

# 4 reasons data sovereignty is critical for global business

Go global. Act local.





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# Introduction

Data is one of an organization's most valuable assets. As companies expand globally and rely more heavily on cloud services and digital platforms, it's not just what the information is, but also where it resides and who controls it that matters. This is where **data sovereignty** comes in.

Data sovereignty means information is subject to the laws and governance structures within the nation where it is collected or stored. This has significant impact for IT leaders, since a one-size-fits-all approach to storing data no longer works. From compliance with regulations like the European Union (EU)'s GDPR and China's CSL to navigating data localization laws in emerging markets, organizations must now align their infrastructure and data management strategies with a patchwork of global rules.

What's at risk? Plenty. Global organizations need to make sure their data management strategies follow the laws of each specific country they operate in. If they don't, they not only are in violation of local data laws (which often include hefty fines), but also could compromise customer privacy and trust—all of which can have significant impact on operations and competitiveness.

This ebook looks at the top four reasons companies operating in multiple countries need to consider data sovereignty, and how OpenText™ Private Cloud can help.





# Regulatory compliance

The most important reason for global companies to pay attention to data sovereignty is because of the consequences of being out of compliance with local data protection laws.

Regulations like the EU's GDPR can impose fines of up to four percent of a company's annual global revenue or €20 million, whichever is higher, for certain violations. Beyond monetary loss, companies risk legal action, operational restrictions, and reputational damage that can erode customer trust and investor confidence.

In some cases, non-compliance may lead to suspension of services, data access bans, and the loss of key market opportunities. As regulatory scrutiny intensifies worldwide, especially around data residency and cross-border transfers, businesses that ignore data sovereignty requirements put both their operations and brand at significant risk.







# Customer trust

Data sovereignty plays a key role in building and maintaining customer trust by demonstrating a company's commitment to protecting personal information in line with local laws and cultural expectations.

When businesses store and process data within a customer's own country or region, it signals transparency and accountability—showing that the company respects privacy rights and regulatory standards. This is especially important in today's business environment, where data misuse and foreign surveillance are major concerns.

By aligning data practices with local governance, organizations show customers they are working to ensure their data is secure, not being transferred or accessed without consent, and managed responsibly. In a competitive global market, this trust can be a powerful differentiator.



# Operational continuity

Data sovereignty can improve operational efficiency by enabling organizations to align their data infrastructure with local regulations and performance needs, reducing compliance complexity and delays. When data is stored and processed closer to its source—within the same jurisdiction—it often results in faster access speeds, lower latency, and more reliable service delivery.

Storing data locally reduces the need for complex cross-border data transfer protocols and associated legal reviews, streamlining IT operations and reducing overhead. By designing systems that are optimized for both regulatory alignment and technical performance, businesses can operate more smoothly, respond faster to market demands, and avoid costly interruptions caused by non-compliance or policy conflicts.







# Competitive advantage

Data sovereignty can give businesses a distinct competitive advantage by positioning them as trusted and compliant partners in global markets. Many customers today are making data sovereignty a vendor selection criterion and won't consider those that don't operate and keep data in key locales.

Organizations that proactively align with local data laws are better equipped to enter and operate in regions with strict regulatory environments, opening doors to new customers—especially in sectors like finance, healthcare, and government. Demonstrating data sovereignty can also differentiate a company from competitors who may be seen as slow to adapt or indifferent to privacy concerns. By building infrastructure and practices that prioritize local control and transparency, businesses can strengthen brand reputation, reduce legal risks, and increase their appeal to privacy-conscious clients—all of which contribute to long-term market leadership.



# Why OpenText Private Cloud?

Hosting data locally is an effective way to ensure data is compliant with local privacy laws.

OpenText Private Cloud is purpose-built for organizations that need to be global in scale but local in execution. With data centers strategically located across key regions—including Canada, UK, Germany, France, and Australia—OpenText provides customers with the flexibility to choose where their data resides. This ensures sensitive information remains within national borders, in compliance with data sovereignty requirements. We run the [full OpenText information management solution stack](#) in the OpenText Private Cloud and serve as a single point of accountability.



Learn more about [OpenText Private Cloud](#) or contact our team of [private cloud experts](#) who can help address your data sovereignty needs today.





## About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit [opentext.com](https://opentext.com).

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