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Technological Sovereignty in the Municipal Sector

Finland's municipal sector recognises the growing risks related to data protection, security, and dependency of non-European cloud and artificial intelligence technologies. From the perspective of Finnish municipalities, the European push towards stronger domestic production of digital services and a greater independence from non-European technology providers is welcome. Realistically, however, this is likely to be a long-term transition. Any potential shift must be implemented with care to ensure that the costs of key digital solutions do not become prohibitive at any stage. Furthermore, it is essential to ensure that their quality (including security) is not compromised.

The potential of European alternatives for US based cloud and AI is limited. In the recent decades, large ecosystems of American providers have emerged in Finland, with significant advantages in cost-effectiveness, modularity, and system-level reliability. **To genuinely advance European technological sovereignty, the EU must focus on building a competitive and collaborative European ecosystem.** This requires supporting innovation, sharing knowledge, and providing public sector actors with practical support on procurement know-how and clear guidance. Technological sovereignty cannot be effectively promoted by individual organisations or even nation-states alone. Proper change requires a common European direction and policy on tech sovereignty.

Key observations

Addressing vendor lock-in and practical barriers

Organisations in Finland's municipal sector are locked into their current technologies due to financial and operational barriers. High switching costs, a lack of competitive alternatives, restrictive contractual practices and the lack of expertise on alternative technologies make changing providers prohibitively difficult. EU policy should focus on **promoting open standards and interoperability, enabling the dismantling of vendor lock-in one component at a time, and on EU-level financial support mechanisms to lower these barriers. The result would be a more competitive European market.**

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Prioritizing incentives over restrictions

European alternatives should be promoted within the EU primarily through incentives and financial support. The EU should compose roadmaps for advancing technological sovereignty and conduct EU-level mapping of European technology provider options with pros and cons analysis. It would be beneficial for the EU and the Member States to coordinate the collection and sharing of experiences in developing and utilising European solutions (including open-source solutions) in both the private and public sectors. Finland's larger cities would be keen to participate in consortium projects to advance these goals. **The Commission should direct funding from key financial instruments towards consortium projects that promote public sector digital sovereignty, in which most advanced cities could participate.**

Promoting European cloud services

A secure, scalable, and competitive European cloud infrastructure is a prerequisite for the public sector to safely leverage high-productivity technologies, such as generative AI, for the most critical identified use cases. The EU should financially support the development and adoption of European cloud solutions and the related sharing of knowledge between actors. This would increase choice and competition, which in turn would improve the quality and lower the price of services. **The EU should leverage all available of incentives for migrating to and adopting European cloud solutions.**