer nation		• Current national archetype will help identify current sovereignty levels across stack and inform gaps to address
	⑧ Partnerships & investment: how will we fund our national sovereign AI program?	Nationally funded AI academy & factory	Public R&D and model labs	Startup led sovereignty transformation	Regional sovereign funds		• Direct public investment guarantees continuity and control while hybrid co-funding ensures scalability and private innovation alignment
	⑨ Governance: how will we govern our national sovereign AI program?	Ministry led command	Independent AI authority	Inter-ministerial council	State owned AI operator	Public private task force	• Central control ensures alignment and accountability while distributed models promote innovation but risk coordination gaps
		← More control Less control →					
McKinsey & Company 21							

Despite significant capacity additions announced, the supply pipeline in Europe is still short after 2027 vs expected demand for DC



Expected demand vs supply in Europe¹ (announced Data Centre pipeline) 2025-2030, GW capacity



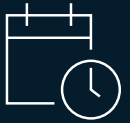
Main drivers

Gap essentially due to:

- Permitting delay
- Time to access power
- Availability of equipment
- Speed of construction
- Skilled labour shortage

1. Including the UK

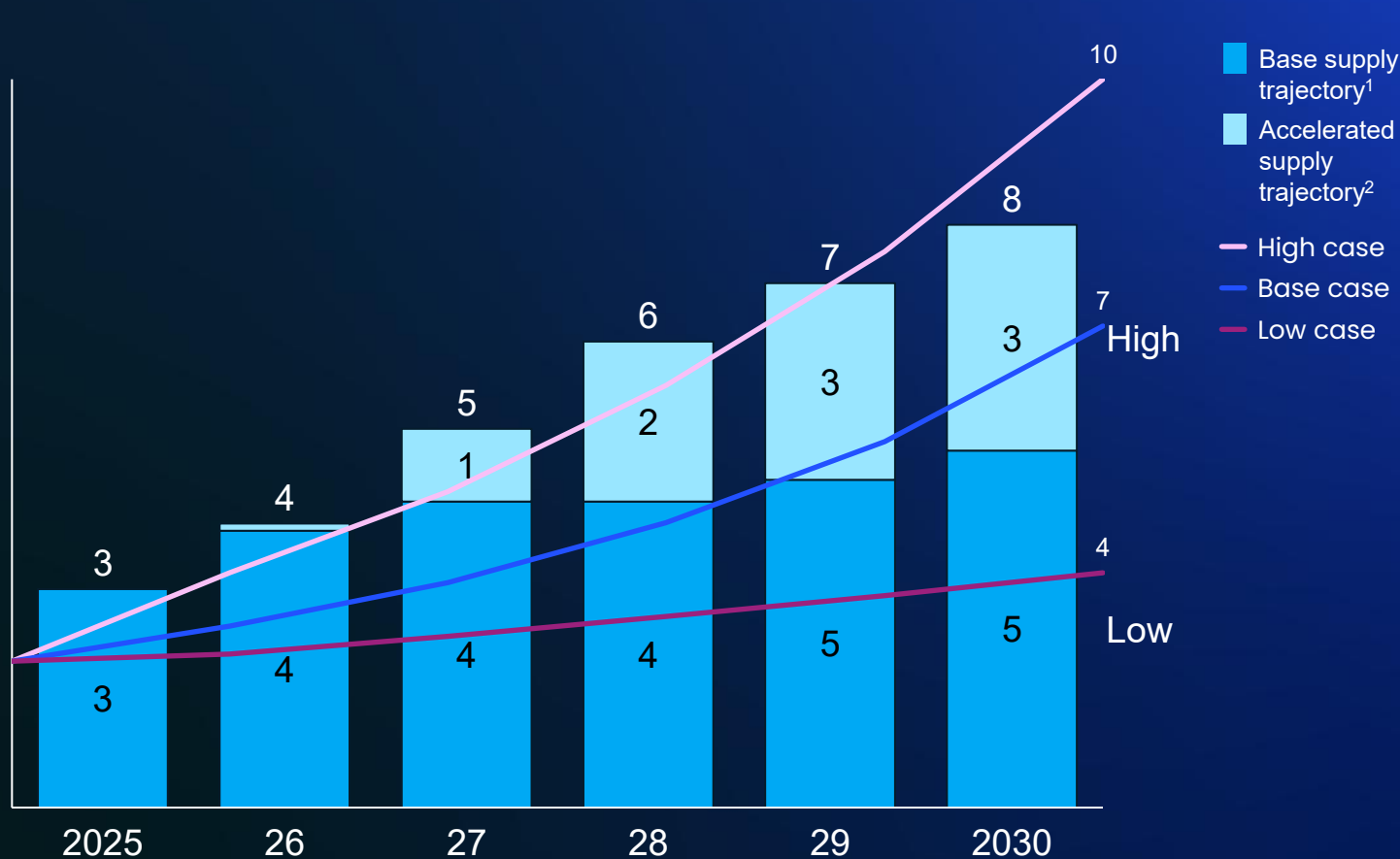
In tier 1 European data centre markets, time to power can sometimes exceed 5 years

 Region								
 Time-to-power, years	>5 ¹	3-5	>5	>5	3-5	3-5+	2-3	2-4
 Current DC supply (GW)	~2	~2	~1	~1	~0.5	0.8	~0.4	~1
 Announced DC additions by 2030 (GW)	+5	+1.5	+0.4	+1.5	+2	+1	+2.5	+1.3

1. Avg. UK Grid Connection time for DC is 7 yrs+ with 80GW in queue; DCs pursuing BTM power solutions with improved speed-to-power of 3-5 years

In most scenarios, despite significant growth, UK DC are expected to be undersupplied by 2030

Estimated UK Data Centre demand and supply, 2025-2030 GW



1. Based on confirmed announcements and current grid connections queue

2. Based on announced pipeline, fair attrition rates applied to projects without known confirmed grid connection dates

- Near-term supply keeps pace with demand, with **risk of undersupply in base case by 2030**
- **UK evolving to High–Mid AI adoption**, supply constrained by grid and permitting
- **Key uncertainty is how much UK demand can be met by external data centre capacity; at least ~50% must be served domestically** due to sovereignty and latency constraints

Bringing it all together: every stakeholder in the value chain has its own challenges and needs to step up to capture the Sovereign AI opportunity

	“Takers” <i>Enterprise & public sector CxOs</i>		“Makers” – <i>Providerse.g., NeoClouds, TelCos, Software companies, SIs</i>			Regulators, policy makers Government	PE/VC, SWF Investors	
Challenge	Identify how to integrate sovereign AI into the enterprise tech stack, ensuring it maintains autonomy without destroying value		Define how to find the way to be relevant and competitive with hyperscalers			Decide how to put together the right ecosystem of players (hyperscalers vs local colos) and drive adoption with enterprises to create value?	Define a targeted approach to select optimal local opportunities	
Possible Plays	1 Full-stack sovereign builder	2 Sovereign AI services consumer	1 Market entry	2 Product/market fit and offering	3 GtM acceleration	1 Stack builder	2 Ecosystem orchestrator	1 Strategic champion investor
Typical questions	“Do I build, own, and operate the infrastructure?”	“Should I rent infrastructure from local providers”	“Should I build my own AI factory or partner for infrastructure?”	“Where should we play across the AI stack (e.g., GPUs-as-a-service vs. AI factories vs. managed AI)?”	“Who are the ideal sovereign AI customers (ICP)?”	“How do I build a sovereign AI stack that is publicly owned and operated?”	“How do I curate sandboxes for sovereign AI solutions?”	“How do I choose which local AI player to invest in, and how do I support scale-up?”

One last thought to
leave you with...

“As AI shifts from
experimentation to
reinvention, compute
is becoming the
defining factor in who
captures value”

