Collabora Productivity Limited Submission to the UK CMA ITC

What role or interest does your organisation have in this consultation?

Collabora Productivity Limited is UK domiciled competitor to Microsoft and delivers Collabora Office, a business-hardened, open-source office productivity suite providing document editing and collaboration across web, desktop, and mobile platforms.
Our products support all major file formats (including ODF, the internationally recognised ISO open standard and OOXML Microsoft Office formats such as Word (DOCX), Excel (XLSX), Powerpoint (PPTX). Collabora's suite runs on-premise delivering data sovereignty and GDPR compliance for modern distributed teams. Backed by the largest team of Open Source Office productivity engineers globally, Collabora Productivity offers a secure, high-performance alternative to proprietary and big-brand solutions for organizations at scale, and delivers that through a global network of over two hundred trusted partners.
Our staff have been competing with Microsoft for over twenty five years at various entities. They have been involved in document standardization, the inception of the OpenOffice project, the creation of LibreOffice, and are leaders in creating open source alternatives both free to market and with paid support subscriptions. Our free Collabora Online software has over one hundred million downloads from docker-hub alone.
In addition our staff have experience of having competed in the PC Operating System market particularly for client desktops both at SUSE and RedHat as Linux vendors.

Subject: Investigation into Microsoft's business software ecosystem
Responding Entity: Collabora Productivity Limited

Responses to Part 1, Box 2: Questions on Scope of the Investigation and SMS Assessment

Q1: Please give your views on the proposed scope of our investigation and candidate descriptions of Microsoft's business software ecosystem

We welcome the investigation and the proposed scope seems to fit well to our area of expertise where we have suffered from various commercial practices with the cumulative effect of creating significant barriers to entry for competition to the 15. a) productivity software suite market and the 15. b) PC Operating System market.

We are concerned about a grouped designation for the SMS assessment. In each of these domains Microsoft has varying degree of market power and entrenchment. For example the RDBMS market is characterized by reasonably standardized SQL APIs, and significant competition. This is in dramatic contrast to Microsoft's overwhelming market power and entrenchment (SEMP) in the Office Productivity, or PC Operating systems space which feature significant barriers to exit. If the

effect of grouping these markets is to dilute the assessment of SEMP and POSS then it would not be sensible to group them. If the effect of combining these is to highlight the widespread cross-market market-power and POSS then we would support that.

While the CMA description of Outlook, Word, Excel, PowerPoint, OneDrive, SharePoint, and Teams as the main apps, we urge the CMA to explicitly include both APIs and document format standards (Office Open XML or OOXML) within the scope of the Productivity Software Suite description.

- Microsoft's control over the implementation of OOXML formats (or data APIs) in the form of .docx, .xlsx, and .pptx functions as a proprietary gateway. Microsoft has substantially walked back its commitments made during the ISO standardization of OOXML to move away from its "Transitional" formats – and default towards (somewhat) simpler strict dialects. To our belief it continues to write Transitional OOXML which builds on its long tail of legacy functionality that is under-specified and extremely expensive to reverse engineer.
- Microsoft's implementation of the Open Document Format (ODF), which was expressly developed to create document interoperability across productivity suites should be investigated. How can it be that Microsoft's implementation of an ODF to OOXML mapping used by their import filters is substantially worse than Collabora's OOXML to ODF mapping in both directions?
- Because Microsoft's own applications handle OOXML formats as de facto standards with undocumented complexities, a significant technical barrier is created for third-party suites trying to interoperate seamlessly.
- Similarly APIs should be made public, and developed publicly between Office components, which should not themselves be bundled together. It should be possible to seamlessly integrate Collabora Office into a OneDrive, Outlook, Teams environment which at the current time has formidable commercial, bundling and API barriers.
- These API issues are further compounded under Windows by a complex web of document programmability issues for example the prevalence of complex VBA and COM using applications which tend to make migration extremely hard. These APIs should be standardized, better described and the programming language components made commercially re-usable by other applications.

Q2: Please provide any submissions or evidence relevant to the avenues of investigation we have set out above. Are there other issues that the CMA should take into account, and if so, why?

1. More emphasis on bundling

The emphasis on bundling is good. Historically in the Office Productivity market when viable alternatives to the Word/Excel/Powerpoint combination appeared bundles were adjusted to add Outlook/Exchange access – raising the barrier to entry to competition significantly, in recent times

these bundles have been augmented with Teams (which thanks to legislative pressure and scrutiny has been de-bundled), other tyings of eg. OneDrive with Windows are similarly problematic today.

In a physical word of shipped media logistics, pressed CDs, boxed-sets there may have been a rationale for a discounted bundle price – in today's world of electronic license procurement and distribution it is hard to imagine why a bundle should cost less than the sum of its parts.

We believe that complete de-bundling and transparent pricing of software components as well as on-line services would provide not only a welcome simplification to users, but also significantly enhance competition. This would ultimately be most effective only when internal APIs are documented, and replace-ability of each component mandated.

Inside the Office world, the creation of APIs necessary to provide a blended office suite either already exist or are technically easy to implement. Enabling UK organisations to adopt a "best-of-breed" strategy in combination with other parts of Microsoft's product stack would yield significant gains in flexibility as well as bringing price competition. The impact here is primarily commercial not technical.

2. Consideration of pre-loading

Pre-loading software is a form of unfair product tying in the PC / consumer hardware market. It also tends towards maintaining Office Software pricing. Consider that for an average consumer-grade laptop, the margin on the hardware is sufficiently low, that the fees paid by software vendors for bundling demo versions of eg. Microsoft Office, Antivirus products and other trial software on the system are of the same magnitude as the hardware vendor's margin on the sale.

It seems clear that expensive Office Software subscriptions (through this up-sell) helps to subsidize consumer grade hardware prices, and the higher the price of those subscriptions the lower the apparent up-front price of the hardware. While the apparent effect of cheaper hardware is welcome for consumers, this is effectively to bundle a financial product similar to hire-purchase into the devices, and to use this financial product to substantially enrich dominant market participants.

Many have wondered over the years why free-of-price Open Source alternatives cannot enter and compete in this consumer-grade pre-loaded market; the answer is that Open Source is simultaneously too cheap to be able to afford to pay pre-loading fees, and also too available to justify high prices that could fund such pre-loading. This should be investigated and data sought from OEMs on this subtle tying practice. Ideally consideration should be given to stopping this practice by forbidding pre-loading, and mandating equivalent positioning of the ability to purchase alternative software on newly installed hardware. That software could be pre-loaded of course – but should be non-functional until paid for. This would significantly adjust the price incentive.

A similar situation occurs in PC Operating System bundling – although this is harder to mitigate. One approach would be to mandate all systems to have multiple OS' of different heritage ghost

imaged onto them, and payment made at configuration time as these are started up and connected to the network (or via a separately purchase-able license-key at point of sale).

3. Consideration of Document formats

The world contains trillions (no exaggeration) of documents in under-specified legacy formats. The significant impact of the cumulative effect of the (rather random, and often abandoned) legacy decisions taken by long retired programmers weighs heavily on new market entrants. While Collabora Office has market leading document interoperability, has invested, and continues to invest very heavily in this area building on a forty year code-base that has co-evolved with Microsoft Office this is a problematic area that deserves deeper investigation.

Approaches to tackling this barrier are (as outlined above) requiring Strict OOXML conformance from Microsoft by default, and enabling further innovation by ensuring that Microsoft retains and restores to a document other implementations extension to its XML (eXtensible Markup Language) document formats.

Q3: What are your views on how business software may evolve in future, including as a result of AI and increased cloud adoption, and how Microsoft's business software ecosystem might be affected by these changes?

1. Deepening Lock-In via SaaS

Microsoft has pursued a cloud-first strategy that continues to force UK organisations to transition fully from desktop applications to cloud environments. In effect, Microsoft is successfully shifting its desktop monopoly to a SaaS monopoly.

In the desktop era, a user could run alternative software relatively freely. In the cloud era, Microsoft uses its control over the hosting architecture (SharePoint/OneDrive and API limitations) to make it difficult for alternative editors to replace Microsoft's own components on equal terms. Without strict technical unbundling, cloud adoption will completely entrench Microsoft's position.

2. Bundling new AI functionality

The rapid introduction of new AI features – built based on large volumes of user interaction data are likely to provide attractive, perhaps defeater features to strengthen Microsoft's dominance. When combined with Microsoft exclusive API or file-format integration, for example to effect a new AI generated slide design – this risk creating hard to replicate functionality that tend towards growing dominance.

Such AI functionality should be required to be provided with open and documented APIs – there is reasonably good de-facto progress here for LLMs, however replace-ability, as well as un-bundled pricing to allow alternative AIs to be integrated is key. Model Context Protocol (MCP) APIs and other means of document interaction should be standardized. As an up-side this would allow Microsoft's AI models to be used in other products should users select it.

3. AI will not make re-writing all software trivial

The techno-optimistic get-out: “soon quality software will write itself with little to no human intervention” seems unrealistic given the scale and complexity of the challenges in handling the incredible complexity accumulated and codified in trillions of Office documents. The trajectory here is hard to predict however this seems an unlikely in the next five years. AI does show considerable promise for writing small programs in similar domains to those it has been trained on at this time.

Responses to Part 2, Box 3: Questions on Potential Issues and Interventions

Q4: Please give your views on whether the issues outlined in this section are the right ones for the CMA to focus on, or whether there are others we should consider.

1. Agreement on the core focus areas

In general this is a very comprehensive and well presented list of issues. The four main focus areas are excellent ones. A number of points above overlap with these responses and should be considered though.

2. Add focus on file formats as data-APIs

Document files are very large binary blobs, typically embedding XML and can be considered very substantial “data API”s. In places where a right concern for API interoperability is, file-format issues should be considered a piece with APIs.

3. Include PC pre-loading into the bundling scope

One of the most significant barriers to existing competition is associated with the consumer market leading other segments such as enterprise software, and having perverse dynamics as outlined above. Action in this area would be extremely effective at increasing choice, market diversity and ultimately digital resilience for very low cost. The recommended remedy is to forbid payment for OEM pre-loading in the UK, and instead mandate post-setup app-store installation for Office Productivity software. For Operating Systems payment should be also forbidden, ideally with a mandate that multiple OS’ should be pre-loaded on each device, with license keys (where required) to be purchased at point of sale (or ideally on-line registration). This would be technically rather trivial.

4. Avoid grandfathering previous harmful product aggregation

There are many obvious extant harms in the Office Productivity Suite market that have been driven by bundling and unnecessary aggregation products. As such ‘Office’ has historically been built by acquiring and commercially bundling together different pieces of software – many of which have

very weak or tenuous connection. For example E-mail and Presentation applications have very few, and easily standardized interactions. These historic bundles should be dis-aggregated both commercially and technically. Similarly in the cloud environment, traditional eg. Object Linking & Embedding (OLE) functionality has been abandoned to the extent that interaction APIs are far slimmer to non-existent. Try inserting a chart into Microsoft Word Online to see an example of this. As such the technical cost of unbundling web apps should be low.

Otherwise, these seem to be exactly the right issues for the CMA to focus on.

Q5: Please give your views on whether there are potential interventions that are likely to be necessary and which may be effective, proportionate and have benefits for UK users and consumers.

Aside from those enumerated above. We believe the most effective remedies are financial – ensuring that applications can be de-bundled in a way that fairly reflects the price to Microsoft of supporting and developing each component, and in such a way that the cumulative price is the sum of the pieces. This would ensure that new functionality produced by Microsoft would compete fairly against alternative implementations.

Naturally – this would also require that Microsoft provide forward looking API documentation for new integration points, and that their development teams would be on a level playing field with external entities seeking to use these.

Similarly it would be necessary to ensure that all components of the stack are replaceable, to avoid a single monolithic blob becoming the dominant priced piece of the stack, with eg. Word/Excel/Powerpoint as marginally priced applications on top of this irreplaceable core.

Q6: What are/ the key lessons the CMA should draw from measures imposed on Microsoft, in respect of its business software ecosystem, in other jurisdictions?

Hard enforcement and commitment are necessary

Historically the EU's browser choice screen, and pressure to ensure a level playing field for browsers has been a key component in today's Open Source browser market where there is significant choice in web browsers, the price of a web-browser itself approaches zero, and there continues to be thriving innovation in the browser space.

Microsoft ultimately reneged on their EU browser choice commitments in Windows 7 SP 1 and had to be fined. So enforceable commitments should be important to the CMA.

Other ongoing and helpful unbundlings

The unbundling of Teams is likewise expected to be very helpful. There are similar extant initatives in the EU around OneDrive bundling and/or default integration with Microsoft's cloud services out of the box in Windows that may yield fruit. However it is necessary to have a clear presentation of alternatives.

One lesson to be drawn here it is that technical requirements for interoperability or even adding user choice, should be combined with mandatory dis-aggregation and fair-pricing[1].

Core Platform Regulations Must Extend from the hardware through to the Entire Cloud Stack (The EU DMA Lesson)

The EU's Digital Markets Act (DMA) targets Microsoft primarily as a gatekeeper for its Windows OS. https://digital-markets-act.ec.europa.eu/gatekeepers-portal_en

However regulating the operating system in isolation is no longer sufficient in an era of deep cloud adoption and AI integration. Anti-competitive leveraging has moved higher up the stack into cloud infrastructure, online collaboration tools, and identity ecosystems. If the CMA's proposed "grouped designation" of the entire **Business Software Ecosystem** can help to tackle bundling across this aggregation it may provide a more modern, and effective approach than the EU's siloed platform definitions.

A Forward-Looking Mandate (The German BKA Lesson)

The German Bundeskartellamt (BKA) designated Microsoft under Section 19a, recognising the cross-market significance of its interconnected ecosystem fortified by cloud and AI.

It is encouraging to see that the CMA is not just look backward at historic harms; but actively seeking to prevent the future entrenchment of market power as technologies move to cloud and agentic AI. The BKA's approach proves that treating an enterprise software suite as a unified web of dependencies is the only way to successfully regulate modern big-tech ecosystems. The CMA should use its five-year forward-looking assessment under the Act to mimic this oversight.

Conclusion

It is deeply encouraging to see the CMA taking an interest in this area. Collabora Productivity Limited would be happy to participate, provide advice and the benefit of our experience here to help level the playing field for new entrants, and bring much needed competition and innovation to the space of Office Productivity.

1 Interestingly price-wise browsers were all advertising subsidized free complements.