CMA Microsoft Business Software Ecosystem Investigation

Submission from Jisc, with thanks to the input and support of UCISA

Executive Summary

Microsoft products and services are widely used across UK higher and further education institutions and deliver significant benefits in areas including productivity, collaboration, security, identity management and digital service delivery. Institutions have adopted Microsoft technologies for a range of legitimate operational, financial and strategic reasons, and many report positive outcomes from those investments.

The purpose of this submission is to provide evidence and observations from the education sector that may assist the Competition and Markets Authority in assessing the extent to which competition remains effective within the markets affected by Microsoft's business software ecosystem.

Microsoft's presence within educational institutions has expanded beyond productivity software into a broader ecosystem encompassing identity and access management, collaboration platforms, storage, endpoint management, security, compliance, analytics, cloud services and artificial intelligence. While these capabilities may deliver operational efficiencies and improved user experience, institutional representatives have highlighted that the boundaries between Microsoft capabilities are becoming increasingly difficult to separate in practice. Features and controls may operate across multiple services, licensing tiers and administrative environments, meaning that institutions are not always evaluating discrete products in isolation. This increasing cross—service integration may also affect the practical ability of institutions to evaluate, adopt and sustain alternative suppliers across adjacent markets.

Alternative products and services remain available and are used by a number of institutions. These include competing productivity suites, security solutions, cloud providers, communications platforms and emerging AI services. However, the existence of alternatives

does not in itself demonstrate effective competition. The relevant consideration is whether institutions can adopt, maintain or switch to those alternatives without incurring disproportionate costs, operational risks, integration challenges, governance burdens or disruption to users.

The evidence presented in this submission suggests that, for many institutions, technology decisions are increasingly shaped by the cumulative effects of integration across multiple layers of the Microsoft ecosystem. The CMA may therefore wish to consider not only the theoretical availability of competing products, but also the extent to which those products remain practically contestable once Microsoft services have become embedded within institutional operations.

About Jisc

Jisc is the UK's digital, data and technology agency for tertiary education, research and innovation. It provides the national digital infrastructure and shared services that support universities, colleges, research organisations and skills providers across the UK.

Jisc operates key national services including the Janet network, cyber security services, digital identity and access management infrastructure, cloud and software procurement frameworks, and sector-wide data and digital capability services. Through these activities, Jisc works with institutions across the higher and further education sectors and maintains relationships with a broad range of technology suppliers, including Microsoft and its competitors.

Jisc also manages, in partnership with the Southern Universities Purchasing Consortium (SUPC), the Microsoft Enrolment for Education Solutions (EES) agreement on behalf of the UK education sector. This provides Jisc with insight into institutional adoption patterns, licensing arrangements, procurement considerations and the practical challenges associated with the deployment and management of Microsoft technologies.

The observations set out in this submission are informed by Jisc's role as a provider of national digital infrastructure, a sector procurement and licensing body, and a trusted adviser to education and research organisations. They are intended to assist the CMA in understanding how Microsoft's business software ecosystem operates within the context of UK education and research, and how institutional technology choices are shaped in practice.

Sector Context

Higher and further education institutions are large, complex organisations that rely on digital services to support teaching, learning, research, administration and student support. Unlike many commercial organisations, institutions operate across a diverse range of activities and user groups, often supporting tens of thousands of students and staff alongside extensive research, data management and public service functions.

Digital platforms within education are therefore rarely deployed as standalone products. Productivity software, identity and access management, collaboration tools, storage, security services, compliance functions and increasingly artificial intelligence capabilities are typically

integrated into wider institutional operating models. Technology decisions made in one area frequently influence choices and dependencies in others.

The sector as, over many years, adopted Microsoft technologies at significant scale. For many institutions, Microsoft products now underpin core operational functions including email, collaboration, identity management, endpoint management, storage, security and compliance. This adoption has often been driven by legitimate considerations including functionality, security, procurement efficiency, value for money and user familiarity.

The relevance of this context to the CMA's investigation is that competition may operate differently in markets where products form part of a wider integrated ecosystem. Institutions are generally able to procure alternative products and services. However, the practical ability to adopt, maintain or switch to alternative suppliers may be constrained by the existing technology choices, integration requirements, governance processes, user expectations, operational risk and the commercial and technical terms imposed through the incumbent ecosystem. This means that institutions may technically have access to market alternatives, but their ability to pursue those alternatives is not always commercially or operationally neutral.
As a result, the existence of alternative suppliers does not necessarily indicate that competition remains equally effective across all parts of the ecosystem. The key question is whether institutions can exercise meaningful choice between competing providers on a commercially and operationally neutral basis, or whether existing ecosystem dependencies increasingly shape future procurement decisions.

The Role of Shared Procurement and Sector Agreements

The education sector has a long history of collaborative procurement and shared licensing arrangements. These arrangements are intended to secure value for money, reduce administrative burden and improve access to technology for institutions of different sizes and levels of digital maturity.

Within this context, Microsoft licensing forms a significant component of many institutional technology estates. Decisions relating to productivity software can therefore have implications beyond the immediate product category, influencing choices relating to identity, security, storage, compliance, analytics and AI. The CMA may therefore wish to consider not only individual product markets, but also the extent to which purchasing decisions in one area may affect competition in adjacent markets over time.

AI as an Emerging Consideration

The emergence of generative AI introduces an additional dimension to the sector context. Most education institutions remain at an early stage of AI adoption and governance. However, AI capabilities are increasingly being integrated into existing productivity and collaboration platforms.

This creates a situation in which future AI adoption may be influenced not only by the relative merits of competing AI products, but also by existing relationships, licensing arrangements,

identity systems, security controls and user workflows. The CMA may therefore wish to consider how established ecosystem positions could affect competition in emerging AI-related markets.

This section deliberately sets up the rest of the submission without yet arguing that Microsoft has market power. It establishes why "practical contestability" matters in education before you start presenting the evidence.

Scope of investigation and candidate descriptions of Microsoft’s business software ecosystem

Jisc supports the CMA's decision to assess Microsoft's business software ecosystem as an interconnected set of activities rather than as a collection of separate software products.

Within education and research institutions, Microsoft products are rarely procured, implemented or governed in isolation. Productivity applications, identity and access management, collaboration platforms, storage, endpoint management, security services, compliance functions and increasingly AI capabilities operate as part of a wider institutional technology environment. Decisions made in one area frequently influence choices made elsewhere.

From an institutional perspective, the relevant competitive context is therefore not limited to individual products such as Word, Teams, Entra ID or Defender. Institutions often experience these services as components of a single operational ecosystem, supported by common licensing arrangements, shared administration, integrated workflows, common data structures and overlapping governance processes.

Assessing each component in isolation risks understating the extent to which adoption in one area may influence procurement decisions in adjacent markets. Jisc therefore considers that the CMA's ecosystem approach better reflects how business software is deployed, managed and experienced within the education sector.

The key competition question is not whether alternative products exist within individual categories, but whether institutions can continue to make independent choices across multiple technology domains once an integrated ecosystem has become embedded within core operational processes.

Effective competition requires practical substitutability

The existence of alternative suppliers should not be taken as evidence of effective competition. Effective competition exists only where institutions can adopt, operate and switch between alternative solutions without facing disproportionate financial cost, technical complexity, operational disruption or loss of functionality. The relevant question is whether the alternatives available are practically substitutable at scale required in a complex setting such as a university or college.

In education and research, technology markets are characterised by long-lived investments in platforms, integration, skills and governance. These create legitimate dependencies that can make switching difficult even where alternative products exist. The CMA should therefore consider not only product-level competition, but also the extent to which institutions can exercise meaningful choice across whole digital ecosystems, including productivity tools, identity services, security products, cloud services and emerging AI capabilities.

Practical dependency

Microsoft's position within UK education is best understood as a form of practical dependency. Institutions continue to have access to alternative products and services, and many operate mixed technology environments incorporating Google Workspace, specialist security providers, separate telephony arrangements and emerging AI tools. The extent to which Microsoft has become embedded across multiple layers of institutional infrastructure, makes future supplier choices increasingly dependent on decisions made elsewhere within the Microsoft estate.

This dependency is cumulative. Institutions may initially adopt Microsoft services to address a specific need such as productivity software, collaboration tools or email. Over time, many have also adopted Microsoft identity services, endpoint management, security tooling, compliance functions, storage platforms and, increasingly, AI services. Each of these decisions may be logical and deliver clear institutional benefits. However, they create an environment in which procurement decisions become progressively shaped by previous Microsoft investments, integrations, skills, governance arrangements and operational dependencies.

Jisc's December 2025 EES survey provides evidence that this form of practical dependency is already present across much of the UK education sector. Seventy-four per cent of responding institutions reported that moving away from Microsoft, either wholly or partially, was not a viable option. A further 15% stated that such a move might be possible, while only 8% considered it viable. At the same time, 62% reported increased Microsoft spending over the previous year and 57% indicated that Microsoft expenditure was having a moderate or significant influence on longer-term supplier strategy. These findings suggest that Microsoft's role within institutions increasingly extends beyond the provision of individual products and services and is shaping wider technology planning and procurement decisions.

The survey also points to growing adoption of integrated licensing models. Fifty-three per cent of respondents reported operating entirely on Microsoft 365 A5 licences, while a further 22% used A3 with A5 Security Step Up and 13% operated hybrid A3/A5 estates. Only 10% remained entirely on A3 licensing. Whilst institutions frequently report benefits from these services, particularly in relation to security, compliance and operational efficiency, the integration of multiple capabilities within a single licensing framework may make it more difficult for specialist providers to compete on a modular basis. Significantly, 31% of institutions already committed to A5 reported that migration was still underway, and 95% of those identified cost as a major barrier to completion.

The survey further highlighted the operational consequences of dependence on a deeply integrated ecosystem. Twenty-five per cent of respondents reported experiencing disruptive Microsoft changes during the previous twelve months, including storage policy changes, identity management updates, licensing changes and new feature introductions. Of those affected, 22% specifically cited default-enabled trial features as a source of disruption. Institutions also reported concerns about licensing complexity, with 57% expressing a desire for fewer Microsoft stock-keeping units (SKUs) and 36% seeking greater pricing transparency through sector-specific price cards.

The emergence of AI raises a further forward-looking consideration. While only 1% of institutions described AI as embedded within institutional operations and only 1% considered their AI capability to be optimised or transformative, just 35% reported having approved AI tools beyond Microsoft's own offerings. Twenty-six per cent had no approved AI tools outside Microsoft, while 38% were not yet evaluating alternatives. This suggests that many institutions may encounter AI primarily through Microsoft's existing productivity, identity and collaboration environment, potentially reinforcing existing patterns of dependency before alternative AI markets have fully matured.

Taken together, this evidence does not suggest that institutions are dissatisfied with Microsoft or that alternatives are unavailable. It does suggest that Microsoft's products, services and licensing arrangements are increasingly embedded across multiple operational layers. The result is a form of practical dependency in which alternative suppliers remain available in principle but may become more difficult to adopt, sustain and govern in practice. The question for institutions is if they can realistically exercise meaningful supplier choice without incurring disproportionate cost, complexity, risk or disruption.

Sources of practical dependency

The evidence gathered by Jisc suggests that practical dependency emerges from the cumulative interaction of technology, licensing, governance and operational factors across the wider Microsoft ecosystem.

Institutions frequently describe dependency in terms of the challenges associated with changing one element of an environment that has become integrated across multiple operational functions. Email, collaboration, identity management, security, storage, endpoint management, compliance and increasingly AI services are often administered through interconnected platforms, licensing arrangements and governance processes. As a result, the costs associated with adopting or maintaining alternative suppliers may extend beyond software procurement. Institutions may need to consider migration costs, integration effort, staff training, user support, data management, information security, compliance requirements, accessibility reviews, procurement processes and business continuity risks. These factors can increase the practical burden of diversification even when alternative products are available and technically capable.

Institutional representatives also described examples where Microsoft capabilities become increasingly cross-service over time. Purview and Defender were cited as areas where governance, email protection, phishing controls, reporting, logging and alerting may become

linked across Microsoft services. This can require institutions to develop skills, configurations and processes around Microsoft platforms in order to support existing operational needs. Once that investment has been made, alternative specialist suppliers may face a higher practical barrier, because they must compete not only on functionality and price, but also against an incumbent capability that is already licensed, partially implemented and integrated into institutional workflows.

The practical concern is that institutions may be encouraged to adapt their requirements to the available Microsoft capability, rather than first defining the institutional need and then assessing the market on a neutral basis. Over time, this may constrain the ability of institutions to maintain distinct technology strategies or select more specialised alternatives where those alternatives better match local requirements.

Jisc's recent research into technical legacy found that many universities operate complex digital estates characterised by deeply embedded systems, an accumulation of integrations, customisations, and governance processes, that have all been developed over many years. Institutions need to assess the implications for connected systems, data flows, business processes and organisational support arrangements

The Jisc survey evidence also suggests that these considerations are increasingly influencing institutional decision-making. Whilst alternative suppliers remain available in many product categories, respondents frequently described procurement decisions as being shaped by existing Microsoft investments, existing technical integrations and the perceived risks associated with introducing additional complexity into institutional environments.

For the purposes of competition assessment, it may be useful to distinguish between the existence of alternatives and the practical conditions under which those alternatives compete. A market may contain multiple suppliers whilst still exhibiting significant dependency if the operational, technical and governance costs of exercising choice become progressively higher as ecosystem integration increases.

The remainder of this submission examines several factors that may contribute to practical dependency within the education sector, including integrated licensing models, data and storage dependencies, governance and change management burdens, security integration, and the emergence of AI services embedded within existing institutional workflows.

Additional qualitative evidence gathered through discussion with institutional representatives supports this distinction between theoretical availability of alternatives and practical substitutability. Representatives described Microsoft dependency not as a single procurement decision, but as the cumulative effect of services becoming embedded across email, collaboration, storage, identity, endpoint management, security, analytics and, increasingly, AI workflows.

One representative described the pattern as starting with a core service such as email and then expanding as additional functionality is included in the Microsoft licence bundle. The issue identified was not that these services lack value, but that institutions are progressively

encouraged to use adjacent Microsoft services because they are already licensed, already integrated, and administratively easier to justify than separate best-of-breed alternatives. This aligns with the discussion that institutions may start from email and OneDrive, then find additional services such as Power BI/now called Fabric, Teams Premium, Purview, Intune and other capabilities becoming harder to distinguish from the wider Microsoft bundle.

Representatives also noted that the practical cost of using an alternative is not simply the price of the alternative product. Institutions may also continue paying for the Microsoft capability because it remains embedded within the wider licence bundle. This can weaken the business case for alternative suppliers, even where the alternative may be functionally stronger or better suited to a specific institutional need.

Integrated licensing and ecosystem expansion

Jisc's evidence suggests that integrated/bundling licensing models may play an important role in shaping technology choices within the education sector. The issue is not whether Microsoft licensing delivers value. Many institutions report significant benefits from Microsoft 365, particularly in relation to security, compliance, identity management and operational efficiency. The relevant question for the CMA is whether the structure of integrated licensing arrangements influences competition across adjacent technology markets.

Institutional representatives highlighted that bundling is not only a licensing issue, but also a product architecture issue. As features spread across Microsoft services, institutions may find that capabilities they need are no longer contained within a discrete system, but linked to adjacent Microsoft products, premium tiers or administrative environments. This can encourage broader adoption of the Microsoft stack and a top-up model for accessing additional functionality. The concern is that institutions may be pushed towards using more of the Microsoft ecosystem rather than independently defining their requirements and assessing whether alternative suppliers offer a better fit.

Survey responses indicate substantial adoption of Microsoft's higher-tier licensing models. Fifty-three per cent of respondents reported operating entirely on Microsoft 365 A5 licences, while a further 22% used A3 licences combined with A5 Security Step Up and 13% operated mixed A3/A5 estates. Only 10% remained entirely on A3 licensing. This suggests that many institutions are increasingly consuming Microsoft services through licensing arrangements that extend beyond productivity applications into security, compliance, identity management, device management, analytics and other operational capabilities.

Institutional representatives gave practical examples of how this can affect procurement decisions. One institution noted that when an existing cloud storage supplier increased pricing, OneDrive became difficult to compete against because it was already included within the Microsoft licence. Another representative identified Intune as an example where separate device management solutions, including Mac management tools, became harder to justify because Intune was already available within the Microsoft environment. The concern expressed was not that Intune was necessarily the best solution in all cases, but that it was “there” and

already being paid for, making it difficult for senior decision-makers to approve additional expenditure on a separate specialist product.

Representatives also described a pattern in which features or controls appear to move into newer Microsoft services, creating dependencies that institutions did not necessarily plan for when making the original procurement decision. Purview and Intune were cited as examples where functionality can become increasingly linked to newer parts of the Microsoft estate, making it more difficult to sustain a modular or best-of-breed approach.

From an institutional perspective, integrated licensing can offer genuine advantages. Procuring multiple capabilities through a single bundled agreement may reduce administrative complexity, simplify governance arrangements and improve interoperability between services. For institutions facing significant financial and operational pressures, integrated solutions may represent an efficient and attractive route to improving digital capability.

However, integrated licensing may also influence competition in adjacent markets. Where identity management, endpoint management, security, compliance, analytics and AI capabilities are bundled within a broader licensing framework, institutions may increasingly evaluate these functions as part of a wider Microsoft estate rather than as individual procurement decisions. In such circumstances, alternative suppliers are required to compete not only on product quality and price, but also against the operational convenience, existing integrations, governance arrangements and procurement efficiencies associated with services already included within an institution's Microsoft agreement.

This effect may be reinforced by what institutional representatives described as a “ladder” of licensing tiers. Institutions may buy a broader licence tier to access one or more desired capabilities, while also receiving additional functionality that they may not fully use. Representatives noted that this can make the bundle appear attractive and administratively simple, while also increasing the volume of Microsoft services present in the institution and making future substitution more difficult.

The discussion also highlighted a distinction between licence bundling and service bundling. Institutions may be able to disable some services technically, but the services have still been paid for, are often integrated into the Microsoft administration model, and may be linked to user workflows or other Microsoft services. This can make it difficult to isolate a single product market from the wider ecosystem in which institutional decisions are actually made.

The survey findings suggest that these dynamics may already be influencing institutional decision-making. Fifty-seven per cent of respondents reported that Microsoft expenditure had a moderate or significant impact on longer-term supplier strategy, while 62% reported increased Microsoft spending over the previous year. These findings are consistent with a position in which procurement decisions in one area increasingly influence choices in adjacent technology domains.

The experience of institutions migrating to A5 provides a further indication of the significance of these licensing arrangements. Thirty-one per cent of institutions operating A5 licences reported

that migration was still ongoing, and 95% of those identified cost as a significant barrier. This suggests that movement within the Microsoft ecosystem itself may involve substantial investment and organisational change, reinforcing the importance of understanding how licensing structures influence longer-term technology strategies.

The competition question is therefore not whether Microsoft 365 A5 is beneficial. Many institutions clearly believe that it is. Rather, the question is whether integrated licensing arrangements strengthen Microsoft's position across multiple technology markets by making modular procurement and best-of-breed competition progressively harder to sustain over time. Such effects may become particularly important as new capabilities, including AI services, are increasingly incorporated into existing licensing frameworks rather than procured as distinct products.

Data, storage and operational dependency

Storage provides a useful example of how dependency can develop within a wider software ecosystem. Many institutions now use OneDrive, SharePoint and Teams as core components of their collaboration and information management environments. As a result, storage decisions are often connected to wider organisational processes and workflows.

This dependency is particularly significant because Microsoft had previously operated without the same form of institutional storage cap now being applied. Institutions therefore made long-term decisions about collaboration, teaching, administration, records management and user storage in an environment where the current restrictions were not part of the original operating assumptions. In some cases, these decisions have been embedded over many years and across multiple institutional functions.

Jisc member feedback indicates that some institutions are significantly above their revised Microsoft storage allocations, with reported overages ranging from relatively small amounts to more than one petabyte. Institutions responding to these changes have considered a range of actions, including reducing stored data, purchasing additional Microsoft storage, changing licensing arrangements and reviewing governance processes.

Institutional representatives highlighted that the pace and design of the storage change created particular challenges for education institutions. A smaller commercial organisation may be able to respond to a storage allocation change through relatively contained data cleansing or purchasing decisions. However, large and multi-faceted education institutions may have many years of accumulated data, complex ownership structures, research and teaching use cases, distributed governance responsibilities and multiple categories of users. In that context, extracting, deleting, relocating or reclassifying data requires consultation, tooling, ownership mapping, risk assessment, user engagement and time.

Representatives noted that the practical options available to institutions were limited. In some cases, institutions faced the choice of purchasing additional Microsoft storage, undertaking complex migration activity, or using alternative Microsoft-supported or Microsoft-adjacent

approaches that themselves required additional third-party cost, training or operational change. The speed of implementation was viewed as limiting the ability of alternative suppliers or sector-led solutions to respond before institutions were required to manage the immediate impact.

Jisc has also received feedback regarding the operation of Microsoft's education storage model. Some institutions have reported situations where individual users have been subject to storage restrictions despite the institution remaining within its overall pooled entitlement. Institutions have highlighted concerns about the practical operation of pooled storage and the extent to which capacity can be managed according to local requirements.

Representatives also questioned whether the revised storage model adequately reflects the requirements of research-intensive and large education institutions. They noted that storage needs in education may differ materially from standard business usage patterns, particularly where institutions support research data, teaching content, media-rich learning environments, long-term collaboration spaces and complex records management obligations. Even where very large research datasets are held outside Microsoft 365, institutions may still have significant Microsoft storage requirements arising from everyday collaboration, teaching, administration and user-generated content.

The concern is therefore not simply that Microsoft introduced storage limits. The competition-relevant issue is that the change occurred within an already embedded ecosystem where institutions had limited practical ability to redesign workflows, procure alternatives, migrate data or change user behaviour before cost and operational consequences arose. This illustrates how a supplier’s change to one component of an integrated ecosystem can create wider financial, operational and governance effects, while also reducing the practical opportunity for alternative suppliers to compete on a timely and neutral basis.

The relevance to the CMA's investigation is that storage is not experienced as an isolated service. Changes affecting storage may also affect collaboration platforms, records management, user support arrangements and institutional governance processes. This illustrates how decisions within one part of an integrated software ecosystem can have implications beyond the immediate product or service concerned.

Governance, change management and institutional control

Jisc's survey evidence indicates that institutional experience of Microsoft services is shaped not only by product functionality and licensing arrangements, but also by the processes through which changes are introduced and managed. Twenty-five per cent of respondents reported experiencing Microsoft changes that caused operational disruption during the previous twelve months. Reported examples included licensing changes, storage changes, Entra identity changes, SharePoint changes and user interface or administrative portal changes. Of those institutions reporting disruption, 22% identified default-enabled trial features as a contributing factor.

Institutions generally expect cloud-based services to evolve over time and recognise the benefits that regular updates can provide. However, education institutions operate within governance frameworks that require consideration of issues such as information security, accessibility, data protection, procurement, user communications and service management. Changes to widely used platforms may therefore require assessment, planning and implementation activity before they can be adopted effectively.

Institutional representatives highlighted that the challenge is not simply that Microsoft cloud services change, but that changes can affect services that have become embedded into teaching, learning, research, administration and support workflows. One example discussed was Microsoft Stream. Representatives described how Stream had become embedded in virtual learning environment use and video workflows, before subsequent changes created disruption and required institutions to identify ownership and management responsibility for large volumes of content. The difficulty was not only technical migration, but the governance question of who owned the data, who had authority to delete or move it, and how much unplanned workload was placed on academic or departmental teams.

Representatives also noted that Microsoft's change lead times can be difficult for universities and colleges because institutions operate with complex governance requirements, multiple internal business units, and different categories of users. A change that may appear straightforward in a smaller commercial setting can have broader consequences in an institution with teaching, research, professional services, healthcare education, student support, accessibility, records management and compliance obligations.

This supports the view that education institutions are not simply large commercial customers. They are complex, multi-function organisations where changes to core collaboration, identity, storage or communication services can create cross-institutional governance and service-management impacts.

Respondents highlighted the value of greater institutional control over how new features are introduced, including requests for default-off trials and improved opportunities for testing before wider deployment. These responses suggest that, for some institutions, the operational challenge is not the existence of change itself, but the ability to evaluate and manage change within established governance processes.

The relevance to the CMA's investigation is that institutional experience of a software ecosystem is influenced by the degree of control institutions have over the introduction of new functionality, changes to existing services, and associated governance requirements. Where products are widely embedded across institutional operations, changes within the ecosystem may have consequences across multiple services and user groups.

Education-specific fit and product design

Institutional representatives raised concerns that Microsoft education licensing can sometimes operate as a repackaging of broader commercial products rather than as a product model designed around the operational complexity of education.

Representatives described universities as complex environments with multiple internal user groups and operational models, including teaching, research, professional services, students, healthcare education and external collaborators. These groups may have different data, workflow, access, compliance and support requirements.

The concern expressed was not that Microsoft products are unsuitable for education, but that some product design and support assumptions appear better aligned to simpler commercial environments. Representatives noted that when education-specific functionality is offered, it may not always provide the depth or configurability required for institutional use. Examples discussed included Teams education settings and limitations in feature availability or configuration compared with other business contexts.

This matters for competition because where the Microsoft suite is already embedded and heavily discounted, institutions may continue to adapt around Microsoft product constraints rather than procuring alternative tools that are more tailored to specific educational use cases. In such circumstances, product fit, licensing structure and ecosystem dependency interact in ways that can reduce the practical contestability of specialist education technology suppliers.

AI and future competition

Artificial intelligence represents a significant area of future development within business software. Jisc's survey evidence suggests that most education institutions remain at an early stage of adoption. Eighty-one per cent of respondents described their organisations as still experimenting with or exploring AI technologies. Only 1% reported that AI was embedded within institutional operations, and only 1% considered their AI capability to be optimised or transformative.

The survey also indicates that institutional evaluation of AI suppliers remains at an early stage. Thirty-five per cent of respondents reported having approved AI tools beyond Microsoft's own offerings, while 26% had no approved AI tools outside Microsoft and 38% were not yet evaluating alternatives. These findings suggest that procurement, governance and adoption decisions relating to AI are still developing across much of the sector.

Jisc's wider research into technical legacy found that universities frequently face challenges associated with fragmented systems, siloed data and complex digital architectures. The report noted that AI systems derive value from integrated data, well-defined processes and accessible services. As a result, the ability to deploy AI capabilities within existing operational environments may become an important factor in institutional adoption decisions.

Institutional representatives observed that Microsoft’s AI proposition appears to assume that institutional data will sit primarily within the Microsoft 365 environment, including SharePoint,

OneDrive, Teams and email. This does not reflect the reality of many education institutions, where data is distributed across fragmented systems, specialist platforms and multiple suppliers. The concern is that AI adoption may be shaped by where data already sits, and by the ease of using Microsoft AI within Microsoft-controlled environments, rather than by a neutral assessment of the wider AI market. This may reinforce existing ecosystem dependency unless Microsoft and other suppliers provide effective integration routes across non-Microsoft data sources.

At the same time, AI capabilities are increasingly being incorporated into existing productivity and collaboration platforms. As a result, institutions may first encounter AI through services that are already integrated into established workflows, licensing arrangements, identity systems and collaboration environments. This does not in itself raise a competition concern. Integrated AI services may provide significant benefits to institutions and users.

Qualitative evidence from institutional representatives supports the view that AI adoption may be shaped by existing Microsoft ecosystem dependencies before the AI market has fully matured. Representatives noted that Copilot is already available in some form within the Microsoft environment and may be easier for institutions to make available because it sits inside existing identity, security, governance and productivity workflows. However, they also expressed concern that this can cause AI capability to “wheedle its way” into day-to-day processes, including analytics and workflow tools, creating dependency before institutions have fully understood the risk, value, cost model or alternatives.

One institution described making the free or lower-level Copilot chat capability available while managing access to paid Copilot licences through a controlled process. It was also piloting access to a wider range of large language models through another provider, but noted uncertainty about how such intermediary or partner-led models connect back into the Microsoft ecosystem. This illustrates that institutions may wish to explore a broader AI market, but their starting point is often shaped by the Microsoft environment already used for productivity, identity and collaboration.

Representatives also raised concerns about the difference between selling AI capability and supporting institutions to adopt it safely and effectively. They described a pattern where Microsoft promotes new functionality, but institutions may then need to rely on partners or third-party suppliers for readiness assessments, implementation planning or practical adoption support. This may add cost and complexity, particularly where AI products are introduced into already complex institutional data, workflow and governance environments.

This supports the submission’s wider point that AI competition should not be assessed solely by asking whether multiple AI products exist. The relevant question is whether institutions can evaluate and adopt alternatives on a commercially and operationally comparable basis when Microsoft AI capabilities are already embedded into the productivity suite, surfaced to users through existing workflows, and connected to existing identity, analytics and collaboration environments.

The relevance to the CMA's investigation is that competition in AI-related markets is still emerging. The practical choices available to institutions may therefore be influenced not only by the capabilities of individual AI products, but also by how those products are introduced, governed and accessed within existing software environments. The current stage of AI adoption means that decisions taken over the next few years may play an important role in shaping longer-term patterns of institutional use.

For this reason, Jisc considers it important that assessments of competition within business software ecosystems take account of the interaction between existing platform positions and the development of AI-enabled services. The key question is whether alternatives can be evaluated and adopted on a commercially and operationally comparable basis as AI capabilities become embedded within established software ecosystems.

Concluding Comments

Microsoft products and services play an important role across UK higher and further education. Institutions have adopted Microsoft technologies because they deliver value in areas including productivity, collaboration, security, identity management and digital service delivery. The evidence presented in this submission should not be interpreted as criticism of those products or as an argument that institutions lack alternatives.

Jisc's evidence does suggest that competition within business software ecosystems cannot be assessed solely by reference to the existence of alternative products. The experience of many institutions is that technology decisions increasingly take place within an environment shaped by accumulated investments in platforms, licensing arrangements, integrations, governance processes, skills and operational dependencies. As a result, alternatives may remain available in principle whilst becoming more difficult to adopt, sustain or replace in practice.

Qualitative feedback from institutional representatives reinforces the quantitative survey evidence. Institutions recognise that Microsoft products deliver value and that the integrated Microsoft environment can provide administrative, security and user-experience benefits. However, they also describe practical constraints that arise when services are bundled, embedded and interdependent. The examples discussed included OneDrive displacing alternative storage options, Intune and Purview affecting the business case for specialist tools, Teams contributing to the decision to drop Zoom, Stream changes creating governance and workload impacts, and Copilot becoming part of emerging AI workflows before wider market alternatives have been fully evaluated.

These examples do not demonstrate that institutions lack choice in a formal sense. They do, however, show why formal choice and practical choice may diverge in a mature software ecosystem. Once Microsoft services are embedded across licensing, administration, identity, storage, collaboration, endpoint management, security and AI workflows, alternatives may remain available but become progressively harder to justify, integrate, govern or sustain.

Jisc supports the CMA's decision to examine Microsoft's business software ecosystem as an interconnected set of activities rather than as a collection of individual products. From an institutional perspective, productivity applications, identity services, collaboration platforms, storage, security capabilities and emerging AI services are frequently experienced as parts of a wider operational environment. The cumulative effect of these relationships may be as important to competition outcomes as the characteristics of any individual product market.

The evidence presented in this submission highlights several factors that may be relevant to the CMA's assessment, including integrated licensing arrangements, operational dependencies associated with data and storage, governance and change management considerations, and the interaction between existing software ecosystems and emerging AI services. These factors do not demonstrate a lack of competition in themselves. However, they are relevant to understanding whether institutions can exercise meaningful supplier choice on a commercially and operationally neutral basis over time.

Jisc therefore encourages the CMA to consider not only whether alternatives to Microsoft exist, but whether those alternatives remain practically contestable once Microsoft services have become embedded across multiple layers of institutional operations. In Jisc's view, this distinction between theoretical choice and practical choice is central to understanding competition within modern business software ecosystems and their future development.