Platform Leaders' response to the CMA's proposed decision to designate Google as having Strategic Market Status in general search services

1. Introduction

Platform Leaders welcome the opportunity to respond to the CMA's proposed decision on Google's Strategic Market Status designation.

Platform Leaders **support the proposed SMS designation** based on the evidence presented. We firmly believe that any resulting interventions should be designed for the AI era, with sufficient flexibility to adapt as competitive dynamics evolve rapidly.

This response builds upon our January 2025 submission and benefited from the input and feedback of the Collective Intelligence for AI initiative[1]. We maintain our core principle that **digital markets should be open, competitive, and conducive to innovation, with regulatory interventions that are proportionate, evidence-based, and future-proof**.

We believe this SMS designation comes at a critical juncture. As we emphasised in our original submission, **the search industry stands at an unprecedented inflection point driven by AI**.

To help harness these changes we recommend:

- Design interventions with **built-in adaptability for AI market transformation**
- **A graduated remedy approach** based on market conditions
- **Continuous market monitoring** tied to AI development milestones

These key recommendations focus on ensuring any regulatory intervention emerging from the SMS designation enables rather than constrains the AI transition and helps deliver sustainable and enhanced competition, innovation and investments.

2. Assessment of the proposed SMS designation

2.1 Support for evidence-based findings

We broadly support the CMA's provisional finding regarding Google's market position in general search services. Within the traditional search paradigm, the SMS designation is supported by detailed market share data, a high level profitability assessment, and review of distribution agreements, data advantages, and network effects. The evidence also demonstrates Google's significant role in the UK digital economy, with over £10 billion in UK search advertising revenue and more than 200,000 UK advertisers using Google's platform.

[1] In particular this submission benefited from the insights included in CollectiveIntelligence.AI's recent white paper titled *Search in an AI World: Navigating the Transformation of Digital Discovery*.

2.2 Shifting AI market dynamics

While we support the analysis of the current market paradigm, we believe that the scale of AI disruption means established actors, including Google, are facing fundamentally different circumstances in the next five years than in the past fifteen. While the five year timeframe for SMS designation may seem “short” by traditional competition standards, we believe the speed and scale of change in AI will continue to take everyone by surprise.

In competition terms, the question we ask is whether generative AI will shift market shares within existing search markets, or whether generative AI will transform search fundamentally. In that context there is a risk that competition analysis focused on today’s existing, text-based and browser-embedded search may not age well especially if AI leads to a transformation of the search paradigm.

Recent technical breakthroughs have dramatically improved AI assistants' search abilities. AI assistants previously had limited web access and context constraints that affected their utility as search alternatives. The resolution of these limitations, combined with other AI enhancements (such as the release of ‘reasoning models’ like ChatGPT o3 or Anthropic’s Claude Opus 4.0 and their agentic modes) are relevant for assessing future competitive potential. The fact that these changes, consistent with the stated objective of several AI firms to replace traditional search players, happened since our last submission is testament to the rapidly changing nature of these markets.

AI capabilities are increasingly being integrated into operating systems, browsers, and devices, with some designed specifically as dedicated AI access points (including for search). While traditional search was optimised for text-based, query-response interaction, AI interaction paradigms are evolving towards voice and vision as primary modes. As described in Collective Intelligence for AI's White Paper[2], we are witnessing increasing fragmentation of search across various modalities—traditional search engines, standalone AI assistants, voice assistants, visual search, and social discovery.

These new modalities are already eroding traditional search, with some businesses betting on devices and interfaces that will supersede text-based search. Notable examples include OpenAI's acquisition of Jony Ive's AI hardware startup for approximately $6.5 billion, explicitly aiming to redefine device interfaces toward "screen-free, contextually aware" user experiences[3]. This fundamental shift from keyword-based to conversational and visual search patterns may significantly impact Google's competitive advantage, which remains firmly rooted in traditional text input/output optimisation.

3. Scope of designation - ensuring future relevance

3.1 Support for AI features inclusion

[2] See *Search in an AI World: Navigating the Transformation of Digital Discovery, in particular section 4 ‘Emerging Search Behaviours and Discovery Patterns’.*
[3] See for example 'World's greatest designer' Jony Ive joins OpenAI to 'reimagine' computers, Graham Fraser, BBC, 21 May 2025.

We support the inclusion of AI Overviews and AI Mode within the scope of general search services (paragraphs 4.37-4.39). These represent the natural evolution of Google's search offering rather than separate products.

The current approach of including AI features that are "deeply embedded within the Search infrastructure" provides a reasonable starting point, but we note that rapid technological change may require scope adjustments. Critically, we believe AI may fundamentally change how search operates, rather than simply be an added summarisation functionality to traditional search tools.

3.2 Gemini AI Assistant

We agree with the CMA's decision not to include Gemini AI assistant in the current designation scope, while preserving the option for future inclusion via public consultation (paragraph 4.20). This reflects appropriate regulatory caution given Gemini's uncertain competitive positioning at a time when the competitive dynamics around AI assistants are still crystallising.

Should such a consultation be triggered, it would also be an opportunity to review any existing SMS designation and proposed remedies to assess whether they are achieving their stated aim.

4. Competitive dynamics in the AI era

4.1 Evolving competitive parameters

The CMA's analysis (Section 5) captures current competitive constraints within the traditional search paradigm. The current analysis identifies Google's data advantages from search history, ecosystem integration, and scale as significant competitive factors.

In the emerging AI environment, foundation model training relies increasingly on diverse, high-quality training data rather than proprietary search query data alone. The competitive landscape seems to be shifting as success in these markets is increasingly driven by compute infrastructure and AI training capabilities.

This evolution can be illustrated by comparing the traditional search model with emerging AI-assisted search approaches:

- Change in infrastructure requirements: success factor moves from web crawling and indexing capabilities to compute infrastructure and foundation model training expertise, potentially leveling the playing field for new entrants with different technological strengths.
- Shift in scale dynamics: while traditional search relied heavily on user scale and query volume for optimisation, AI-assisted search shows lower dependency on user network effects and different optimal scale requirements for foundation model training.

- Different data advantages: competitive advantage moves from proprietary search query patterns to diverse, high-quality training data (both raw and synthetic), opening opportunities for companies with different data foundations.
- New access models: Rather than requiring proprietary web indexing infrastructure, AI assistants can leverage grounding[4] through search APIs for real-time information, making search infrastructure potentially more commoditised and interchangeable.

This transition is already underway. Entry by companies with different competitive strengths shows that the nature of competitive advantages are changing. This shift has important implications for how competitive dynamics may develop over the five-year SMS designation period. While sources of competitive advantage in traditional search are well described in the SMS designation document, we note that these may be significantly impacted by AI innovations over the next five years.

For example, while existing default agreements represent significant competitive advantages within the current paradigm, innovative AI services are using new distribution channels through voice interfaces, AI agents, and OS-level integration. Choice mechanisms may evolve from search engines to AI assistants, and as search becomes more conversational, traditional browser defaults may become less decisive in user behaviour, or advertising revenues.

As AI integrates with traditional search for "grounding" responses, default search agreements are likely to evolve. In this scenario, the chosen search engine API will be transparent to end-users, with selection potentially influenced by commercial or other factors. This presents a fresh opportunity for alternative search engines to capture market share, although these agreements may not align with traditional advertising models.

Traditional search requires substantial web crawling infrastructure and user scale for optimisation. Foundation model training and conversational search have very different optimal scale requirements (e.g. low incremental inference cost, limited user network effects, etc.)[5]. The availability of open-source models and cloud computing may further affect scale dynamics, while compute power, AI infrastructure, and foundation model access become increasingly important competitive factors.

4.2 Market structure evolution

As conversational AI develops, we anticipate several structural changes in the search market. Markets will likely remain concentrated due to the significant compute and AI infrastructure investment requirements.

However, we expect competition to increase through a more diverse foundation model ecosystem, with multiple approaches available including open-source alternatives that reduce dependencies on proprietary systems. The competitive dynamics will be less dependent on legacy search infrastructure, creating opportunities for companies with different technological strengths.

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[4] In generative AI, grounding is the ability to connect model output to verifiable sources of information (usually through APIs); tethering models to specific data sources significantly reduces their propensity to hallucinate.
[5] See for example Toward more economical large-scale foundation models: No longer a game for the few, Wu, Yiqing et al., The Innovation, Volume 6, Issue 4, 100832 (7 April 2025)

The evolution towards AI-assisted search will likely shift competitive factors from web crawling and user scale to compute power, data quality, and foundation model capabilities. Network effects will become less dependent on traditional user search behaviour patterns, while AI "grounding" through APIs–rather than proprietary search infrastructure–may make AI assistants more substitutable to search. The rise of agentic AI[6] will further amplify this process.

We believe organisations relying on today's search for online visibility and customer acquisition will need to adapt their entire online strategy, tools and processes to maintain their online visibility.

5. International coordination and implementation efficiency

5.1 Learning from global developments

We believe the CMA's monitoring of parallel international proceedings (paragraph 5.202) is important as other markets provide valuable insights. For example, the EU's DMA provides useful insights into choice screen design and data portability requirements, while also highlighting some potential unintended consequences[7] of prescriptive frameworks. This reinforces the value of the UK's principles-based flexibility.

5.2 Implementation efficiency considerations

Simultaneous regulatory activity in multiple jurisdictions creates opportunities for improved coordination. Better international coordination could reduce conflicting remedy requirements, improve implementation efficiency and reduce compliance costs while enhancing user experiences. Coordination mechanisms to improve implementation efficiency could include the technical compatibility of UK remedies so that they can coexist effectively with international requirements and mutual recognition of equivalent remedies implemented in other jurisdictions (when addressing UK concerns).

6. Forward-looking remedy design principles

6.1 Built-in adaptability for paradigm uncertainty

We believe that remedies flowing from SMS designation must accommodate the possibility of fundamental market transformation. Dynamic review mechanisms should include regular effectiveness assessments tied to AI development milestones, with the ability to rapidly modify interventions if competitive conditions change substantially. We further believe that this would be compatible with the CMA's 4P approach (Proportionality, Pace, Predictability and Process) by clearly signalling that interventions will be adapted to reflect technological evolution in dynamic markets.

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[6] We expect agentic take up to further accelerate with the roll out of ChatGPT's agent announced July 18th 2025
[7] See for example, "Rethinking the DMA: Innovation, Competition, and the Risks of Overregulation" by Diana Năsulea and Christian Năsulea, European Policy Information Center, 25 June 2025.

Remedies should be designed to be adaptable to changing circumstances and target specific market failures rather than flow automatically from SMS status. As the CMA points out, SMS designation does not imply wrongdoing. Yet, effective regulation requires a clear link between identified harm and proposed remedies, ensuring interventions are focused, proportionate and necessary.

Innovation-friendly design principles should guide remedy development, emphasising technology-neutral requirements that don't favour current solutions over future innovations. Principles-based approaches rather than prescriptive technical mandates will allow for beneficial innovation, including AI integration that enhances user experience while maintaining competitive objectives.

6.2 Measuring success in the AI era

Traditional market metrics may inadequately capture competition in AI-mediated search environments. Beyond simple market share measurements, success indicators should include user satisfaction and choice effectiveness metrics (ROI on ad spent across channels, share of ecommerce spend initiated through AI bots, for example).

We believe AI capabilities will continue to evolve exponentially over the next five years[8]. AI-specific indicators will become increasingly important, including the availability and quality of alternative AI search experiences (including through AI agents), barriers to AI assistant development and deployment, and data access and portability for AI training and operation. These metrics would provide a more comprehensive view of competitive health in evolving search markets.

7. Practical recommendations for implementation

7.1 Continuous monitoring of market dynamics

Given the unprecedented uncertainty around AI market evolution, we invite the CMA to consider continuous market monitoring within the five year designation period. Five-year SMS designation periods coincide with potential paradigm shift timelines[9], and traditional regulatory pace may be too slow for AI transformation speed.

Review of AI adoption rates, competitive entry, and user behaviour shifts would provide important insights into competitive dynamics. We believe innovation around conversational AI and associated competitive forces may significantly alter the competitive landscape over the next five years. Continuous market monitoring would provide the CMA with the ability to adjust its regulatory interventions based on evidence to ensure regulatory approaches remain relevant and effective.

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[8] We note that since the beginning of the consultation, AI LLMs seem to have passed the Turing test, the first of many milestones we expect over the next five years.

[9] We note that recognised experts in the field, including Sam Altman (OpenAI), Geoff Hindon (ex Google), Demis Hassabis (Google) & Dario Amodei (Anthropic), now predict that AGI is more likely than not within 5 years, See for example "Here's how far we are from AGI, according to people developing it", Business Insider, April 20 2025.

7.2 Adaptive regulatory design principles for SMS interventions

Should the CMA proceed with SMS designation and subsequent interventions, we recommend incorporating gradual approaches that allow adjustment based on market developments. Such frameworks could begin with less intrusive measures (transparency, choice, data portability) with ability to escalate if market-led AI competition fails to materialise, while maintaining flexibility to de-escalate if AI-driven competition proves effective.

While SMS designation establishes market power rather than evidence of wrongdoing, any subsequent intervention design would benefit from clear identification of specific market harms to ensure measures remain targeted and proportionate.

Given the rapid pace of AI innovation, regulatory design should prioritise measures least likely to be made redundant by technological development, as some traditional remedies risk being overtaken by market evolution while others may create unintended friction for SMEs who rely heavily on digital visibility. Where appropriate, piloting approaches before broader implementation could help identify such effects early.

8. Design principles for AI-era digital market interventions

8.1 Choice architecture for evolving search modalities

Should the CMA proceed with SMS designation and consider future interventions, we recommend that any choice mechanisms should be designed with AI transformation in mind. Choice architecture should accommodate AI assistants alongside traditional search engines, consider how choice is presented in voice and conversational interfaces, and design for evolving interaction modalities rather than focusing solely on current web browsers. Effectiveness monitoring will be crucial and should track actual switching behaviour rather than just choice screen completion, measure whether users understand differences between options presented, and include regular user research to optimise choice design effectiveness. This comprehensive approach will ensure that choice mechanisms remain relevant as user interaction patterns evolve toward more conversational and multimodal interfaces.

8.2 Data portability

Consumer data portability requirements should enable search history and preference portability to enhance user choice, while ensuring technical standards enable meaningful data use by alternative services. Privacy and security implications must be carefully considered alongside competitive benefits to protect user interests.

Competitive data considerations require calibration between enabling innovation and protecting legitimate business interests. Time-limited or conditional access arrangements may be appropriate where they balance competitive needs with innovation incentives, with focus on data types most relevant for enabling competitive alternatives.

8.3 Algorithmic transparency for business predictability

Should transparency measures be considered, algorithm communication should include reasonable disclosure requirements for businesses significantly affected by search changes, with advance notification of major algorithm updates that could substantially impact traffic patterns. This becomes particularly important as AI integration creates more dynamic and potentially opaque ranking systems. This would improve predictability and business planning capabilities, especially as AI-driven search evolution may create more frequent and substantial algorithmic shifts than traditional search systems.

9. Additional areas for consideration & engagement

9.1 B2B and Enterprise Search

Enterprise markets may be particularly important for assessing AI's disruptive potential. Business users show greater willingness to switch search tools for cost or functionality advantages, and enterprise adoption of AI assistants for research and analysis tasks is already following different patterns than consumer adoption. This suggests AI-driven search alternatives may gain traction faster in business environments, potentially providing valuable early indicators of the broader market transformation we anticipate. Given this early adoption pattern, remedy design should carefully consider impacts on SMEs and enterprise users to avoid inadvertently blunting the competitive effects these businesses could drive.

9.2 Vertical Search Evolution

AI is blurring traditional boundaries between general and specialised search in several important ways. AI aggregation increasingly allows AI assistants to combine information from multiple specialised sources (e.g. online, shopping, travel…), while traditional vertical search services are adapting to AI-mediated discovery patterns. This convergence creates competitive dynamics that don't neatly align with traditional market definitions, suggesting remedy frameworks should be flexible enough to address these evolving boundaries.

9.3 Participative approach & ongoing constructive engagement

We welcome the CMA’s participative approach and continued collaboration throughout the implementation process. While the consultation gathered extensive stakeholder input, we believe additional perspectives from start ups seeking digital visibility, scaling platforms and AI-first companies (including those building search alternatives) would provide particularly valuable insights. We also welcome the CMA’s ongoing industry dialogue and regular monitoring of AI developments.

10. Conclusion

This is a pivotal moment for UK digital policy. Platform Leaders support the CMA's proposed SMS designation based on the evidence presented. We note the thorough analysis and evidence-based approach.

We emphasise that any resulting interventions should be designed for the AI era. The competitive landscape documented in this Proposed Decision is evolving rapidly. Regulatory frameworks must be sufficiently flexible to adapt as AI transforms how users discover and access information.

The evidence base that guides regulation should be forward looking and capture leading indicators of market changes (eg. AI bots/agent use). As the CMA moves to the remedies phase, it will be important to identify precise market harm from SMS to design targeted and proportionate interventions.

The opportunity before the CMA is significant: to create regulatory conditions that enable technological innovation to enhance choice and competition in search. This requires moving beyond traditional remedy models to embrace forward looking interventions.

We are aware of the broader pro-growth policy steer of the UK Government and the importance of innovation and investment in digital markets. We look forward to continued dialogue as the CMA develops specific measures to ensure regulation enables rather than constrains beneficial innovation.

The UK has the opportunity to lead globally by creating the first regulatory framework truly designed for the AI era - one that protects competition while enabling the innovations that will define the next decade of digital markets. Platform Leaders look forward to contributing to this important work.

On behalf of Platform Leaders

Platform Leaders was launched in 2020 to bring together entrepreneurs, practitioners, policy makers, researchers, and investors contributing to digital platform development. Our community includes digital start-ups, scale-ups, and corporates across the UK and internationally. The Collective Intelligence for AI initiative was launched in Nov 2024 to prepare individuals, organisations and institutions for transformative AI.