

EOSC-hub week, 20 May 2020

Session Name	
Business Models & Procurement	
Main take-aways	<ul style="list-style-type: none">● 52 participants joined● The presentation included:<ul style="list-style-type: none">○ Introduction to ongoing work in EOSC-hub Work Package 12.○ A summary of findings that will be included in the next Milestone and will be disseminated to the EOSC Governance Board's Sustainability Working Group and for wider consultation.○ Presentation of lessons learned in related projects in the form of case studies that lead into vital information to shape the meeting of the 'free at the point of use' objective:<ul style="list-style-type: none">■ HNSciCloud■ OCRE■ GEANT IaaS○ Description of the perspectives taken and the criteria used to explore the challenges identified in the related projects, offering guidance as to the factors that need to be taken into account in the design and implementation of the EOSC business models.● Voucher schemes in the related projects found that:<ul style="list-style-type: none">○ Vouchers are an efficient way to start using cloud resources or to encourage new users, but may not be the most efficient for large-scale, sustained use.○ The voucher distribution process has been delayed due to VAT issues that were identified during vendor engagement● VAT issues concern cross-border VAT regulations:<ul style="list-style-type: none">○ The EC Directive 2016/1065 requires taxation to be accounted where the consumption takes place, not where the supplier resides.○ The distributor cannot reliably decide where the consumption takes place.● Analysis of the flow of terms between the parties is very complex: the legal and financial liabilities in the context of the vouchers distributed by EOSC-hub need to be well understood.● Commercial service providers differentiate themselves by their service offering, so standardising the approach is very difficult.● Virtual Access is a useful instrument that is used in various projects, including EOSC-hub, but will not be available to make all EOSC Portfolio

	<p>services free at the point of use (as only project beneficiaries can use this instrument, CAPEX costs cannot be claimed and it comes with specific obligations leading to increased overheads); the EC has already improved the mechanism by adding the possibility to use unit costs in 2020 further refinements may be implemented in the future Horizon Europe</p> <ul style="list-style-type: none"> ● The process of demand aggregation and the roles concerned were described, as well as the benefits of aggregating demand. ● There are opportunities to aggregate demand inside the EOSC. ● GEANT IaaS inner workings from an NREN's perspective was described, exemplifying the perspective of a demand aggregator. ● In order to realise the most benefit, high levels of financial and operational commitment are required by the parties involved. ● The cloud market is valued at c.\$3trillion: for EOSC to have an impact and maximise benefits it's important that we carefully address the challenges and constraints.
<p>Future steps</p>	<p>The Community is actively encouraged to participate in the review of the initial D12.2 to be published for consultation in Milestone 12.2 on 8th June to be announced on the EOSC-hub Website in order to develop the draft and submit a final version of D12.2 at the end of October 2020.</p> <p>A report on final recommendations will be submitted as D12.3 at the end of the EOSC-hub project.</p> <p>Further future steps:</p> <ul style="list-style-type: none"> ● A suggestion was made to add 'place of consumption' as an attribute in the AAI. ● There is a need to clarify whether EOSC-hub will advise or recommend use of specific cloud services. ● User feedback revealed that total cost calculators for cloud usage are very useful and should be made available at the point of user's initial access. ● There is a need to clarify whether the fact that only one voucher can be used per resource provider is useful for users: in OCRE and HNSciCloud there is a 1-2-1 relationship between a single voucher and a cloud provider. ● VAT directives/regulations will both influence and throttle the use of vouchers as a long-term, large-scale mechanism to achieve resources that are free at the point of use. ● Projects would benefit from a better understanding of how Virtual Access can be used and its limitations. ● Additional instruments beyond Virtual Access must be found (or its rules must be adjusted) in order to achieve the free at the point of use goal.

- Demand Aggregation is very attractive in principle, but the strings attached need to be taken into account in the design of the future EOSC and its business models
- Caution should be applied to use of the term 'broker' in the design and implementation of the EOSC business model.
- Opportunities for aggregating demand inside the EOSC should be taken into account alongside the financial and regulatory constraints.
- Cost recovery and eligibility under H2020 rules would benefit from further development for the EOSC and for future projects of this nature.
- Following projects (e.g. those funded in INFRAEOSC-07) will have the opportunity to use the updated Virtual Access mechanism and will report back on how it works to the EC
- EOSC-hub WP12 D12.2 will continue to look at the lessons learned within the case studies, but more broader work is recommended to be undertaken within the EOSC Governance Board and EOSC Executive Board.

Key messages to the EOSC Working Groups:

1. Vouchers can facilitate easy consumption of services BUT Council Directive 2016/1065 on the treatment of vouchers adds an administrative overhead and VAT liability which needs to be considered in future application.
2. The use of virtual access will stimulate opening up infrastructures, although more experience is needed to understand how the costing approaches (actual vs unit) are best suited for different types of services; as a cost reimbursement mechanism it does not support profit.
3. When conducting aggregated procurement the obligation to identify all potential beneficiaries under EC Directive 2014/24 limits flexibility in adoption by EOSC Users governed by their member state implementation of this procurement directive. The benefits of aggregation are worth chasing to bring value to users.
4. More work is to be done exploring where a public sector entity wishes to sell services to another public sector body and how this can be done in a way to recover costs under EC project rules or more generally in accordance with the EC Directive on procurement 2014/24.