



Do what matters

Protecting AI Sovereignty

The next power play for compliance,
control and security

What matters most to reduce risks and earn trust



Five trends shaping the future of sovereign AI



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Geopolitics accelerates sovereign AI adoption

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Compliance drives resilience in a high-stakes world

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AI sovereignty is no longer optional

Geopolitics, regulation and innovation are colliding to make AI sovereignty urgent. As nations and companies move to control generative, agentic and other forms of AI, building a sovereign AI framework has become a critical, non-negotiable priority.

What matters most

With AI regulations still evolving and guidelines for control, management and security often unclear, trust in AI can erode quickly. This report highlights the issues that matters most to leaders—from privacy laws and regulatory demands to security concerns—based on fresh primary research.

About the research

The Avanade Sovereign AI Survey explores what matters most for about 1,000 senior technology and policy leaders – CIOs, CTOs, Chief Data, AI and Risk Officers – located across multiple countries and industries in organizations ranging from \$500 million to \$5 billion.

The Accenture global survey serves as the quantitative foundation for this research and includes questions on awareness, adoption, motivations, challenges and maturity across the digital core – data, cloud, AI, integration and governance.

What is AI sovereignty?

AI sovereignty means keeping control over how AI technologies are deployed, where data and infrastructure are managed, and who governs access. It ensures compliance with local regulations, safeguards data privacy and creates a foundation for trusted innovation.

Trend 01

Geopolitics accelerates sovereign AI adoption

Global tensions and regulatory demands are pushing businesses to adopt sovereign AI faster than technology itself evolves.

“Sovereignty... is about architecture. The most successful organizations... engineer it across four interdependent layers: compliance, observability, security and agility.”

- CIO.com

Geopolitical forces are now a stronger driver of sovereign AI adoption than technological innovation itself.

Among organizations that already viewed sovereignty as a top priority, **61% say recent global events increased their likelihood to adopt sovereign technologies. 31% say their position hasn't changed**—indicating that for those who were already committed, global tensions are reinforcing that stance.

Governments are responding with tighter regulations, new national AI strategies and sector-specific mandates in industries such as banking, manufacturing and healthcare. This pressure is pushing organizations to act faster, creating urgency to safeguard data, models and infrastructure.

Geopolitics is no longer just influencing adoption timelines. It's actively reshaping how innovation priorities are set.

Compliance drives resilience in a high-stakes world

Sovereign AI helps organizations safeguard data and models while meeting regulatory requirements.



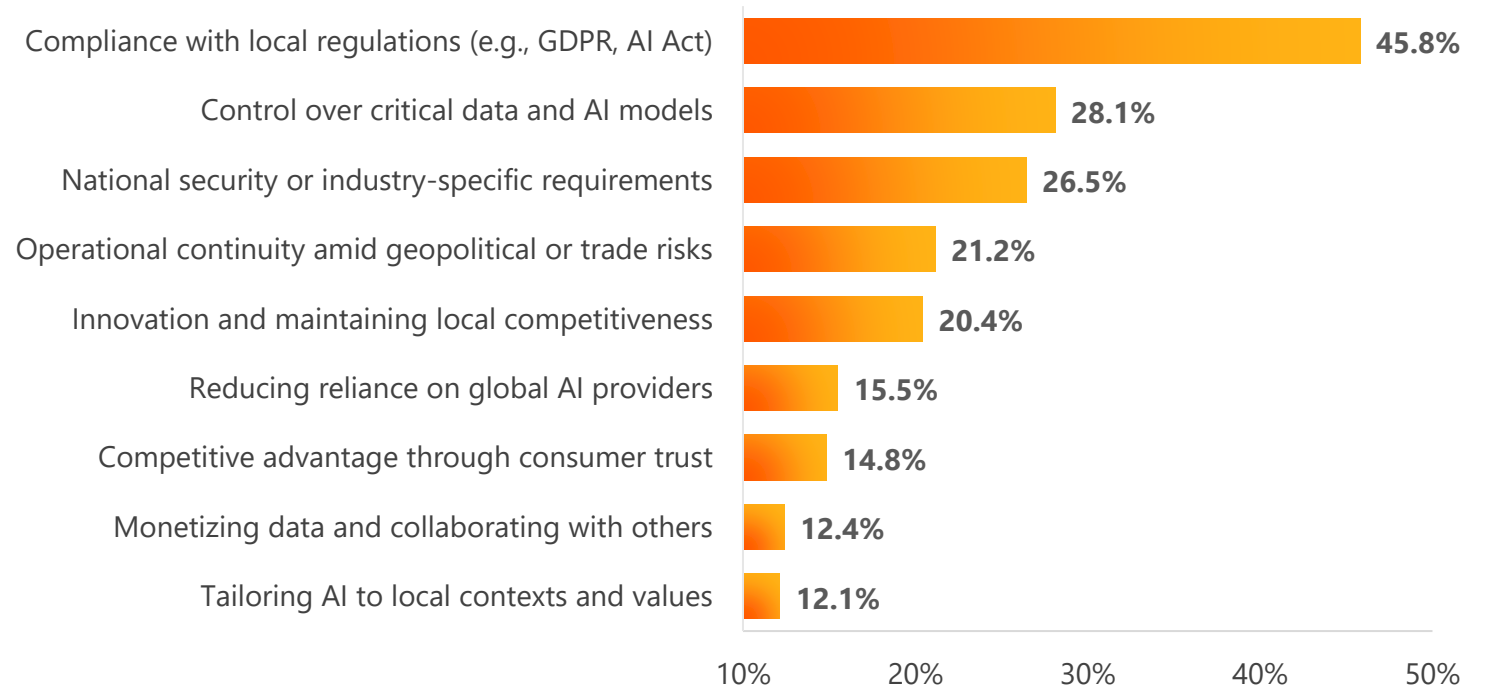
Protecting AI Sovereignty

Organizations are turning to sovereign AI as a defensive necessity. Nearly half cite compliance with local regulations as their primary motivation. The risks of non-compliance—fines, reputational damage or even market exclusion—make sovereignty a critical safeguard in today’s regulatory-first environment.

Beyond compliance, organizations want to protect critical data and models. Financial institutions safeguard proprietary algorithms, while defense and healthcare organizations meet national security and industry-specific obligations. Sovereignty is becoming synonymous with risk management—and these defensive measures create the foundation for more strategic, innovation-led efforts.

Figure 1: Compliance and control top the list of drivers for adopting sovereign AI

Nearly half of enterprises cite regulatory compliance as their primary motivation (45.8%), followed by protecting critical data (28.1%) and meeting security needs (26.5%).



Survey question:

What were/would be the key motivations for your organization to consider sovereign AI?

Trend 03

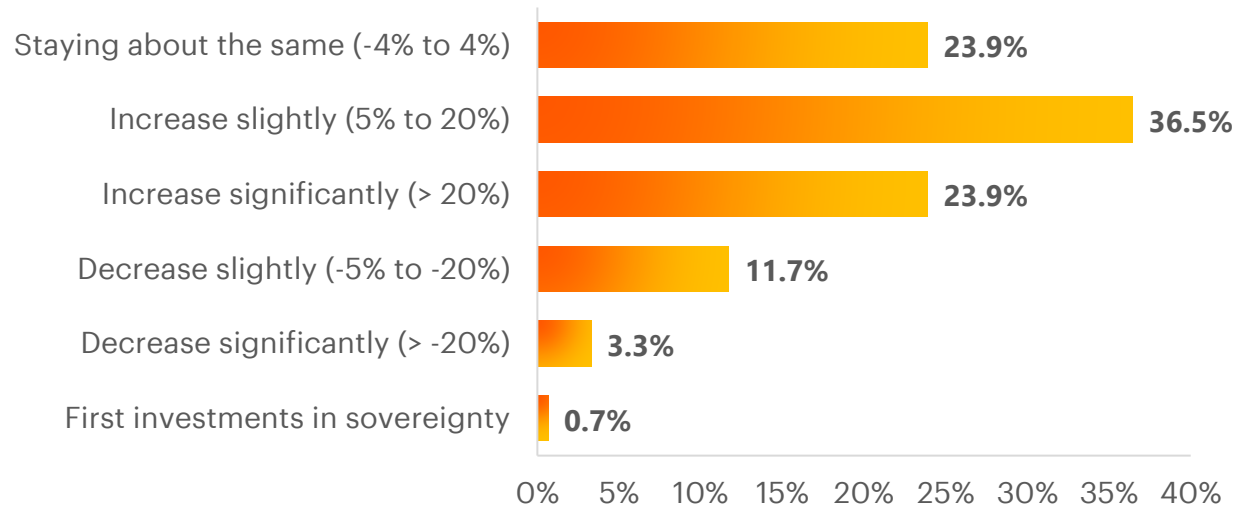
Businesses boost long-term investment in digital sovereignty

Budgets for sovereign cloud, AI and infrastructure are growing to build resilience and stay competitive.

Protecting AI Sovereignty

Figure 2: Most organizations plan to increase sovereignty investments

Almost 60% of enterprises expect to boost spending on cloud, AI, data and security sovereignty over the next 12–24 months, while only a small minority anticipate cutbacks.



Survey question:

How is your organization's investment in strengthening its sovereignty and control over cloud, AI, data and security expected to change over the next 12-24 months?

Budgets are already shifting toward sovereign solutions, from secure infrastructure to trusted AI models, and most organizations expect this spending to rise further in the years ahead. Few anticipate scaling back, underscoring sovereignty's role as a requirement for resilience rather than a discretionary project.

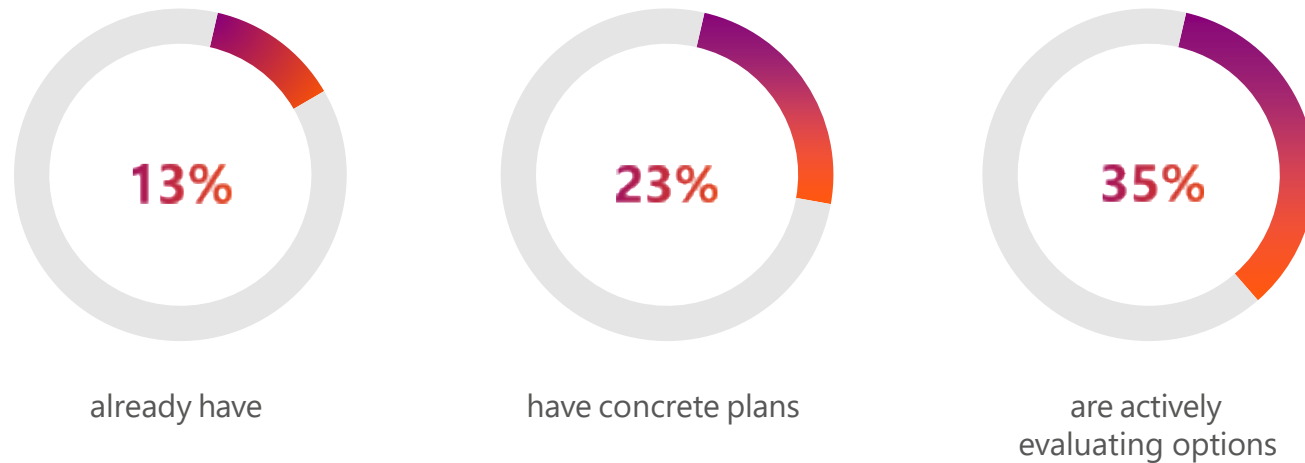
Those investing now are better positioned to stay compliant, build resilience and strengthen trust with regulators, partners and customers. In a world of escalating cyber threats, tightening regulations and expanding data localization laws, companies increasingly view sovereignty not as a cost center but as a necessary enabler of growth.

Organizations that invest early are better prepared to stay compliant and competitive in a changing regulatory environment.

Sovereign Cloud leads sovereignty investment strategies

For organizations that consider sovereignty a high or critical priority, Sovereign Cloud is now a must-have.

More than 70% have invested or plan to invest:



Only 29% say they have no plans to invest.

Companies don't have to choose between digital innovation and control. With Sovereign Cloud, they can meet evolving regulatory requirements, protect data and models, and still take full advantage of cloud scalability.

Sovereign Cloud is a cloud computing environment designed to comply with government and regulatory requirements in a specific country or region. It ensures that data, infrastructures and policies are managed in line with local governance and control.

Sovereignty efforts focus on data and infrastructure, leaving AI exposed

Most companies secure data and infrastructure but overlook AI model governance.

Protecting AI Sovereignty

Most organizations start their sovereignty journey with the basics: securing data and infrastructure.

Nearly 60% apply sovereignty measures to their data, and 46% to infrastructure, including cloud.

Data localization, encryption and secure cloud practices are becoming standard.

But these safeguards leave a critical gap: AI models. Only **22% of organizations extend sovereignty to the governance, training and development of AI models.** Despite being central to competitive differentiation, many companies have yet to secure the intelligence layer where decisions are made.

Until sovereignty extends beyond infrastructure to AI itself, companies risk leaving their most valuable digital assets exposed.

Data

60% of organizations apply sovereignty measures to their data

Infrastructure

46% of organizations apply sovereignty measures to to infrastructure, including cloud

AI models

22% of organizations extend sovereignty to the governance, training and development of AI models

Data and infrastructure are protected, but most AI models remain vulnerable.



Trend 05

Transparency builds trust in sovereign solutions

Clear, transparent practices are essential for earning trust in sovereign data solutions.



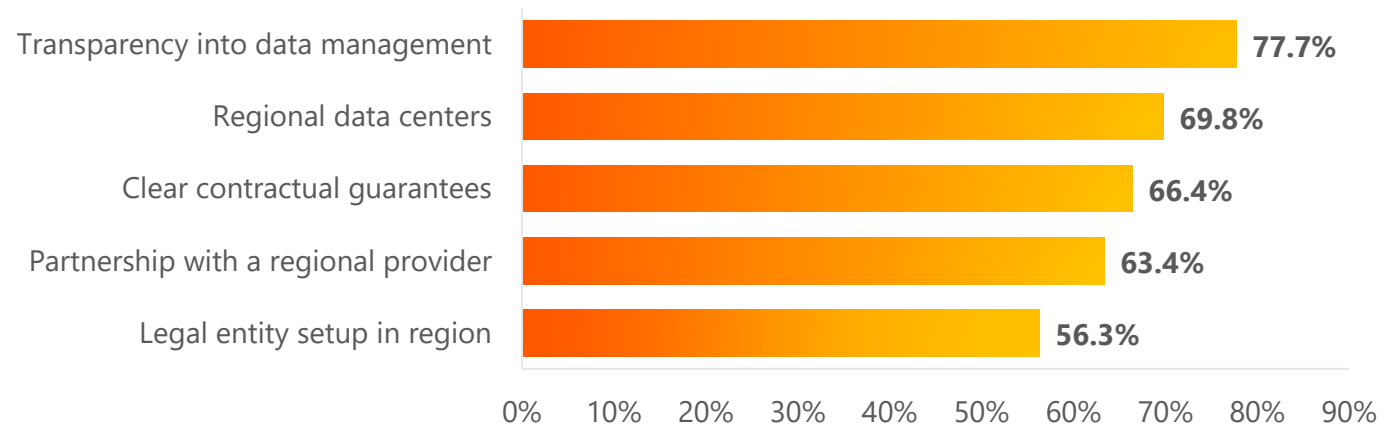
Protecting AI Sovereignty

Trust is the cornerstone of sovereignty, and transparency is the key to building it. Organizations consistently report that knowing how and where their data is accessed, stored and governed would significantly boost confidence in global providers. This visibility is seen as more impactful than legal structures or regional partnerships.

For tech and advisory partners, this creates both a challenge and an opportunity. Providers that offer clear, verifiable transparency will stand out in a crowded market, earning the trust of risk-conscious organizations. Without it, skepticism will remain, as leaders are unwilling to compromise on sovereignty. Transparency, therefore, is not optional—it's foundational.

Figure 3. Transparency outranks all other factors in building trust

78% of organizations say they would trust global providers more if they had clear visibility into how and where their data is accessed, stored and governed. That's almost **1.4x more than legal entity setup (56%)** and **1.2x more than regional partnerships (63%)**.



Survey question:

Which of the following would increase your organizations' trust in the sovereign solutions provided by global providers?



52%

of organizations
favor a hybrid
sovereignty strategy

More than half of organizations blend internal control over critical data and processes with external partnerships, while 35% pursue very high sovereignty. This balance highlights that sovereignty doesn't mean isolation but resilience through collaboration.

Forward-looking leaders also see hybrid models as a path to faster innovation, collaborating with experienced providers while maintaining control where it matters most.

Balancing control and innovation with Avanade

Visionary leaders don't wait for sovereignty—they build it

Avanade helps organizations combine internal oversight with trusted expertise to strengthen compliance, protect critical data and unlock AI-driven innovation. With sovereignty as a foundation, enterprises reduce risk while accelerating growth—making innovation faster, smarter and more resilient.



What matters most

AI Sovereignty requires rethinking data movement across your organization

The architecture of the cloud determines how much sovereignty and governance are possible in practice.

Microsoft's approach to Data Sovereignty

Microsoft pursues a holistic approach to sovereignty across public cloud, national sovereign clouds and across organization owned datacenters with hybrid cloud. In the public cloud Microsoft provide sovereignty controls and in mid-2025 announced for Europe specific in-region clouds addressing the needs of specific markets and regulated industries.

Agentic AI changes the game

The rise of agentic AI fundamentally reshapes what sovereign cloud means, because it changes how AI systems behave, interact, and make decisions — not just where they're hosted.

Addressing AI Sovereignty while the Agentic Tech Stack is evolving

Traditional AI workloads are static—predictable, centrally managed, and contained within geographic boundaries. Agentic systems continuously learn, can make autonomous decisions, and are beginning to act across organizational boundaries, requiring evolution in thinking for sovereignty models.

Sovereignty will no longer be defined *only* by physical control (where the servers are) but also by:

- **Behavioral control:** What AI agents are permitted to do (action boundaries, not just data boundaries).
- **Operational control:** Who can monitor, intervene, and audit agent decisions.
- **Cognitive control:** How agent reasoning aligns with organizational values, ethics and regulatory requirements.

Cloud providers deliver infrastructure sovereignty. Orchestration platforms deliver governance sovereignty.

Era	Sovereign Cloud Focus	Key Challenge
Pre-Agentic AI	Data Residency, access control	Where is data stored and processed?
Agentic AI Era	Policy-aware, real-time orchestration	How do autonomous agents act lawfully and responsibly across boundaries?

Navigating Sovereignty in the Agentic Era

As organizations work to balance innovation with sovereignty requirements, new approaches to governance are emerging. The next generation of agentic platforms must provide real-time behavioral controls, transparency through continuous telemetry, and automated guardrails aligned with regulatory frameworks—enabling oversight before agents act, not just audit trails afterward. Avanade is collaborating with Microsoft and leading providers to help organizations prepare for this shift.

Avanade Agentic Platform

Organizations accelerating their adoption of Agentic AI need platforms that can support emerging governance models. The Avanade Agentic Platform brings all your agents into one place, turning agent sprawl into a well-run team. Organizations can take advantage of Avanade's agent library with functional, industry and tool-based agents to bring standardization for smart agent re-use.



Start your sovereignty journey with us

Trust Avanade to ensure every dollar you spend in the cloud is delivering value

Join 100+ customers who have found ways to save 20%+ on their monthly cloud bill

In under 5 minutes, you can register and kick off a scan – **nothing to install, no cost, and no commitment!**

Then join us for a **free 30-minute consultation** to review your cloud cost details and recommendations.

Leverage 1,000+ patterns and models for findings collected from our 13,000+ Azure professionals and two decades of Azure experience, all rolled into our proprietary platform.

Cloud Impact | ANALYZE Scan & Consultation

We identify inefficiencies in your tenant such as:

- Overprovisioned virtual machines with unused capacity
- Pay-as-you-go resources that are consistently used that could be moved to reserved
- Use of proper licensing in your environment
- Configuration of certain PaaS services
- Log Analytics and backup usage
- Disk and storage configuration and usage

Click [here](#) to get your complimentary scan

Avanade: the world's leading Microsoft innovation partner

With more than 25 years of experience and over 7,000 clients, we hold more than 60,000 Microsoft certifications—more than any other partner—and have been named Microsoft Global SI Partner of the Year 20 times.

We know what's possible with Microsoft.

For companies that want to move quickly and realize business value, Avanade is the trusted partner of choice.

Pre-packaged solutions for the AI era

With a pre-packaged suite of solutions designed for the AI era, you gain Microsoft-based capabilities, tested offerings, frameworks and managed services to deliver business value fast.

Our pre-packaged suite of solutions includes four initial offerings: **Avanade Intelligent Contact Center**, **Avanade Accelerated ERP**, **Avanade Intelligence Security Operations** and **Avanade Cloud Move**.

We deliver Microsoft-based solutions at scale by using managed services so you can better predict required resources and costs across the entire program lifecycle.

The benefits

Faster deployment

Launch in days or weeks, not months

Lower costs

Reduce custom builds and manual effort

Scalability

Easily replicate across teams, regions or business units

Consistency

Standardized processes deliver predictable results

Modernization

Designed to evolve with AI and automation, not just digitize old ways of working



Do what matters

Get in touch

At Avanade, we are as relentlessly results-focused as you are. That's why we don't begin by talking about technology—we begin by understanding what matters most to you, whether transformational or tactical, big or small. Then, leveraging our unique knowledge and expertise, we create the solutions that deliver the greatest impact.

Let's keep the conversation going
[avanade.com/contact](https://www.avanade.com/contact)

www.avanade.com

Avanade is the leading global provider of digital, cloud, AI and advisory services, industry solutions and design-led experiences across the Microsoft ecosystem. Founded in 2000 as a joint venture between Accenture LLP and Microsoft Corporation, Avanade has more certifications, Gold-level competencies and most valued professionals (MVPs) than any other Microsoft partner. Every day, our professionals in 26 countries innovate responsibly to make a genuine human impact for our clients, their employees and their customers.

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