

Anonymous Provider of AI Services

1. Executive Summary

- 1.1 We support the CMA's proposed investigation into Microsoft's Business Software Ecosystem as outlined in the CMA's invitation to comment ("ITC"), and consider that this matter will support growth, innovation and the Government's AI Opportunities Action Plan.
- 1.2 In our view, Microsoft's enterprise offerings should be assessed as a single, integrated ecosystem. For enterprise customers, Microsoft's productivity applications, operating systems, identity, security, administration, cloud services, developer tools and AI services operate together.
- 1.3 The scope of the investigation should include AI functionality that is embedded in Microsoft's productivity software suite or cloud offerings, or that accesses data from those productivity or cloud offerings. The CMA should also consider whether Microsoft's developer ecosystem, including GitHub, should be included within scope, given its relevance to Microsoft's position in enterprise agentic AI.
- 1.4 Microsoft's Business Software Ecosystem is deeply entrenched in the UK market and has been the de facto standard for enterprise productivity for decades. It would be unrealistic to expect that this dominant position could be displaced in the near term, despite the advent of functional alternatives thanks to AI. Customers face substantial practical, technical and commercial switching barriers, including staff skilling, file-format and workflow dependencies, contractual commitments, integration with identity and security systems, and the advantages of using the same software as customers, suppliers, consultants and counterparties.
- 1.5 AI is likely to make Microsoft's position strategically *more* significant, not less. Enterprise AI tools are only as useful as the work context they can access and act upon. In the UK enterprise environment, that context will often sit within Microsoft 365, Teams, Outlook, SharePoint, OneDrive, Entra ID, Microsoft security products and related Microsoft administration and orchestration layers. As a result, control over the Microsoft Business Software Ecosystem amounts to control over a strategically important gateway for enterprise AI technologies.
- 1.6 One concern is that Microsoft may be able to reserve materially better access, functionality and distribution for its own AI products, including Copilot, while third-party AI providers are left with inferior API, connector or add-on access. Microsoft appears to be favouring its own AI tools through privileged access to organisational work context, superior native placement inside Microsoft applications, default settings, admin deployment routes, licensing structures (including requiring a Copilot licence to access the Work IQ MCP), and integration with security and permissioning systems.
- 1.7 Beyond interoperability, Microsoft also reinforces its position through a range of commercial means including contractual tying, bundling, pricing, packaging and/or default deployment. In particular, Microsoft includes web-based M365 Copilot Chat at

no additional cost with the vast majority of M365 and Office 365 enterprise licences.¹ This allows Microsoft to use its existing M365 user base as a broad distribution and adoption funnel to benefit its own paid AI layer (i.e. the separate, paid Microsoft 365 Copilot licences, which is able to provide responses based on users' own M365 data such as Outlook emails or Teams meetings), and create a customer perception that Copilot is the default AI tool for Microsoft's enterprise products, including its productivity suites.

1.8 In our view, intervention is essential not only to protect competing AI providers, but also to ensure that UK customers can realise the productivity benefits of AI. UK organisations should be able to choose the AI tools that best meet their needs without being forced, in practice, to adopt Microsoft's own AI layer in order to obtain effective access to their own work context, workflows and enterprise data.

2. Views on the proposed scope of the CMA's investigation and candidate descriptions of Microsoft's Business Software Ecosystem.

2.1 We agree with, and support the proposed scope. Microsoft's products generally operate as a single ecosystem. This effect is reinforced by tying or bundling but, even, when not tied or bundled together, our experience is that enterprises view these as a single package from a functional perspective and often purchase Microsoft products in a single commercial motion. However, we invite the CMA to consider whether:

2.1.1 The scope of AI captured as part of Microsoft's Productivity Software Suite should be independent of where, or how such AI is accessed by the user. Instead, the scope should refer to AI that either: (i) performs equivalent functions to Microsoft's productivity software suite; or (ii) accesses enterprise work context, irrespective of whether the UI is located in Microsoft Word, the Copilot app or if there is no user interface at all. Otherwise there is a risk that the description becomes quickly outdated, undermining enforcement.

2.1.2 The scope should additionally include Microsoft's developer ecosystem (in particular, GitHub, VS Code and GitHub Copilot),² which forms part of Microsoft's Business Software Ecosystem. Satya Nadella has called agents "*the dominant workload*" of "*one of the most consequential platform shifts*" and identifies this as forming part of the Microsoft Business Ecosystem, with "*high-value agentic systems across core domains, such as productivity, coding, and security*" as Microsoft's target. This is especially important given the central role code and GitHub have in enterprise AI adoption.

2.2 In order to promote effective competition, support growth, innovation and investment, it is essential that the scope of the designation effectively encompasses Microsoft's AI offerings in addition to the products Microsoft's AI solutions integrate with.

3. Avenues of investigation and issues that the CMA should take into account.

¹ See, <https://learn.microsoft.com/en-gb/copilot/manage#microsoft-365--chat-eligibility> for the list of licences that receive free bundled access to Copilot Chat.

² In Stack Overflow's 2025 Developer Survey, 88.1% of respondents used GitHub; meanwhile, the CMA found that VS Code had a market share in 2023 of 30-40% and that Microsoft had significant market power in relation to Visual Studio, strengthened by links with other Microsoft software.

- 3.1 We agree with and support the proposed avenues of investigation and issues the CMA has set out. As noted in the ITC, Microsoft's Business Software Ecosystem is deeply entrenched in the UK market³ with Gartner estimating that Microsoft 365 has a 77% share of SaaS enterprise productivity.⁴ Microsoft's share of public procurement is likely even higher, with **£1.9 billion** spent by the UK public sector on Microsoft software licences in FY24/25⁵ and **98% of councils** in England utilising Microsoft solutions as the standard.⁶
- 3.2 Further, these are notoriously sticky products with limited switching. The Microsoft Business Software Ecosystem has been the de facto standard for enterprise productivity since the mid-to-late 1990s. There is no reason to suggest this will materially change in the next five years. In particular:
- 3.2.1 Given the interconnected nature of these products, even where customers do multi-home, this typically relates to only a portion of use, with customers using the rival solution for only a part of their needs.⁷
- 3.2.2 No rival generally replicates Microsoft's combined installed base across productivity, identity, security, Windows, server software, database software, admin controls and AI surfaces.
- 3.2.3 Staff, vendors, consultants and contractors are trained on, and may have worked their entire careers using the Microsoft Business Software Ecosystem.
- 3.2.4 There are substantial advantages to using the same software as other companies, further constraining switching.⁸
- 3.2.5 Contractually, public procurement agreements suggest that Microsoft Enterprise Agreements typically run for at least three years.
- 3.2.6 Microsoft also reinforces its position through a range of commercial means including contractual tying, bundling, pricing, packaging and/or default deployment. For example, Microsoft bundles web-based Copilot Chat at no additional cost with the vast majority of M365 and Office 365 enterprise licences,⁹ which may seed usage of Microsoft's AI tools before enterprise customers consider competing enterprise AI solutions.
- 3.2.7 Microsoft controls much of the upstream cloud infrastructure used for developing and serving AI models.

³ As noted in the ITC, this includes: (i) **20-30 million** organisational UK users of Microsoft's Productivity Software Suite; (ii) **15-25 million** organisational users of Microsoft product bundles that include its PC Operating Systems; (iii) **30-40%** of operating system usage on Azure by vcore hours; (iv) **\$0.5-1 billion** in UK revenue for Microsoft's SQL Server; and (v) **20-30 million** UK organisational users of Microsoft's Enterprise Mobility and Security suite.

⁴ See, <https://www.gartner.com/en/documents/6860166>.

⁵ See, <https://questions-statements.parliament.uk/written-questions/detail/2025-07-08/65920/>.

⁶ See, https://www.valeofglamorgan.gov.uk/Documents/_Committee%20Reports/Cabinet/2025/25-04-10/EA-and-O365-Licensing-Renewal.pdf.

⁷ CASES AT.40721 – MICROSOFT TEAMS and AT.40873 – MICROSOFT TEAMS II, Commitment decision of 12.09.2025 at para. 144.

⁸ For example, a consultant working for a client using the Microsoft Business Software Ecosystem would need to use PowerPoint to ensure that the presentation does not render differently for their client, or that the formulas in the spreadsheet work for a client using Excel.

⁹ See footnote 1 above.

3.3 As a result, in our view, any suggestion that Microsoft would not hold its position of strategic significance over the next five years is implausible.

4. 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.

4.1 We expect that AI will bring about significant changes in society, and the manner in which work is done. In our view, absent intervention, this will make Microsoft's Business Software Ecosystem *more* strategically significant, not less.

4.2 As set out below, a significant portion of the economy could theoretically be supported by AI, and for the UK economy it is essential that these public and private sector productivity gains can be realised. One leading AI company estimates that 90% of Office & Admin tasks are within the theoretical capability of LLMs, but observed coverage suggests that current AI usage covers less than 40% of tasks.¹⁰

4.3 Given the degree to which the Microsoft Business Software Ecosystem is embedded in UK enterprises, this change will necessarily have to occur on Microsoft's Business Software Ecosystem.

4.4 However, Microsoft's incentives are not necessarily aligned with UK customers. Microsoft has strong incentives to preserve and extend its position into the agent layer, even if that means artificially constraining the utility of superior third-party AI technologies by relying on control of the Microsoft ecosystem.

4.5 As a result, while it is a near certainty that Microsoft will continue to hold its entrenched position for the foreseeable future, interventions are essential to UK growth and innovation, to ensure that third parties can build on and interoperate with Microsoft's ecosystem.

4.6 A large share of innovation in enterprise AI is likely to come from third-party providers building on, or interoperating with, Microsoft's Business Software Ecosystem. Without effective interoperability and access to work context, we will likely miss out on entirely new categories of innovative products and services that could benefit the UK's growth and productivity.

5. Views on the issues outlined and potential interventions.

5.1 We agree with the issues outlined and potential interventions suggested. Failing to take action risks jeopardising the UK Government's goal to "*turbocharge AI*" to achieve UK public and private sector growth. In support of this goal, we invite the CMA to pay particular attention regarding the following issues:

5.1.1 *M365 work-context.* As noted in the [Government's AI Opportunities Action Plan](#), harnessing AI to transform productivity in the private and public sectors requires "*data and functionality to be exposed through APIs*". For the UK public and private sector, Microsoft controls these APIs and has privileged access. This

¹⁰ See, Anthropic, "Labor market impacts of AI: A new measure and early evidence", published 16 May, 2026 (available at: <https://cdn.sanity.io/files/4zrzovbb/website/2b5bbaf2c1eb81dbf6e6fb813c1a24e35a64d376.pdf>).

substantially advantages Microsoft Copilot. Satya Nadella noted in the 2026 Q3 earnings call that: “*Copilot is uniquely valuable at work, where nearly every task depends on organizational context. Work IQ grounds Copilot responses in the full context of an organization, including people, roles, documents, and communications, all within the company’s security boundary.*” Microsoft marketing materials position this access advantage against Claude Enterprise.¹¹ Many access routes for third parties such as Work IQ are **tied to Copilot licences**.¹² That means that, to use a third-party agent, with more M365 context, customers may need to purchase a Microsoft Copilot licence.¹³

5.1.2 *Microsoft controls the interface.* Microsoft retains materially superior native UX placement and app-canvas integration for Copilot inside Teams meetings and across Office apps. Third parties can build add-ons but cannot achieve parity in surface visibility, default selection or deployment routes.

5.1.3 *Commercial tying / bundling.* Microsoft bundles Copilot Chat with the vast majority of enterprise M365 and Office 365 licences at no additional cost.¹⁴ This means that Microsoft can seed Copilot Chat across this installed base, present Copilot as the default AI tool at work, and channel customers towards full paid M365 Copilot licences. Adoption of Copilot Chat therefore reflects Microsoft’s distribution advantage and default positioning, rather than competition on the merits. This risk is particularly acute for enterprise and public sector customers, where M365 is deeply embedded.¹⁵

5.1.4 *Issues regarding Microsoft GitHub.* Since 24 April 2026, GitHub uses Copilot interaction data, “*inputs, outputs, code snippets, and associated context*” - from Copilot Free, Pro and Pro+ users to train Microsoft’s AI models unless users opt out.¹⁶ That data does not appear to be equivalently available to competitors. Further, the GitHub UI appears to direct users to GitHub Copilot across agents and pull requests, including in cases where Claude Code or other agents are connected to the repository. This is important as agentic coding tools are increasingly accessed from inside GitHub itself.

5.2 Regarding interventions, in our view, only formal conduct rules would be sufficient to address these concerns (see paragraph 6 below).

5.3 At a minimum, we consider that the following conduct rules would be essential to unlock the UK’s AI growth potential:

5.3.1 Microsoft should be required to facilitate effective access by third-party AI providers to the contextual information accessible to Microsoft's own AI products (like Copilot), including ensuring that permissioning, security and user

¹¹ See, <https://www.microsoft.com/en-us/microsoft-365-copilot/copilot-vs-claude-enterprise>.

¹² See, Microsoft 365 Copilot Blog, “A closer look at Work IQ”, <https://techcommunity.microsoft.com/blog/microsoft365copilotblog/a-closer-look-at-work-iq/4499789>.

¹³ Ordinary Graph access does not appear to provide parity with Copilot / Work IQ for Teams meeting reasoning, protected-content handling, live Office app context, organisational graphs and Microsoft 365 permissioning. Some of these capabilities may be partly accessible through Graph or Copilot / Work IQ APIs, but appear materially different to Microsoft-native Copilot access.

¹⁴ See, <https://learn.microsoft.com/en-gb/copilot/manage#microsoft-365--chat-eligibility>.

¹⁵ Microsoft also includes Copilot features in consumer Microsoft 365 subscriptions, reinforcing the positioning of Copilot as the default option for AI that works with the Microsoft suite.

¹⁶ GitHub Blog, “Updates to GitHub Copilot interaction data usage policy”, <https://github.blog/news-insights/company-news/updates-to-github-copilot-interaction-data-usage-policy/>.

authentication are functionally equivalent and that features are not tied to customers having a Copilot licence. To ensure that Microsoft's incentives align with those of third parties, we suggest that the CMA consider requiring Microsoft to exclusively use publicly available APIs for Microsoft's own AI products and features such as Copilot. This market-based solution has the advantage of harnessing Microsoft's own commercial incentives. This should also extend to the ability for a user to export all of their work context outside the M365 platform. This would ensure that third-party AI products can innovate and compete fairly with Microsoft's own AI products, increasing competition, quality and choice for UK enterprise customers.

- 5.3.2 Microsoft should be required to ensure that its own AI tools are not given favourable UI treatment or presented as defaults, and that UX features are not reserved for Copilot. This will ensure that third-party products can effectively compete with Microsoft and innovate on top of the Microsoft Business Software Ecosystem.
- 5.3.3 Microsoft should be required to ensure that its commercial arrangements do not undermine effective customer choice between Microsoft and third-party enterprise AI tools, in particular by avoiding tying or bundling Microsoft's enterprise AI tools with its productivity suite solutions or other enterprise products.

6. Key lessons the CMA should draw from measures imposed on Microsoft, in respect of its business software ecosystem, in other jurisdictions.

- 6.1 To our knowledge, Microsoft's compliance with comparable measures imposed in other jurisdictions, and broader attempts to regulate digital firms with comparably entrenched ecosystems, strongly support the need for formal, strictly enforced conduct rules.
- 6.2 In particular:
 - 6.2.1 Historic EU experience demonstrates that commitments offered by Microsoft cannot be assumed to deliver effective outcomes in practice. In particular, the Commission previously fined Microsoft €561m for failure to comply with binding browser choice commitments, finding that Microsoft failed to roll out the required choice screen for a significant period, which deprived millions of users of the intended benefits.¹⁷ This is a concrete reminder of the real implementation risk underlying the CMA's current investigation into Microsoft. Given the speed of change in the AI market, Microsoft will be highly incentivised to delay any binding measures. As a result, it is essential that conduct requirements are timely, binding and effective.
 - 6.2.2 Similarly, in wider EU experience, it has repeatedly been shown that even binding obligations are frequently not complied with: the European Commission has already opened multiple DMA infringement proceedings and has adopted non-compliance decisions in respect of certain gatekeepers, with further investigations ongoing. This demonstrates that even mandatory compliance does

¹⁷ See the European Commission's Press Release of 06/03/2013:
https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_13_196/IP_13_196_EN.pdf

not guarantee effective outcomes, and the CMA's stated openness to voluntary action should therefore be approached with caution. We are of the view that binding, enforceable conduct requirements should be treated as the baseline rather than an upper bound.

- 6.2.3 A number of the European Commission's findings in its Teams decisions are highly relevant to the CMA's assessment of Microsoft's business software ecosystem. In particular, the Commission concluded in the Article 9 Commitment Decision¹⁸ that: (i) "*Microsoft's entrenched position in the SaaS Unified Communications and Collaboration (UCC) market, tends to confirm [...] that multi-homing (i.e. customers using Teams' rivals' products in parallel to Teams) did not allow rivals to offset Teams' advantage*", because "*most customers tend to centralise on one product over time*" (while possibly continuing to use rival SaaS for only part of their needs)" and, as "*Teams is already installed and is perceived as being available for "free", customers are likely to centralise on that solution rather than pay for an additional subscription*"; (ii) "*the tie deterred innovation, increased barriers to entry and harmed customers*", as rivals were "*forced to limit their investment strategy*" and "*surrender certain segments of the market to Microsoft*", reducing R&D investment, innovation and customer choice, while Teams remained "*shielded from competition*"; and (iii) "*the tie also helped to maintain and strengthen Microsoft's position*" in core productivity applications, as part of a "*defensive leveraging strategy*" that Microsoft itself recognised "*has been effective over time*". Comparable dynamics are at play in relation to Microsoft's enterprise AI tools and its vast installed enterprise software base - the latter gives Microsoft an incomparable distribution advantage, which competing enterprise AI tools struggle to offset, particularly when faced with Microsoft's reinforcing technical and commercial behaviours, as discussed above.
- 6.2.4 We suggest that the CMA take inspiration from the notion of "*interoperability by design*". For example, as noted in the Apple Process Decision at paragraph 292, "*An efficient, automatic way for Apple to guarantee effective interoperability with a feature, is for Apple to use the public interoperability solution that provides that feature in its own services and hardware.*" This has the strong benefit of harnessing Microsoft's own commercial incentives to improve its public interoperability solution and avoids the difficulties inherent in monitoring request-based compliance and establishing whether interoperability is functionally effective.
- 6.2.5 In the ITC, the CMA rightly emphasises that cloud computing and enterprise AI, including the shift towards agentic AI workflows, are likely to materially reshape business software usage and entrenchment dynamics.¹⁹ However, existing international frameworks, including the DMA and Section 19a German Competition Act, were designed and operationalised prior to the latest phase of AI-driven integration across software ecosystems. As such, they do not effectively address the competitive implications of AI-native workflows, including dependencies relating to data access, identity and permissions, model

¹⁸ See, Commission Decision of 12 September 2025, Cases AT.40721 (Microsoft Teams) and AT.40873 (Microsoft Teams II), at recitals 144-147.

¹⁹ ITC, para 4.

distribution through cloud platforms, and the embedding of AI assistants across productivity environments.

- 6.3 Accordingly, while these regimes provide useful reference points, they should only be regarded as informative. They were not designed with agentic AI in mind, and the DMCCA therefore provides the CMA with a timely opportunity to adopt a more forward-looking approach by designing effective, enforceable conduct requirements relevant to today's cloud- and AI-integrated Business Software Ecosystem.