

## Startup Coalition response - CMA invitation to comment on the business software ecosystem

May 2026

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### ABOUT STARTUP COALITION

Startup Coalition is the policy voice of UK tech startups and scaleups in Westminster. Since 2010, we have worked to engage on behalf of tech startups in public policy debates in the UK across a range of critical priority issues including access to finance, immigration and skills, and technology regulation.

We fight for a policy environment that enables early-stage British tech companies to grow, scale and compete globally. We have over 4000 startups in our community and have been instrumental in building proactive coalitions of businesses and investors on issues that are integral to the health of the UK's startup ecosystem.

### OUR RESPONSE

#### Overview

**We welcome the CMA's decision to open an SMS investigation into the business software ecosystem.** Business software is the foundation of the startup ecosystem. It is where the 'average' tech startup or scaleup in the UK operates. These companies benefit when these markets remain open, competitive, and fair. Therefore, the scrutiny of market dynamics in business software that may reduce competition and limit customer choice is essential. We want the CMA to continue to take action where business practices drive customers away from alternatives including those provided by our startups.

#### Bundling and tying

Whilst bundling can often be a legitimate and pro-consumer business practice, helping customers access a range of products at lower cost and with better interoperability. It can also be structured in ways that steer customers toward a particular outcome rather than the products or services that best meet their needs.

**Our startups have a strong interest in ensuring that bundling and related practices remain on the right side of this line and do not undermine fair competition. When this is not the case our startups are forced out of the competitive market because they are unable to displace a component that is already bundled, pre-installed or pre-paid for, regardless of relative quality. We'd urge the CMA to strongly consider action to not simply tackle this individual cases but the practices used to restrict competition in this way.**

**We're clear that the next version of this conversation is in AI products and services.** AI is not a separate market sitting alongside the ecosystem; it is being embedded into every layer of it. In many ways it is the fastest-moving and most consequential dimension of the investigation, given it is the part of the technology stack that our startups are trying to compete on. It is the layer where British startups are ubiquitous, with thousands of UK software and AI companies. It is precisely here that competition on merit is essential and the CMA has a role to play in addressing this.

#### Fair and transparent licensing

The Cloud investigation already found that the way licensing on business software harms competition in cloud services. We supported that finding and support the CMA in carrying this logic into this investigation.

**Looking forward, we would ask the regulator to examine both licensing concerns in existing markets and emerging ones, such as AI services.**

The CMA must act at pace

**The single most valuable thing the CMA can do for the startup ecosystem is to move quickly.** Every month of deliberation is a month in which the market conditions change. In this market, a remedy that arrives late arrives weakened, and delay either favours the incumbent or means when it does arrive a solution might not work as intended.