

STRATEGIC MARKET STATUS INVESTIGATION INTO MICROSOFT'S BUSINESS SOFTWARE ECOSYSTEM

Proposed Decision

16 October 2026



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The Competition and Markets Authority has excluded from this published version of the proposed decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [§]. Some numbers have been replaced by a range. These are shown in square brackets. Non-sensitive wording is also indicated in square brackets.

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1. SUMMARY

What we propose

- 1.1 The CMA proposes to designate Microsoft as having **Strategic Market Status** (SMS) in relation to its Business Software Ecosystem. SMS can apply where an undertaking has substantial and entrenched market power and a position of strategic significance in a digital activity linked to the UK. SMS designation does not find or assume wrongdoing. Instead, it is the gateway into the UK's digital markets competition regime. It enables the CMA to take action aimed at promoting competition in technology sectors that are key to UK consumers, businesses and the economy.

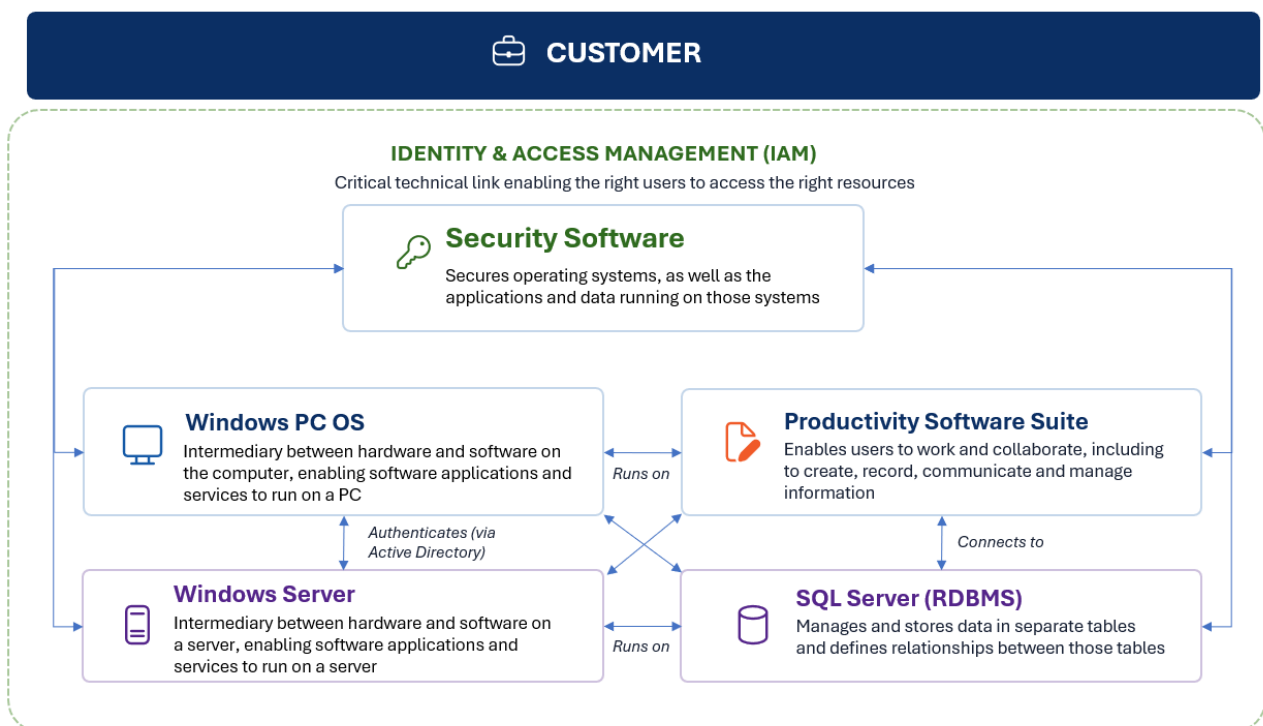
Why business software matters

- 1.2 Business software is fundamental to corporate operations across the private and public sector. It enables people to collaborate effectively, helps organisations run efficiently and securely, and ensures that IT systems remain resilient against external threats.
- 1.3 Healthy competition in business software ensures that UK customers can negotiate good deals and use the best products for their needs, supporting productivity. It also ensures that a wide range of companies can win customers if they offer a better deal or more innovative product, supporting investment and growth for the UK.
- 1.4 A new era of business software is underway with AI being rapidly integrated across a wide range of applications and cloud infrastructure supporting more flexibility and availability of these products for businesses. AI enhanced tools can already automate routine tasks, support higher quality decision making, and unlock new ways of working. A shift to agentic AI is predicted to result in a further step change in the power of these tools. Rapid diffusion of this innovative technology is therefore a key ingredient for the UK's growth in the years to come.
- 1.5 As AI becomes embedded in business software, effective competition will be critical to ensuring UK organisations can access innovative, secure solutions at competitive prices. It will also enable a broad range of providers, including UK start-ups, to compete and innovate, giving customers greater choice and helping drive productivity and UK growth.

Microsoft's Business Software Ecosystem is key to UK customers

- 1.6 Microsoft has been by far the largest provider of business software in the UK for decades. It initially built a leading position for operating systems and productivity applications, and over time has broadened its suite of productivity applications and expanded into new areas such as security and database management. Through its Copilot products and Azure cloud platform it is enabling further opportunities for UK customers.
- 1.7 Offering a broad suite of business software products that work well together is how Microsoft seeks to differentiate itself from other providers. Its products cover a range of distinct but complementary digital activities. Integration across Microsoft's products in these digital activities allows them to be installed, secured and managed together. Microsoft also offers bundling and enterprise-wide discounts for customers that buy a range of its products together.

Figure 1.1: Microsoft's Business Software Ecosystem



Source: CMA

- 1.8 Many customers view and experience Microsoft's business software products as a unified software environment. They value Microsoft's software offering as an end to end, integrated stack which enables easier technical integrations between products, easier deployment based on existing IT skills, lower search and procurement costs, fewer supplier relationships to manage, and discounted pricing for products bought as a bundle compared with prices for standalone applications.

- 1.9 A broad range of UK customers tell us that these commercial and integration benefits are an important driver for their decision to buy Microsoft business software products. This has allowed Microsoft to use a position of strength with customers in one product area to expand into others. As an example, Microsoft added security products to the bundles that included its productivity software applications, as security grew in importance for business software customers.
- 1.10 Microsoft's offering has become central to the operation of more than a million UK organisations in all sectors and sizes, which together spent more than \$7 billion in 2025 on Microsoft products. These include many of the largest UK businesses and public sector organisations which account for the vast majority of UK spend with Microsoft and which typically purchase across its full range of business software product areas.
- 1.11 Given the widespread adoption of Microsoft's business software products, a broad range of other software providers rely on integration with Microsoft's business software to gain customers and grow. This is reflected in the large number of applications that have been developed to run on Microsoft Windows Server and SQL Server, alongside the thousands of third-party product add-ons to Microsoft's productivity software suite.

Microsoft has substantial market power in business software

- 1.12 Since Microsoft's products cover complementary parts of an organisation's IT system, its strength in business software is not based on one product alone. The integration, skills and commercial bundling links between products means that its strength in one area can support adoption in another.
- 1.13 As such, Microsoft's competitive position in business software can only be fully understood by looking at all these digital activities together in a group: **Microsoft's Business Software Ecosystem**. This group comprises a range of digital activities: PC Operating System (PC OS), Productivity Software Suite (PSS), Server Operating System (Server OS), Relational Database Management System (RDBMS) and Security Software.
- 1.14 While UK businesses and public sector organisations can benefit from purchasing a range of products across these digital activities from Microsoft, they also face challenges in switching providers. Microsoft's products benefit from deep native **integration** which can make using Microsoft's offering more seamless for customers than seeking to integrate products from alternative providers. Microsoft's control of important APIs, technical interfaces, and data flows can also limit the ability of alternative providers to offer equivalent functionality.
- 1.15 **Commercial bundling** makes customers less likely to adopt products from alternative providers that may offer similar or superior functionality, as doing so

would duplicate licensing costs for products already in their Microsoft bundle. Volume discounts via Microsoft's Enterprise Agreements may disincentivise customers from switching some of their products, if this would reduce their discount over the remaining products they buy from Microsoft. While discounts may appear to reduce a customer's overall expenditure on business software, this may mask prices that are higher than they would be if Microsoft faced stronger competition.

- 1.16 Overall, limits to technical integration and commercial bundling create switching costs and make it more difficult for alternative providers to attract customers away from Microsoft. These barriers to switching are compounded where **network effects** make it easier for customers to use the same Microsoft products as their partners, or where they rely on commercial applications that only run well on Microsoft's Windows Operating Systems or SQL database products. There are also a range of **customer-side** frictions that can make it challenging for customers to use rival products. For example, moving to a different provider may require data migration, staff training, new security arrangements and careful management of operational risk.
- 1.17 Barriers across individual digital activities reinforce each other as customers adopt more Microsoft products, weakening rivals' ability to compete and scale within an individual digital activity. Even where they can initially attract customers, they may be displaced when Microsoft adds comparable functionality to its bundles. Rivals without a similarly broad portfolio therefore struggle to compete effectively with Microsoft.
- 1.18 Even rivals who offer products across more than one digital activity face challenges in winning customers from Microsoft. Their narrower product range, disadvantages due to network effects and significant customer switching costs limit their ability to compete for existing Microsoft customers, many of which are large enterprises. As a result, these rivals often focus on specific groups of customers or workloads, rather than competing directly with Microsoft across all customers of its Business Software Ecosystem.
- 1.19 Barriers to effective customer choice and limited competition from rivals can weaken bargaining power for UK businesses and the public sector, meaning that they may pay more for their software. It can also limit their ability to combine best-in-breed solutions across Microsoft and rival products, reducing the incentive for Microsoft to innovate. This is consistent with Microsoft's Business Software Ecosystem being highly profitable over the last ten years, with profit margins increasing and well above what we would expect in a competitive market. Together with the evidence on barriers to effective competition and Microsoft's high shares of supply, this suggests that UK businesses and public sector organisations may face challenges in securing lower prices when negotiating with Microsoft.

- 1.20 Overall, we therefore provisionally conclude that Microsoft has substantial market power in its Business Software Ecosystem, and within each digital activity.

Microsoft's market power is entrenched and its position strategically significant

- 1.21 Business software is constantly evolving as new technologies emerge and compute becomes more powerful, enabling innovation in what business software tools are available and how they are deployed. Regardless of this ongoing dynamism, Microsoft has been able to retain its significant position of strength for decades, reflecting the limits on customers' ability to switch and rivals' ability to enter and scale.
- 1.22 Looking ahead, cloud computing and AI adoption are expected to transform how UK businesses and public sector organisations use business software. Despite this dynamism, the factors that limit competition in business software are likely to persist. We have seen no clear and convincing evidence that current technology trends are likely to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in business software in the next five years:
- (a) **Cloud.** UK customers are increasingly using cloud services to deploy their business software. This creates some opportunities to switch as they migrate their existing workloads to cloud. However, a broad range of customers and rivals tell us that it is difficult, risky and costly to switch business software, which prevents them from revising their use of Microsoft for a broad range of workloads when moving to the cloud. Customers therefore remain tied to Microsoft when moving into the cloud, and we have not seen evidence that these barriers will ease in future.
 - (b) **AI innovation.** AI is changing how organisations use business software and has the potential to change competitive dynamics in the sector. New AI-enabled products and services may create opportunities for providers to compete more effectively with Microsoft. However, Microsoft appears well positioned to benefit from AI adoption given its presence across organisational business software environments and its ability to integrate AI capabilities into its products already widely used by customers. There is already an early indication of this in Copilot's strong usage by customers in PSS, relative to alternative providers.
 - (c) **AI-powered switching.** AI coding tools have the potential to reduce the cost and time needed to switch business software applications. However, customers did not consider that at this stage these tools are sufficiently powerful to overcome the wide range of competition barriers we have identified in our investigation so far. While these tools may improve, the speed and extent of progress is uncertain, and they are unlikely to help

overcome barriers that are associated with for example commercial bundling and ease of procurement.

1.23 Overall, we therefore provisionally conclude that Microsoft's substantial market power in its Business Software Ecosystem is also entrenched.

1.24 Given its broad reach across organisations of all sizes and sectors, alongside its central role in a wider ecosystem of enterprise IT, we also provisionally conclude that it has a position of strategic significance. We therefore propose to designate Microsoft with Strategic Market Status with respect to its Business Software Ecosystem. We are now consulting on that proposal and will take account of responses to our consultation in making a final decision prior to the statutory deadline for our investigation in February.

Enabling competition in business software would promote growth

1.25 Our proposed finding that the criteria for SMS designation are met does not find or assume wrongdoing and does not make any assumptions about the next steps after designation. The SMS assessment is purely focused on the power and position of the firm in respect of the digital activity being investigated. It is an important step as designation is the gateway to possible interventions, but UK Parliament clearly separated the assessment of designation from the assessment required for the imposition of such interventions, which are subject to separate legal processes.

1.26 Designating Microsoft with SMS would enable us to consider proportionate, targeted interventions where necessary to ensure that its Business Software Ecosystem is open to effective competition, and that businesses that rely on Microsoft could have confidence that they are treated fairly. If we ultimately decide to designate Microsoft, any action would be targeted and proportionate, with a view to:

- (a) Supporting customer choice - strengthening customers' bargaining power when negotiating with Microsoft, which can lower prices and reduce the cost of doing business in the UK. This would also ensure that customers can combine rival products with their Microsoft stack where this is more suited for their needs, supporting productivity and growth.
- (b) Enabling innovation - by ensuring that a broad range of rivals can compete and grow when offering innovative products in competition with Microsoft. This would enable investment in UK and global tech startups and scaleups, while keeping Microsoft focused on investing to the benefit of all.

2. INTRODUCTION TO THE INVESTIGATION

- 2.1 We are investigating whether to designate Microsoft as having Strategic Market Status (SMS) in the provision of its Business Software Ecosystem.
- 2.2 We began this investigation on 14 May 2026 and must complete it by 13 February 2027.¹ We set out our grounds for launching the investigation and published an invitation to comment (the ITC) in which we explained that we chose to launch this SMS investigation because of the potential impact for people, businesses and the UK economy of effective competition in business software.²
- 2.3 This chapter lays out the context to the investigation by setting out the aims of the UK's digital markets competition regime. It describes at a high level the development of Microsoft's business software offerings and the scope of this investigation as well as the work we have undertaken to inform the proposed decision.

The UK's digital markets competition regime

- 2.4 The Digital Markets, Competition and Consumers Act 2024 (the Act) establishes the UK's digital markets competition regime. As the accompanying notes explain:³
- 'Businesses operating in digital markets make a very significant contribution to the UK economy. However, it is the Government's view that the unprecedented market power, in relation to certain digital activities, of a small number of businesses, is holding back innovation and growth. Existing competition and consumer laws are not designed to address the unique barriers to competition in digital markets. In response, this Act establishes a new regime that is designed to boost competition in digital markets.'
- 2.5 The Act came into force in January 2025. In line with the policy development that led to its creation, it established a framework that is flexible and forward-looking, reflecting the dynamic nature of the digital economy and providing for intervention in a bespoke and targeted way. It gave the CMA the responsibility of assessing whether firms should be subject to the regime, and if so, whether and how rules should apply to their business. In recognition of the need for clarity on how the

¹ This is the CMA's fourth SMS investigation: during 2025, we investigated and designated Google as having SMS in general search services, comprising its general search and search advertising activities; we then found Apple and Google had SMS in relation to their respective mobile platforms.

² CMA's investigation notice to Microsoft in relation to the launch of initial strategic market status investigation and Invitation to comment dated 14 May 2026.

³ Explanatory notes to the Act, paragraph 3.

regime applies, the CMA published statutory guidance (subject to Secretary of State approval) on how it will approach its functions under the Act.⁴

Strategic market status: the gateway to the regime

- 2.6 The Act empowers the CMA to designate a firm as having strategic market status (SMS). SMS designation is the gateway to the digital markets competition regime – it will only apply to a firm designated as having SMS in relation to a particular ‘digital activity’.⁵ Only the largest firms can be designated: those with turnover greater than £1 billion in the UK or £25 billion globally, thresholds introduced ‘to make clear that smaller firms will not be in scope’.⁶
- 2.7 To designate a firm which exceeds these turnover thresholds with SMS, the CMA must establish that the firm has (i) ‘substantial and entrenched market power’ and (ii) ‘a position of strategic significance’ in respect of a ‘digital activity’ linked to the UK.

Digital activities

- 2.8 Traditional competition regimes assess market power through the lens of market definition. This involves drawing boundaries by measuring how substitutable products and services are for one another, often using hypothetical models to predict how customers would respond to price increases. This can be a useful tool in many contexts; but in others, it may not reflect the reality of competition. This was recognised during the development of the digital markets competition regime:⁷
- ‘The market power assessment should not require a formal market definition exercise, which results in a binary judgement of whether firms fall inside or outside of the market. Such a rigid approach would fail to recognise the nuanced and interconnected nature of digital products and services and underemphasise the importance of dynamic competition.’
- 2.9 The new regime therefore did not use the concept of a relevant market. The explanatory notes to the Act confirm that the assessment of substantial and entrenched market power ‘does not require the CMA to undertake a formal market definition exercise’.⁸

⁴ CMA194. The government’s 2022 response to consultation on a new pro-competition regime for digital markets, paragraph 46.

⁵ Explanatory notes to the Act, paragraph 94; 2020 Advice of the Digital Markets Taskforce, paragraph 4.7.

⁶ The government’s 2022 response to consultation on a new pro-competition regime for digital markets, page 17.

⁷ 2020 Advice of the Digital Markets Taskforce, paragraph 4.14. See also the government’s July 2021 consultation document, A new pro-competition regime for digital markets (CP 489), paragraph 54.

⁸ Explanatory notes to the Act, paragraph 109.

- 2.10 Instead, the SMS conditions are assessed by reference to a ‘digital activity’ – a bespoke legal concept for this new legal regime. The advice of the digital markets taskforce was that:⁹
- ‘In order to retain a targeted, practical and proportionate approach, we do not consider that the entire SMS firm should be assessed when considering SMS designation. Rather we propose the assessment should be applied with respect to a specific activity ... A focus on activities encourages a focus on how a specific firm operates and how the products and services offered by the firm interact. This is appropriate given that the SMS regime is firm-specific.’
- 2.11 In response to its consultation on the regime, the government noted that ‘This approach was generally preferred to linking the assessment to ‘markets’, as would normally be the case in a CMA investigation’; and that ‘Stakeholders agreed that the definition of digital activities needs to allow for flexibility so that the regime can respond to new technological developments and business models, whilst providing clarity for business.’¹⁰
- 2.12 Rather than setting out definitions of products or services that the CMA must apply, the Act therefore requires the CMA to describe a digital activity carried out by the relevant firm.
- 2.13 The Act allows the CMA to treat two or more digital activities carried out by a firm as a single digital activity – to ‘group’ what would otherwise qualify as separate activities – where they share a common purpose or can be carried out together to fulfil a specific purpose.
- 2.14 This too allows the regime to reflect the reality of specific firms’ business models, and in particular the interconnected nature of products and services in the ‘ecosystems’ or ‘platforms’ that feature in the digital economy. The recommendation of the digital markets taskforce was that the CMA should be able to ‘group products or services supplied by a firm into a single activity when these products or services (i) can reasonably be described as having a similar function or (ii) can reasonably be described as fulfilling, in combination, a specific function’, giving among other examples the services offered to buyers and sellers by an online marketplace or app store.¹¹ The explanatory notes to the Act give as examples of activities that might appropriately be ‘grouped’: a social media provider offering a number of services under different brands with the common function of allowing advertisers and publishers to interact and communicate with each other; and products and services that are part of the same supply chain,

⁹ 2020 Advice of the Digital Markets Taskforce, paragraph 4.15. See also Appendix B, paragraphs 13-14 and 18; A new pro-competition regime for digital markets (CP 489), paragraph 51; and the UK’s 2022 note to the OECD on the evolving concept of market power in the digital economy, paragraphs 67-69.

¹⁰ The government’s 2022 response to consultation on a new pro-competition regime for digital markets, page 14.

¹¹ The 2020 advice of the digital markets taskforce, Appendix B, paragraphs 16-17.

such as services selling advertisements and the provision of an advertising platform.¹²

- 2.15 A digital activity must be 'linked to the UK', consistent with the government's decision to require the CMA 'to establish a UK nexus, ensuring a focus on competition in the UK'.¹³ Such a link exists where the digital activity has a significant number of UK users; the firm carries on business in the UK in relation to the digital activity; or the way in which the firm carries on the digital activity is likely to have an immediate, substantial and foreseeable effect on trade in the UK.

The SMS conditions

- 2.16 In addition to digital activities, the Act introduces another bespoke concept for the digital markets competition regime: 'substantial and entrenched market power'.¹⁴ This legal concept is tailored to the nature of the regime: to assess whether a firm has substantial and entrenched market power in a digital activity, the Act requires the CMA to carry out a forward-looking assessment of a period of at least five years, taking into account expected and foreseeable developments that may affect the firm's conduct in carrying out the activity.
- 2.17 The explanatory notes to the Act state that 'The underlying policy intent is that the CMA should be satisfied that the undertaking's power and influence in the digital activity is neither small nor transient, based on their consideration of competitive conditions. However, the CMA is not required to demonstrate that the undertaking's market power will definitely endure for a minimum period of five years. The intent is also that the CMA should not be prevented from considering past and present market conditions as part of this forward-looking assessment'.¹⁵
- 2.18 To establish that a firm has a position of strategic significance in respect of the digital activity, the CMA must show that the firm meets at least one of the criteria set out in the Act:
- (a) a position of significant size or scale in respect of the digital activity;
 - (b) a significant number of other firms use its digital activity in carrying on their business;

¹² Explanatory notes to the Act, paragraph 103. Further examples of when it may be appropriate to 'group' digital activities can be found in CMA194, paragraphs 2.14-2.15.

¹³ The government's 2022 response to consultation on a new pro-competition regime for digital markets, paragraph 44.

¹⁴ Although the Furman report proposed that 'The 'significant market power' test in telecoms regulation provides a good starting point' for the assessment of market power in the digital economy (the 2019 'Furman' Report, paragraph 2.117), Parliament chose not to import concepts from other legal regimes. Cf, for example, the Communications Act 2003, which provides that 'significant market power' is to be construed in the same way as the concept of dominance under the Competition Act 1998: section 78.

¹⁵ Explanatory notes to the Act, paragraph 109.

- (c) the firm's position in respect of the digital activity would allow it to extend its market power to a range of other activities; and
- (d) the firm's position in respect of the digital activity allows it to determine or substantially influence the ways in which other firms conduct themselves.

- 2.19 To ensure clarity as to what qualifies as a position of strategic significance, this is an exhaustive list of factors.¹⁶ It is complementary to the substantial and entrenched market power condition, since the government recognised that 'Digital firms may have significant size or scale or have many business and consumer users, but that does not in itself indicate a competition problem'.¹⁷
- 2.20 Only where the CMA can demonstrate that all the conditions in the Act are met is it able to designate a firm as having SMS in respect of the relevant digital activity.

The process

- 2.21 Before designating a firm with SMS, the CMA must carry out an 'SMS investigation' to determine whether the legal tests are met.
- 2.22 This is a process of ongoing engagement with the relevant firm, stakeholders and the wider public, as part of the CMA's 'participative approach' to operating the regime.¹⁸
- 2.23 The CMA publishes an 'invitation to comment' (ITC) encouraging those interested to provide their views. We gather evidence through formal powers, through meetings and calls, and potentially through research commissioned from third parties; and provide the relevant firm with multiple opportunities to address decision makers directly. If we propose to designate that firm, we carry out a public consultation on our proposal, as we are doing in relation to Microsoft's Business Software Ecosystem in this consultation.
- 2.24 The CMA must reach a decision on final designation within nine months, subject to limited powers to extend. If, having considered all the evidence and submissions received, we decide to designate the firm, we must publish our decision and the reasons for it.
- 2.25 A designation lasts, in principle, for five years. But it can be reviewed at any point and can be revoked, for example if changes in competitive conditions mean the firm no longer meets the SMS tests.

¹⁶ The government's 2022 response to consultation on a new pro-competition regime for digital markets, pages 16-17.

¹⁷ Government consultation document, A new pro-competition regime for digital markets (CP 489), paragraph 62.

¹⁸ See Overview of the CMA's provisional approach to implement the new Digital Markets competition regime.

- 2.26 In designing the digital markets competition regime, the government recognised that ‘The size and presence of ‘big’ digital firms is not inherently bad’.¹⁹ There are no rules that apply automatically to designated firms, and the Act does not compel the CMA to impose any particular rules. Instead, in the event of designation, the Act allows the CMA to introduce targeted measures in relation to the digital activity, where such measures are proportionate for the purposes of specific statutory objectives – that users or potential users of the relevant digital activity:
- (a) Are treated fairly and subject to reasonable terms (fair dealing);
 - (b) Are able to choose freely and easily between firms providing services or digital content (open choices); or
 - (c) Have the information they need to understand the terms on which the activity is provided to them and make properly informed decisions about their interaction with the firm (trust and transparency).
- 2.27 Before introducing such measures, the CMA must carry out further public consultation.

Previous CMA work in relation to Microsoft’s Business Software Ecosystem

- 2.28 The CMA has carried out some related work which informed the CMA Board’s decision to prioritise Microsoft’s Business Software Ecosystem as an SMS designation investigation:²⁰
- (a) In July 2025, a CMA inquiry group concluded a market investigation into Cloud Services (Cloud market investigation) which found that competition was not working well in the UK cloud services markets. The investigation concluded that Microsoft held significant market power in several software products, for which customers were unable or unwilling to switch, and that its licensing practices affected the ability of AWS and Google to compete in the supply of cloud services.²¹
 - (b) Separately, the CMA had heard concerns about Microsoft’s position in business software – particularly productivity software, operating systems, database management and security software, leading to horizon scanning work.

¹⁹ The government’s 2022 response to consultation on a new pro-competition regime for digital markets, page 7.

²⁰ It also decided to monitor some actions being taken by Microsoft and AWS to improve customers’ ability to use both clouds together.

²¹ [Summary of final decision](#), 31 July 2025.

- 2.29 Taking this work into account, the CMA Board decided in March 2026 to take a range of actions to address, in aggregate, issues across cloud and business software, so that UK businesses and public sector organisations can best select the digital infrastructure and tools that meet their needs. A key decision was to launch an SMS designation investigation into Microsoft's Business Software Ecosystem.
- 2.30 Alongside this work, the CMA is monitoring actions being taken by the UK's two largest cloud services providers, AWS and Microsoft to lower egress fees and improve interoperability between their clouds for UK customers.²² These actions should create benefits for UK businesses, enabling greater scope for switching and multi-homing to support customer choice and the resilience of their technology.

Scope of this investigation

Development of Microsoft's Business Software Ecosystem

- 2.31 Microsoft has been supplying software for over 50 years and is well established as a major supplier of software and technology to businesses and consumers,²³ including cloud services, gaming and other activities.
- 2.32 Microsoft's range of business software has expanded from PC operating systems and productivity applications such as Word, Excel and PowerPoint into server operating systems, database software and software security products.
- 2.33 Over the 2010s, Microsoft shifted towards cloud-based delivery of its software, including Software as a Service (SaaS) and subscription-based digital software licences (rather than physical product sales). Microsoft also launched Azure public cloud services, allowing customers to host workloads on remote, rather than on-premises or privately managed servers.²⁴ Evidence we have seen to date on customers' technology use shows that most larger customers now run a mix of on-premises and public cloud workloads.
- 2.34 After its acquisition of Skype in 2011, Microsoft expanded its offering to include communication and collaboration tools such as Teams (combining instant chat, video conferencing, calling, and file sharing) designed for staff working in hybrid environments and across different locations.

²² Actions announced by [Microsoft](#), 31 March 2026, accessed 12 October 2026 and [Amazon](#) 31 March 2026, accessed 12 October 2026.

²³ This investigation focusses on Microsoft's provision of its business software ecosystem and does not include its software products for consumers.

²⁴ Azure now offers customers a large range of infrastructure, platform and software services.

2.35 Microsoft is now integrating AI into its range of business software, including various forms of Microsoft Copilot.

Microsoft products included in this investigation

2.36 In the Investigation Notice (IN) issued at the start of the investigation, we set out a proposed scoping of five digital activities, namely:²⁵

- (a) a productivity software suite that enables users to work and collaborate, including to create, record, communicate and manage information (Productivity Software Suite or PSS);
- (b) a personal computer (PC) operating system or equivalent, which acts as an intermediary between hardware and software on the computer, enabling software applications (referred to as applications or apps) and services to run on a PC (PC Operating System);
- (c) a server operating system software or equivalent, which acts as an intermediary between hardware and software on a server, enabling software applications and services to run on a server (Server Operating System);
- (d) a relational database management system that manages and stores data in separate tables and defines relationships between those tables (Relational Database Management System, or RDBMS); and
- (e) software that secures operating systems, as well as the applications and data running on those systems, through mechanisms including authentication and authorisation of access for individuals and devices, enforcement of endpoint management policies and detection and prevention of threats (Security Software).²⁶

2.37 We also explained that we would investigate the extent to which Microsoft's AI products (such as those branded as Copilot) should be included within the scope of these digital activities. These AI offerings span all layers of the technology stack,²⁷ so we would investigate whether AI features and functionalities fall in scope of each of the digital activities set out above.

2.38 We set out that these five digital activities may be treated as a single digital activity as they can be carried out in combination with each other to fulfil the specific purpose of providing a software environment that enables organisations to perform

²⁵ [Investigation notice](#), paragraph 5.

²⁶ The description of the digital activities in scope of the investigation may be refined during the investigation. See: [CMA194](#), paragraph 2.89.

²⁷ [Microsoft 2025 Annual Report](#), page 9, accessed 12 October 2026.

work tasks effectively, securely and at scale. We referred to this grouped digital activity as Microsoft's Business Software Ecosystem.²⁸

Business software customers

- 2.39 Microsoft's UK customers comprise a broad range of organisations across both the private and public sectors, ranging from small business (with 1-300 employees), corporate or mid-market organisations (with 300-3,000 employees) to large enterprises (with over 3,000 employees).
- 2.40 Our analysis of data from Microsoft shows that the majority [80-90]% of its UK revenue comes from a small proportion of its customers who purchase products across all five of the digital activities. While around 90% of UK customers only buy in one digital activity (primarily PSS), Microsoft's average revenue from these customers is very low, suggesting that most buy a single software licence.
- 2.41 Microsoft makes its Business Software Ecosystem products available through a range of licensing and packaging arrangements. Some customers acquire products directly from Microsoft, with the remainder purchasing through a variety of intermediaries, including resellers, third-party IT providers and organisations participating in Microsoft's partner programme,²⁹ which may also provide procurement, implementations and support services. These intermediaries also help customers choose from a range of software suite and product add-on licences which become a bundle with price and commercial terms reflecting the number of products included and the number of licensed users.
- 2.42 For larger customers, Microsoft provides Enterprise Agreements (EAs) as a route to buy a range of products. These EAs are customisable and negotiated by each customer, allowing them to buy either perpetual or subscription licences.
- 2.43 While Microsoft products are central to many customers' technology stacks, most will also deploy software from other vendors to meet their particular needs.

Our investigation to date

- 2.44 Since launching our investigation, we have gathered a wide range of evidence from Microsoft and stakeholders across the digital economy to inform the provisional decisions we have now taken. Our evidence gathering includes:
- (a) At the outset of the investigation, we published an ITC inviting views on the scope and main avenues of the investigation.³⁰ We received 33 responses

²⁸ [Investigation Notice](#), paragraph 6-7.

²⁹ [Find a Microsoft partner](#) (accessed 12 October 2026). There are three main partner models available to customers through the Microsoft partner programme channel: Channel Partners, System Integrators and Independent Software Vendors.

³⁰ [Invitation to comment](#).

from third parties and published non-confidential responses on the case page.³¹

- (b) We have engaged with Microsoft throughout this initial stage of the investigation, with extensive information requests and its proactive submission of materials to the investigation and an in-person meeting with CMA decision-makers.
- (c) We requested qualitative and quantitative information and/or held bilateral meetings with a range of market participants.
- (d) It has been important for us to understand and represent the views and interests of UK business software customers in our investigation. To that end, we commissioned a major piece of qualitative customer research, drawing on in-depth interviews with 80 business software customers which is published alongside this report.³² This focused on understanding:
 - (i) How and why customers purchased their existing business software range;
 - (ii) The alternatives to Microsoft's business software;
 - (iii) Switching between business software applications;
 - (iv) Whether the trend of switching from on-premise to cloud services may impact market power;
 - (v) The impact of AI assistants; and
 - (vi) Customer experience of quality with Microsoft software

2.45 We have also engaged directly with around 50 UK customers who use Microsoft products. These were mostly drawn from Microsoft's own lists of customers and included both public and private sector organisations. While most were larger organisations, some were digital natives and mid-sized.

2.46 Where we were aware of submissions and evidence obtained in other CMA work or investigations which we considered to be relevant to this investigation, we have used the information for the purposes of this investigation while also ensuring that the evidence relied upon is up to date.³³ Throughout this proposed decision, the provenance of all information we are relying on is set out clearly in footnotes.³⁴

³¹ [Microsoft's business software ecosystem: Invitation to comment - GOV.UK](#).

³² The report can be accessed on the CMA case page [Microsoft's business software ecosystem - GOV.UK](#).

³³ As envisaged by CMA194, paragraph 5.93.

³⁴ In particular, we have used information obtained by the CMA during the Cloud services market investigation, and our horizon scanning work, as set out earlier in this chapter.

3. THE UNDERTAKING AND TURNOVER CONDITION

The Microsoft undertaking

- 3.1 The Act provides that the CMA may designate an ‘undertaking’ as having SMS in respect of a digital activity carried out by the undertaking (where the conditions in the Act are met).³⁵
- 3.2 ‘Undertaking’ has the same meaning as it has for the purposes of Part 1 of the Competition Act 1998.³⁶
- 3.3 The concept of ‘undertaking’ covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. It is ‘an economic unit even if in law that economic unit consists of several persons, natural or legal’.³⁷ An undertaking does not therefore correspond to the commonly understood notions of a legal entity or corporate group, for example under English commercial or tax law.³⁸
- 3.4 Multiple persons (such as a parent company and its subsidiaries) will usually be treated as a single undertaking if they operate as a single economic entity. This will be the case where one exercises ‘decisive influence’ over another – for example, a parent company which decides the commercial policy of its subsidiaries.³⁹
- 3.5 The Act requires us to describe the undertaking to which any SMS designation would relate.⁴⁰ Our Guidance explains that where an undertaking comprises multiple companies, we will usually seek to identify the parent company and the main subsidiaries responsible for carrying on the digital activity, rather than providing an exhaustive list of the entities making up the undertaking at the relevant point in time.⁴¹
- 3.6 The Microsoft undertaking we propose to designate as having SMS in respect of its Business Software Ecosystem includes (but is not limited to) Microsoft Corporation, Microsoft Limited, Microsoft Ireland Research Universal Company⁴² and Microsoft Ireland Operations Limited, respectively the ultimate parent company and main subsidiaries responsible for carrying on Microsoft’s Business

³⁵ Section 2(1) of the Act.

³⁶ Section 118(1) of the Act.

³⁷ C-97/08 *Akzo v Commission*, at [54] - [55].

³⁸ *Sepia Logistics Limited v Office of Fair Trading* [2007] CAT 13, at [70].

³⁹ CMA194, footnote 2. Where a parent company holds all or virtually all of a subsidiary’s share capital or all of its voting rights, there is a rebuttable presumption that it exercises decisive influence over, and therefore forms a single undertaking with, that subsidiary. See, for example, C-97/08 *Akzo v Commission*, paragraph 60; C-595/18 P *Goldman Sachs v Commission*, paragraphs 35-36.

⁴⁰ Section 15(3)(a) of the Act.

⁴¹ CMA194, paragraph 2.104, footnote 78 and paragraph 2.90.

⁴² In the CMA’s [Investigation Notice](#) issued at the launch of its SMS investigation into Microsoft’s business software ecosystem, this is referred to as ‘Microsoft Ireland Research’.

Software Ecosystem, which form part of a single economic unit engaged in an economic activity and therefore constitute an undertaking within the meaning of the Act:

- (a) Microsoft Corporation is the ultimate parent company responsible for each of the digital activities described in the next chapter.⁴³ Within the company there are different divisions that cover the digital activities.⁴⁴
- (b) Microsoft Limited, controlled by its ultimate parent company, Microsoft Corporation,⁴⁵ is engaged in marketing and distributing computer software principally in the UK.⁴⁶ Its product revenue includes sales of the digital activities.⁴⁷
- (c) Microsoft Ireland Research UC, [redacted]⁴⁸ also ultimately controlled by Microsoft Corporation,⁴⁹ licenses other group companies to sell and distribute Microsoft products.⁵⁰ In addition, it is also engaged in product localisation and product research and development activities.⁵¹
- (d) Microsoft Ireland Operations Limited is [redacted].⁵²

3.7 We provisionally find that the Microsoft undertaking includes Microsoft Corporation, Microsoft Limited, Microsoft Ireland Research and Microsoft Ireland Operations Limited.

The turnover condition

3.8 The CMA may not designate an undertaking as having SMS in respect of a digital activity unless the 'turnover condition' is met in relation to the undertaking.⁵³

3.9 The turnover condition is met in relation to an undertaking if the CMA estimates that:⁵⁴

⁴³ Microsoft's response dated [redacted] to section 69 notice dated [redacted].

⁴⁴ [redacted]. (See Microsoft's response dated [redacted] to section 69 Notice dated [redacted])

⁴⁵ Page 55, Microsoft Limited: Annual Report and Financial Statements for the Year Ended 30 June 2024.

⁴⁶ Pages 2 and 26, Microsoft Limited: Annual Report and Financial Statements for the Year Ended 30 June 2025.

⁴⁷ Pages 2 and 26, Microsoft Limited: Annual Report and Financial Statements for the Year Ended 30 June 2025.

Product revenues include those from operating systems, cross-device productivity applications, server applications and business solution applications.

⁴⁸ Page 30 of Microsoft Ireland Research UC: Annual Report and Financial Statements for the Financial Year Ended 30 June 2025.

⁴⁹ Page 36 of Microsoft Ireland Research UC: Annual Report and Financial Statements for the Financial Year Ended 30 June 2025.

⁵⁰ Page 1 of Microsoft Ireland Research UC: Annual Report and Financial Statements for the Financial Year Ended 30 June 2025.

⁵¹ Page 1 of Microsoft Ireland Research UC: Annual Report and Financial Statements for the Financial Year Ended 30 June 2025.

⁵² Microsoft confirmed this to the CMA.

⁵³ Sections 2(3) and 7(1) of the Act.

⁵⁴ Section 7(2) of the Act.

- (a) the total value of the global turnover of an undertaking or, where the undertaking is part of a group,⁵⁵ the global turnover of that group in the relevant period exceeds £25 billion (the global turnover threshold); or
- (b) the total value of the UK turnover⁵⁶ of an undertaking or, where the undertaking is part of a group, the UK turnover of that group in the relevant period exceeds £1 billion (the UK turnover threshold).⁵⁷

3.10 The ‘relevant period’ in each case means:

- (a) the most recent period of 12 months in respect of which the CMA considers that it is able to make an estimate of the total value of the relevant turnover of the undertaking or group; or
- (b) if the CMA estimates that the relevant turnover of the undertaking or group in the period of 12 months prior to the period in (a) above was higher, that earlier period of 12 months.^{58 59}

3.11 Our Guidance explains that the CMA’s starting point for assessing relevant turnover will usually be the undertaking and/or group’s latest published accounts.⁶⁰ Further, the CMA expects that the most recent period of 12 months in respect of which it is able to make an estimate of the total value of the relevant turnover of the undertaking or group will in most instances be the 12-month period covered by those accounts.⁶¹

3.12 For the reasons set out below, we provisionally find that the global turnover threshold and the UK turnover threshold (either of which would suffice) are both exceeded – and therefore the turnover condition is met in relation to the Microsoft undertaking:⁶²

⁵⁵ An undertaking is part of a group if one or more bodies corporate which are comprised in the undertaking are members of the same group as one or more other bodies corporate. Two bodies corporate are members of the same group if (a) one is the subsidiary of the other, or (b) both are subsidiaries of the same body corporate (section 117 of the Act).

⁵⁶ Turnover relating to UK users or UK customers: section 8(3) of the Act. ‘UK user’ and ‘UK customer’ are defined in section 118(1) of the Act as meaning any user or, as the case may be, customer who it is reasonable to assume (a) in the case of an individual, is normally in the UK; and (b) in any other case, is established in the UK.

⁵⁷ In each case, turnover arising in connection with any activities is taken into account: section 8(2) and (3) of the Act.

⁵⁸ Section 7(6) of the Act.

⁵⁹ Further details on the methodology for estimating turnover are set out in the Digital Markets, Competition and Consumers Act 2024 and Consumer Rights Act 2015 (Turnover and Control) Regulations 2024, Schedule 1

⁶⁰ Where the CMA is assessing turnover for the purposes of the UK turnover threshold, this will include considering any geographic breakdown contained in the published accounts. See paragraph 2.37 of CMA194.

⁶¹ See paragraph 2.39 of CMA194.

⁶² Pursuant to section 7(2) of the Act, where the undertaking is part of a group, the turnover of the group should be considered. We have therefore considered the turnover of the Microsoft Corporation as a whole rather than the turnover only attributable to the main subsidiaries responsible for carrying on the relevant digital activity.

- (a) Microsoft Corporation's most recent published accounts report revenues of \$331.8 billion (£247.2 billion⁶³) for the financial year ending 30 June 2026.⁶⁴
- (b) Microsoft Corporation's published accounts also include a geographic breakdown of global revenues classified by the geographic areas in which their customers were located. The UK is part of the 'Other countries' revenue reporting region, which reported revenues of \$161.0 billion (£120.0 billion⁶⁵) for the financial year ending 30 June 2026.⁶⁶
- (c) While Microsoft Corporation's published accounts do not include UK-specific revenue figures, Microsoft has confirmed to the CMA that all revenues generated by any sales to customers located in the UK exceeded and will exceed £1 billion for the financial years ending 30 June 2025 and 30 June 2026 respectively.⁶⁷ We also note that Microsoft Limited, the UK entity included in the Microsoft undertaking set out above – being the company engaged in marketing and distributing computer software principally in the UK – reported turnover of £10.9 billion for the financial year ended 30 June 2025.⁶⁸

⁶³ Using the Bank of England average exchange rate for USD vs GBP of 1.3422 for the period from 1 July 2025 to 30 June 2026. Source: <https://www.bankofengland.co.uk/boeapps/database/> (accessed 12 October 2026)

⁶⁴ Source: [Form 10-K for Microsoft Corp filed 07/29/2026](#), page 37 (accessed 12 October 2026). Given the scale by which Microsoft Corporation's reported turnover exceeds the global turnover threshold, we have not conducted a more detailed assessment of its global turnover based on the methodology specified in the Turnover Regulations.

⁶⁵ Using the Bank of England average exchange rate for USD vs GBP of 1.3422 for the period from 1 July 2025 to 30 June 2026.

⁶⁶ Source: [Form 10-K for Microsoft Corp filed 07/29/2026](#), page 84 (accessed 12 October 2026).

⁶⁷ Microsoft response dated [3<] to the section 69 Notice issued [3<].

⁶⁸ [Microsoft Limited full accounts made up to 30 June 2025](#), page 21 (accessed 1 September 2026).

4. DIGITAL ACTIVITIES

Summary

This chapter sets out the description of the digital activities in respect of which we propose to designate Microsoft as having strategic market status (SMS).

We first describe our legal framework, guidance and approach for assessing Microsoft's digital activities. We then set out our proposed description and scope of the digital activities included in our proposed SMS designation before setting out our proposal to treat these digital activities as a single digital activity: Microsoft's Business Software Ecosystem. We end this chapter with our proposed finding that Microsoft's provision of its Business Software Ecosystem is linked to the UK.

Digital activities

Based on the evidence we have seen to date, we have considered how Microsoft products are offered and consumed and, where relevant, the links between them. In light of that evidence, we provisionally conclude that the descriptions of the digital activities set out in our Investigation Notice remain appropriate. The scope of the investigation remains Microsoft's provision of the one or more pieces of digital content for organisational use, set out below, however accessed and deployed.

In the course of our investigation, we have also considered which of Microsoft's products, features and functionalities perform the function of each digital activity and should therefore be considered in scope. Our proposed decision is as follows:

Personal computer operating system

The personal computer operating system digital activity is defined as the provision of a personal computer operating system or equivalent, which acts as an intermediary between hardware and software on the computer, enabling software applications (referred to as applications or apps) and services to run on a personal computer (PC OS).

We provisionally consider Windows 10 and 11, Azure Virtual Desktop and Windows 365 to be in scope. With regard to the inclusion of Azure Virtual Desktop and Windows 365, we consider that operating systems perform the same functions for a customer when accessed locally or via virtualisation.

Productivity software suite (PSS)

The PSS digital activity is defined as the provision of a productivity software suite that enables users to work and collaborate, including to create, record, communicate and manage information.

We provisionally consider that the following products perform the functions described by the PSS digital activity and should therefore be included within scope:

- Microsoft's Office and Office 365 applications, as listed further below; and
- Microsoft's M365 Copilot Offerings, including Microsoft 365 Copilot, Copilot Chat and features such as Cowork and Agents for M365 Copilot.

We also consider that the Microsoft Graph API, Work IQ, Microsoft 365 Admin Center and Agent 365 are within scope where they underpin, manage or deploy functionality that falls within the PSS digital activity.

Security Software

The security software digital activity is defined as the provision of software that secures operating systems, as well as the applications and data running on those systems, through mechanisms including authentication and authorisation of access for individuals and devices, enforcement of endpoint management policies and detection and prevention of threats (Security Software).

We provisionally consider Entra, Active Directory, Intune and Defender to be within the scope of the Security Software digital activity. We also consider that certain functionalities of Purview, Security Copilot and Agent 365 perform functions of the Security Software digital activity. We consider that:

- Purview is in scope where its functionality is to protect data running on operating systems and applications.
- Security Copilot is in scope where it performs the functions described by the Security Software digital activity by integrating with and performing the functions of any of Entra, Defender, Intune and Purview Security Copilot.
- Agent 365 is in scope when used to extend the Software Security functionalities to AI agents.

Server operating system

The server operating system digital activity is defined as the provision of software or equivalent, which acts as an intermediary between hardware and software on a server, enabling software applications and services to run on a server (Server OS).

We provisionally consider Windows Server to fall within the scope of the Server OS digital activity.

Relational database management system

The relational database management system digital activity is defined as the provision of a relational database management system that manages and stores data in separate tables and defines relationships between those tables (RDBMS).

We provisionally consider that SQL Server (including SQL Server-based PaaS and SaaS offerings); and SQL Database Engine are in scope of this digital activity.

Grouping

We provisionally conclude that the conditions for grouping the above five digital activities into a single digital activity are met. In particular, the individual activities can be carried out in combination for the specific purpose of providing a business software environment in which organisations can manage and secure users, devices, compute resources, applications and data, and users can access, create, record, communicate and manage business information (the 'Microsoft Business Software Ecosystem'). Grouping the digital activities into one single activity best captures the reality of how the individual activities interact as part of the software stack and reflects how Microsoft offers and customers consume them in practice.

Link to UK

We provisionally conclude that Microsoft's Business Software Ecosystem is linked to the UK. Microsoft has a significant number of UK users, carries on business in the UK in relation to the digital activities, and the way in which its business is carried out is likely to have an immediate, substantial and foreseeable effect on trade in the UK.

Legal framework for assessing digital activities

- 4.1 The CMA may designate an undertaking as having SMS in respect of 'a digital activity carried out by the undertaking' where the conditions in the Act are met.⁶⁹
- 4.2 For these purposes, 'digital activities' are:⁷⁰
- (a) the provision of a service by means of the internet, whether for consideration or otherwise;
 - (b) the provision of one or more pieces of digital content, whether for consideration or otherwise;
 - (c) any other activity carried out for the purposes of an activity within (a) or (b) above.

⁶⁹ Section 2(1) of the Act.

⁷⁰ Section 3(1) of the Act.

- 4.3 The Act provides that the CMA may treat (or ‘group’) two or more digital activities that are carried out by a single undertaking as a single digital activity where:⁷¹
- (a) the activities have substantially the same or similar purposes, or
 - (b) the activities can be carried out in combination with each other to fulfil a specific purpose.
- 4.4 The Act requires us to describe the digital activity with respect to which the SMS designation has effect⁷² and refers to this as the ‘relevant digital activity’.⁷³
- 4.5 Our Guidance states that we will indicate which of the existing products offered by the firm we consider to be within the scope of the relevant digital activity at the point of making a decision to designate the firm as having SMS.⁷⁴
- 4.6 In identifying a digital activity and considering which of the firm’s products it may comprise, we will typically look at how those products are offered and consumed. For example, we may consider how the firm structures itself and its business model, how businesses and consumers use and access its products, including any interlinkages among them. In practice, this will largely focus on factual information and will not require an assessment of the competitive constraints on the firm or a market definition exercise.⁷⁵
- 4.7 Identifying digital activities is a case-specific assessment and the CMA may vary its approach between investigations depending on the particular circumstances of a case.⁷⁶

Our approach to describing digital activities

- 4.8 Microsoft’s business software comprises a wide and evolving range of products, features and functionalities. Microsoft’s business software offerings may change over time; it may introduce, discontinue, rename or alter products, or reorganise functions between products. It is in this context that we assess the relevant digital activities. Given the five-year duration of any SMS designation,⁷⁷ the scope of each digital activity in this investigation is therefore focused on the relevant functionality, rather than product names, to help ensure resilience to changes over time.
- 4.9 Where we provisionally identify a Microsoft product as in scope, this reflects the extent to which it performs the functions described in the relevant digital activity.

⁷¹ Section 3(3) of the Act; Explanatory notes to the Act, paragraph 103. See also CMA194, paragraphs 2.14-2.15.

⁷² Section 15(3)(b) of the Act.

⁷³ Section 118(1) of the Act.

⁷⁴ CMA194, paragraph 2.107.

⁷⁵ Explanatory notes to the Act, paragraph 109 and CMA194, paragraph 2.10.

⁷⁶ CMA194, paragraph 2.11.

⁷⁷ Section 18 of the Act.

The inclusion of a product does not necessarily mean that all functions of that product are engaged in the relevant digital activity; nor is a product excluded from the scope of the digital activity merely because it also performs functions outside the digital activity. As set out below, we assess in the round whether, having regard to how a product is offered and consumed and, where relevant, its interlinkages with other applications, it performs the functions described by the digital activity.⁷⁸ We do not consider that a product must be consumed by every organisation nor every end user within an organisation to fall within scope of the digital activity.

- 4.10 If designated, Microsoft would be responsible for assessing which of its current products fall within the descriptions of the relevant digital activities during the designation period, for example, as it adapts products over time, changes the features or functionality of products, or new products are introduced.⁷⁹ The CMA would discuss with Microsoft how a digital activity description applies to new or altered products.⁸⁰ Where a development may require a change to the description of a digital activity, the CMA would consider whether reassessment or amendment is appropriate under the applicable statutory framework.⁸¹ The CMA would not be required to update any designation notice each time Microsoft changed the way in which it carries out the activity.⁸²
- 4.11 In addition, the list of products within scope of a digital activity may be updated by the CMA in the course of the designation period as part of the CMA's monitoring of relevant developments. This would include monitoring work in relation to the introduction of new products and changes in features and functionalities of existing products.

PC Operating Systems

- 4.12 In the Investigation Notice (IN) we described the personal computer operating system (PC OS) digital activity as a personal computer operating system or equivalent, which acts as an intermediary between hardware and software on the computer, enabling software applications (referred to as applications or apps) and services to run on a personal computer.⁸³ In the IN we indicated the products, features and functionalities we considered at that stage were likely to be in scope of the digital activity.⁸⁴

⁷⁸ CMA194, paragraph 2.10.

⁷⁹ CMA194, paragraph 2.107.

⁸⁰ CMA194, paragraph 2.107.

⁸¹ CMA194, paragraphs 2.108 and 2.129.

⁸² CMA194, paragraph 2.108.

⁸³ [Investigation Notice](#), paragraph 5(b). As at launch, we consider the term 'personal computer' affords the correct level of flexibility, while distinguishing PC OS from Server OS. We considered that this captures Windows when installed on Surface Pros and Microsoft's current offer of "all-in-one" Tablet-computers. Microsoft does not currently offer a tablet or mobile OS.

⁸⁴ [Investigation Notice](#), paragraph 8 (b) lists Windows 10 and 11 and any subsequent versions.

Submissions on our description and scope of PC OS

- 4.13 Microsoft said that its operating system was fully distinct from the other digital activities we had proposed in the IN and that its products (including operating systems) support numerous third-party applications and functionalities.⁸⁵ Microsoft also submitted that customers increasingly rely on mobile devices for activities that were historically performed on PCs, and the advent of cloud computing reinforces this shift by enabling access to applications and services independent of a specific operating system and that IT investment decisions may move usage towards mobile, browser-based and application-centric workflows that may reduce reliance on PCs for certain tasks.⁸⁶
- 4.14 Submissions received from stakeholders were broadly supportive of our description of this digital activity.⁸⁷ Google said that the description of the PC OS digital activity should be expanded to include services and associated functionalities that enable the functioning of PC OS, including products/services that provide virtual desktop access such as Desktop-as-a-Service (DaaS). It said that capturing this was essential given the rapid shift towards cloud-based infrastructure.⁸⁸

Our assessment

- 4.15 A PC OS provides the platform through which other software may call on hardware to execute tasks.
- 4.16 We have considered the submissions and evidence received to date. For the reasons set out below, our provisional view is that the description of the PC OS digital activity in the IN remains appropriate; and that the PC OS digital activity constitutes the provision of one or more pieces of digital content within the meaning of section 3(1)(b) of the Act.

Products in scope

Microsoft's PC OS product offerings

- 4.17 For the reasons set out below, we provisionally find that the following Microsoft products and functionalities meet the functional description of the PC OS digital activity and are therefore in scope:

⁸⁵ Microsoft's response to invitation to comment dated 14 May 2026, paragraph 2.1. [Microsoft.pdf](#)

⁸⁶ Microsoft's response dated [3<] to section 69 notice dated [3<]. We consider mobile OS further in the PC OS SEMP section below.

⁸⁷ For example, Anonymous 3's response to invitation to comment dated 14 May 2026, page 1. [Anonymous 3.pdf](#)

Anonymous 1's response to invitation to comment dated 14 May 2026, paragraph 6. [Anonymous 1.pdf](#)

⁸⁸ Google's response to invitation to comment dated 14 May 2026, paragraph 7(a). [Google.pdf](#)

- (a) Windows 10 and 11 and any subsequent versions; and
 - (b) Azure Virtual Desktop⁸⁹ and Windows 365 (Cloud PC).
- 4.18 In identifying the PC OS digital activity, its description and the products, features and functionalities within scope, we have considered how it is offered and consumed.
- 4.19 Microsoft offers its PC OS in several ways:
- (a) Pre-installed on a device either manufactured by an original equipment manufacturer (OEM) or Microsoft itself.⁹⁰ When purchased with a device, PC OSs are licensed on a per-device basis and included in the device purchase.⁹¹
 - (b) As an upgrade of a customer's PC OS licence that is pre-installed on the device by an OEM.⁹² These upgrades typically offer additional functionality targeted at larger customers,⁹³ and can be sold on a standalone basis or bundled with other software products. Microsoft frequently bundles this version of its PC OS with PSS and Security software by including Windows 11 Enterprise in many of its M365 bundles including its E3, E5 and E7 bundles.
 - (c) Through virtual desktop infrastructure (VDI),⁹⁴ which allows customers to use a virtualised version of a PC OS, hosted either in the cloud or on customers' on-premises servers. Access to VDI can be purchased on a standalone basis or is included in the upgraded version of Microsoft's PC OS, Windows Enterprise.⁹⁵
- 4.20 Customers use operating systems as an intermediary on which to run other software or services. Our customer research found that Microsoft Windows was a default decision for most organisations,⁹⁶ with all participants stating that they

⁸⁹ Azure Virtual Desktop can also be described as Desktop as a Service (DaaS), which is a term for virtualised PC OS offerings where the underlying infrastructure is managed by the cloud provider supplying the DaaS. Microsoft, '[What is desktop as a service \(DaaS\) and how can it help your organization? | Microsoft Azure Blog](#)', dated 7 July 2022, accessed by the CMA on 8 October 2026.

⁹⁰ For example, Microsoft licenses its PC OS to be pre-installed on Dell devices. Dell, '[Windows 11 Pro Buy Dell Laptops – Latest PCs for Work, Gaming & Business | Dell UK](#)' undated, accessed by the CMA 8 October 2026, and sells proprietary Windows Surface devices. Microsoft '[Buy Surface Pro – Compare Latest 2-in-1 Laptop Specs & Price | Microsoft Store](#)', undated, accessed 24 September 2026.

⁹¹ Microsoft, '[Microsoft License Terms](#)', dated 2024, accessed by the CMA on 8 October 2026.

⁹² Microsoft sells Windows Enterprise as an upgrade to Windows Pro.

⁹³ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁹⁴ Customers may use VDI for example for added security or to better facilitate remote working. Customers devices will still typically need a PC OS that can be used to connect to the virtualised desktop via its VDI provider.

⁹⁵ Microsoft, '[Windows 11 Licensing For Virtual Desktops Licensing Guidance](#)', undated, accessed by the CMA on 5 October 2026.

⁹⁶ Jigsaw Customer Research, 28 September 2026, page 10, paragraph 37.

used Windows 10 and 11 as the main operating system for their productivity software suite, for all or most of their staff.⁹⁷

- 4.21 In light of the above, we provisionally consider that Microsoft's PC OS product offerings, set out above, fall within the functional description of the PC OS digital activity. Microsoft offers and customers consume Microsoft's PC OS product offerings as a personal computer operating system or equivalent, which acts as an intermediary between hardware and software on the computer enabling software applications and services to run on a PC.
- 4.22 In addition to the versions which are installed locally on devices, Microsoft provides its PC OS Windows as a virtualised version under the Microsoft 365 branding and Azure Virtual Desktop offering.⁹⁸ This means that organisational customers can access Microsoft's PC OS both on local devices and via multiple virtualisation offerings. As noted above, virtualisation means that the PC OS is run on a server (either on-premises or in the cloud) which the device accesses, instead of being run entirely on the device itself.
- 4.23 How a product is accessed, deployed or packaged may be a relevant factor, but does not in itself determine whether the product is within scope. Indeed, a product may perform the functions set out in the relevant digital activity description whether accessed through desktop application, mobile application, browsers, virtualised environments or other access points and whether deployed on--premises, in the cloud or in a hybrid environment. Similarly, a product does not fall outside scope merely because its functionality is supplied together with additional services, such as for example as part of a Software as a Service (SaaS) or Platform as a Service (PaaS), or other service-based offering. We have therefore considered whether virtualised versions provide the functionality of a PC OS.
- 4.24 Microsoft's main PC OS virtualisation offerings are Azure Virtual Desktop and Windows 365 (Cloud PC), both of which outsource the computing workloads away from the personal device via a network connection, browser or dedicated app. Windows 365 (Cloud PC) and Azure Virtual Desktop can also be described as DaaS, a term for virtualised PC OS offerings where the underlying infrastructure is managed by the cloud provider supplying the DaaS.⁹⁹
- 4.25 Microsoft's PC OS offerings perform the same functions for a customer both when accessed locally or via virtualisation (namely that of an intermediary between hardware and software on a computer) with the software being accessed remotely rather than stored on the hardware itself in the latter case. Microsoft describes

⁹⁷ Jigsaw Customer Research, 28 September 2026, page 59, paragraph 226.

⁹⁸ A virtualised version of a PC OS is hosted either in the cloud or on customers' on-premises servers.

⁹⁹ Microsoft, '[What is desktop as a service \(DaaS\) and how can it help your organization? | Microsoft Azure Blog](#)', dated 7 July 2022, accessed by the CMA on 24 September 2026.

Azure Virtual Desktop as delivering a ‘full Windows experience’,¹⁰⁰ and says that Windows 365 (Cloud PC) ‘lets users access Windows 10 or 11 from various devices’.¹⁰¹ In an internal document, Microsoft positions these virtual desktop offerings as delivering a ‘[><]’.¹⁰²

- 4.26 Differences between these deployment routes are minor,¹⁰³ pertaining to functions such as user allocation and security settings. For example, Microsoft notes that:
- (a) Windows PC OS operates a physical one-to-one hardware relationship (with each user corresponding to the hardware of a specific device),¹⁰⁴ and Windows 365 (Cloud PC) allocates each user to a virtual machine on a one-to-one basis (according to the Windows 365 licence assigned to the user).¹⁰⁵ But in Azure Virtual Desktop, multiple users share the resources of a single virtual machine host concurrently.¹⁰⁶
 - (b) Windows PC OS includes core security capabilities ‘out of the box’ but requires IT administrators to actively deploy Microsoft Security Baselines via Intune or Group Policy to secure physical hardware.¹⁰⁷ Windows 365 (Cloud PC) operates an automated security baseline by default that follow security best practices, so customers do not have to set this up themselves.¹⁰⁸ Azure Virtual Desktop offers customers granular customisation for peripheral controls and network security boundary control.¹⁰⁹
- 4.27 In light of the above, we provisionally consider that Microsoft's PC OS is in scope however accessed and deployed (on-premises, cloud, or a hybrid environment). This is because it performs the same functions for a customer both when accessed locally or via virtualisation.

¹⁰⁰ Microsoft, ‘[What is Azure Virtual Desktop? - Azure - Azure Virtual Desktop | Microsoft Learn](#)’, undated, accessed by the CMA on 30 July 2026.

¹⁰¹ Microsoft, ‘[What is Windows 365? | Microsoft Learn](#)’, undated, accessed by the CMA on 30 July 2026.

¹⁰² Microsoft’s internal document, [><] to section 69 notice dated [><].

¹⁰³ Microsoft, ‘[What is Azure Virtual Desktop? - Azure - Azure Virtual Desktop | Microsoft Learn](#)’, undated, accessed by the CMA on 24 September 2026 ; Microsoft ‘[Automated provisioning steps for Windows 365 | Microsoft Learn](#)’, undated, accessed by the CMA on 24 September 2026.

¹⁰⁴ Microsoft, ‘[Windows 11 Specs and System Requirements](#)’, undated, accessed by the CMA on 8 October 2026.

¹⁰⁵ Microsoft, ‘[Get started with virtual desktop architecture design – Azure Architecture Centre](#)’, undated, accessed by the CMA on 22 September 2026.

¹⁰⁶ Microsoft, ‘[What is Azure Virtual Desktop? - Azure - Azure Virtual Desktop | Microsoft Learn](#)’, undated, accessed by the CMA on 22 September 2026; Microsoft, ‘[Get started with virtual desktop architecture design – Azure Architecture Centre](#)’, undated, accessed by the CMA on 22 September 2026.

¹⁰⁷ Microsoft, ‘[Learn about Intune security baselines for Windows devices](#)’, undated, accessed by the CMA on 22 September 2026.

¹⁰⁸ Microsoft, ‘[Overview of security concepts in Windows 365](#)’, undated, accessed by the CMA on 22 September 2026.

¹⁰⁹ Microsoft ‘[Security, governance, and compliance for Azure Virtual Desktop infrastructure](#)’, undated, accessed by the CMA on 22 September 2026.

Products not in scope

Mobile operating systems

- 4.28 Microsoft's product offering does not currently include a mobile operating system.
- 4.29 While a mobile device may sometimes be used as an entry point to a PC OS (via the Windows App or web browser) or used to accomplish some of the same tasks achieved by a PC OS, we consider that the functionality of mobile and tablet devices is very different to that of PCs due to differing input methods, processing power, and portability.¹¹⁰ Evidence collected to date suggests that mobile and tablet OSs are not generally considered an alternative to PC OS.¹¹¹ We, therefore, provisionally consider that a mobile OS is not used by customers in the same or similar way to a PC OS and therefore not in scope.

Productivity Software Suite

- 4.30 In the IN, we described the Productivity Software Suite (or PSS) digital activity as a productivity software suite that enables users to work and collaborate, including to create, record, communicate and manage information. In the IN, we indicated the products, features and functionalities we considered at that stage were likely to be in scope of the digital activity.¹¹²

Submissions on our description and scope of PSS

- 4.31 In response to the ITC and in other submissions to the CMA, Microsoft stated that:
- (a) Microsoft offers a range of productivity suite options and enables customers to mix-and-match Microsoft applications with those of other providers.¹¹³
 - (b) Customers can choose whether to license certain applications and functionalities as part of a suite (eg Microsoft Teams (or Teams)), as

¹¹⁰ A provider submitted that tablet OSs remain complementary to PC OS rather than acting as substitutes, with many organisational customers relying on PCs for 'productivity intensive tasks and enterprise workflows' [redacted], [redacted] response dated [redacted] to section 69 notice dated [redacted]. Another provider submitted that mobile/tablet OSs are not viable alternatives to PC OSs for organisational customers, noting that procuring a mobile device does not negate the need for the use of a PC for primary knowledge work, [redacted] response dated [redacted] to section 69 notice dated [redacted].

¹¹¹ See also the SEMP assessment regarding PC OS – Mobile and Tablet OS in Chapter 5 and Appendix A.

¹¹² [Investigation Notice](#), paragraph 8(a): 'Based on Microsoft's current business model, the CMA considers that the following products, referred to by their current brand names are likely to be in scope: Microsoft's Office 365 applications, including Word, Excel, PowerPoint, Outlook, Exchange, Teams, SharePoint, OneDrive and OneNote; and the services and associated functionalities that enable the functioning of the Microsoft Productivity Software Suite, such as the Graph API and Microsoft 365 Admin Center. We explained that our investigation would include assessing whether Copilot features and functionalities that can be used with these apps (eg, Copilot features within Outlook, Excel, Word and OneNote), and/or AI assistant features and functionalities accessed in the Microsoft 365 Copilot App, would be in scope.'

¹¹³ Microsoft's response to invitation to comment dated 14 May 2026, paragraph 5.2. [Microsoft.pdf](#).

standalones (eg Word only), or as add-ins (eg Microsoft 365 Copilot and Agent 365).¹¹⁴

- (c) Microsoft's Copilot offering is a distinct and complementary 'AI layer', which should not be included in the scope of any SMS designation decision.¹¹⁵ Microsoft's submissions on its AI offerings are discussed further below.

4.32 Several stakeholders commented on our proposed scope and description of the PSS digital activity:

- (a) In response to the ITC, several stakeholders expressed support for our proposed PSS digital activity description and scope.¹¹⁶
- (b) Several stakeholders submitted that we should include Microsoft's AI offerings in this digital activity, which have become an important part of organisations' workflow and productivity software suite.¹¹⁷ Some stakeholders stated that AI is changing business software more generally and could be considered a control layer of the ecosystem.¹¹⁸
- (c) Some stakeholders submitted that additional Microsoft software applications not listed in our IN should be in scope, namely Microsoft's Edge,¹¹⁹ Visual

¹¹⁴ Microsoft's response to invitation to comment dated 14 May 2026, paragraphs 5.1 and 5.2 [Microsoft.pdf](#); Microsoft's submission to the CMA dated [§<]; Microsoft's submission to the CMA dated [§<].

¹¹⁵ Microsoft's submission to the CMA dated [§<].

¹¹⁶ Third Stage Consulting Group's response to invitation to comment dated 14 May 2026, page 2.

[Third Stage Consulting Group.pdf](#); Element's response to invitation to comment dated 14 May 2026, page 3.

[Element.pdf](#); SCiDA's response to invitation to comment dated 14 May 2026, page 2.

[Shaping Competition in the Digital Age.pdf](#); a company's response to invitation to comment dated 14 May 2026, page 2, paragraphs 6 to 7. [Anonymous 1.pdf](#); a company's response to invitation to comment dated 14 May 2026, page 1, response to Question 1. [Anonymous 3.pdf](#); Browser Choice Alliance's response to invitation to comment dated 14 May 2026, page 10. [Browser Choice Alliance.pdf](#); CFSL's response to invitation to comment dated 14 May 2026, page 21, section III. [Coalition for Fair Software Licensing.pdf](#); Open Cloud Coalition's response to invitation to comment dated 14 May 2026, page 2, Part 1, section 1. [Open Cloud Coalition.pdf](#); Open Web Advocacy's response to the invitation to comment, page 8, section 2.1. [Open Web Advocacy.pdf](#); and Cloudflare's response to invitation to comment dated 14 May 2026, page 3, section 2(b). [Cloudflare.pdf](#)

¹¹⁷ Element's response to invitation to comment dated 14 May 2026, page 3. [Element.pdf](#); Third Stage Consulting Group's response to invitation to comment dated 14 May 2026, page 3. [Third Stage Consulting Group.pdf](#); Anonymous 1's response to invitation to comment dated 14 May 2026, page 2, paragraph 7. [Anonymous 1.pdf](#); CFSL's response to invitation to comment dated 14 May 2026, pages 21 - 23, section III.A, [Coalition for Fair Software Licensing.pdf](#); Open Cloud Coalition's response to invitation to comment dated 14 May 2026, pages 2 and 4 [Open Cloud Coalition.pdf](#); and Browser Choice Alliance's response to invitation to comment dated 14 May 2026, page 10 . [Browser Choice Alliance.pdf](#)

¹¹⁸ Third Stage Consulting Group's response to invitation to comment dated 14 May 2026, paragraph 4.1, pages 7 - 8, [Third Stage Consulting Group.pdf](#); and CFSL's response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 23, section III.A, [Coalition for Fair Software Licensing.pdf](#).

¹¹⁹ BrowserWorks' response dated 04 June 2026 to invitation to comment dated 14 May 2026, page 3, [BrowserWorks.pdf](#); Vivaldi Technologies ASA's response dated 3 June 2026 to invitation to comment dated 14 May 2026, page 4, [Vivaldi Technologies ASA.pdf](#); Open Web Advocacy's response dated 11 June 2026 to invitation to comment dated 14 May 2026, question 1, paragraph 2.1, page 7, [Open Web Advocacy.pdf](#); and Mozilla's response dated 4 June 2026 to invitation to comment dated 14 May 2026, question 1, pages 1 - 3, [Mozilla.pdf](#).

Studio and GitHub.¹²⁰ Other stakeholders invited us to consider Dynamics 365 and Power BI Pro in assessing the proposed scope.¹²¹

Our assessment

- 4.33 We have considered the submissions and evidence received, including submissions that additional products should be included in scope, as set out below. Our provisional conclusion is that the description of the PSS digital activity in the IN remains appropriate and that the PSS digital activity meets the statutory definition of a digital activity, as it constitutes the provision of one or more pieces of digital content within the meaning of section 3(1)(b) of the Act.
- 4.34 For the reasons below, we provisionally consider that the following existing Microsoft apps, features and functionalities meet the functional description of the PSS digital activity and are therefore in scope:
- (a) Microsoft's Office and Office 365 Applications: Microsoft Access, Microsoft Audio Conferencing, Microsoft Bookings, Microsoft Excel, Microsoft Exchange, Microsoft Forms, Microsoft Loop, Microsoft OneDrive, Microsoft OneNote, Microsoft Outlook, Microsoft Planner, Microsoft Power Apps, Microsoft Power Automate, Microsoft Power BI Pro, Microsoft PowerPoint, Microsoft Publisher, Microsoft SharePoint, Microsoft Stream / Clipchamp, Microsoft Sway, Microsoft Teams, Microsoft To Do, Microsoft Viva Connections, Microsoft Viva Engage, Microsoft Viva Insights, Microsoft Viva Learning and Microsoft Word.
 - (b) Microsoft's M365 Copilot Offerings: Microsoft 365 Copilot and Microsoft 365 Copilot Chat, including features (such as Copilot Cowork and Agents for M365 Copilot) and access points (such as the Microsoft Copilot App and Microsoft 365 Copilot add-ins to other applications).
 - (c) Supporting features and functionalities: Graph API, Work IQ, M365 Admin Center and Agent 365.
- 4.35 These applications, features and functionalities fall within scope however accessed (for example, via a web browser, desktop application or mobile application) and deployed (on-premises, cloud, or a hybrid), as explained below.

¹²⁰ Google's response dated 4 June 2026 to invitation to comment dated 14 May 2026, paragraph 7(d), page 2, [Google.pdf](#); and Coalition for Fair Software Licensing's response dated 04 June 2026 to invitation to comment dated 14 May 2026, pages 23 - 25, [Coalition for Fair Software Licensing.pdf](#).

¹²¹ Third Stage Consulting Group's response dated 20 May 2026 to invitation to comment dated 14 May 2026, page 7, paragraph 4.1, [Third Stage Consulting Group.pdf](#), and Anonymous 2's response dated 4 June 2026 to invitation to comment dated 14 May 2026, pages 2 – 3, paragraph 4, [Anonymous 2.pdf](#).

Description of the PSS digital activity

- 4.36 Microsoft submitted that for over 35 years its productivity offering has been available as a suite.¹²² It stated that a productivity software suite comprises applications used to carry out day-to-day work tasks, such as word processing, spreadsheets, presentations, email and calendaring, and collaboration.¹²³ It further explained that these applications sit at the top of the IT stack and are often used directly by end users or employees in an organisation.¹²⁴
- 4.37 Microsoft submitted that the range of functionalities and features in its productivity software suites collectively serve to make workers more productive in their tasks and functions.¹²⁵ Microsoft also explained that AI is being ‘infused’ into every business solution and has become an ‘integral part of enterprise productivity’.¹²⁶
- 4.38 We provisionally consider that the description of the PSS digital activity in the IN remains appropriate. Productivity software is characterised by serving to support diverse workflows across sectors and job roles, rather than serving a specific industry or use case. Our proposed description therefore reflects the wide range of everyday work and collaboration tasks for which Microsoft offers, and UK organisations use, Microsoft’s productivity software suite.

Products in scope

- 4.39 This section explains which existing products we provisionally consider to be in scope of the PSS digital activity. In line with our functional approach, only products, features and functionalities that fit the description of the digital activity are in scope, considering how they are offered and consumed, including interlinkages among products.¹²⁷

Office and Office 365

- 4.40 Having launched its Office suite in 1990, Microsoft now offers a range of suites that vary by category and tier, with higher tiers providing more functionality.¹²⁸ Microsoft’s key offerings for organisations include:
- (a) Basic productivity suites and standalone offers, such as Word as a standalone app, M365 Apps for Business/Enterprise, frontline worker plans

¹²² Microsoft’s response dated [] to section 69 notice dated [].

¹²³ Microsoft’s submission to the CMA dated []. As noted below, Microsoft Office applications are also available on a standalone basis.

¹²⁴ Microsoft’s submission to the CMA dated [].

¹²⁵ Microsoft’s response dated [] to section 69 notice dated [].

¹²⁶ Microsoft’s response dated [] to section 69 notice dated [].

¹²⁷ CMA194, paragraph 2.10.

¹²⁸ Microsoft’s submission to the CMA dated [] and Microsoft’s response dated [] to section 69 notice dated []. For further detail see, for example, [Cloud MI Final Report](#), July 2025, 7.99 – 7.100.

(F1/F3) and small and mid-size business suites (Business Basic, Standard and Premium);

- (b) Office 365 suites (E1, E3, E5), which provide cloud productivity without Windows PC OS or advanced Security Software; and
- (c) Microsoft 365 Suites (E3, E5, E7), which include a licence to upgrade to Windows Enterprise with additional, advanced Windows PC OS capabilities. They also include Security Software (defined below) and, for example, M365 Copilot and Agent 365 at progressively higher tiers.¹²⁹

4.41 Among these, Microsoft stated that its Office 365 offerings contain 'core cloud productivity and collaboration' applications.¹³⁰ This is consistent with how Microsoft differentiates Office 365 from Microsoft 365 publicly: the former are the set of productivity applications included in the latter.¹³¹

4.42 We have first considered whether the applications in Office 365 are in scope of the PSS digital activity. Our assessment considers the applications in the most comprehensive Office 365 tier, Office 365 E5, which all also feature in Microsoft's most popular package among organisations in the UK, Microsoft 365 E5.¹³² We have assessed whether the applications included in the Office 365 E5 package meet the functional description of the PSS digital activity, considering how these products are offered and consumed.

4.43 In respect of how the applications are offered:

- (a) Microsoft stated that its Office 365 packages have included the same core productivity, communication and collaboration features and functionalities since it launched Office 365 in 2011.¹³³ Those include features such as email, file storage, communication and collaboration, and other productivity apps.¹³⁴

¹²⁹ See further: Microsoft '[Microsoft 365, Office 365, Enterprise Mobility + Security, and Windows 11 Subscriptions](#)', undated, accessed by the CMA on 5 October 2026. See also Microsoft's submission to the CMA dated [§<].

¹³⁰ Microsoft's submission to the CMA dated [§<].

¹³¹ "Microsoft 365 includes: Everything in Office 365, plus Windows, built-in security, and device and identity management on a single platform. Office 365 includes: Foundational productivity apps such as Word, Excel, PowerPoint, Outlook, email, and cloud storage." Microsoft, '[Microsoft 365 vs Office 365 Enterprise Suite Comparison](#)', undated, accessed by the CMA on 5 October 2026:

¹³² Microsoft's response dated [§<] to section 26 notice dated [§<] and Microsoft's submission to the CMA dated [§<]. We understand that Office 365 E5 currently comprises: Microsoft Access, Microsoft Audio Conferencing, Microsoft Bookings, Microsoft Excel, Microsoft Exchange, Microsoft Forms, Microsoft Loop, Microsoft OneDrive, Microsoft OneNote, Microsoft Outlook, Microsoft Planner, Microsoft Power Apps, Microsoft Power Automate, Microsoft Power BI Pro, Microsoft PowerPoint, Microsoft Publisher, Microsoft SharePoint, Microsoft Stream / Clipchamp, Microsoft Sway, Microsoft Teams, Microsoft To Do, Microsoft Viva Connections, Microsoft Viva Engage, Microsoft Viva Insights, Microsoft Viva Learning, and Microsoft Word. We note that Microsoft Delve was discontinued in 2024, so is not included in this list.

¹³³ Microsoft's response dated [§<] to section 69 notice dated [§<].

¹³⁴ Microsoft's response dated [§<] to section 69 notice dated [§<].

- (b) Microsoft also stated that it does not typically allocate revenue to specific productivity applications; [redacted].^{135, 136} In its financial reporting, revenue from Office 365 applications falls under the same Productivity and Business Processes financial reporting segment.¹³⁷

4.44 From the perspective of how the applications are consumed:

- (a) Several customers stated that they use Microsoft's productivity software suite for a variety of work and collaboration tasks.¹³⁸ For example, one reseller said that customers typically license this software to support collaboration, communication, document creation, email, meetings and workforce productivity requirements.¹³⁹ Another customer summarised their requirements for licensing this software as: '[r]eliable email and collaboration, hybrid working, document management and co-authoring, standardisation across users, and increasingly AI-assisted productivity (Copilot) – a single, well-supported platform that integrates with everything else.'¹⁴⁰
- (b) Some customers also stated that they experience Office applications as a seamless, integrated package.¹⁴¹ For example, one customer said that Microsoft's productivity software suite is 'integrated' rather than a set of standalone tools, providing 'seamless movement' of content and context, for example, between Outlook, Teams, SharePoint, OneDrive and other Office applications.¹⁴²
- (c) Some customers also noted that within an organisation, different business areas can require different levels of functionality;¹⁴³ for example, one customer explained that some retail staff only need Teams and the ability to

¹³⁵ Microsoft's response dated [redacted] to section 69 notice dated [redacted]. [redacted].

¹³⁶ We note Microsoft's response dated [redacted] to section 69 notice dated [redacted], [redacted]; Microsoft's response dated [redacted] to section 69 notice dated [redacted]; [redacted] Microsoft's response dated [redacted] to section 69 notice dated [redacted]. As set out in this chapter, we provisionally consider Power BI Pro in scope of the Productivity Software Suite digital activity as it meets the functional description of the digital activity.

¹³⁷ Microsoft, '[Microsoft 2025 Annual Report](#)', 15 October 2025, accessed by the CMA on 6 October 2026. See also Microsoft's response dated [redacted] to section 69 notice dated [redacted].

¹³⁸ For example, note of call with [redacted] on [redacted]; Note of call with [redacted] on [redacted]; Note of call with [redacted].

¹³⁹ [redacted] response dated [redacted] to voluntary request for information dated [redacted].

¹⁴⁰ [redacted] response dated [redacted] to voluntary request for information dated [redacted].

¹⁴¹ One customer noted that the suite allows easy integration with functionality such as Planner and integration with Copilot. Note of call with [redacted] on [redacted]; another said the integrated approach of the M365 environment had led to operational, resilience and non-functional benefits. Note of call with [redacted] on [redacted]; Another noted the use of some Office applications is driven by increased integration with organisational data, and the benefits of a more consistent technology environment. Note of call with [redacted] on [redacted].

¹⁴² Anonymous 2's response dated 4 June 2026 to invitation to comment dated 14 May 2026, paragraph 2.1. [Anonymous 2.pdf](#). Technically, we understand that the main way through which the connection between applications is enabled is by the Microsoft Graph API that, among other things, mediates data exchange among Office 365 applications (see further below).

¹⁴³ Note of call with [redacted] on [redacted], which noted that whilst it generally uses Google Workspace, some business functions require certain Microsoft productivity applications; and [redacted] on [redacted], which noted that Microsoft PSS products are mainly used in HR, legal and finance departments.

open documents on SharePoint, while its head office requires access to the full suite of productivity tools.¹⁴⁴

- 4.45 We recognise that customers are heterogeneous and not all buy all applications in the Office 365 E5 package.¹⁴⁵ As stated above, we do not consider that an application must be consumed by every organisation or every end user within an organisation to fall within scope of the digital activity. We have considered evidence on customer use alongside other evidence relevant to whether an application meets the functional description.
- 4.46 We also note that Microsoft offers suites without some applications or as standalone applications. We do not consider that all applications must be offered in the same bundled offering to meet the functional description. For example, Microsoft offers the option of packages without Teams,¹⁴⁶ which for the reason set out below, we provisionally consider falls within scope of the PSS digital activity:
- (a) Microsoft described Teams' purpose as a 'productivity hub for teamwork' within the suites that brings together productivity, collaboration, and communication functionalities.¹⁴⁷
 - (b) Some ITC respondents indicated that, even though packages are offered without Teams, they consider Teams to remain part of Microsoft's productivity software suite offering.¹⁴⁸ Similarly, our customer research found that "[a]ll [participants] used Teams. Teams was mainly used for meetings, sometimes for project working and messaging. It was seen to have improved in recent years and as having the benefit of being integrated with Office and other productivity tools in the suite."¹⁴⁹
 - (c) Taking the evidence in the round, accounting for how Teams is offered (including variations in that offer) and consumed, we provisionally consider that Teams meets the functional description of the PSS digital activity.
- 4.47 We have considered the applications in Microsoft's Office 365 E5 package and the evidence we have received on how these are offered and consumed. As noted

¹⁴⁴ Note of call with [redacted] on [redacted].

¹⁴⁵ Microsoft submitted that customers are heterogeneous and there are 'material volumes' of paid seats in the UK across suite categories and tiers. Microsoft's submission to the CMA dated [redacted].

¹⁴⁶ Since September 2025, Microsoft has offered Office 365 and Microsoft 365 packages without Teams, including in the UK. This follows Microsoft's offer of Commitments in accordance with Article 9 of Council Regulation (EC) No 1/2003 to address the competition concerns identified by the European Commission in Cases AT.40721 and AT.40873. European Commission, '[Cases AT.40721 and AT.40873 Commitments](#)', undated, accessed by the CMA on 5 October 2026.

¹⁴⁷ Microsoft's response dated [redacted] to section 69 notice dated [redacted].

¹⁴⁸ Coalition for Fair Software Licensing's response dated 04 June 2026 to invitation to comment dated 14 May 2026, page 16, paragraph 22.2 [Coalition for Fair Software Licensing.pdf](#); Element's response dated 04 June 2026 to invitation to comment dated 14 May 2026, page 2, [Element.pdf](#); and Anonymous 3's response dated 22 June 2026 to invitation to comment dated 14 May 2026, page 3, [Anonymous 3.pdf](#), which indicated that the EC Teams commitments have not yet made a material change. See also Killinghall Parish Council's response dated 01 June 2026 to invitation to comment dated 14 May 2026, paragraph 3, page 1, [Killinghall Parish Council.pdf](#), which indicates that Microsoft Teams remains commercially connected to other productivity software applications.

¹⁴⁹ Jigsaw Customer Research, 28 September 2026, page 37, paragraph 167.

above, Microsoft itself told us that Office packages comprise its core productivity and collaboration applications.¹⁵⁰ Taken together, we provisionally consider that those applications fulfil the functional description of the PSS digital activity and are in scope of the PSS digital activity.

- 4.48 We also consider these applications to be in scope however accessed and deployed. This includes web, mobile and desktop access points, as well as on-premises, cloud and hybrid deployment. We recognise that some functionality varies between, for example, desktop and web apps, and that some apps are not available on--premises, such as Teams.¹⁵¹ However, we consider that differences in availability of specific features across access points and deployments are immaterial to our provisional view that these applications meet the functional description of the PSS digital activity.¹⁵²

AI features and functionalities in scope of the PSS digital activity

- 4.49 In the IN, we explained that we would consider whether Copilot features and functionalities within other applications (eg Copilot features within Outlook, Excel, Word and OneNote), and/or AI assistant features and functionalities accessed in the Microsoft 365 Copilot App are in scope of the PSS digital activity.¹⁵³
- 4.50 Microsoft submitted that its AI offerings should not be in scope of our investigation and that they serve a different function to the PSS digital activity, stating that:
- (a) Microsoft's AI offerings are a distinct and complementary 'AI layer'.¹⁵⁴
 - (b) AI solutions have a range of uses, many of which extend beyond productivity. For example, AI solutions can be used to automate customer service or for software development.¹⁵⁵
 - (c) M365 Copilot, in particular, can synthesise and create information from a large variety of sources allowing it to perform a broad range of functions across multiple software categories and workflows, such as analysing data in an enterprise's CRM or HR systems, and integrate that with public sources

¹⁵⁰ Microsoft's submission to the CMA dated [REDACTED]; Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

¹⁵¹ A provider of PSS noted that the web version of Teams lacks certain features, such as the ability to 'give and take control' during a meeting. [REDACTED] consolidated response dated [REDACTED] to section 69 notice dated [REDACTED]: 'This means that customers have to use the desktop version of Teams if they want to, for example, have the ability to "give and take control" on calls or stream a video and screenshare at the same time, both important features for an enterprise's IT operations.' A customer also noted that PSS applications can have lower functionality on MacOS than Windows PC OS. Note of call with [REDACTED] on [REDACTED].

¹⁵² For example, the lack of 'give and take control' feature referred to in the previous footnote does not alter our provisional view that Teams web application meets the functional description of the PSS digital activity.

¹⁵³ [Investigation Notice](#), paragraph 8(a).

¹⁵⁴ Microsoft's submission to the CMA dated [REDACTED].

¹⁵⁵ Microsoft's submission to the CMA dated [REDACTED]. Microsoft referred to O-Mega, '[Enterprise AI Adoption 2025: Complete Guide & Statistics](#)' 29 December 2025, accessed by the CMA on 5 October 2026: "79% of enterprises report using AI to generate content, 68% of organisations use AI in software development, 61% of enterprises use AI for data analysis and visualisation, 54% are leveraging AI to automate customer service, and up to 76% of enterprises have implemented AI-driven process automation (e.g. back-office operations, supply chain, or finance workflows)."

via web search.¹⁵⁶ While it is capable of retrieving information from or grounding responses in Microsoft 365 applications, that is insufficient to bring it within the scope of any PSS designation.¹⁵⁷

- (d) AI solutions are sold and marketed separately from productivity applications; Microsoft 365 Copilot, for example, is available to customers as an optional per-seat add-on to Microsoft 365 subscriptions or through the highest-tier 'frontier' Microsoft 365 suite, Microsoft 365 E7.¹⁵⁸

- 4.51 For context, Microsoft stated that as work patterns shift, and new technologies become available, organisations demand new features.¹⁵⁹ Consequently, features that started as 'nice to haves' can quickly become 'must haves'; this was previously the case with features such as spellcheck in Word and is becoming the case with AI functionality.¹⁶⁰ Microsoft noted that it must continue to innovate in order to retain and attract customers in PSS, including by investing heavily in AI across its productivity offerings through, for example, Copilot capabilities in Microsoft 365 and the development of AI agents.¹⁶¹
- 4.52 We have focused our assessment on areas where Microsoft has already added AI-enabled solutions into its productivity packages: Microsoft's M365 Copilot Offerings (as defined below). We also consider Work IQ and Microsoft's Agent 365 further below.
- 4.53 Given that these products were recently introduced and AI-enabled software is developing, we will continue to keep Microsoft's offerings under review as products, features and functionalities are introduced or change, and customers' usage develops.
- 4.54 As a general point, we recognise that AI solutions can be used for a range of tasks within and outside of the PSS digital activity. For example, Microsoft referenced a customer survey, which found that 68% of organisations use AI in software development.¹⁶² However, the same customer survey data indicated that the most common use case (79% of enterprises) was to create content, a functionality within scope of the PSS digital activity.

¹⁵⁶ Microsoft's submission to the CMA dated [redacted].

¹⁵⁷ Microsoft's submission to the CMA dated [redacted].

¹⁵⁸ Microsoft's submission to the CMA dated [redacted].

¹⁵⁹ Microsoft's submission to the CMA dated [redacted].

¹⁶⁰ Microsoft's submission to the CMA dated [redacted].

¹⁶¹ Microsoft's response dated [redacted] to section 69 notice dated [redacted].

¹⁶² Microsoft's submission to the CMA dated [redacted], referring to O-Mega, '[Enterprise AI Adoption 2025: Complete Guide & Statistics](#)' 29 December 2025, accessed by the CMA on 5 October 2026.

Microsoft's M365 Copilot Offerings

4.55 As noted above, Microsoft stated that AI is becoming an 'integral part of enterprise productivity'.¹⁶³ In that context, Microsoft said that it offers:

- (a) Microsoft Copilot Chat (or Copilot Chat), a web-grounded and document-aware AI assistant that integrates with the Office applications and enables users to use web-grounded chat for search assistance and content generation. Microsoft 365 Copilot Chat is available to customers of Microsoft's productivity suites, but customers control whether to deploy it or not within their tenant.¹⁶⁴
- (b) Microsoft 365 Copilot (or M365 Copilot),¹⁶⁵ an AI assistant for work. Microsoft describes this as a full-featured paid-for web-grounded and document-aware AI assistant leveraging business data available through the Microsoft Graph API, such as documents the organisation has stored on SharePoint, emails in Exchange Online, or other online resources within the organisation. It works with the Office applications and can be used, for example, to summarise meetings, write text, send emails, and assist with other tasks based on user prompts.¹⁶⁶

4.56 Copilot Chat and M365 Copilot have a range of features and functionalities. For example, M365 Copilot includes:

- (a) Agents for M365 Copilot. Agents can be described as systems that can reason, plan and act on behalf of users.¹⁶⁷ Agents can 'automate tasks, collaborate with people, and accelerate productivity'.¹⁶⁸ In relation to Microsoft 365 Copilot, Microsoft explains publicly that agents can use enterprise data and take actions across applications, such as Teams or Outlook, to enhance productivity.¹⁶⁹ With a M365 Copilot licence, Microsoft provides agents such as the 'Researcher agent' for complex, multi-step research tasks.¹⁷⁰ Alternatively, users can use Agent Builder in the Copilot App to create their own agents using natural language, which Microsoft

¹⁶³ Microsoft's response dated [] to section 69 notice dated []. In the same submission Microsoft also explained that Generative AI is increasingly being used for productivity tasks: 'GenAI is injecting new competitive dynamics into the productivity space. Productivity involves creating, manipulating, and sharing content. GenAI assistants and agents such as ChatGPT and Gemini are increasingly used to access and create content, automating tasks knowledge workers previously did manually or accelerating them.'

¹⁶⁴ Microsoft's response dated [] to section 69 notice dated [].

¹⁶⁵ We note that some public resources indicate Microsoft 365 Copilot was renamed to Microsoft Copilot in September 2026; however, we use the brand names used in Microsoft's submissions. Microsoft, '[Anthropic models in Microsoft Online Services](#)', undated, accessed by the CMA on 5 October 2026.

¹⁶⁶ Microsoft's response dated [] to section 69 notice dated [].

¹⁶⁷ <https://learn.microsoft.com/en-us/startups/build/ai/agents/intro-agents>, accessed 5 October 2026.

¹⁶⁸ <https://www.microsoft.com/en-gb/copilot/blog/2025/11/18/microsoft-agent-365-the-control-plane-for-ai-agents/>, accessed 6 October 2026.

¹⁶⁹ Microsoft, '[Introduction to AI Agents](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷⁰ Microsoft, '[What is a Researcher Agent in Microsoft Copilot?](#)', undated, accessed by the CMA on 6 October 2026.

describes as part of the Microsoft 365 Copilot license.¹⁷¹ Accordingly, we consider agents built by users within Microsoft 365 Copilot or provided by Microsoft to be a feature of Microsoft 365 Copilot.

- (b) Microsoft 365 Copilot Cowork (or Cowork). Cowork is an agentic AI assistant that performs work tasks across Microsoft 365.¹⁷² Microsoft states that users describe what they need and Cowork can then, for example, send emails, schedule meetings, create documents, manage files and search information across an organisation.¹⁷³ Cowork is available with a Microsoft 365 Copilot licence, if that feature is enabled in an organisation.¹⁷⁴ Microsoft's related agentic offering, Agent 365, is considered further below.

- 4.57 Users can access the functionalities of Microsoft Copilot Chat and Microsoft 365 Copilot via a web browser or through the Microsoft Copilot app (on Windows, Mac and mobile devices).¹⁷⁵ Microsoft 365 Copilot and Copilot Chat can also be accessed using add-ins for productivity applications (eg where they appear as a pane on the right-hand side of an application).¹⁷⁶ Microsoft submitted that there is no functional difference between the operation of Copilot as a standalone app or add-in; the only difference is the access point into the relevant M365 Copilot Offering.¹⁷⁷ Therefore, our assessment considers these functionalities to be part of Copilot Chat and M365 Copilot, and the assessment applies across these access points.
- 4.58 We refer to these products, features and functionalities together as Microsoft's M365 Copilot Offerings, or by reference to their individual brand name, as necessary. We have assessed whether Microsoft's M365 Copilot Offerings meet the functional description of the PSS digital activity, considering how they are offered and consumed, including interlinkages with other applications in scope.
- 4.59 In terms of how the M365 Copilot Offerings are offered by Microsoft, we provisionally find that they are offered for a productivity use case. Microsoft describes these as enabling users to undertake the functionality we have described in the PSS digital activity:

¹⁷¹ Microsoft, '[Agents admin guide for Microsoft 365](#)', undated, accessed by the CMA 6 October 2026; Microsoft, '[Set up your Development Environment for a Microsoft 365 Copilot Plugin](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷² Microsoft, '[Copilot Cowork overview](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷³ Microsoft, '[Copilot Cowork overview](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷⁴ Microsoft, '[Get started with Copilot Cowork](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷⁵ In relation to the Copilot app, see: Microsoft, '[Get started with Microsoft 365 Copilot App](#)', May 2026, slides 3 and 4, accessed by the CMA on 6 October 2026. In this document Microsoft publicly describes the Copilot App as 'the starting place for AI at work', where a user can chat with Copilot, find work files, collect and organise notes, create content and complete tasks all in one place. The Microsoft Copilot app is available on desktop and mobile. We note that the Copilot app was previously branded as the Microsoft 365 Copilot app. Microsoft, '[Get started with the Microsoft Copilot app](#)', undated, accessed by the CMA on 6 October 2026.

¹⁷⁶ Microsoft, '[A simplified system – Microsoft Design](#)', 12 May 2026, accessed by the CMA on 6 October 2026.

¹⁷⁷ Microsoft's submission to the CMA dated [3<].

- (a) In submissions to the CMA Microsoft refers to Microsoft 365 Copilot as: an AI assistant ‘for work’;¹⁷⁸ ‘Microsoft’s primary AI-powered productivity offering for business and enterprise customers’;¹⁷⁹ and being used for ‘brainstorming, writing, searching, and summarising content...it can be used to summarise meetings, write text, send emails, and assist with other tasks based on user prompts.’¹⁸⁰ This is consistent with how M365 Copilot is referred to in Microsoft internal documents.¹⁸¹
- (b) Similarly, Microsoft told the CMA that Copilot Chat can be used, amongst other things, for ‘generation of content’.¹⁸² This is consistent with how Copilot Chat is referred to in Microsoft internal documents.¹⁸³
- (c) Microsoft states publicly that Copilot Cowork can be used, for example, to communicate (eg to draft and send emails), create Word documents, browse Work IQ to pull in content, schedule meetings and search information across an organisation.¹⁸⁴
- (d) Microsoft also states publicly that Agents for Microsoft 365 Copilot help with everyday tasks and processes, and, for example, can be used to analyse data, send an email or update records.¹⁸⁵ For example, users can create an agent within M365 Copilot that provides writing or presentation coaching tailored to organisational standards.¹⁸⁶
- (e) We note that how the M365 Copilot Offerings are licensed varies, but they are nonetheless offered for use with other PSS applications. M365 Copilot is available to customers as an optional per-seat add-on to most Office/Microsoft 365 subscriptions.¹⁸⁷ We also note that agents may be offered on a consumption basis (eg pay-as-you go or credit-based charging) and these usage-based elements are optional and separable from the core M365 Copilot Offering.¹⁸⁸ Nonetheless, M365 Copilot is included with other applications in scope of the PSS digital activity in the highest-tier frontier suite, Microsoft 365 E7, since March 2026 and Copilot Chat is included with

¹⁷⁸ Microsoft’s submission to the CMA dated [§].

¹⁷⁹ Microsoft’s response [§] to section 69 notice [§].

¹⁸⁰ Microsoft’s response [§] to section 69 notice dated [§].

¹⁸¹ See, for example: [§] and [§].

¹⁸² Microsoft’s submission to the CMA dated [§].

¹⁸³ See, for example: [§] and [§].

¹⁸⁴ Microsoft, ‘[Copilot Cowork overview](#)’, undated, accessed by the CMA on 6 October 2026.

¹⁸⁵ Microsoft, ‘[AI Agents for Individuals and Businesses](#)’, undated, accessed by the CMA on 6 October 2026.

¹⁸⁶ Microsoft, ‘[Agent Builder overview](#)’, undated, accessed by the CMA on 6 October 2026.

¹⁸⁷ Microsoft’s submission to the CMA dated [§].

¹⁸⁸ Microsoft’s response dated [§] to section 69 notice [§].

most Office/Microsoft 365 subscriptions.¹⁸⁹ Moreover, Agents for M365 Copilot are included with a M365 Copilot licence.¹⁹⁰

4.60 In respect of how Microsoft's 365 Copilot Offerings are consumed, customer evidence indicates that organisations use Microsoft's M365 Copilot Offerings for the function described by the PSS digital activity:

- (a) Customer evidence indicates that Microsoft's M365 Copilot Offerings support creating content, as well as other productivity and collaboration use cases we have described in the PSS digital activity, such as communicating and managing information. For example:
 - (i) A customer said its organisation used M365 Copilot Offerings to summarise emails and prepare drafts.¹⁹¹
 - (ii) A large customer stated that it expected M365 Copilot to be the core productivity tool for colleagues going forward.¹⁹²
 - (iii) A reseller noted that AI solutions, such as Copilot functionalities, could be used to translate information from English to Welsh, improving accessibility in institutions.¹⁹³
 - (iv) Another customer noted that Copilot is part of its personal productivity offering for employees, while Claude is used for more complex tasks.¹⁹⁴
 - (v) A customer also stated that it saw Copilot as the natural choice for augmenting the functionality offered to thousands of its employees who were already familiar with Microsoft's Office applications.¹⁹⁵
 - (vi) Another customer said that it expects Microsoft to provide general-purpose AI tools, while there may be several providers that supply tools for bespoke applications and specialist business processes.¹⁹⁶
- (b) Similarly, our customer research found that most participant customers were using AI solutions to draft and summarise text.¹⁹⁷ In particular, it found that Copilot free (Copilot Chat) and paid (M365 Copilot) versions are regularly used within businesses for everyday tasks, including help with writing emails

¹⁸⁹ Microsoft's submission to the CMA dated [REDACTED].

¹⁹⁰ "Use agents to boost productivity: Agents in Microsoft 365 Copilot help with everyday tasks and processes. All agents are included with a Copilot license." Microsoft, '[AI Agents for Individuals and Businesses](#)', undated, accessed by the CMA on 6 October 2026.

¹⁹¹ Note of call with [REDACTED] on [REDACTED].

¹⁹² Note of call with [REDACTED] on [REDACTED].

¹⁹³ Note of call with [REDACTED] on [REDACTED].

¹⁹⁴ Note of call with [REDACTED] on [REDACTED].

¹⁹⁵ Note of call with [REDACTED] on [REDACTED].

¹⁹⁶ Note of call with [REDACTED] on [REDACTED].

¹⁹⁷ Jigsaw Customer Research, 28 September 2026, page 49, paragraph 196, '...most participants said they were using AI to help with administrative tasks, such as drafting or summarising text'.

or reports, reviewing documents, transcribing meetings and note-taking, or more advanced tasks like automating complex analysis.¹⁹⁸

- (c) A 2026 Microsoft analysis of more than 100,000 chats in Microsoft 365 Copilot shows that 49% of all conversations support cognitive work, such as helping workers analyse information, solve problems, evaluate, and think creatively. The remainder also indicate frequent productivity and collaboration use cases: working with people (19%), finding information (15%), and producing work (17%).¹⁹⁹

4.61 We have also considered how Microsoft's M365 Copilot Offerings are interlinked with other applications in scope of the PSS digital activity. Evidence we have seen so far indicates that there are important technical links between Microsoft's M365 Copilot Offerings and other applications in scope of the PSS digital activity.

- (a) A 2026 Microsoft internal document states that [REDACTED].²⁰⁰
- (b) M365 Copilot is interrelated with other applications through its ability to ground its responses in organisational data. Microsoft explained that M365 Copilot can be grounded in business information made available on the Microsoft Graph API, such as documents on SharePoint and emails on Exchange Online, among other resources.²⁰¹ Microsoft also notes publicly that Copilot Cowork is able to '[b]rowse your entire Work IQ to pull in the content you need.'²⁰²
- (c) Some customers noted this integration as a key feature of its M365 Copilot Offerings;²⁰³ for example, one customer stated that a key reason for using M365 Copilot is that staff can use it securely with organisational information.²⁰⁴ Similarly, our customer research noted that Microsoft's 'Copilot' is seen as being integrated with other Microsoft software, such as Teams, Word, Outlook and Excel, conferring perceived ease of use and security benefits.²⁰⁵

¹⁹⁸ Jigsaw Customer Research, 28 September 2026, page 51, paragraph 202, Copilot free and paid versions were regularly used within organisations for everyday tasks. The benefits were often still being explored, there were a range of examples cited of successful use cases and productivity gains. These included Copilot helping with writing emails or reports, reviewing documents, transcribing meetings and note-taking, or more advanced tasks like automating complex analysis.'

¹⁹⁹ Microsoft, '[2026 Work Trend Index Report: Agents, human agency, and opportunity](#)', 5 May 2026, accessed by the CMA on 6 October 2026, page 7.

²⁰⁰ Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

²⁰¹ Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

²⁰² Microsoft, '[Copilot Cowork overview](#)', undated, accessed by the CMA on 6 October 2026.

²⁰³ Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED].; and Note of call with [REDACTED] on [REDACTED].

²⁰⁴ Note of call with [REDACTED] on [REDACTED].

²⁰⁵ Jigsaw Customer Research, 28 September 2026, page 52, paragraph 206. 'The integration of Copilot within the Microsoft ecosystem was seen to reduce this risk as it was considered to be within the tenant. Integration was also said to make it easy to use with other Microsoft software, such as using it for notetaking in Teams, for crafting emails in Outlook, summarising text in Word or information in Excel.'

- 4.62 In light of the evidence above we provisionally consider that Microsoft's M365 Copilot Offerings perform the functions described by the PSS digital activity. They enable users to work and collaborate, including to create, record, communicate and manage information. This is supported by Microsoft's description of these products and evidence of how they are offered and consumed, including interlinkages with other PSS applications.
- 4.63 We have considered that Microsoft offers M365 Copilot Offerings in different ways and that they may perform additional functions outside of the PSS digital activity. As set out above, this does not alter our provisional view that the M365 Copilot Offerings perform the functions described by the digital activity. For the avoidance of doubt, this includes however the M365 Copilot Offerings are accessed and deployed, including via web browser, through the Microsoft Copilot app (on Windows, Mac and mobile devices) and as add-ins for other applications.

Features and functionalities that support the functioning of PSS applications

- 4.64 We have also considered whether the scope of the PSS digital activity includes supporting features and functionalities, namely Microsoft Graph API, Work IQ, Microsoft 365 Admin Center and Agent 365. We assess whether each feature or functionality performs the function of the digital activity, considering how it is offered and consumed, including interlinkages with the other PSS applications.

Microsoft Graph API

- 4.65 Microsoft introduced the Microsoft Graph API in 2015 to simplify access to Microsoft cloud data.²⁰⁶ Microsoft Graph API is a unified API endpoint that allows customers and internal and third-party applications access to data stored in, for example, SharePoint or OneDrive.
- 4.66 Microsoft Graph API is offered to enable data exchange among and with the applications in scope of the PSS digital activity. For example, using certain Microsoft Graph APIs (Microsoft 365 Group APIs, managed via Microsoft Graph API) enables members of a group in an organisation to access shared resources like Outlook conversations and calendars; SharePoint files; and OneNote notebooks.²⁰⁷ Likewise, the Microsoft Graph API allows OneDrive items to be shared between apps through the creation of links, permissions and invitations.²⁰⁸ For third-party applications, Microsoft Graph API provides 'a single, consistent access layer' for interacting with, for example, 'email, calendars, files, communications, and identity services.'²⁰⁹

²⁰⁶ Note of meeting with Microsoft on [§<].

²⁰⁷ Microsoft, '[Manage groups in Microsoft Graph](#)', undated, accessed by the CMA on 6 October 2026.

²⁰⁸ Microsoft '[Working with files in Microsoft Graph](#)', undated, accessed by the CMA on 6 October 2026.

²⁰⁹ Microsoft's response dated [§<] to section 69 notice dated [§<].

- 4.67 Evidence from some customers and resellers indicates that this integration between Microsoft PSS applications is important to how organisations use those applications,²¹⁰ which is enabled in part by the Graph API. For example, as noted above, in response to the ITC, one customer noted that the seamless movement of content, identity and context between Outlook, Teams, SharePoint / OneDrive and Office applications substantially reduces friction for users and improves collaboration.²¹¹
- 4.68 We provisionally consider Microsoft Graph API to be in scope of the PSS digital activity because it underpins the functionality of applications in scope of the PSS digital activity. Accounting for how it is offered and consumed, Microsoft Graph API meets the functional description of the PSS digital activity because it enables users to work and collaborate using those applications.

Work IQ

- 4.69 Work IQ is a ‘workplace intelligence layer’ that enables AI solutions, such as Microsoft 365 Copilot, to access and reason over organisational data, context and tools.²¹²
- 4.70 Work IQ is offered to enable users to use effectively organisational data through Microsoft’s M365 Copilot Offerings. Microsoft recently explained publicly that: ‘Work IQ takes the data underneath Microsoft 365 and creates the most valuable stateful agent for every organization. It delivers powerful reasoning capabilities over people, their roles, their artifacts, their communications, and their history and memory – all within an organization’s security boundary. Microsoft 365 Copilot’s accuracy and latency powered by Work IQ is unmatched, delivering faster and more accurate work-grounded results than competition [sic]’.²¹³
- 4.71 Consistent with Microsoft’s statement above, in our customer research, one customer noted the value of M365 Copilot being able to reason across work data.²¹⁴ Another customer using M365 Copilot and Work IQ told us that deep integration with the Microsoft 365 environment is a key capability.²¹⁵

²¹⁰ A reseller identified integration across productivity amongst other factors as a reason for customers’ choice of Microsoft products: [redacted] response dated [redacted] voluntary request for information [redacted]; another reseller identified that customers value, amongst other things, integrated collaboration and AI capabilities when purchasing PSS: [redacted] response dated [redacted] to voluntary request for information [redacted]; and the Jigsaw Customer Research found that participants cited integration within Microsoft’s PSS as a benefit of its offering, page 38, paragraph 175.

²¹¹ Anonymous 2’s response dated 4 June 2026 to invitation to comment dated 14 May 2026, paragraph 2.1.

[Anonymous_2.pdf](#)

²¹² Microsoft, ‘[Work IQ overview](#)’, undated, <https://learn.microsoft.com/en-us/microsoft-365/copilot/extensibility/work-iq/> accessed by the CMA on 6 October 2026.

²¹³ Microsoft, ‘[Microsoft Fiscal Year 2026 Second Quarter Earnings Conference Call](#)’ 28 January 2026, accessed by the CMA on 6 October 2026.

²¹⁴ Jigsaw Customer Research, 28 September 2026, page 29: ‘The biggest benefit of going for the paid-for Copilot [M365 Copilot] is obviously the integration with your own data. You can use it to search emails, create emails, search SharePoint sites that you’ve got access to [...] upload your documents into it easily, create new documents from it.’

²¹⁵ Note of call with the [redacted] on [redacted]

- 4.72 Therefore, we provisionally consider Work IQ to be in scope of the PSS digital activity because it underpins the functionality of Microsoft's M365 Copilot Offerings. Accounting for how it is offered and consumed, Work IQ meets the functional description of the PSS digital activity because it enables to users to work and collaborate using those applications.

Microsoft 365 Admin Center

- 4.73 Microsoft 365 Admin Center is the central administrative portal for managing the applications in scope of the PSS digital activity (among others).²¹⁶ Customers that purchase a Microsoft 365 or Office 365 subscription receive administrative functionalities through the Microsoft 365 Admin Center.²¹⁷ Organisations use Microsoft 365 Admin Center, for example, to manage users, accounts and licences; create and manage groups; and manage email domains. Microsoft 365 Admin Center is used to deploy and install applications across an organisation.²¹⁸ A Microsoft internal document notes that a key benefit of Microsoft 365 is the [X].²¹⁹
- 4.74 Accounting for how it is offered and consumed, we provisionally consider that the Microsoft 365 Admin Center is in scope of the PSS digital activity when controlling the management and deployment of applications that perform functionalities that fit the PSS digital activity. It underpins the functionality of applications in scope of the PSS digital activity and meets the functional description of the PSS digital activity because it enables to users to work and collaborate using those applications.

Agent 365

- 4.75 In November 2025, Microsoft introduced Agent 365.²²⁰ Microsoft describes Agent 365 as the control plane for AI agents.²²¹ Among its functionalities, Agent 365 is offered to manage and deploy agents in an organisation; Microsoft explains publicly that Agent 365 provides (among other things) agent management and deployment controls, allowing administrators to (un)install, (un)block, publish,

²¹⁶ As an example of out of scope functionality, Microsoft 365 Admin Center includes the Microsoft Edge management service, which can be used to configure Microsoft Edge browser settings for the organisation. Because we provisionally consider that Edge does not meet the functional description of the PSS digital activity, we do not consider this functionality of the Microsoft 365 admin center to be in scope. Microsoft, ['Get started with configuration policies'](#), undated, accessed by the CMA on 6 October 2026.

²¹⁷ "Your Microsoft 365 or Office 365 subscription includes a set of administrator roles that you can assign in the Microsoft 365 admin center" Microsoft, ['About administrator roles in the Microsoft 365 admin center'](#), undated, accessed by the CMA on 6 October 2026.

²¹⁸ Microsoft, ['Install Microsoft 365 apps'](#), undated, accessed by the CMA on 6 October 2026.

²¹⁹ Microsoft's internal document, [X] to section 69 notice dated [X].

²²⁰ Microsoft, ['Microsoft Agent 365: The control plane for AI agents'](#), 18 November 2025, accessed by the CMA on 6 October 2026.

²²¹ [https://microsoftpartners.microsoft.com/abs/Blog/?title=Introducing Microsoft 365 E7%3A The Frontier Suite](https://microsoftpartners.microsoft.com/abs/Blog/?title=Introducing+Microsoft+365+E7%3A+The+Frontier+Suite) Microsoft, ['Introducing Microsoft 365 E7: The Frontier Suite'](#), 5 March 2026, accessed 6 October 2026.

assign owners to and otherwise manage agents from the Microsoft 365 admin centre, including for all users, or selected users or groups.²²²

- 4.76 We have considered whether Agent 365 is in scope of the PSS digital activity where it deploys and manages agents that are used for work and collaboration tasks, functions that form part of the PSS digital activity. Given its recent introduction, and that we have received limited customer evidence on its use to date,²²³ our assessment is focused on how the product is offered by Microsoft, including how it interlinks with other PSS applications:
- (a) As noted above and in Microsoft submissions, AI agents can be used for productivity tasks.²²⁴ Agent 365 can be used for pinning and default placement, allowing administrators to pin deployed agents in Microsoft 365 Copilot for all users, or selected users or groups.²²⁵ By pinning agents, it ‘ensure[s] that those agents are visible and accessible for all members of your organization.’²²⁶
 - (b) Agent 365 is often licensed as an add-on to Microsoft/Office 365 packages and, since March 2026, it is also offered with other applications in scope of the PSS digital activity in the Microsoft 365 E7 package.²²⁷
 - (c) Some evidence indicates that Agent 365 is interlinked with other applications and features in scope, such as M365 Copilot and Work IQ; Agent 365 ‘unlocks access to Work IQ’ which grants access to organisational ‘data, relationships, and context’ and allows AI agents to integrate directly with M365 / Office apps.²²⁸ As noted above, Agent 365 can be used to determine which agents appear on the agent list in Microsoft 365 Copilot.
- 4.77 Considering how it is offered and consumed, our provisional view is that Agent 365 falls within the scope of the digital activity where controlling the management and deployment of agents that perform functionalities that fit the PSS digital activity. It underpins the functionality of agents in scope of the PSS digital activity and meets

²²²Microsoft, ‘[Agent registry in Microsoft 365 admin center – Microsoft 365 admin](#)’ undated, accessed by the CMA on 6 October 2026.

²²³ One customer noted that that it will need to be able to monitor how AI agents operate across its digital estate but it does not yet know whether Microsoft tools will be appropriate. Note of call with the [X] on [X].

²²⁴ Microsoft’s submission to the CMA dated [X].

²²⁵ Microsoft, ‘[Agent registry in Microsoft 365 admin center – Microsoft 365 admin](#)’ undated, accessed by the CMA on 6 October 2026.

²²⁶ Microsoft, ‘[Agent registry in Microsoft 365 admin center – Microsoft 365 admin](#)’ undated, accessed by the CMA on 6 October 2026.

²²⁷Microsoft, ‘[Introducing Microsoft 365 E7: The Frontier Suite](#)’, 5 March 2026, accessed 6 October 2026.

²²⁸ “Agent 365 unlocks access to [Work IQ](#). Agents help accelerate time to value by accessing Work IQ, your organization’s unique data, relationships, and context and integrate directly with Microsoft 365 apps.” Microsoft, ‘[Microsoft Agent 365: The control plane for AI agents](#)’, 18 November 2025, accessed by the CMA on 6 October 2026; Microsoft, ‘[Microsoft Ignite 2025: Copilot and agents built to power the Frontier Firm](#)’<https://www.microsoft.com/en-us/copilot/blog/2025/11/18/microsoft-agent-365-the-control-plane-for-ai-agents/>, 18 November 2025, accessed by the CMA on 6 October 2026.

the functional description of the PSS digital activity because it enables to users to work and collaborate using those agents.

Products not in scope

Edge

- 4.78 Some stakeholders submitted that Microsoft Edge (Edge), should be in scope of the PSS digital activity:
- (a) The Browser Choice Alliance submitted that the line between PC browser and productivity apps is blurred, with ‘browsers increasingly offering productivity features.’²²⁹
 - (b) Similarly, Vivaldi referred to Microsoft public statements that in today’s digital-first workplace, the browser has quietly become the ‘new operating system for enterprise productivity.’²³⁰
 - (c) Mozilla stated that ‘50% of employee PC time is spent in a browser’ and referred to a Microsoft public webpage that states that ‘[t]he browser is the primary gateway to access work resources and AI.’²³¹
- 4.79 In assessing whether Edge meets the functional description of the PSS digital activity, we have considered how it is offered and consumed, including interlinkages with other PSS applications:
- (a) Edge is offered as a browser enabling access to web-based content and applications. However, we recognise that Edge increasingly incorporates some productivity-related features.²³²
 - (b) We have also considered Microsoft’s business model, which includes Edge in a different financial reporting segment to other applications considered in scope, namely Search and news advertising within More Personal Computing.²³³ Edge is provided for free rather than licensed under, for example, a Microsoft 365 or Office 365 subscription.²³⁴

²²⁹ Browser Choice Alliance’s response dated 04 June 2026 to invitation to comment dated 14 May 2026, page 13, [Browser Choice Alliance.pdf](#).

²³⁰ Vivaldi Technologies ASA’s response dated 3 June 2026 to invitation to comment dated 14 May 2026, p4, [Vivaldi Technologies ASA.pdf](#).

²³¹ Mozilla’s response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 1, [Mozilla.pdf](#).

²³² Microsoft Editor, for example, ‘offers suggestions for grammar, spelling, and style’ and PDF reader ‘includes tools to read, annotate, and summarize files’ Microsoft. ‘[Microsoft Edge Features](#)’, undated, accessed by the CMA on 6 October 2026

²³³ Microsoft, ‘[Microsoft 2025 Annual Report](#)’, 15 October 2025, accessed by the CMA on 6 October 2026.

²³⁴ “Microsoft describes Edge as a web browser it provides free of charge to both business users and end users in the Union and that it offers on multiple devices and OS.” European Commission, ‘[CASES DMA.100017 Microsoft - online social networking services; DMA.100023 Microsoft - number-independent interpersonal communications services](#);

- (c) Edge was not typically mentioned by customers as part of their productivity software suite in our customer evidence gathering.²³⁵ This indicates that currently customers do not consider it part of their PSS.
- (d) While Edge interfaces with various Microsoft services and may act as an access point for productivity applications,²³⁶ we have seen limited evidence that such integrations mean that Edge meets the digital activity description.

4.80 Taking the above evidence in the round, we provisionally consider that Edge currently does not meet the function described by the PSS digital activity, considering how it is offered and consumed, including interlinkages with other PSS apps. Although Edge is an access point for PSS applications, this does not bring it within scope itself, and we have not seen sufficient evidence to provisionally find that it performs the functionality described in the PSS digital activity.

4.81 For the avoidance of doubt, as noted above, we provisionally include products, features and functionalities in scope of the PSS digital activity however accessed and deployed, which includes access points in a browser, such as Edge.

Visual Studio and GitHub

4.82 In response to representations, we have considered whether Visual Studio and GitHub are in scope of the PSS digital activity.²³⁷ Visual Studio is a Microsoft integrated development environment (or IDE) used to develop software applications.²³⁸ GitHub is a code-hosting, software collaboration and DevOps platform.²³⁹

4.83 In assessing whether Visual Studio and GitHub are part of the PSS digital activity, we have considered that:

- (a) In terms of how these products are offered, Microsoft publicly states that these support specialised software development and code-collaboration tasks. Visual Studio is an IDE “where you can develop, build, debug, test, and deploy your apps, all in one place”.²⁴⁰ Likewise, GitHub is a “developer

[DMA.100026 Microsoft - operating systems](#), 5 September 2023, accessed by the CMA on 6 October 2026, paragraph 63.

²³⁵ One customer to whom we have spoken mentioned browsers in relation to work, and this was in relation to a discussion on security software. Note of call with [X] on [X].

²³⁶ Microsoft explains publicly that users can work within PSS apps in the browser through web applications, including opening these apps as a sidebar within Edge ‘for a seamlessly productive online experience.’ Microsoft, [‘Using Microsoft 365 Apps in Edge’](#), 18 June 2024, accessed by the CMA on 6 October 2026.

²³⁷ Google’s response dated 4 June 2026 to invitation to comment dated 14 May 2026, paragraph 7(d), page 2 [Google.pdf](#); Coalition for Fair Software Licensing’s response dated 04 June 2026 to invitation to comment dated 14 May 2026, paragraphs 7.2 and 33, [Coalition for Fair Software Licensing.pdf](#); and Anonymous provider of AI services’ response dated 3 June 2026 to invitation to comment dated 14 May 2026, question 2, paragraph 2.1.2, page 2, [Anonymous provider of AI services.pdf](#).

²³⁸ Microsoft, [‘What is Visual Studio?’](#), undated, accessed by the CMA on 6 October 2026.

²³⁹ Microsoft, [‘Training for GitHub’](#), undated, accessed by the CMA on 6 October 2026.

²⁴⁰ Microsoft, [‘What is Visual Studio?’](#), undated, accessed by the CMA on 6 October 2026.

platform to build, scale, and deliver secure software.”²⁴¹ Microsoft’s business model treats these differently to other applications considered in scope, including these tools in a different financial reporting segment, namely Intelligent Cloud.²⁴² We note that this position is converging,²⁴³ and that Visual Studio subscriptions can include a Microsoft 365 or Office 365 subscription, but not vice versa.

- (b) One customer indicated that it considered GitHub to be an important productivity tool.²⁴⁴ One ITC respondent also submitted that GitHub and Visual Studio provide the functions described by the PSS digital activity.²⁴⁵

4.84 Although these products integrate with various Microsoft services, we have seen limited evidence that those integrations mean that users are not consuming these products as software development tools.

4.85 Our provisional view is that Visual Studio and GitHub are offered and consumed to support software development and code-collaboration tasks. This differentiates them from the broad range of work and collaboration workflows across sectors and job roles for which Microsoft’s PSS applications are offered and consumed. Taking this evidence together, we provisionally consider that Visual Studio and GitHub currently do not meet the functional description of the PSS digital activity.

Dynamics 365

4.86 In response to submissions, we have considered whether Dynamics 365 customer relationship management (CRM) and enterprise resource planning (ERP) software is in scope of the PSS digital activity. Dynamics 365 is a family of Microsoft business software applications, which includes CRM and ERP software.²⁴⁶

4.87 In assessing whether these products meet the PSS digital activity description, we have considered the following:

- (a) In terms of how Dynamics 365 is offered, there has historically been an organisational separation in Microsoft’s internal reporting between ‘business’ applications, such as Dynamics 365, and ‘productivity’ applications.²⁴⁷ We also note that Dynamics 365 is typically subject to separate licensing

²⁴¹ Microsoft, ‘[Training for GitHub](#)’, undated, accessed by the CMA on 6 October 2026.

²⁴² Microsoft, ‘[Microsoft 2025 Annual Report](#)’, 15 October 2025, accessed by the CMA on 6 October 2026.

²⁴³ From Financial Year 2027, Microsoft’s new Agents and Infra financial reporting segment will combine GitHub and Microsoft 365. Microsoft, ‘[FY27 Segments and Investor Metrics](#)’, September 2026, accessed by the CMA on 6 October 2026, slide 5.

²⁴⁴ Note of call with [§<] on [§<].

²⁴⁵ Coalition for Fair Software Licensing’s response dated 04 June 2026 to invitation to comment dated 14 May 2026, paragraph 33, [Coalition for Fair Software Licensing.pdf](#).

²⁴⁶ Microsoft, ‘[What is Dynamics 365 and What Does It Do](#)’, undated, accessed by the CMA on 5 October 2026.

²⁴⁷ Microsoft, ‘[Microsoft 2025 Annual Report](#)’, 15 October 2025, accessed by the CMA on 6 October 2026.

arrangements to other applications in the PSS digital activity.²⁴⁸ However, that position is converging with both now part of the 'Productivity and Business Processes' reporting segment, and set to be part of Microsoft's 'Agents and Infra' segment from the 2027 financial year.²⁴⁹

- (b) In response to the ITC, one stakeholder referred to Dynamics 365 as part of Microsoft's Business Software Ecosystem but did not state whether it considered Dynamics 365 to be part of the PSS digital activity.²⁵⁰ In response to an information request, one PSS provider submitted that Dynamics 365 is outside the Productivity Software Suite definition, but 'in practice [it is] treated by Microsoft as part of its broader productivity software offering'.²⁵¹
- (c) Some Microsoft internal documents indicate business applications like Dynamics 365 typically perform a different function to productivity. One internal document explains that: '[u]nlike most other software categories, business applications require software to have a deep understanding of a customer's business operations and objectives.'²⁵² However, there is also some evidence of increasing convergence, for example, another Microsoft internal document indicates that the distinction between productivity and business applications is blurring.²⁵³

4.88 While Dynamics 365 increasingly interoperates with Microsoft productivity applications and shares common infrastructure, we have not seen sufficient evidence that users use Dynamics 365 CRP and ERP as a productivity software application rather than as software designed to manage specific business functions.

4.89 In light of the above, while there is some evidence of convergence, we provisionally consider that Dynamics 365 CRM and ERP software currently do not meet the function described by the PSS digital activity, considering how they are offered and consumed.

Security Software

4.90 In the IN, we described the Security Software digital activity as software that secures operating systems, as well as the applications and data running on those

²⁴⁸ We note that Power Apps, Power Automate and Power BI can be licensed under either Office / Microsoft 365 or Dynamics 365, and we provisionally consider these in scope of the PSS digital activity, as discussed above. Microsoft, '[Dynamics 365 Licensing Guidance](#)', undated, accessed by the CMA on 5 October 2026.

²⁴⁹ Microsoft, '[FY27 Segments and Investor Metrics](#)', September 2026, accessed by the CMA on 6 October 2026, slide 7.

²⁵⁰ Third Stage Consulting Group's response dated 20 May 2026 to invitation to comment dated 14 May 2026, [Third Stage Consulting Group.pdf](#).

²⁵¹ "[<] recognises that the CMA's definition of Productivity Software under Digital Activities does not include Microsoft products such as Power BI and Dynamics 365. However, in practice they are treated by Microsoft as part of its broader productivity software offering." [<] response dated [<] to section 69 notice dated [<].

²⁵² Microsoft's internal document, [<] to section 69 notice dated [<].

²⁵³ Microsoft's internal document, [<] to section 69 notice dated [<], [<].

systems, through mechanisms including authentication and authorisation of access for individuals and devices, enforcement of endpoint management policies and detection and prevention of threats (Security Software). We indicated the products, features and functionalities we considered at that stage were likely to be in scope of the digital activity.²⁵⁴

Submissions on our description and scope of Security Software

- 4.91 Microsoft has described security software as serving the function set out in our IN, as software ‘designed to protect operating systems, applications, and data’;²⁵⁵ and the Security Software function as ‘protecting identities, devices, data and networks from unauthorised access or attack’.²⁵⁶ This spans identity and access management (Entra ID, Active Directory), device management (Intune), and endpoint and threat protection (Defender’.²⁵⁷
- 4.92 Several stakeholders expressed support for our proposed description and scope of the digital activity, describing security software as serving the function set out in our IN.²⁵⁸
- 4.93 Some stakeholders indicated that the scope of the Security Software digital activity should be wider.
- (a) Some resellers said that additional functionalities should be considered in scope of the digital activity. For example, one reseller listed regulatory compliance, vendor consolidation and operational security among the needs to be addressed by security software.²⁵⁹ Another listed regulatory and cyber-insurance requirements, consolidation of tooling and clear visibility and response, often via managed detection and response as main needs that customers seek to address through security software.²⁶⁰
- (b) Google noted that the full breadth of Microsoft's security bundling, including Purview and Sentinel²⁶¹ should be in scope because they are subject to

²⁵⁴ [Investigation Notice](#), paragraph 8(e). “Based on Microsoft’s current business model, the CMA considers that the following products, referred to by their current brand names are likely to be in scope: Security Software: Entra and Active Directory-related software and services, Intune and Defender.

²⁵⁵ Microsoft’s response dated [redacted] to section 69 notice [redacted].

²⁵⁶ Microsoft’s submission to the CMA dated [redacted].

²⁵⁷ Microsoft’s submission to the CMA dated [redacted].

²⁵⁸ For example, Third Stage Consulting Group’s response dated 19 May 2026 to invitation to comment dated 14 May 2026, question 1, page 2. [Third Stage Consulting Group.pdf](#); Vivaldi’s response dated 3 June 2026 to invitation to comment dated 14 May 2026, page 6. [Vivaldi Technologies ASA.pdf](#); JISC’s response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 6; 8; 9 and 10. [Jisc.pdf](#); Google’s response dated 4 June 2026 to invitation to comment dated 14 May 2026, question 1, paragraph 7b, page 2. [Google.pdf](#).

²⁵⁹ [redacted] response dated [redacted] to voluntary request for information dated [redacted].

²⁶⁰ [redacted] response dated [redacted] to voluntary request for information dated [redacted].

²⁶¹ Sentinel is a “cloud-native Security Information and Event Management (SIEM) and Security Orchestration, Automation and Response (SOAR) platform.” It aggregates and correlates security signals from an organisation’s IT environment (eg M365, Entra ID, Defender as well as third-party security vendors and multi-cloud infrastructure) to support security teams in investigating and responding to cyber threats. Microsoft, [‘What is Microsoft Sentinel’](#), undated, accessed by the CMA on 29 September 2026; Microsoft, [‘Microsoft Sentinel – Cloud native SIEM for SOCs’](#), undated, accessed by the CMA on 29 September 2026.

Microsoft's broader commercial bundling strategy and self-preferential cross-subsidisation practices, creating financial barriers for the adoption of alternative security products.²⁶²

Our assessment

- 4.94 We have considered the submissions and evidence to date, including those supporting a broader scope of the digital activity or for the inclusion of additional products. For the reasons set out below, our provisional view is that the description of the Security Software digital activity set out in the IN remains appropriate; and that Security Software meets the statutory definition of a digital activity, as it entails the provision of one or more pieces of digital content within the meaning of section 3(1)(b) of the Act.
- 4.95 We propose to list the following existing Microsoft products as within the scope of the Security Software digital activity:
- (a) Entra and Active Directory: Entra (cloud-based) and Active Directory (on-premises) which serve to facilitate secure sign in and access of resources (this includes managing user identities, single sign-on, multi-factor authentication and conditional access);
 - (b) Intune: which secures and manages organisations' devices and apps; it also enrolls, configures, secures, and updates devices, deploys and protects apps, and controls which users and devices can access organisation resources;
 - (c) Defender: which protects devices (endpoints), identities, cloud workloads, email, and other applications from threats, offering extended detection and response capabilities;
 - (d) Certain functionality of Purview as set out below; and
 - (e) Certain functionalities of Agent 365 and Security Copilot as set out below.
- 4.96 We provisionally consider these products to be in scope however accessed (for example, via a web browser, desktop application or mobile application) and deployed (on-premises, cloud, or a hybrid environment). This is because Security Software performs the same function for a customer irrespective of their underlying architecture and deployment environments.

²⁶² Google's response dated 4 June 2026 to invitation to comment dated 14 May 2026, question 1, paragraph 7b, page 2, [Google.pdf](#).

Description and scope of the Security Software digital activity

- 4.97 We recognise that Microsoft offers a range of security products. In identifying the Security Software digital activity, its description and the products, features and functionalities within scope, we have considered the function performed and evidence on how these products are offered and consumed, including interlinkages among them.
- 4.98 Businesses use security software to protect their operating systems, and the applications and data running on those systems. This is achieved through the use of a range of complementary functions that business customers use to protect their IT environments and is reflected in the adoption of Zero Trust security frameworks.²⁶³
- 4.99 Under the Zero Trust security framework, access is not implicitly granted simply because a user, device or workload is within an organisation's network. Instead, security decisions are informed continuously by real-time signals relating to identity, device status and possible threats.²⁶⁴ Integration and interoperability between security functions are increasingly important as risk signals identified in one area of the security environment may need to inform controls elsewhere.²⁶⁵
- 4.100 Microsoft provides these signals mainly through Active Directory and its Entra, Intune and Defender suites with some relevant data protection functionality also provided through Purview. Entra and Active Directory provide identity and access management,²⁶⁶ Intune endpoint management and security,²⁶⁷ Defender threat protection,²⁶⁸ and Purview threat signals relating to data security.²⁶⁹ The suite model allows Microsoft to combine capabilities that address different but interrelated layers of an organisation's security environment. Each suite is provided in several tiers with increased functionality the higher the tier.²⁷⁰
- 4.101 Although these functions are provided through separate products, they increasingly operate as interconnected components of a broader security architecture rather than as standalone solutions, where they exchange real-time security signals and operate as a foundational security layer in Microsoft's wider security offering. This is reflected in customers buying a range of security products

²⁶³ National Cyber Security Centre, '[Introduction to Zero Trust](#)', undated, accessed by the CMA on 5 October 2026; In addition, a reseller referred to Zero Trust. [§<] response dated [§<] to voluntary request for information dated [§<].

²⁶⁴ Microsoft considered the functionality of security software as 'protecting identities, devices, data and networks from unauthorised access or attack. This spans identity and access management (Entra ID, AD), device management (Intune), and endpoint and threat protection (Defender), Microsoft's submission to the CMA dated [§<].

²⁶⁵ Microsoft describes that a comprehensive Zero Trust architecture requires security across identities, endpoints, networks, applications, data and infrastructure to be connected through unified policies and integrated threat protection. Microsoft, '[Zero Trust Security and Strategy | Microsoft Security](#)', undated, accessed by the CMA on 31 August 2026.

²⁶⁶ Microsoft, '[Microsoft Entra: Identity and Network Access Solutions](#)', accessed by the CMA on 30 September 2026.

²⁶⁷ Microsoft, '[Microsoft Intune Core Features](#)', undated, accessed by the CMA on 30 September 2026.

²⁶⁸ Microsoft, '[Microsoft Defender—Cybersecurity Solutions](#)', undated, accessed by the CMA on 30 September 2026.

²⁶⁹ Microsoft, '[Microsoft Purview: Data Security and Governance](#)', undated, accessed by the CMA on 30 September 2026.

²⁷⁰ Microsoft, '[Enterprise Security Suites](#)', undated, accessed by the CMA on 30 September 2026.

to fulfil their business security needs.²⁷¹ Our customer research noted that participants value having one place to set security policies centrally, enforce controls (such as conditional access), and respond to incidents.²⁷²

- 4.102 Microsoft describes purchasing individual solutions and building such an architecture independently as a substantial undertaking, and therefore positions its security portfolio around built-in integrations, unified policies, controls and automation.²⁷³ Microsoft has similarly noted that consolidating security capabilities can reduce management complexity, attack surface,²⁷⁴ licensing costs and support costs.²⁷⁵
- 4.103 In view of the above, our assessment of the digital activity and the products within scope has focused on the security functionality identified in the IN, namely software that secures operating systems, as well as the applications and data running on those systems, through mechanisms including authentication and authorisation of access for individuals and devices, enforcement of endpoint management policies and detection and prevention of threats, identity and access management, device management and threat detection and prevention. We have also considered emerging products and functionalities where they perform or underpin those functionalities.

Products in scope

Entra, Active Directory, Intune and Defender

- 4.104 We have considered Entra, Active Directory, Intune and Defender together because they provide the core complementary security functionality described above.²⁷⁶

²⁷¹ For example, Note of call with [X] on [X]; Note of call with [X] on [X]; Note of call with [X] on [X].

²⁷² Jigsaw Customer Research, 28 September 2026, page 28, paragraph 121.

²⁷³ Microsoft, '[The Microsoft Entra Suite and unified security operations platform are now generally available | Microsoft Security Blog](#)', 24 July 2024, accessed by the CMA on 22 September 2026.

²⁷⁴ Attackers constantly scan organisations' IT systems (the hardware, software, services and cloud assets), looking for weaknesses they can use to gain access, or to steal data. The sum of potential access points is known as the 'attack surface' National Cyber Security Centre, '[Disruptive cyber attacks – reducing their impact, reducing the risk](#)', undated, accessed by the CMA on 5 October 2026.

²⁷⁵ Microsoft, '[The Microsoft Entra Suite and unified security operations platform are now generally available | Microsoft Security Blog](#)', 24 July 2024, accessed by the CMA on 22 September 2026.

²⁷⁶ Active Directory Domain Services was developed as the directory and identity infrastructure for organisations' on-premises Windows environments, providing functionality including the management of users, computers and groups, user authentication, access control and the application of security policies. As organisations' IT environments have evolved from predominantly on-premises Windows environments towards cloud and hybrid environments, Microsoft's IAM functionality has similarly developed. Microsoft introduced Azure Active Directory, now Microsoft Entra ID, to provide cloud-based identity and access management across cloud and on-premises applications and resources, with functionality extending beyond the traditional on-premises directory model. While Active Directory and Entra perform overlapping IAM functions, they reflect different stages and environments in the development of Microsoft's IAM offering: Active Directory provides traditional on-premises directory and authentication functionality as part of Windows Server, whereas Entra provides cloud-based IAM functionality and is offered as a distinct Microsoft service, including as part of Microsoft 365 suites.

- 4.105 Microsoft offers Entra, Intune and Defender together as part of broader Microsoft security and productivity bundles and on a standalone basis.
- (a) Microsoft submitted that its security software products can be purchased as part of a suite or on a standalone basis.²⁷⁷ It said that suites are standard in the software industry, and lower price and complexity for companies.²⁷⁸ Microsoft 365 suites E3-E7 include Defender, Intune and Entra suites.²⁷⁹
 - (b) Entra, Intune and Defender suites can also each be purchased as add-ons.²⁸⁰ Similarly, some security software products within the Entra, Intune and Defender suites can be purchased on a standalone basis outside of its respective suite. For example, Microsoft Defender for Cloud can be purchased on its own, or on a pay-as-you-go basis (but a Microsoft Azure subscription is required).²⁸¹
 - (c) Reflecting the historical development of Microsoft's IAM functionality and its inclusion with Windows Server, Active Directory is not offered as part of the Microsoft 365 bundles or as a stand-alone product but included with Windows Server.²⁸² Notwithstanding that it is commercially packaged as part of Windows Server, its core functionality is to provide identity and access management in on-premises and hybrid environments and it can operate alongside Entra, Intune and Defender.
- 4.106 Although Microsoft offers different commercial routes to acquire these products, as part of suites or on a standalone basis, customers value their integration and they are technically configured as a connected security offering.
- 4.107 Evidence we have seen to date indicates that customers use Entra, Active Directory, Intune and Defender to satisfy their security needs. In particular, our customer research provides evidence that customers value an integrated security offering comprising a range of complementary security capabilities, including identity and access management, device management and threat detection.²⁸³
- 4.108 Our customer research also indicates that customers may need the functionality provided by the higher-tier suites, and/or third-party tools to meet their security requirements in full.²⁸⁴

²⁷⁷ Microsoft's submission to the CMA dated [§<].

²⁷⁸ Note of meeting with Microsoft on [§<].

²⁷⁹ We note that the functionality provided within each of these products varies depending on suite. Microsoft, '[Microsoft 365 Security Enterprise Plans](#)', undated, accessed by the CMA on 5 October 2026; Microsoft, '[Microsoft 365 Enterprise: Compare Plans and Pricing](#)', undated, accessed by the CMA on 5 October 2026

²⁸⁰ Microsoft's submission to the CMA dated [§<].

²⁸¹ Microsoft, '[Enterprise Security Products](#)', undated, accessed by the CMA on 29 September 2026.

²⁸² See above on historical development of Active Directory. Microsoft confirmed that Active Directory is a feature of Windows Server and is not available for purchase separately from Windows Server. Email from Microsoft to the CMA dated [§<].

²⁸³ Jigsaw Customer Research, 28 September 2026, page 28, paragraph 121.

²⁸⁴ Jigsaw Customer Research, 28 September 2026, page 30, paragraph 140.

- 4.109 This is consistent with third party evidence we have seen. For instance, Oracle said that it made sense that the integration and interoperability of Microsoft's Security Software products with each other was a significant consideration for customers.²⁸⁵
- 4.110 Overall, the customer evidence supports the functional description of Security Software as encompassing these complementary capabilities and indicates that customers value their integration.
- 4.111 Entra, Active Directory, Intune and Defender are also technically interlinked in a way that reinforces their combined security functionality.
- (a) Microsoft submitted that Entra, Intune, Defender shared signals and enforcement mechanisms.²⁸⁶ When used together, they create a complete offering in which identity information, device state, and security telemetry are continuously exchanged and acted upon. This design reduces fragmentation between traditionally separate security domains and enables a coordinated response to risks that span users, devices, and applications.²⁸⁷ As an example, Microsoft noted that, 'Defender can detect a compromised device and share that risk signal with Intune, which can automatically mark the device as noncompliant and trigger access restrictions through Entra ID Conditional Access policies.'²⁸⁸
 - (b) Microsoft submitted that organisational customers may perceive technical benefits from using its security software products together because they 'can enable real-time, cross product enforcement of security policies'.²⁸⁹
 - (c) Competitor evidence supports this technical interlinkage. A competitor noted that 'where a customer uses several interdependent Microsoft products - for example Entra ID underpinning Microsoft 365, with Intune and Defender tied in through conditional access - the products reinforce one another and cannot be cleanly separated'.²⁹⁰
 - (d) Stakeholder evidence also highlights technical interlinkages between security and identity products within hybrid environments.
 - (i) One noted that 'Windows devices can be joined to, managed through, or authenticated against AD and/or Entra ID, including through Group Policy, Intune and Autopilot provisioning'.²⁹¹

²⁸⁵ Oracle's response dated [REDACTED] to section 69 notice [REDACTED].

²⁸⁶ Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

²⁸⁷ Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

²⁸⁸ Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

²⁸⁹ Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

²⁹⁰ [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED].

²⁹¹ [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED].

- (ii) Another noted that Active Directory uses Entra Connect as a 'streamlined, proprietary solution for synchronising with Entra ID. Entra ID is a must-have product by virtue of being technically tied to O/M365 as the mandatory IAM layer and being the only IAM solution that interoperates seamlessly with Active Directory'.²⁹²
- (iii) Another highlighted that 'Microsoft Defender for Identity primarily monitors on-premises Active Directory for suspicious activity. Microsoft's structural advantage is the native relationship between Defender for Identity and its own identity directory services'.²⁹³

4.112 These products' functionality is accessed through their respective admin centres or portals. We provisionally consider that the functionality of admin centres or portals, through which customers access, configure and manage those products, is within the scope of the Security Software Digital activity.

4.113 Taken together, the evidence we have seen to date supports our provisional view that Entra, Active Directory, Intune and Defender product offerings each perform the functions described by the Security Software digital activity, namely they secure operating systems, as well as the applications and data running on those systems. Each fits the functional description of the Security Software digital activity and are in scope however accessed and deployed.²⁹⁴

Purview

4.114 Purview was not listed in the IN as a product in scope of the Security Software DA. Purview provides data security capabilities through data loss prevention (DLP), data security investigations, information barriers, information protection, privileged access management and Insider risk management.²⁹⁵ In addition, it provides data governance and data compliance functionality.²⁹⁶

4.115 Submissions received during our investigation indicated that Purview should be considered in scope.

- (a) Customer evidence indicates that as businesses begin to use AI, data security is playing an increasingly important role.²⁹⁷

²⁹² [redacted] response dated [redacted] to section 69 notice dated [redacted].

²⁹³ [redacted] response dated [redacted] to section 69 notice dated [redacted].

²⁹⁴ For the avoidance of doubt this includes access via the admin centres for each of the products in scope.

²⁹⁵ Microsoft, '[Learn about Microsoft Purview](#)', accessed by the CMA on 22 September 2026.

²⁹⁶ Microsoft, '[Learn about Microsoft Purview](#)', accessed by the CMA on 22 September 2026.

²⁹⁷ One customer said that it was focused on getting an AI based data loss prevention tool in place to block personally identifiable information from being added to AI interfaces and was currently using Purview; Note of call with [redacted] on [redacted] Another customer said it uses a small number of Purview licenses for data management and AI-related integrations; Note of call with [redacted] on [redacted] Another customer told us that the pace of its rollout of Purview has been determined by the need to safely scale the use of Copilot. Note of call with [redacted] on [redacted].

- (b) Google said that the full breadth of Microsoft's security bundling, including Purview should be in scope.²⁹⁸

- 4.116 We have therefore assessed whether Purview should be included as part of Microsoft's Security Software digital activity. We have considered the function it performs, how Microsoft offers this product, how customers use it and its technical links with Entra, Active Directory, Intune and Defender.
- 4.117 Purview's data security offering protects data running on operating systems and applications. Its capabilities also include broader data governance and compliance functionality including audit, communication compliance, eDiscovery, records management.
- 4.118 We have considered the following evidence as part of our assessment:
- (a) Certain of Purview's functionalities fit the description of the Security Software digital activity as they secure data running on operating systems and applications, namely DLP, data security investigation, information barriers, information protection, insider risk management and privileged access management.²⁹⁹ Purview also has other capabilities such as data compliance and data governance which perform different functionalities (for example managing and organising of information for compliance purposes). It is captured in some of Microsoft's internal documents under compliance rather than security.³⁰⁰
 - (b) Microsoft positions elements of Purview to support a Zero Trust implementation for data³⁰¹ and positions it as one of the products of its comprehensive security offering.³⁰² Microsoft webpages further position Purview as part of Microsoft's security portfolio,³⁰³ alongside Entra, Defender, Intune and Sentinel.
 - (c) Purview is included in Microsoft's M365 E5 and E7 offering and also available as an add-on to enhance Microsoft 365 E3 and Business Premium plans with additional capabilities for security, compliance, and identity and endpoint management.³⁰⁴

²⁹⁸ Google noted that this should be the case because they are subject to Microsoft's broader commercial bundling strategy and self-preferential cross-subsidisation practices, creating financial barriers for the adoption of alternative security products. Google's response to invitation to comment dated 14 May 2026, question 1, paragraph 7b, page 2. [Google.pdf](#).

²⁹⁹ Microsoft, '[Understanding Data Security, Compliance, and Governance in Microsoft Purview](#)', undated, accessed by the CMA on 05 October 2026.

³⁰⁰ Microsoft's internal document, [redacted] to section 69 notice dated [redacted].

³⁰¹ Microsoft, '[Secure data with Zero Trust](#)', undated, accessed by the CMA on 22 September 2026.

³⁰² Microsoft, '[Cloud Security Solutions](#)', undated, accessed by the CMA on 24 September 2026. [redacted] Microsoft's response to section 69 notice dated [redacted]; Microsoft's response dated [redacted] to section 69 notice dated [redacted].

³⁰³ Microsoft, '[Explore All Microsoft Security Products](#)', undated, accessed by the CMA on 22 September 2026.

³⁰⁴ Purview is available as an add-on requiring Microsoft 365 E3; or Office 365 E3 and Enterprise Mobility + Security E3. Microsoft, '[Microsoft Purview Pricing](#)', undated, accessed by the CMA on 22 September 2026.

- (d) Customer evidence indicating increased importance of data security in light of AI adoption. Purview was mentioned by some customers in our customer research as a requirement for 'good enough' security.³⁰⁵
- (e) Technical interlinkages of Purview with Entra, Intune and Defender reinforce their combined security functionality. For example, Purview's Information Protection features rely on Entra ID for identity and group membership to identify who is allowed access to protected resources. Entra's Conditional Access policies can for example utilise sensitivity labels to determine what additional access conditions should apply to protected resources. Defender and Intune integrations can be used for example to enforce endpoint data loss prevention controls on managed devices.³⁰⁶

4.119 Taking the evidence together, our provisional view is that Purview's functionality falls within the Security Software digital activity where it protects data running on operating systems and applications. This includes DLP, data security investigations, information barriers, information protection, privileged access management and insider risk management as these functionalities secure data running on operating systems and applications. We consider these functionalities to be in scope however accessed and deployed.³⁰⁷

4.120 We provisionally consider Microsoft Purview's broader data governance and compliance functionalities do not fall within the scope of the Security Software digital activity where their function is to govern, organise or manage information for purposes other than securing operating systems, applications or the data running on them.

Microsoft's AI related offerings relevant for Security Software digital activity

4.121 We also considered the extent to which Microsoft's AI related offering should be included within the scope of our digital activity.³⁰⁸

4.122 AI continues to evolve security software both in terms of products required to secure AI as well as AI capability to perform security functionality. We have assessed whether Security Copilot and Agent 365 fit the functional description of the Security Software digital activity.

4.123 Our provisional view is that the evidence supports inclusion of some of their functionality. Given that these products were recently introduced and AI is a fast-

³⁰⁵ Jigsaw Customer Research, 28 September 2026, page 30, paragraph 140.

³⁰⁶ Microsoft: [Microsoft Entra Conditional Access: Zero Trust Policy Engine - Microsoft Entra ID](#), undated, accessed by the CMA on 22 September 2026.

³⁰⁷ For the avoidance of doubt, we also consider the corresponding Purview admin centre in scope of our digital activity. See above for position on admin centres under 'Entra, Active Directory, Intune and Defender' heading.

³⁰⁸ [Investigation Notice](#), paragraph 9.

evolving area,³⁰⁹ we will continue to keep these products under review as their use and functionality develops.

Security Copilot

- 4.124 Microsoft Security Copilot, launched in April 2024, is a generative AI assistant that can be integrated with Microsoft security products to support security analysts.^{310,311} Microsoft describes it as enhancing existing security functionality by acting as an AI-driven orchestration and analysis layer across the security stack, rather than replacing underlying tools'.³¹² In March 2025, Microsoft introduced Security Copilot Agents, a set of 'purpose-built' AI agents³¹³ embedded in Entra, Intune, Defender, and Purview that are orchestrated through Security Copilot to automate repetitive tasks and reduce manual workloads.³¹⁴
- 4.125 We have considered interlinkages between Security Copilot and Entra, Active Directory, Intune, Defender and Purview, how Microsoft offers Security Copilot and how customers use it.
- 4.126 Security Copilot is closely interlinked with the underlying security products. It 'aggregates signals and data from systems such as Microsoft Defender, Sentinel, Entra, and other integrated solutions (including third-party security software), correlates them using large-scale threat intelligence, and provides contextual insights, incident summaries, and recommended actions through a natural language interface'.³¹⁵ Microsoft Security Copilot Agents are also embedded within Microsoft's security products such as Entra, Intune, Defender and Purview.³¹⁶ Such AI Agents automate repetitive tasks and reduce manual workloads, improving operational efficiency for security teams.³¹⁷
- 4.127 Security Copilot is offered as part of Microsoft's E5 and E7 bundles.³¹⁸ It is available as both a standalone experience and as embedded capabilities within Microsoft security products. Microsoft submitted that 'when integrated with Microsoft Defender, it can summarise incidents, analyse files and scripts, generate threat-hunting queries, and recommend response actions; within Microsoft Entra, it

³⁰⁹ Microsoft's submission to the CMA dated [REDACTED] noted AI as a fast-evolving area.

³¹⁰ Microsoft's AI investment priorities within the security layer are [REDACTED] Microsoft's response dated [REDACTED] to section 69 notice [REDACTED]. Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

³¹¹ [What is Microsoft Security Copilot? | Microsoft Learn](#), accessed on 25 September 2026; Microsoft's response [REDACTED] to section 69 notice [REDACTED]. For use cases see also [Security Copilot use cases for security and IT roles | Microsoft Learn](#), accessed on 25 September 2026

³¹² Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

³¹³ Microsoft describes AI agents as dynamic, goal-oriented systems that can reason, plan and act on behalf of users. Microsoft, '[Introduction to AI Agents](#)', undated, accessed on 24 September 2026.

³¹⁴ See list. Microsoft, '[Microsoft Security Copilot](#)' undated, accessed by the CMA on 31 August 2026; Microsoft '[Microsoft Security Copilot agents overview](#)', undated, accessed by the CMA on 31 August 2026.

³¹⁵ Microsoft's response dated [REDACTED] to section 69 notice [REDACTED].

³¹⁶ See list. Microsoft, '[Microsoft Security Copilot](#)', undated, accessed by the CMA on 22 September 2026.

³¹⁷ Microsoft, '[Microsoft Security Copilot agents overview](#)', undated, accessed by the CMA on 22 September 2026.

³¹⁸ Use of Security Copilot requires the relevant underlying security product licences or Microsoft 365 commercial licence. Microsoft's response dated [REDACTED] to follow up questions dated [REDACTED] to section 69 notice dated [REDACTED].

helps identity administrators investigate sign-in issues, identity risks, and access problems; within Microsoft Intune, it assists with policy management, security posture analysis, and device troubleshooting; and within Microsoft Purview, it helps analyse data security and compliance risks, summarise alerts, and support investigations such as DLP, Insider Risk, Communication Compliance, and eDiscovery.³¹⁹

- 4.128 As a relatively new product, evidence on how Security Copilot is consumed by customers is limited. One customer said that ‘it ran a small deployment using Security Copilot but decided not to use it’.³²⁰ Another said that ‘Security Copilot might be useful, but it is prohibitively expensive’.³²¹
- 4.129 Taking the above into account, we provisionally consider that Security Copilot performs the functions described by the Software Security digital activity and is in scope however accessed and deployed and is in scope however accessed and deployed.³²² It secures operating systems, as well as the applications and data running on those systems, by integrating with and performing the functions of Entra, Defender, Intune and Purview.
- 4.130 We consider that Security Copilot may perform additional functions outside of the Security Software digital activity (for example where it performs functionality in relation to Purview functions not considered in scope of the Security Software digital activity). As set out above, this does not alter our provisional view that Security Copilot performs the functions described by the digital activity.

Agent 365

- 4.131 In addition to the functionality set out under the Productivity Software Suite digital activity above, Agent 365 also enables organisations to secure AI agents across their Microsoft environment.³²³ We have assessed whether Agent 365 functionality should be included as part of Microsoft’s Security Software digital activity by considering how Microsoft offers this product, how customers use it and its technical links with Entra, Active Directory, Intune, Defender and Purview.
- 4.132 Agent 365 delivers end-to-end protection for agents by extending Microsoft’s enterprise-grade identity, data, and threat-defence capabilities. For example,

³¹⁹ Microsoft’s response dated [X] to section 69 notice [X]. As noted above, we consider Purview’s functionality to fit this scope of the Security Software digital activity where Purview protects data running on operating systems. This includes DLP, data security investigations, information barriers, information protection, privileged access management and insider risk management.

³²⁰ Note of call with [X] on [X].

³²¹ Note of call with [X] on [X].

³²² For the avoidance of doubt, we also consider the corresponding Security Copilot admin centre to be in scope of our digital activity. See above for position on admin centres under ‘Entra, Active Directory, Intune and Defender’ heading.

³²³ Microsoft, ‘[Microsoft Agent 365, now generally available, expands capabilities and integrations](#)’ 11 May 2026, accessed by the CMA on 22 September 2026; Microsoft, ‘[Ecosystem partner agents available in Agent 365](#)’, undated accessed by the CMA on 22 September 2026.

'Entra Agent ID extends Microsoft Entra capabilities'³²⁴ by assigning each AI agent a unique identity, enabling organisations to govern which systems, resources and data those AI agents can access and what actions they can take.³²⁵ Conditional access and identity protection policies 'apply to agents just as they do to users, so administrators can enforce the same risk-based controls across the environment'.³²⁶ These policies are enforced through Entra, Intune, Defender, and Purview, which monitor AI agents, identifying unusual or risky behaviour and respond to potential security threats.³²⁷

- 4.133 Agent 365 is licensed as an add-on to Microsoft 365 E5 packages. We also note that, since May 2026, Agent 365 is offered with other products in scope of the Security Software digital activity in the Microsoft 365 E7 package.³²⁸
- 4.134 As this is a very nascent product which became available in the UK in May 2026, it is yet to be seen how customers consume Agent 365.
- 4.135 Taking the above into account, we provisionally consider that Agent 365's functionality falls within the Security Software digital activity where it is used to extend the Security Software functionalities to AI agents. As Agent 365 is a nascent product, we will keep this product under review as its usage and functionality are developing.

Products not in scope

Microsoft Sentinel

- 4.136 In response to submissions, we have considered whether Microsoft Sentinel is in scope of the Security Software digital activity.³²⁹ We have assessed whether Sentinel should be included as part of Microsoft's Security Software digital activity by considering the function it performs.
- 4.137 Sentinel is a 'cloud-native Security Information and Event Management (SIEM) and Security Orchestration, Automation and Response (SOAR) platform'. It aggregates and correlates security signals from an organisation's IT environment (eg M365, Entra ID, Defender as well as third-party security vendors and multi-

³²⁴ Microsoft, '[How does Microsoft Entra support Agent 365?](#)' undated, accessed by the CMA on 1 September 2026; Microsoft, '[What is Microsoft Entra Agent ID? - Microsoft Entra Agent ID](#)', undated, accessed by the CMA on 1 September 2026.

³²⁵ Microsoft, '[Microsoft Agent 365 overview](#)', undated, accessed by the CMA on 1 September 2026.

³²⁶ Microsoft, '[How does Microsoft Entra support Agent 365?](#)', undated, accessed by the CMA on 1 September 2026.

³²⁷ Microsoft, '[Why does an enterprise need Agent 365?](#)', undated, accessed by the CMA on 1 September 2026.

³²⁸ Microsoft, '[Microsoft Agent 365: The Control Plane for Agents](#)', undated, accessed by the CMA on 1 September 2026.

³²⁹ In response to the ITC, Google argued that Microsoft Sentinel should be in scope, as this is similarly subject to Microsoft's broader commercial bundling strategy and self-preferential cross-subsidisation practices. Google's response to invitation to comment dated 14 May 2026, question 1, paragraph 7b, page 2. [Google.pdf](#)

cloud infrastructure) to support security teams in investigating and responding to cyber threats.³³⁰

- 4.138 Microsoft, as well as competitor and customer evidence received to date, describes Sentinel as providing an additional monitoring, visibility, analytics and threat detection layer.³³¹ Microsoft describes Sentinel as offering ‘threat hunting’ and notes that ‘as opposed to classic protection, threat hunting tries to proactively identify potential threats that might harm [the] organisation’s system.’³³² Sentinel ingests telemetry, signals and alerts generated from other Microsoft and non-Microsoft products and analyses and correlates that information to generate further insights and outputs (eg custom-rule alerts).
- 4.139 Taking the above into account, we provisionally consider that Sentinel’s functionality does not fall within the description of the Security Software digital activity. We acknowledge that Sentinel has functionality that contributes to securing operating systems, applications and data. However, on balance, we do not consider it to meet the functionality of the Security Software digital activity.

Server Operating System

- 4.140 In the IN, we proposed describing the server operating system as software or equivalent, which acts as an intermediary between hardware and software on a server, enabling software applications and services to run on a server (Server OS).³³³ In the IN we indicated the products, features and functionalities we considered at that stage were likely to be in scope of the digital activity.³³⁴

Submissions on our description and scope of Server OS

- 4.141 Microsoft did not submit any proposed amendments to the description of Server OS set out in the IN. It submitted that Windows Server was an operating system,³³⁵ and that Windows Server was a cloud infrastructure service that sits at the infrastructure layer of the stack (IaaS), providing the foundational capabilities

³³⁰ Microsoft, ‘[What is Microsoft Sentinel?](#)’, undated, accessed by the CMA on 1 September 2026; Microsoft, ‘[Microsoft Sentinel—AI-Ready Platform](#)’, undated, accessed by the CMA on 1 September 2026.

³³¹ Microsoft highlights that for example ‘Microsoft Defender XDR includes Microsoft Entra ID Protection to block users based on identity risk. Feeds related data into Microsoft Sentinel for further analysis and automation’. Microsoft, ‘[Incident Response with XDR and Integrated SIEM](#)’, undated, accessed by the CMA on 25 September 2026; Microsoft ‘[Microsoft Cybersecurity Reference Architectures \(MCRA\)](#)’, undated, accessed by the CMA on 25 September 2026; [33] response dated [33] to section 69 notice dated [33]; JISC’s response to invitation to comment dated 14 May 2026, page 6; 8; 9 and 10. [Jisc.pdf](#); Google’s response to invitation to comment dated 14 May 2026, question 1, paragraph 7b, page 2. [Google.pdf](#)

³³² Microsoft, ‘[Access activity logs in Microsoft Entra ID - Microsoft Entra ID](#)’, undated, accessed by the CMA on 25 September 2026.

³³³ [Investigation Notice](#), paragraph 5(c).

³³⁴ [Investigation Notice](#), paragraph 8 (c) lists Windows Server.

³³⁵ Microsoft’s submission to the CMA dated [33].

for IT systems and cloud environments on which other software and services run.³³⁶

- 4.142 In response to the ITC, no third parties made any substantive comments on the description of the Server OS digital activity and its scope, although some respondents expressed general support for the CMA's approach.³³⁷

Our assessment

- 4.143 A server operating system enables organisations to run and secure applications, services, and workloads across on-premises, hybrid, and cloud environments.³³⁸
- 4.144 We have considered the submissions and evidence we have received to date. For the reasons set out below, our provisional view is that the description of the Server OS digital activity set out in the IN remains appropriate; and that the Server OS digital activity meets the statutory definition of a digital activity, as it constitutes the provision of one or more pieces of digital content within the meaning of section 3(1)(b) of the Act.

Products in scope

Windows Server

- 4.145 For the reasons explained below, we provisionally consider that Windows Server, Microsoft's Server OS offering, is in scope of the Server OS digital activity however accessed (for example, via a web browser, desktop application or mobile application) and deployed (on-premises, cloud, or a hybrid environment). This is because it performs the same function for a customer irrespective of their underlying architecture and deployment environments.
- 4.146 In identifying the Server OS digital activity, its description and the products, features and functionalities within scope, we have considered how this product is offered and consumed.
- (a) Windows Server, is licensed and sold as a standalone Server OS.³³⁹ It can form part of a customer's wider Enterprise agreement.³⁴⁰

³³⁶ Microsoft's submission to the CMA dated [§<].

³³⁷ For example, Third Stage Consulting Group's response dated 20 May 2026 to invitation to comment dated 14 May 2026, page 2 [Third Stage Consulting Group.pdf](#); Anonymous 3's response dated 22 June 2026 to invitation to comment dated 14 May 2026, page 1. [Anonymous 3.pdf](#); Open Cloud Coalition's response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 2 [Open Cloud Coalition.pdf](#); Element.io's response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 3 [Element.pdf](#).

³³⁸ Microsoft, '[What is Windows Server?](#)', undated, accessed by the CMA on 24 September 2026.

³³⁹ Microsoft's response dated [§<] to section 69 notice dated [§<].

³⁴⁰ Microsoft, '[Enterprise Agreement | Microsoft Volume Licensing](#)' undated, accessed by the CMA on 24 September 2026.

- (b) Microsoft offers Windows Server for use in cloud, on-premises, and hybrid environments.³⁴¹ Across these deployment routes, Windows Server enables organisations to run enterprise workloads (or digital operations that keep businesses running), manage network infrastructure and host applications.³⁴² It therefore provides the functionality as set out in our description of acting as an intermediary between server hardware and the software, such as applications, that customers seek to run on that hardware.
- (c) Microsoft offers various editions of Windows Server, which largely offer similar features and capabilities.³⁴³ Any differences between editions do not affect the core functionality of the Server OS as set out in our description.³⁴⁴
- (d) Evidence from Microsoft and customers on how Windows Server is used supports the proposed description and scope of the digital activity.
 - (i) Customers note that they use Windows Server to run applications and workloads.³⁴⁵
 - (ii) Customers consume Windows Server across on-premises, cloud or hybrid environments³⁴⁶ and customers may also use Windows Server as IaaS or PaaS and increasingly SaaS.³⁴⁷ Microsoft submitted that customers' needs vary depending on where they are on their cloud-migration journeys. It also submitted the prevailing pattern was a combination of hybrid and multi-cloud architectures, with customers retaining some workloads on-premises while moving others to one or more public clouds.³⁴⁸

4.147 In light of the above, we provisionally consider that Windows Server falls within the functional description of the Server OS digital activity. Microsoft offers and customers consume Windows Server as an intermediary between server hardware

³⁴¹ More generally, Server OSs such as Windows Server and Amazon Linux, also known as AL2023, (Amazon's version of an underlying open-source Server OS), can run in various environments, including physical (bare-metal) servers (or on-premise servers), virtual machines, public and private clouds, as well as hybrid environments (on-premise and on cloud). Microsoft, '[What is Windows Server?](#)' undated, accessed by the CMA on 24 September 2026.

³⁴² Microsoft, '[What is Windows Server?](#)', undated, accessed by the CMA on 24 September 2026.

³⁴³ Microsoft, '[What is Windows Server?](#)' undated, accessed by the CMA on 24 September 2026; Microsoft, '[What is Azure Edition for Windows Server?](#)' undated, accessed by the CMA on 24 September 2026; Microsoft, '[Comparison of Windows Server editions | Microsoft Learn](#)' undated, accessed by the CMA on 24 September 2026. Some of these products are listed in Microsoft's response to our information request. [§]. Microsoft's response dated [§] to section 69 notice dated [§].

³⁴⁴ Differences between these editions reflect different price points. Microsoft submitted that it has two main versions of Windows Server with distinct price points for the software: (i) Datacenter edition for highly virtualized and software-defined datacenter environments, and (ii) Standard edition at a lower price for customers with low density or non-virtualized environments. [§] response dated [§] to section 69 notice dated [§].

³⁴⁵ Note of call with [§] on [§]; Note of call with [§] on [§]; Note of call with [§] on [§]; Note of call with [§] on [§]

³⁴⁶ Note of call with [§] on [§]; Note of call with [§] on [§]; Jigsaw Customer Research, 28 September 2026, page 77, paragraph 285.

³⁴⁷ Note of call with [§] on [§]; Note of call with [§] on [§]; Note of call with [§] on [§]; Jigsaw Customer Research, 28 September 2026, page 77, paragraph 285; Note of call with [§] on [§]; Note of call with [§] on [§].

³⁴⁸ Microsoft's response dated [§] to section 69 notice dated [§].

and software, enabling applications and services to run on a server and we provisionally consider Windows Server to be in scope however it is accessed or deployed.

Relational Database Management System (RDBMS)

4.148 In the IN we proposed describing RDBMS as a relational database management system that manages and stores data in separate tables and defines relationships between those tables. In the IN we indicated the products, features and functionalities we considered at that stage were likely to be in scope of the digital activity.³⁴⁹

Submissions on our description and scope of RDBMS

4.149 Microsoft did not submit any proposed amendments to the description of RDBMS set out in the IN. It submitted SQL Server was an RDBMS.³⁵⁰

4.150 In response to the ITC, no third parties made any substantive comments on the scope of the RDBMS digital activity, although some respondents expressed general support for the proposed scope.³⁵¹

Our assessment

4.151 A RDBMS is a type of database management system which stores and organises data into separate tables and makes connections between them.³⁵²

4.152 We have considered the submissions and evidence we have received to date. For the reasons set out below, our provisional view is that the description of the RDBMS digital activity set out in the IN remains appropriate; and that the provision of the RDBMS digital activity constitutes the provision of one or more pieces of digital content within the meaning of section 3(1)(b) of the Act.

Products in scope

SQL Server and SQL Database Engine

4.153 We propose the following products in scope of the RDBMS digital activity:

³⁴⁹ [Investigation Notice](#), paragraph 8 (d) lists.

³⁵⁰ Microsoft's submission to the CMA dated [3<].

³⁵¹ For example, Third Stage Consulting Group's response dated 20 May 2026 to invitation to comment dated 14 May 2026, page 2. [Third Stage Consulting Group.pdf](#); Anonymous 3's response dated 22 June 2026 to invitation to comment dated 14 May 2026, page 1. [Anonymous 3.pdf](#); Open Cloud Coalition's response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 2. [Open Cloud Coalition.pdf](#); Element's response dated 4 June 2026 to invitation to comment dated 14 May 2026, page 3. [Element.pdf](#).

³⁵² Microsoft, '[What Is SQL Server? - SQL Server](#)', undated, accessed by the CMA on 20 July 2026; Databricks, '[What is a Relational Database \(Relational Databases\)?](#)', undated, accessed by the CMA on September 2026; [Cloud Infrastructure Services Final decision report](#), July 2025, paragraphs 7.94-7.96.

- (a) SQL Server (including SQL Server-based PaaS and SaaS);³⁵³ and
- (b) SQL Database Engine.

- 4.154 We provisionally consider these products to be in scope however accessed (for example, via a web browser, desktop application or mobile application) and deployed (on-premises, cloud, or a hybrid environment). This is because SQL Server performs the same function for a customer irrespective of their underlying architecture and deployment environments.
- 4.155 In identifying the RDBMS digital activity, its description and the products, features and functionalities within scope, we have considered how these products are offered and consumed.
- 4.156 Microsoft's RDBMS offering is the Microsoft SQL Server family of products (SQL Server).³⁵⁴ SQL Server is offered in various forms, providing the same functionality set out above. It can be supplied directly to customers for use on-premises or on Azure.³⁵⁵ It can also be supplied to other cloud providers, who then offer it to customers on their platforms.³⁵⁶
- 4.157 Microsoft also offers RDBMS functionality through managed PaaS and SaaS offerings, providing the same core RDBMS functionalities³⁵⁷ while Microsoft undertakes regular performance monitoring, upgrades and other maintenance tasks.³⁵⁸ Microsoft also supplies the SQL Database Engine to other cloud providers, who host it on their infrastructure for customers to use as part of a managed PaaS product.³⁵⁹
- 4.158 Evidence from Microsoft and customers on how the product is used align with Microsoft's offering and further support the description and scope of the digital activity.

³⁵³ For the avoidance of doubt, we consider that Database-as-a-Service products are a type of PaaS or SaaS. Therefore, the RDBMS aspects of these products would be within the scope of the digital activity.

³⁵⁴ Some of these products are listed in Microsoft's response to our information request. [36]. Microsoft's response dated [36] to section 69 notice dated [36]. Microsoft sells SQL Server [36] on a standalone basis, but it is also sold along with Microsoft's Server OS product, Windows Server. It can form part of a customers' wider Enterprise Agreement with Microsoft. Microsoft, '[Enterprise Agreement | Microsoft Volume Licensing](#)', undated, accessed by the CMA on 1 October 2026.

³⁵⁵ For more information on the various editions of SQL Server 2025, see 'Microsoft, '[Editions and Supported Features of SQL Server 2025 - SQL Server](#)', undated, accessed by the CMA on 13 July 2026. SQL Server 2025 also includes AI-enabled features such as vector search (see Microsoft '[Editions and Supported Features of SQL Server 2025 - SQL Server](#)', undated, accessed by the CMA 13 July 2026.

³⁵⁶ For example: AWS, '[What is Microsoft SQL Server on Amazon EC2?](#)', undated, accessed by the CMA on 13 July 2026; Google, '[SQL Server | Google Cloud](#)', undated, accessed by the CMA on 13 July 2026.

³⁵⁷ More specifically, these functionalities are delivered by the SQL Server Database engine. Microsoft, '[SQL Database Engine - Microsoft SQL](#)', undated, accessed by the CMA on 28 June 2026.

³⁵⁸ Examples of these include Azure SQL Managed Instance, Azure SQL Database, Fabric Data Warehouse, and SQL Database in Fabric. Microsoft, '[SQL Database Engine - Microsoft SQL](#)', undated, accessed by the CMA 13 July 2026.

³⁵⁹ For examples of this, see AWS, '[Amazon RDS for SQL Server](#)', undated, accessed by the CMA on 28 June 2026; Google, '[Cloud SQL For SQL Server Managed Database](#)', undated, accessed by the CMA on 28 June 2026.

- 4.159 With regard to the deployment of SQL Server, Microsoft submitted that the prevailing pattern of use is a combination of hybrid and multi-cloud architectures – which industry surveys indicate most enterprises now adopt – in which a customer may run some RDBMS on-premises, some on infrastructure-as-a-service, and some on fully managed cloud database services – frequently across more than one provider.³⁶⁰ Customers noted that they deploy SQL Server on cloud and on premises.³⁶¹
- 4.160 Customers we spoke to and respondents in our customer research said they consume SQL Server as an RDBMS to support applications that require or are designed around its use.³⁶² Customers can also use SQL Server as part of a product that has the database built-in.³⁶³
- 4.161 In light of the above, we provisionally consider that SQL Server (including SQL Server-based PaaS and SaaS) and SQL Database Engine fall within the functional description of the RDBMS digital activity. Microsoft offers, and customers consume, these products as a RDBMS that manages and stores data in separate tables and defines relationships between those tables. We consider SQL Server and SQL Database Engine in scope however they are accessed or deployed.

Grouping

Summary

Under the Act, the CMA may treat two or more of the potential SMS firm's digital activities as a single digital activity where either of the following conditions is satisfied: (i) the digital activities have substantially the same or similar purposes; or (ii) they can be carried out in combination with each other to fulfil a specific purpose. Where individual digital activities are grouped, the SMS assessment will relate to the grouped activity as a whole.

In this section we provisionally conclude that the conditions for grouping Microsoft's five digital activities into a single digital activity are met; in particular, the individual activities can be carried out in combination *to provide a business software environment in which organisations can manage and secure users, devices, compute resources, applications and data, and users can access, create, record, communicate and manage business information* (the 'Microsoft Business Software Ecosystem'). This grouping across Microsoft's complementary (though distinct) products is necessary to capture the reality of how the individual activities interact as part of the software stack (as set out in the diagram below) and reflects how Microsoft offers and customers consume the activities in practice.

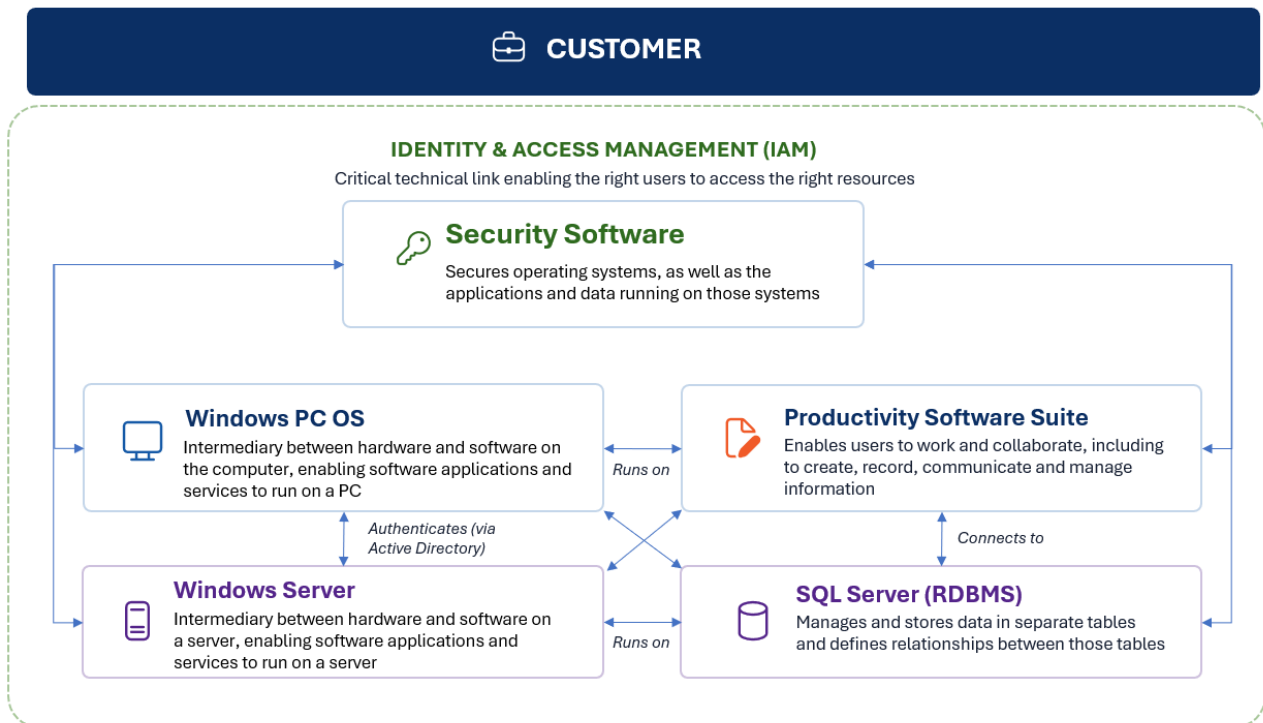
³⁶⁰ Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

³⁶¹ Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED].

³⁶² Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED]; Jigsaw Customer Research, 28 September 2026, page 89, paragraph 323.

³⁶³ Note of call with [REDACTED] on [REDACTED].

In provisionally concluding that the individual digital activities can be carried out for the purpose of the Microsoft Business Software Ecosystem, we have assessed how Microsoft offers and customers consume the products in practice. Approaching it in this manner provides a valuable lens through which to assess and, as appropriate, group activities in a way which reflects the real-world connections between different products offered by a single firm (here, Microsoft). It is not necessary for all customers to consume products across all the relevant digital activities in order for the CMA to group them.



First, from the perspective of how the digital activities are offered: Microsoft's own documentary evidence of how it considers and presents its product portfolio; the technical interactions between products falling under the five digital activities; and how potential customers are encouraged to purchase those products, all support a finding of grouping. In particular:

- In its internal documents and marketing materials, Microsoft emphasises the integration of its products as representing a competitive strength and commercial distinctiveness, which in turn drives revenue opportunity.
- This focus on integration is reflected in actual technical interlinkages across products. Importantly all products in each of the individual digital activities may be interconnected through Identity and Access Management (IAM), which allows organisations to centrally control access to data stored in each product, and through centralised management of security more generally. Beyond security, there are numerous other integrations across particular sets of digital activities, with Server OS and RDBMS, as well as PSS and PC OS, being especially tightly integrated.

- The effect of this technical integration is reinforced by sales and pricing models across the digital activities: although Microsoft does not require customers to purchase products across the five digital activities as part of a single package, they feature in combination across Microsoft product suites, bundles and Enterprise Agreements, with discounts available incentivising combined purchases.

Second, when we consider how customers consume the individual digital activities: the evidence points to a customer view and experience of a unified Microsoft environment across the digital activities; customer evidence of the advantages from consolidating purchases with Microsoft, resulting in what has been described by some customers as being a 'Microsoft House' or 'Microsoft First' customer; and customers accounting for a significant proportion of Microsoft's UK revenue across the digital activities purchasing all five in combination. This is also supported by competitor evidence, showing that some competitors perceive themselves to be competing against a wider Microsoft ecosystem rather than against individual digital activities.

- Customer research reveals a strong view of Microsoft as providing a unified business software environment across its various products, with significant value being placed on Microsoft's software offering as an end to end, integrated stack.
- This is supported by customer evidence of what underpins this view, from reduced operational and administrative complexity; to securing discounts and making full use of bundles; to drawing on employee skill and familiarity; to technical integration across the group.
- Indeed, not only *can* these individual digital activities be carried out in combination (as required by the Act), but revenue analysis from across the group points to the fact that they *are* in fact carried out together: of Microsoft's total UK revenue across all of the five digital activities, over 80% comes from customers who have purchased all five digital activities.

This body of evidence as to the reality of how Microsoft offers the individual digital activities and customers consume them in practice, shows that these digital activities can be (and indeed are) used in combination for the specific purpose captured in Microsoft Business Software Ecosystem, focusing on an organisation's IT environment (rather than, for example, characterisation by reference to the tasks performed by individual users).

Introduction

- 4.162 In the IN, we proposed grouping Microsoft's five digital activities because they can be carried out in combination with each other to fulfil the specific purpose of providing a software environment that enables organisations to perform work tasks

effectively, securely and at scale (this single digital activity referred to as Microsoft's Business Software Ecosystem).³⁶⁴

4.163 The section sets out:

- (a) The legal framework for grouping;
- (b) Submissions we received on grouping;
- (c) Our approach to grouping, and in particular the specific purpose identified; and
- (d) Our assessment of
 - (i) How the digital activities are offered, including:
 - (1) Microsoft internal documents and published material
 - (2) purchasing methods and
 - (3) technical integration
 - (ii) How the digital activities are consumed, including:
 - (1) the extent to which the digital activities are bought together
 - (2) an illustrative example of combined use
 - (3) customer experience of the digital activities as a group
 - (4) customer views on advantages of consolidating purchases with Microsoft across the group and
 - (5) competitor views on the use of the digital activities in combination.

Legal Framework

4.164 The Act allows for two or more digital activities carried out by a single undertaking to be grouped as a single digital activity where:

- (a) the activities have substantially the same or similar purposes; or
- (b) the activities can be carried out in combination with each other to fulfil a specific purpose.³⁶⁵

4.165 Our Guidance explains that the CMA will decide on the facts of each case whether or not to treat two or more of the potential SMS firm's digital activities and the

³⁶⁴ [Investigation Notice](#), paragraph 7.

³⁶⁵ Section 3(3) of the Act.

products within those as a single digital activity for designation purposes;³⁶⁶ and that, in deciding whether to group, the CMA will interpret the statutory conditions broadly.³⁶⁷ For example, the concept of purpose may refer to any relevant aspect of how the products are made, marketed, sold, accessed, or consumed, and may therefore relate to customer needs or preferences rather than technical complementarity.³⁶⁸ The Guidance gives a non-exhaustive list of examples of circumstances where it may be appropriate to group activities into a single activity including the example of products that are usually purchased or used in combination by potential customers.³⁶⁹

- 4.166 Where the CMA groups two or more of the potential SMS firm's digital activities and the products within those activities, into a single digital activity, the SMS assessment will relate to the grouped activity as a whole.³⁷⁰

Submissions on grouping

- 4.167 In its ITC response, Microsoft did not agree that the five digital activities are appropriately characterised as a single grouped digital activity or that they represent any kind of unitary or proprietary 'ecosystem'. According to Microsoft, each serves distinct purposes, is supplied to different customer segments and is subject to different competitive constraints. Many organisations use different providers across these categories, and the degree of integration varies considerably.³⁷¹

- 4.168 Microsoft later submitted that:

- (a) The purpose for which the CMA considers the digital activities can be carried out in combination is not sufficiently specific.³⁷² An appropriately and sufficiently specific purpose would have to distinguish the grouped digital activities from a wide range of other business software—and in this case, the specific purpose, as worded by the CMA, would encompass virtually all enterprise software.³⁷³ It added that 'such an extension of the regulatory perimeter must be justified by reference to a real and specific connection between the activities' and that 'the DMU itself has recognised the risk of overregulation if its powers are deployed too widely.'³⁷⁴
- (b) An ecosystem must have components that are interdependent such that the ecosystem's central value proposition cannot be delivered unless the

³⁶⁶ [CMA194](#), paragraph 2.14.

³⁶⁷ [CMA194](#), paragraph 2.14.

³⁶⁸ [CMA194](#), paragraph 2.14.

³⁶⁹ [CMA194](#), paragraph 2.15.

³⁷⁰ [CMA194](#), paragraph 2.16.

³⁷¹ Microsoft's response to invitation to comment dated 14 May 2026, paragraph 2.1. [Microsoft.pdf](#)

³⁷² Microsoft's submission to the CMA dated [3<].

³⁷³ Microsoft's submission to the CMA dated [3<].

³⁷⁴ Microsoft's submission to the CMA dated [3<].

complementary pieces work together, and the actions of one component materially affect the value created by the others.³⁷⁵ Microsoft referred to the CMA's previous SMS designations as examples of appropriate specific purposes, based on their technical and structural interdependence, single user journeys, and functions that 'only make sense together', noting that, in its view, Microsoft's products and services that are subject to the CMA's SMS investigation each perform a discrete function and can be (and are) substituted independently of the others, and none are required to work together to generate a 'single value proposition'.³⁷⁶

- (c) Products across the digital activities are not always bought together³⁷⁷ and different users within organisational customers use different categories of products.³⁷⁸ In this regard, Microsoft considered that grouping in this instance would be inconsistent with the CMA's guidelines, which cite products usually being bought together as an example of circumstances where it may be appropriate to group digital activities.³⁷⁹
- (d) As an example of the above, Microsoft said that a substantial proportion of enterprise customers purchase core productivity apps alone without also purchasing the broader range of products available through Microsoft's productivity offerings, let alone Microsoft's PC OS, Server OS, RDBMS and more advanced Security Software.³⁸⁰ It also said that Windows Server and SQL Server are not used in combination with each other or other services for a specific purpose. It added that, if they were, this would be reflected in them being purchased together, but if customers bought other digital activities without these two, that would indicate that these two were not required to consume the others. It said that empirical analysis establishes that 'the vast majority ([redacted]) of UK customers licensing other in-scope services do not license Windows Server and SQL Server in 2025.'³⁸¹

4.169 Other stakeholders were supportive of our approach. For example:

- (a) Third Stage Consulting said that 'we particularly support the CMA's consideration of grouping these digital activities as a single designation... In our experience advising enterprise customers, these products are not purchased, deployed or experienced as independent offerings. They function as interconnected operational stack in which identity...productivity... infrastructure...data management, and security... are deeply interdependent.

³⁷⁵ Microsoft's submission to the CMA dated [redacted].

³⁷⁶ Microsoft's submission to the CMA dated [redacted].

³⁷⁷ Microsoft's submission to the CMA dated [redacted].

³⁷⁸ Microsoft's submission to the CMA dated [redacted].

³⁷⁹ Microsoft's submission to the CMA dated [redacted]. The specific guidance referred to is [CMA194](#), paragraph 2.15(a).

³⁸⁰ Microsoft's submission to the CMA dated [redacted].

³⁸¹ Microsoft's submission to the CMA dated [redacted].

The grouped designation more accurately reflects how UK organisations experience the ecosystem.’³⁸²

- (b) Vivaldi said that ‘Microsoft markets its products as an integrated business software ecosystem’.³⁸³
- (c) JISC said that ‘productivity applications, identity services, collaboration platforms, storage, security capabilities and emerging AI services are frequently experienced as parts of a wider operational environment.’³⁸⁴
- (d) Google said that Microsoft’s products ‘are architecturally and commercially designed to work together as a single, integrated ecosystem’³⁸⁵ and that they are marketed together with systematic deployment of bundled pricing and portfolio-wide incentives.³⁸⁶

Our approach to grouping

4.170 In considering the question of whether the digital activities can be carried out in combination with each other for the specific purpose, and so grouped under the Act, we:

- (a) first set out our approach to grouping in the context of this case, including in relation to the specific purpose; and
- (b) assess a range of evidence on how those activities are
 - (i) offered by Microsoft; and
 - (ii) consumed by organisational customers.

4.171 This evidence provides the factual context in which organisational customers engage with the activities and the products within them, enabling our assessment to reflect the real-world connections across the different products offered by Microsoft.³⁸⁷

³⁸²Third Stage Consulting Group’s response to invitation to comment dated 14 May 2026, page 2.

[Third Stage Consulting Group.pdf](#)

³⁸³Vivaldi Technologies ASA’s response to invitation to comment dated 14 May 2026, page 7.

[Vivaldi Technologies ASA.pdf](#)

³⁸⁴Jisc’s response to invitation to comment dated 14 May 2026, page 16. [Jisc.pdf](#)

³⁸⁵Google’s response to invitation to comment dated 14 May 2026, paragraph 9. [Google.pdf](#)

³⁸⁶Google’s response to invitation to comment dated 14 May 2026, paragraph 8(b). [Google.pdf](#)

³⁸⁷As set out above, when identifying each of the digital activities and which of Microsoft’s products each comprise, we considered how the relevant products are offered and consumed. Here we consider the extent to which the activities are offered and consumed in combination to fulfil a specific purpose in order to help assess whether it is appropriate to group them under section 3(3)(b) of the Act.

The specific purpose under section 3(3)(b) of the Act

- 4.172 In assessing an appropriate specific purpose in the factual context of this case, we have taken account of key characteristics of both Microsoft and its business software customers.
- 4.173 Microsoft is a longstanding provider of business software, such that many customers have established an environment of Microsoft products and technologies and have expanded that environment with further Microsoft products as their requirements have developed and as Microsoft's product offering has evolved. In this way, individual products may be adopted, combined and used by customers over time.
- 4.174 Organisational customers are heterogeneous: they vary in size, industry, IT architecture and skill level, and they combine and use the activities in different ways. In addition, given that the relevant customers are organisations rather than individual consumers, what constitutes an appropriate specific purpose may naturally appear broader - where multiple people are working in concert across products, roles, skillsets and devices to deliver organisational goals of greater complexity and scale than a single person can achieve alone - than it would for consumer products intended for a single individual end user.^{388 389}
- 4.175 We consider it important that the specific purpose should reflect this context and the different ways in which that purpose may be achieved across this diverse customer base. We have therefore, in line with the Act, considered whether there is a specific purpose that the activities can fulfil when carried out in combination, rather than seeking to identify a single use case that applies uniformly across all customers and all circumstances.
- 4.176 The fact that customers do not use all of the activities together in every instance, that the activities may be combined in different permutations, that different products across the group may be interlinked with each other to varying degrees, or that some may integrate with third-party products, does not prevent the CMA from exercising its discretion and deciding to group the five digital activities where the conditions for grouping are met. Nor does grouping require every customer to use every activity. Instead, what is relevant is that the activities can be used in combination for the identified specific purpose. In assessing this we have considered evidence of how Microsoft offers and customers consume the digital activities in practice, and how rivals compete. We do not consider it necessary for

³⁸⁸ For this same reason, we disagree with Microsoft's submission that the digital activities should not be grouped because some of them have different individual end users within a customer organisation.

³⁸⁹ Microsoft describes its business software in similarly broad terms. A page on Microsoft's website introducing business software provides a broad answer to a 'What is business software?' FAQ, stating: 'Business software includes tools designed to help organisations manage work, collaborate, communicate and protect data, such as email, file storage, security and productivity applications used by teams. Microsoft, [Small Business Software and Tools – Microsoft Store](#)', undated, accessed on 5 October 2026.

all customers to consume products across all the relevant digital activities in order for the CMA to group them.

- 4.177 In particular, we have considered evidence of customers' actual use and purchasing patterns, including the extent to which the activities are used and purchased in combination or in overlapping ways, and the extent to which they are used alongside third-party products. Our assessment of how the individual digital activities are offered by Microsoft and consumers consume them is set out in detail below. The framing is intended to ensure that grouping reflects the factual reality of how Microsoft offers its products, how customers consume them and how rivals compete.
- 4.178 We do not consider that our approach to grouping risks 'overregulation'.³⁹⁰ The grouped activity is no wider than the sum of its constituent parts and this approach does not amount to an assessment that each digital activity and the individual products within those activities independently fulfil the same purpose. Rather, it reflects the statutory framework, which permits the CMA, where the relevant conditions are met, to assess related activities together and avoids a partial picture developing, where each activity is considered in isolation, failing to reflect the way in which the relevant products are experienced in practice.³⁹¹
- 4.179 The evidence we have seen to date, set out below, indicates that the digital activities can be used in combination as complementary components of a business software environment, with interdependencies and ecosystem effects arising from their operation within the same organisational IT environment. These features support identifying the provision of that environment as the relevant specific purpose, rather than characterising the purpose by reference to any individual work task or individual product.
- 4.180 We consider that the specific purpose set out in the IN remains an appropriate starting point. It captures the way in which the five digital activities can be used in combination to provide the software environment through which organisations perform work tasks effectively, securely and at scale. However, the evidence gathered during the investigation indicates that this purpose can be expressed more precisely. In particular, it reflects the fact that the relevant combination of activities supports the management and security of an organisation's users, devices, compute resources, applications and data, as well as users' ability to access, create, record, communicate and manage business information.

³⁹⁰ See section 'Submissions on grouping' above.

³⁹¹ These include ecosystem effects, including the complementarities and interdependencies between the activities, more appropriately captured by considering the activities together than by treating each as an entirely separate digital activity. Assessing the activities collectively therefore provides a more accurate basis for considering the competitive conditions relevant to the exercise of the CMA's functions under the Act. See Chapter 5, Section 'Competition with Microsoft's Business Software Ecosystem' below for our assessment of these effects.

- 4.181 Taking all the evidence in the round, we provisionally consider that the five digital activities can be carried out in combination to fulfil the following specific purpose: to provide an integrated business software environment in which organisations can manage and secure users, devices, compute resources, applications and data, and users can access, create, record, communicate and manage business information (Microsoft's Business Software Ecosystem).

Our assessment

- 4.182 In line with our assessment framework as described above and to test whether the individual digital activities can in fact be carried out in combination for that purpose, we have considered evidence of how:
- (a) Microsoft offers the digital activities; and
 - (b) Customers consume the digital activities.

How the digital activities are offered

- 4.183 The evidence we have assessed on how the five digital activities are offered, includes:
- (a) Evidence from Microsoft's internal documents and published material illustrating the integrated nature of its offering;
 - (b) Channels for the combined purchase of products across the digital activities; and
 - (c) Technical interlinkages between Microsoft products across the digital activities.

Evidence from Microsoft's internal documents and publicly available Microsoft materials

- 4.184 In both publicly available materials and its internal documents, Microsoft emphasises the integrated nature of its products. These include claims of seamless integration across products, descriptions of Microsoft's integrated offering as a competitive strength, and discussion of the digital activities as creating monetisation opportunities for Microsoft elsewhere in the stack.
- 4.185 The materials fall into three broad categories: external-facing statements about integrated customer solutions; internal descriptions of Microsoft's common technology stack and shared go-to-market model; and specific examples of how integration across the stack supports migration, monetisation, and revenue growth.
- 4.186 External-facing statements describe Microsoft's products as integrated solutions.

- (a) Microsoft's 2025 annual report notes that: 'We compete by providing secure, integrated industry-specific, and easy-to-use productivity and collaboration tools and services that create comprehensive solutions and work well with technologies our customers already have both on-premises or in the cloud.'³⁹²
- (b) Microsoft's website introduces Microsoft 365 for enterprise as: 'a complete, intelligent solution that empowers everyone to be creative and work together securely.'³⁹³ Elsewhere the website introduces Windows Server as offering 'Seamless integration with SQL Server, System Center, Exchange, SharePoint, Project, and existing Windows infrastructure.'³⁹⁴
- (c) A case study also on the website describes an example of a 'fictional but representative global manufacturing conglomerate' called Contoso Corporation.³⁹⁵ In the example, this company 'deployed Microsoft 365 for enterprise and addressed major design decisions and implementation details for networking, identity, Windows 11 Enterprise, Microsoft 365 Apps for enterprise, mobile device management, information protection, and security'. It also used its existing 'on-premises AD DS [Active Directory Domain Services] forest for authentication to Microsoft 365 cloud resources'.³⁹⁶ Overall, the example describes the various components of Contoso's Microsoft IT stack as part of a 'complete, intelligent solution that enables everyone to work together creatively and securely,' adding that 'the company's overall goal for Microsoft 365 for enterprise is to accelerate its digital transformation by using cloud services to bring together its employees, partners, data, and processes to create customer value and maintain its competitive advantage in a digital-first world.'³⁹⁷

4.187 Internal documents describe integration across a common technology stack as a commercial differentiator across Microsoft's portfolio:

- (a) A board memo from June 2025 [REDACTED] states: [REDACTED] we differentiate ourselves commercially with our common tech stack [REDACTED].³⁹⁸
- (b) The same document makes the point in more detail: 'Microsoft [REDACTED] a diversity of businesses and business models which are built on a common technology stack and are monetized via a set of shared [REDACTED]'.³⁹⁹

³⁹² Microsoft, '[Microsoft 2025 Annual Report](#)', 15 October 2025, accessed on 6 October 2026.

³⁹³ Microsoft, '[Microsoft 365 for enterprise overview - Microsoft 365 Enterprise](#)', undated, accessed on 5 October 2026.

³⁹⁴ Microsoft, '[What is Windows Server?](#)', undated, accessed by the CMA on 5 October 2026.

³⁹⁵ Microsoft, '[Microsoft 365 for enterprise for the Contoso Corporation](#)', undated, accessed on 5 October 2026.

³⁹⁶ Microsoft, '[Identity for the Contoso Corporation - Microsoft 365 Enterprise](#)', undated, accessed on 5 October 2026.

³⁹⁷ Microsoft, '[Microsoft 365 for enterprise for the Contoso Corporation](#)', undated, accessed on 5 October 2026.

³⁹⁸ Microsoft, Internal Document, response to section 69 notice dated [REDACTED].

³⁹⁹ Microsoft, Internal Document, response to section 69 notice dated [REDACTED].

- 4.188 Other internal documents show how Microsoft views success in one ‘layer’ of the stack as creating opportunities across others:
- (a) ‘Databases: Winning customers’ databases opens the opportunity to drive [X] across the rest of our applications, [X]. We provide our first party database solution, Microsoft SQL Server, for enterprise customers as well as a full collection of popular modern cloud databases.’⁴⁰⁰
 - (b) Microsoft also describes how existing customer relationships can support cloud migration and further adoption: ‘[X]’.⁴⁰¹
 - (c) The strategic importance of infrastructure⁴⁰² is described in similar terms: ‘Infrastructure is the enabling technology of the cloud that makes all our customers’ workloads run and is foundational for both Azure and the Microsoft Cloud. It is key to our [X]’.⁴⁰³
 - (d) An internal document from December 2025 prepared for Microsoft’s sales teams compares Microsoft’s productivity offering with [X], and notes advantages that Microsoft has arising from integration between products. This includes [X].⁴⁰⁴
- 4.189 Microsoft’s characterisation in a recent public statement links these ‘layers’ together: ‘As we build this ecosystem, the layers of our stack are not separate opportunities but reinforce each other. Investing in one strengthens the others and allows us to deliver customer value in a differentiated way.’⁴⁰⁵
- 4.190 When viewed collectively, these internal documents and publicly available materials paint a picture of Microsoft presenting its products as part of a larger integrated Microsoft offering, with commercial advantage to be gained by Microsoft through this combined offering.

Combined purchase channels: bundles and Enterprise Agreements

- 4.191 Microsoft does not require customers to buy products across all five digital activities in a single package. However, as set out earlier in this chapter, Microsoft combines complementary functionality across the digital activities within integrated suites, with higher-tier offerings bringing together a broader set of products and

⁴⁰⁰ Microsoft, Internal Document, response to section 69 notice dated [X].

⁴⁰¹ Microsoft, Internal Document, response to section 69 notice dated [X].

⁴⁰² We understand the reference to ‘infrastructure’ here to include Windows Server and SQL Server, as this sub-section of the document also discusses [X]. (See further Microsoft’s submission to the CMA dated [X], describing these two digital activities as ‘cloud infrastructure services’ that ‘sit at the infrastructure and data layers of the stack (IaaS and PaaS), providing the foundational capabilities for IT systems and cloud environments on which other software and services run.’)

⁴⁰³ Microsoft, Internal Document, response to section 69 notice dated [X].

⁴⁰⁴ Microsoft, Internal Document, response to section 69 notice dated [X].

⁴⁰⁵ Microsoft, ‘[FY27 Segments and Investor Metrics presentation](#)’, September 2026, accessed by the CMA on 2 October 2026, slide 4.

functionality. Many Microsoft products across the PSS, PC OS, and Security Software digital activities are sold in bundles such as M365 E3, E5 and E7.

- 4.192 Microsoft offers a range of suites and standalone products, with suites generally providing progressively broader functionality at higher tiers. In particular:
- (a) Microsoft offers standalone and lower-tier productivity products, as well as suites focused primarily on productivity functionality; and
 - (b) Its higher-tier Microsoft 365 suites combine productivity functionality with Windows PC OS and security software, with progressively higher tiers adding Copilot and Agent 365.
- 4.193 Most of the products available in these bundles are also sold on a standalone basis, although, as explained below, customers often find these bundles attractive due to the discount relative to buying products standalone. Windows Server and SQL Server are not part of these bundles.
- 4.194 For larger organisations, Enterprise Agreements (EAs) provide a route to buy products across all five digital activities together. For large organisations (ie business with 500+ users and/or devices that want to license software and cloud services (250+ for public sector)) Microsoft licenses products in all digital activities (perpetually or by subscription) through EAs.⁴⁰⁶ These EAs are customisable and can be individually negotiated.⁴⁰⁷ EAs are typically multi-year agreements, though they can vary in duration.⁴⁰⁸
- 4.195 We note that, according to Microsoft, EAs do not require a customer to take any particular combination of products and, in respect of its cloud products discounts under EAs are tied to the total volume of the transaction rather than to a customer's use of multiple different Microsoft products, whereas for certain legacy on-premises products there may historically have been a modest discount associated with licensing multiple products.⁴⁰⁹ However, as described further below, these volume discounts can encourage customers to consume products across the digital activities in combination.⁴¹⁰

⁴⁰⁶ Microsoft, '[Enterprise Agreement | Microsoft Volume Licensing](#)', undated, accessed by the CMA on 6 October 2026.

⁴⁰⁷ There are three 'Enrollments' under an EA (which can be customised to cover more than one Enrollment): 1) Office (on premises) (PSS) and Windows (PC OS) under the Enterprise Enrollment component of the EA; 2) Windows Server (Server OS) and SQL Server (RDBMS) under the Server and Cloud Enrollment component of the EA; and Office 365 (PSS), Enterprise Mobility and Security suite (Security); Windows 365 (PC OS) under the Subscription Enrollment of the EA. Microsoft, '[Enterprise Agreement | Microsoft Volume Licensing](#)', undated, accessed by the CMA on 6 October 2026.

⁴⁰⁸ In the sample provided to us by Microsoft, their duration ranged from three to ten years.

⁴⁰⁹ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁴¹⁰ See, below, section 'Securing discounts and making full use of bundles'.

The technically integrated nature of Microsoft's offering across these digital activities

- 4.196 The products and services offered within each digital activity have complementary (though distinct) functions, and technical integration or congruity exists between each of them.⁴¹¹ In this section we set out how different Microsoft products in each of the digital activities can (and in some instances must) be used together.
- 4.197 As noted above, customers are heterogeneous and their environments may vary considerably, using and combining the digital activities to different extents and in different ways. As a result, there are numerous potential technical interlinkages across the digital activities, but they may be of varying relevance to different customers. We have therefore focused below on a small number of the most important technical integrations across Microsoft's business software. These are:
- (a) IAM-related integration;
 - (b) Security and device-management integration;
 - (c) Application and workflow integration; and
 - (d) Infrastructure and data integration.
- 4.198 In addition to setting out the key interlinkages here, we also set out later in this chapter evidence on how customers experience the Microsoft environment, including their experiences of technical integration'.

IAM-related integration

- 4.199 IAM provides an important connective layer across the Business Software Ecosystem. It sits at the centre of how organisations authenticate users and control access to systems, applications and data, linking the different digital activities within an organisation's IT environment. Microsoft's integration of its IAM products creates important interdependencies between IAM and the other digital activities. The evidence set out below illustrates the significance of these links, including the particularly close relationship between IAM and Microsoft's operating systems and the role of IAM in controlling access to Microsoft's productivity, database and security products.
- 4.200 IAM is a central aspect of enterprise IT and securing organisations' computer systems.⁴¹² Every modern enterprise IT environment requires some form of IAM,

⁴¹¹ See further our illustrative example below of how a customer can consume the digital activities in combination (in section 'Illustrative example of how a customer can consume these digital activities in combination'). As discussed further below in the section 'How the digital activities are consumed', the Jigsaw Customer Research found that Microsoft was valued by nearly all participants primarily as an end-to-end software estate where identity, security, device management, productivity, PC operating system, server operating system and cloud services were integrated (page 27, para 118).

⁴¹² ['Introduction to identity and access management – National Cyber Security Centre'](#), accessed on 14 September 2026.

as this basic function enables users to log in to systems and governs what each user in an organisation can access. All of the Microsoft products in the five digital activities are integrated with Microsoft's enterprise IAM products (Active Directory and/or Entra ID), described to us as a 'connective layer'.⁴¹³

- 4.201 IAM governs access to systems, data and files across the other digital activities. This could include data stored in SQL Server, PSS files such as Word documents, or a user account on Windows 11. For example, Entra ID is required to log in on any of Microsoft's cloud-based business software, including Microsoft 365.⁴¹⁴
- 4.202 Microsoft told the CMA during the Cloud MI that each provider determines how to manage authentication for its services, and that most providers rely on their own IAM services to accomplish this.⁴¹⁵ Microsoft has also told us that this centralised identity architecture (where a platform's own IAM service controls access for its own applications and 'federates' with third-party IAM services) is the standard framework, without which every individual application would be required to independently negotiate trust with third-party IAM services, which it said would significantly expand the surface for attacks.⁴¹⁶ This accords with our understanding from customer evidence of IAM as a critical and centralised function managing access across the ecosystem.^{417 418}
- 4.203 In an on-premises environment, Microsoft's IAM and Server OS are particularly closely integrated as Active Directory is a feature within Windows Server⁴¹⁹ and cannot be used as a standalone Microsoft IAM product independently of Windows Server. Although Microsoft's cloud-based IAM service, Entra ID, is a standalone product rather than a feature of Windows Server, the link between IAM and Server OS can persist when organisations move other workloads to the cloud. This is because organisations may continue to rely on on-premises Active Directory for

⁴¹³ For example, an alternative business software provider told us that Microsoft's identity software, Active Directory and Entra ID, operates as an important connective layer across each of the five digital activities ([<] submission to the CMA dated [<]. Another provider told us that most (80%) large organisational customers use Active Directory (AD) and EntraID due to historical dependence on Windows infrastructure and inclusion in Microsoft's software bundles ([<] response to section 69 notice dated [<]).

⁴¹⁴ A free version of Entra ID is provided with Microsoft 365. Microsoft, '[Microsoft Entra ID Free - Microsoft Cost Management](#)', undated, accessed by the CMA on 6 October 2026.

⁴¹⁵ [Microsoft submission to the CMA during the Cloud Services Market Investigation](#), 'CMA Cloud Services MIR – Identity and Access Management Follow-up', 8 August 2024, page 2.

⁴¹⁶ Microsoft's response dated [<] to section 69 notice dated [<].

⁴¹⁷ See, below, sub-section 'technical interlinkages' within section 'Customer views on advantages of consolidating purchases with Microsoft across the group'.

⁴¹⁸ After its introduction, Active Directory was seen as much more integrated with Windows PC/Server than alternatives such as Novell eDirectory, which was operating-system independent. In particular, the integration of Active Directory as a feature of Windows Server 2000 was described in a technical reference book at the time as having an 'astronomical' impact on enterprise computing, solidifying a view that directory services had become essential enterprise IT infrastructure. Cox, N (2002), [Directory Services: Design, Implementation and Management](#), Butterworth-Heinemann, page 260. The integration of Microsoft's IAM technology appears to have continued with the introduction Entra ID in 2015, originally called Azure Active Directory. At the time, Microsoft described Entra ID as a 'super set' of Active Directory. Microsoft, '[Azure AD Domain Services is now in Public Preview – Use Azure AD as a cloud domain controller! – Active Directory Team Blog](#)', October 14 2015, accessed by the CMA on 6 October 2026.)

⁴¹⁹ Cox, N (2002), [Directory Services: Design, Implementation and Management](#), Butterworth-Heinemann, page 260; Microsoft, '[Identity and Access documentation](#)', undated, accessed by the CMA on 6 October 2026.

IAM, and therefore continue to require Windows Server to run that IAM functionality, even where other workloads have migrated to the cloud.⁴²⁰

- 4.204 We have also seen evidence of other links between Windows PC OS, Windows Server, and Entra ID, some of which have accompanied more recent versions of Windows. For example, an alternative business software provider, told us that Entra ID passkeys are now stored directly in the Windows Hello hardware container, and that legacy APIs and authentication protocols – which third-party providers have long relied upon – are being retired without replacement. It said that Windows authentication is therefore an increasingly ‘Entra-native’ experience.⁴²¹
- 4.205 Another provider told us that because SQL Server relies on Active Directory or Entra ID for authentication, SQL Server can be particularly attractive, and potentially stickier, for organisations that already use Microsoft’s operating systems, productivity software, IAM and analytics products.⁴²²

Security and device-management integration

- 4.206 Beyond IAM specifically, Security Software provides a further important layer of integration across the Business Software Ecosystem. Security capabilities operate across identities, devices, applications, infrastructure and data, and are increasingly integrated with the Microsoft products that provide those underlying functions. This creates interdependencies across the digital activities: security products draw on information and signals generated by other Microsoft products, while Microsoft’s products can be configured, managed and protected through its security and identity capabilities. The evidence below illustrates how this integration operates in practice and why Microsoft’s security software forms an important part of the wider business software environment.
- 4.207 Our customer research found that the ‘tightly coupled’ nature of the Microsoft security software – especially the links between Windows, Entra ID, and Active Directory – ‘made unpicking it administratively costly and felt risky.’ It found that few businesses consider wholesale replacement with non-Microsoft security, and instead most add third-party tools to Microsoft.⁴²³
- 4.208 This tightly coupled security software serves as a central operational layer across the digital activities. Organisations need to protect identities, endpoints (such as

⁴²⁰ As noted below (see sub-section ‘technical interlinkages’ within section ‘Customer views on advantages of consolidating purchases with Microsoft across the group’), a customer told us that there is some lock-in associated with Active Directory and Entra ID, reflecting strong technical links and the difficulty and expense of migration. In addition, another customer told us that it preferred not to introduce Entra ID for commercial reasons but saw no clear alternative to on-premises Active Directory, which it described as a de-facto standard. (Note of call [§<], and [§<].)

⁴²¹ [§<] response [§<] to section 69 notice dated [§<].

⁴²² [§<] submission to the CMA dated [§<].

⁴²³ Jigsaw Customer Research, 28 September 2026, page 11, paragraph 44. See further below sub-section ‘technical interlinkages’ within section ‘Customer views on advantages of consolidating purchases with Microsoft across the group’.

PCs), applications (such as PSS applications), and infrastructure (such as Server OS and RDBMS) through coherent policies and controls, and effective security capabilities draw signals from across these layers.⁴²⁴ Entra ID manages identity and access, Intune and Microsoft Configuration Manager manages devices and applications,⁴²⁵ and Defender detects and responds to threats across endpoints and other resources.⁴²⁶

- 4.209 Similarly, both Active Directory and Microsoft Entra Domain Services can be used to set up Group Policy, which provide centralised management and configuration of Windows PC OS.⁴²⁷ An alternative business software provider, told us that Group Policy technology is proprietary, and that no third-party alternative can manage a Windows Server estate at equivalent fidelity to Microsoft's security and device management software.⁴²⁸
- 4.210 As discussed further in the market power assessment for Security Software, alternative security software providers have told us that Microsoft's security products rely on telemetry data generated by Microsoft's other products across the digital activities.⁴²⁹ Further Microsoft's internal documents indicate that [redacted].⁴³⁰ In addition, a customer told us that 'end-to-end integration across Microsoft's ecosystem, including Windows Server, Active Directory/Entra ID, Microsoft 365, Intune, Teams, Exchange and SharePoint... may also support a stronger security posture, as relevant controls and signals can operate across a common architecture.'⁴³¹

Application and workflow integration

- 4.211 There are also direct technical and functional interlinkages between PC OS, PSS and Server OS which go beyond their being complementary products that

⁴²⁴ See further section 'Description and scope of the Security Software digital activity' above and sub-section 'Limitations to integration and interoperability faced by alternative providers' in section 'Market power assessment – security software' of Appendix A. In addition, an alternative provider, [redacted], told us that in managed enterprise environments, identity security and access control services are closely integrated with Microsoft's identity infrastructure, and that these security capabilities are designed to integrate most deeply when Windows is managed within the broader Microsoft ecosystem. ([redacted] response dated [redacted] to section 69 notice dated [redacted]).

⁴²⁵ Microsoft, '[What is Microsoft Intune? - Microsoft Intune](#)', accessed on 6 October 2026; Microsoft, '[What is Configuration Manager?](#)', undated, accessed on 6 October 2026.

⁴²⁶ Microsoft, '[Microsoft Defender | Microsoft 365](#)', undated, accessed on 6 October 2026.

⁴²⁷ While Group Policy is enabled through Microsoft's IAM infrastructure, its functionality extends beyond identity and access management: it allows organisations to centrally define and enforce default settings, security policies and configurations across Windows PC OS devices. Microsoft, '[Group Policy overview for Windows Server | Microsoft Learn](#)', undated, accessed on 14 September 2026.

⁴²⁸ [redacted] response to section 69 notice dated [redacted].

⁴²⁹ See sub-section 'Limitations to integration and interoperability faced by alternative providers' in section 'Market power assessment – security software' of Appendix A. In particular, some alternative providers told us that they were disadvantaged by a lack of equal access to the telemetry data, generated by Microsoft's Security Software products – or within Microsoft's PSS, Windows OS, Windows Server, SQL Server – compared to Microsoft's own security software products. One provider said 'A third-party security product protecting a Windows environment is working with a partial view of that environment. Microsoft's own tools are working with a complete one.' ([redacted] response to section 69 notice dated [redacted]).

⁴³⁰ See sub-section 'Limitations to integration and interoperability faced by alternative providers' in section 'Market power assessment – security software' of Appendix A.

⁴³¹ [redacted] response to [redacted].

customers may choose to use together, and which also support their combined use. These include:

- (a) PSS and PC OS being directly integrated in the user experience;
- (b) PC OS and Windows Server being technically related as they share common technical architecture; and
- (c) Deeper product-specific technical integrations in relation to Microsoft's productivity and management products.

4.212 PC OS and PSS are deeply intertwined in the user experience of these digital activities, as an organisational customer will access and run PSS products on a PC OS.

4.213 Windows PC OS and Windows Server have much of the same core architecture meaning that many software applications written for one can run on the other.⁴³²

4.214 Beyond these relatively general aspects of integration and combined use, there is also evidence of specific interlinkages relating to applications and workflow across Microsoft products. As set out in the market power assessment for PC OS, Microsoft's productivity software and PC OS are closely technically linked, in that the desktop, 'client-side', apps (including Excel, OneDrive, OneNote, PowerPoint, Teams, and Word) are operating system-specific and only available on Windows PC/Server and macOS.^{433 434}

4.215 Evidence received also points to other technical links between Microsoft's productivity software and PC OS. For example, an alternative business software provider told us that users can access OneDrive directly from Windows File Explorer because M365 is natively integrated into Windows OS.⁴³⁵ Further, a reseller mentioned 'integration with Microsoft 365 and Intune/Entra management' as a reason for choosing Microsoft's PC OS offerings, and 'deep integration across the productivity, identity and security stack' as a reason why customers chose Microsoft's PSS offerings.⁴³⁶

⁴³² Yosifovich, P, Ionescu, A, Russinovich ME, Solomon DA, Windows Internals Part 1, Seventh edition, Microsoft Press.

⁴³³ See sub-section 'Limitations to integration and interoperability faced by alternative providers' in section 'Market power assessment – PC OS' of Appendix A; Microsoft, [About Microsoft 365 Apps in the enterprise - Microsoft 365 Apps](#), undated, accessed on 14 September 2026.

⁴³⁴ A provider of PSS [redacted] also submitted that macOS versions of Office 365 offer reduced PSS functionality in several critical enterprise use cases, including that Visual Basic for Applications is not available, Power Pivot is not available, Power Query does not have complete feature parity, and COM/VSTO and ActiveX controls are not supported. [redacted] response dated [redacted] to section 69 notice dated [redacted], paragraph 7.1.1.

⁴³⁵ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴³⁶ [redacted] response to voluntary request for information dated [redacted]. Relatedly a customer said that, because it had to run Microsoft Office applications, it would find it more difficult to use another PC OS besides Windows. This was due to functionality or fidelity limitations, or instances whereby updates and improved functionality has been rolled out to Windows devices first before, for example, the equivalent apps for MacOS. (Note of call with [redacted] on [redacted]).

- 4.216 As discussed in the market power assessment for PSS,⁴³⁷ Microsoft's Graph API enables data exchange among and within the applications in scope of the PSS digital activity. There are also some links between Graph API and products in other digital activities. For example, customers can use Graph API to access information from Microsoft's security and device management software, including Intune,⁴³⁸ and centrally configure organisational Windows PC/Server updates.⁴³⁹
- 4.217 A strong link also exists between Microsoft's Security and PSS digital activities, in that all of the products within each digital activity share data using a single shared cloud storage location, known as the 'Microsoft 365 tenant'. This location stores the customer's IAM data, data from PSS (for example stored in files and folders on SharePoint Online), as well as configuration data about the customer's PCs and devices (for example from Intune).⁴⁴⁰

Infrastructure and database integrations

- 4.218 Server OS and RDBMS are also closely linked at the infrastructure and database layers of the business software environment. In particular, Windows Server and SQL Server are frequently used together and have technical interdependencies, while RDBMS functionality also connects to Microsoft's data analysis and visualisation products, illustrating that digital activities can support and interact with one another across different layers of an organisation's IT environment.
- 4.219 As discussed below, our customer research found that by far the most common use case for Windows Server was as the Server OS underpinning a SQL Server-based database management system.
- 4.220 This combined use to some extent reflects technical interconnections. While it is possible to use SQL Server on Linux, several features of SQL Server are unsupported on Linux.⁴⁴¹ An alternative business software provider, said that SQL Server relies on Windows Server for disaster recovery functionality and native Active Directory integration.⁴⁴² Another provider, told us that SQL Server is only supported on RHEL- and Ubuntu-based Linux distributions.⁴⁴³

⁴³⁷ See sub-section 'Limitations to integration and interoperability faced by alternative providers' in section 'Market power assessment – PSS' of Appendix A.

⁴³⁸ Microsoft, '[Working with Intune in Microsoft Graph - Microsoft Graph v1.0 | Microsoft Learn](#)', undated, accessed by the CMA on 14 September 2026; Microsoft, '[Microsoft Graph overview - Microsoft Graph | Microsoft Learn](#)', undated, accessed by the CMA on 14 September 2026.

⁴³⁹ Microsoft, '[Windows updates API overview - Microsoft Graph | Microsoft Learn](#)', undated, accessed by the CMA on 14 September 2026.

⁴⁴⁰ Microsoft, '[Tenant management for Microsoft 365 for enterprise | Microsoft Learn](#)', undated, accessed by the CMA on 17 September 2026.

⁴⁴¹ Microsoft, '[Editions and Supported Features of SQL Server 2019 - Linux - SQL Server | Microsoft Learn](#)', undated, accessed by the CMA on 17 September 2026; [redacted] response to section 69 notice dated [redacted].

⁴⁴² [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁴³ [redacted] response dated [redacted] to section 69 notice dated [redacted].

- 4.221 Microsoft has described Windows Server and SQL Server together as ‘cloud infrastructure services’ adding that they ‘sit at the infrastructure and data layers of the stack (IaaS and PaaS), providing the foundational capabilities for IT systems and cloud environments on which other software and services run.’⁴⁴⁴ This reflects the complementary roles of Server OS and RDBMS in providing underlying infrastructure and data management capabilities for other software and services.
- 4.222 The links also extend from RDBMS into data analysis and visualisation. Customers can connect an RDBMS like SQL Server to data visualisation or analysis tools like Power BI and Fabric. An alternative business software provider, [X], said that Power BI features ‘native, highly optimised connectors for SQL Server (such as DirectQuery)’.⁴⁴⁵ As a Microsoft internal document from March 2025 explains: ‘[X] integration of our databases into Microsoft Fabric, starting with SQL, [X]’.⁴⁴⁶

How customers consume the digital activities

- 4.223 We next consider evidence on whether and how customers consume the five digital activities in combination.
- 4.224 We assess specific evidence of how customers consume the activities framed around:
- (a) UK customer-level data analysis on the extent to which products across these digital activities are purchased together;⁴⁴⁷
 - (b) Customer experience of the digital activities as a group;
 - (c) Customer views on advantages of consolidating purchases with Microsoft across the group, and;
 - (d) Competitor perceptions on the use of the digital activities in combination.

The extent to which products across these digital activities are purchased together: UK customer-level data analysis

- 4.225 As explained above, customers are not required to buy all the digital activities together, but they can do so, including through commercial bundles and EAs which can make this attractive.

⁴⁴⁴ Microsoft's submission to the CMA dated [X].

⁴⁴⁵ [X] response [X] to section 69 notice dated [X].

⁴⁴⁶ Microsoft, Internal Document, response to section 69 notice dated [X].

⁴⁴⁷ We also set out an illustrative example of how a customer could consume these digital activities in combination.

- 4.226 To understand the extent to which these digital activities are bought together, we have analysed customer-level data from Microsoft.
- 4.227 Microsoft's UK customer-level data provide an important starting point for assessing how the digital activities are consumed in practice. It shows that Microsoft's most commercially significant customers, accounting for [80-90]% of Microsoft's UK revenue, purchase products from across the five digital activities.⁴⁴⁸ This revenue is generated by [10,000-20,000] UK customers.
- 4.228 Although these customers represent [0-5]% of customers by number, we note that:
- (a) These [10,000-20,000] customers are likely to include larger, economically significant enterprise customers, for whom revenue-weighted evidence is particularly informative as to the significance of the different digital activities to Microsoft's business. The average spend of these customers is over \$600,000.
 - (b) These customers account for over 80% of Microsoft's UK revenue across the five digital activities. Their purchasing behaviour is therefore particularly relevant to understanding Microsoft's business model in business software and the way in which its products are purchased by its most commercially significant customers.
 - (c) The customer-count figures are also materially affected by a long tail of customers purchasing only PSS. Overall, [80-90]% of customers purchase only PSS products, but they account for just [0-5]% of Microsoft's UK revenue across the five digital activities with an average spend of under \$300.⁴⁴⁹ This indicates that the very large number of PSS-only customers is not representative of the customers accounting for the substantial majority of Microsoft's UK revenue across these digital activities.⁴⁵⁰

Illustrative example of how a customer can consume these digital activities in combination

- 4.229 Each of the five digital activities represents a key component of an organisational customer's IT environment, or technology 'stack'. Each activity and the products

⁴⁴⁸ See Appendix B for the full findings of this data analysis.

⁴⁴⁹ See Appendix B, Tables 'Revenue and customer counts by digital activity' and 'Summary statistics for customers that purchase a single digital activity'. The percentage of customers purchasing only PSS products and the revenue derived from them were calculated by dividing the number of, and revenue from, PSS-only customers set out in Table 'Summary statistics for customers that purchase a single digital activity' by the total number of customers and total revenue, respectively, set out in Table 'Revenue and customer counts by digital activity'.

⁴⁵⁰ Further, even for this 'long tail' of PSS-only customers, we consider that cross-digital activity consumption may be understated. As noted above in section 'IAM-related integration', Entra ID is required to log in on PSS, and a free version of Entra ID is provided with Microsoft 365. Therefore, we consider that even customers appearing to be PSS-only in the data would be consuming Entra ID in addition to PSS.

within them can be used on their own, but they can also be used in combination as part of an integrated technology environment.

- 4.230 Below, drawing on Microsoft's own documentation and the customer evidence gathered during our investigation, we set out an illustrative example of how a customer can use the five digital activities in combination when building and operating their technology stack.

How a customer can use the five digital activities in combination when building and operating their technology stack

Given the heterogeneity of organisational customers and their IT environments,⁴⁵¹ the example is not intended to suggest that all customers use the five digital activities in the same way. Rather, it illustrates how these digital activities can be and are used in combination and work together within a customer's technology environment.⁴⁵²

- A large organisation sets up a new employee on its IT infrastructure.
- Identity services, such as Active Directory running on Windows Server and Microsoft Entra ID, establish the employee's credentials and access rights.
- The employee accesses a device running on Windows PC OS and signs into productivity applications, such as Teams.
- The employee creates, shares and communicates business information through productivity software such as Teams, Outlook, SharePoint, Word and Excel. They also use Microsoft 365 Copilot to summarise documents and Copilot retrieves emails, Teams chats, SharePoint documents and generates answers.
- The employee then uses this information to interact with a commercial off-the-shelf application which updates a database, such as SQL Server, which is running on Windows Server. This update automatically updates a Power BI dashboard (via Microsoft SQL Server Analysis Services) which another team within the organisation has set up.
- As this happens, security software, including Entra ID, Defender and Intune, monitor identities, devices, applications and data, enforce access controls and help protect organisational information. For example, the employee's Windows PC OS and the on-premises Windows Server send telemetry to Defender about file updates and data they transfer over the on-premises network.

⁴⁵¹ See, above, section 'The specific purpose under section 3(3)(b) of the Act'.

⁴⁵² As mentioned above in section 'Evidence from Microsoft's internal documents and publicly available Microsoft materials', Microsoft has a similar example on its own website of the 'fictional but representative' Contoso corporation. Microsoft, '[Microsoft 365 for enterprise for the Contoso Corporation](#)', undated, accessed on 6 October 2026.

- Throughout this process, Entra ID acts as access control engine, mediating interaction between productivity software, such as Outlook, Teams, SharePoint and security products, such as Intune and Defender.

Customer experience of the digital activities as a group

- 4.231 Customer evidence from our customer research and our calls with customers show that customers regard Microsoft as providing a unified business software environment across its various products.
- 4.232 Our customer research is unambiguous about this. It states that 'Microsoft was valued by nearly all participants primarily as an end-to-end software estate where identity, security, device management, productivity, PC operating system, server operating system and cloud services are integrated.'⁴⁵³ The report adds: 'In summary, for nearly all participants in our sample, the main value of Microsoft was it offered one integrated, effective ecosystem. This strongly influenced decision-making including at product level. Many used other non-Microsoft products in addition to the Microsoft ecosystem for certain use-cases. Fewer chose non-Microsoft products instead of Microsoft, and only when they saw a very strong rationale, such as a major functional or cost benefit.'⁴⁵⁴
- 4.233 The research also found that some customers described themselves as being a 'Microsoft house' or 'Microsoft first'.⁴⁵⁵ Customers that used Microsoft products across many of the digital activities described themselves in similar terms in other customer evidence we have seen to date. One said it was a 'Microsoft house' and 'very much caught up in the Microsoft ecosystem'.⁴⁵⁶ Another described itself as being 'almost exclusively Microsoft from top to bottom'.⁴⁵⁷

Customer views on advantages of consolidating purchases with Microsoft across the group

- 4.234 Our customer evidence also shows that, in addition to generally regarding Microsoft business software as a unified technology stack, customers also see particular advantages in consolidating their purchases with Microsoft across the group. These include:
- (a) Reducing operational and administrative complexity;

⁴⁵³ Jigsaw Customer Research, 28 September 2026, page 7, paragraph 14.

⁴⁵⁴ Jigsaw Customer Research, 28 September 2026, page 8, paragraph 22.

⁴⁵⁵ Jigsaw Customer Research, 28 September 2026, page 21, paragraphs 88-89.

⁴⁵⁶ Note of call with [REDACTED] on [REDACTED]. This customer uses products across all five digital activities. Another customer also using products across all 5 digital activities also said that historically it had 'largely been a Microsoft house'. (Note of call with [REDACTED] on [REDACTED]).

⁴⁵⁷ Note of call with [REDACTED] on [REDACTED]. This customer uses products across all five digital activities.

- (b) Securing discounts and making full use of bundles;
- (c) Employee skills and familiarity with Microsoft products; and
- (d) Technical integration between Microsoft products.

- 4.235 In line with the customer heterogeneity described above, each of these advantages may not be relevant to certain customers, as each comes with trade-offs to which different customers may take varying approaches.
- 4.236 We do not consider that all the factors must apply universally across all customers or to the same extent across all digital activities for them to be relevant to our grouping assessment. For example, we consider that there exist meaningful technical integrations across all the digital activities,⁴⁵⁸ though we recognise that the interlinkages are stronger across some subsets of them than others. Similarly, in our view, the evidence set out below shows that bundling and discounts do appear to meaningfully influence customer decision-making, though we recognise that some customers may choose alternatives to Microsoft products even where the Microsoft products were included in bundles that they were purchasing.
- 4.237 Overall, we provisionally consider that the evidence set out below shows that interconnected commercial, behavioural and technical advantages operate to encourage some customers to consume these five digital activities in combination.

Reducing operational and administrative complexity

- 4.238 Customers have told us that purchasing from Microsoft across multiple digital activities reduces operational and administrative complexity.
- 4.239 For example, our customer research shows that the integrated nature of Microsoft's products 'reduced friction and the level of day-to-day administration needed by IT and enabled system management to happen in one place.'⁴⁵⁹ It adds that 'separating one Microsoft component was seen to add administrative time (e.g. extra logins, duplicated provisioning and governance, reworking permissions etc)'.⁴⁶⁰
- 4.240 A customer quoted in the research said: 'You keep it (Microsoft) because you don't want to have to manage 3 or 4 different softwares. We don't want to manage multiple vendors because that would mean all of my time would end up being taken away from doing actual work to having to manage all of these different

⁴⁵⁸ See, above, section 'The technically integrated nature of Microsoft's offering across these digital activities'.

⁴⁵⁹ Jigsaw Customer Research, 28 September 2026, paragraph 14, page 7.

⁴⁶⁰ Jigsaw Customer Research, 28 September 2026, paragraph 153, page 33.

accounts and account managers and so on. So, it's easy to just bolt it all together.'⁴⁶¹

4.241 We received similar evidence from some customers we spoke to. For example, one customer said that its use of Microsoft is driven by the need for a single ecosystem that supports infrastructure, end-user devices and client-side requirements, and that there is currently no alternative offering comparable coverage, other than potentially Apple.⁴⁶² A reseller said, in relation to why its customers chose Microsoft's security products, that 'Customers value reduced integration overhead and a single point of accountability.'⁴⁶³

4.242 Though common, this approach is not universal. For example, one customer described itself as 'provider-agnostic' and said that its broad approach to technology architecture was to use 'best of breed' components wherever possible.⁴⁶⁴

Securing discounts and making full use of bundles

4.243 Customers also said that consuming Microsoft products across digital activities allowed them to negotiate better terms on their EAs and make full use of product bundles.

4.244 In relation to EAs, one customer said that it decided to use SQL Server, Windows Server and Microsoft's productivity software together as doing so enabled it to secure larger discounts as part of its enterprise agreement with Microsoft, and that its decision to take Microsoft's E5 bundle was driven by the savings on security offerings relative to purchasing each individually. It added that it would prefer to switch all of its Windows Server and SQL Server business to alternative providers but given the commercial advantages to retaining an enterprise agreement with Microsoft which encompasses these products as well as productivity software, it will likely use a hybrid approach and retain some of its Microsoft compute services.⁴⁶⁵

4.245 In relation to bundles, our customer research said that: 'Bundles were seen as more cost-effective than buying and managing separate licences. Some of the

⁴⁶¹ Jigsaw Customer Research, 28 September 2026, page 34.

⁴⁶² Note of call with [redacted] on [redacted].

⁴⁶³ [redacted] on [redacted] response to voluntary request for information [redacted].

⁴⁶⁴ Note of call with [redacted] on [redacted]. Similarly, another customer, which predominantly did not use Microsoft products, said that customers that are already deep in the Microsoft ecosystem may find it natural to expand into further Microsoft products. It added that shared administrative interfaces and existing Microsoft repositories, servers and tools can make additional Microsoft products the easiest option. However, in this customer's view, for those like itself who are outside the Microsoft ecosystem, Microsoft's integrated offering is less appealing, and it added that cost was often a reason to 'break out of the ecosystem' (Note of call with [redacted] on [redacted]).

⁴⁶⁵ Note of call with [redacted] on [redacted]. Similarly, another customer, discussing the extent to which its use of Microsoft products influences its choice of Server OS, said: 'The productivity layer is closely connected to the wider Microsoft ecosystem already used across the organisation. Our Enterprise Agreement means productivity software forms part of a broader commercial relationship covering workplace, security, identity and infrastructure technologies, so moving a single product away from Microsoft could reduce commercial leverage and increase operational complexity.' ([redacted] response [redacted]).

add-on products included in the licensing and bundles could be seen by organisations as being already paid for and, therefore almost “free”.⁴⁶⁶

- 4.246 The research also quotes customers discussing the influence of bundling on their decision-making, including one that said: ‘If we already pay for something, we might as well use it. So, this was the entire decision behind moving over to Defender for Endpoint because we already pay for it. Why would you pay for a second product? ...It impacts our decisions a lot, and it seems wasteful if we don't stick to this, the products inside the bundle.’⁴⁶⁷

Employee skills and familiarity

- 4.247 The evidence shows that customers’ employees’ Microsoft-specific skills and overall familiarity with Microsoft products across the digital activities also feed into the customer perception of a unified Microsoft technology stack across the digital activities.
- 4.248 We recognise that, as submitted by Microsoft, the individual end users within an organisational customer vary across some of the digital activities.⁴⁶⁸ As a result, there may be limited overlap in skills and familiarity between, for example, Microsoft Word and SQL Server. However, for digital activities where there is a greater commonality of end users, skills and familiarity do appear to factor into their use in combination, because both IT staff (who may use and oversee products across all five digital activities) and wider end users (whose direct use may focus more on PSS, PC OS and some Security products) value familiarity and skills across the digital activities.
- 4.249 Our customer research says that user resistance is one of the most consistently cited barriers to switching away from the Microsoft Business Software Ecosystem, adding that end-user staff are familiar with Microsoft interfaces and workflows across Office products and that IT staff describe being more comfortable and/or certified in Microsoft, with non-Microsoft administration seen as a learning curve the organisation does not have time for.⁴⁶⁹

⁴⁶⁶ Jigsaw Customer Research, 28 September 2026, page 27, paragraph 120.

⁴⁶⁷ Jigsaw Customer Research, 28 September 2026, page 55. Further relevant quotes from customers can be found on pages 42-43 of that report. Some customers we spoke to expressed similar views. For example, one said that the availability of products within Microsoft bundles can influence purchasing decisions, as bundled products can be more cost-effective and easier to implement, and that it seeks to maximise use of the capabilities available through its licensing arrangements rather than purchase alternative products that perform the same function (Note of call with [redacted] on [redacted]). However, one customer said it used CrowdStrike instead of Defender even though the latter was included in its bundle (Note of call with [redacted] on [redacted]).

⁴⁶⁸ Microsoft's submission to the CMA dated [redacted]. However, as noted above in section ‘The specific purpose under section 3(3)(b) of the Act’, we disagree with Microsoft that this is a reason not to group these digital activities.

⁴⁶⁹ Jigsaw Customer Research, 28 September 2026, pages 32-33, paragraphs 149-151. Elsewhere, the report also mentions employee familiarity and skills as a reason to choose PC OS, a reason not to switch away from SQL Server, and a benefit of Windows Server (page 10, paragraph 39; page 92, paragraphs 337-338; page 11, paragraph 46; page 78, paragraph 287).

- 4.250 One customer is quoted in the report as saying: ‘They [Microsoft] were very clever at covering a broad-spectrum email, office, server, and database platforms... which work together to give you almost a single ecosystem that you could manage... You moved to something else and you then needed these specialist skills which are incredibly difficult to get and incredibly expensive to pay for’.⁴⁷⁰
- 4.251 Our other customer evidence also provides examples of this. For instance, one customer said that because it has historically largely been a ‘Microsoft house’, its team is familiar with Microsoft OS and databases, and it makes sense for the team to gravitate towards things they already know about.⁴⁷¹

Technical interlinkages

- 4.252 Customer evidence shows that technical interlinkages between the digital activities also encourages their use in combination. This reflects the integrated nature of Microsoft’s offering described above.^{472 473}
- 4.253 Our customer research report includes additional relevant evidence on technical integration from a customer perspective. For example, it cites ‘network barriers’ (where ‘the bulk of’ customers’ clients, partners and suppliers use Microsoft, and third-party business software is dependent on Microsoft products like PC OS, Server OS, and RDBMS)⁴⁷⁴ adding that ‘The ecosystem enabled effective management and control of identity, access, devices, security and collaboration in one place.’⁴⁷⁵
- 4.254 Our other customer evidence also shows the importance of technical links. Several customers described integration across Microsoft products as being important to them or a factor in choosing Microsoft business software products.⁴⁷⁶ For example, one customer said that integration with Microsoft products is important to the organisation and that the strength of tying them all into the same ecosystem is a key reason for purchasing Microsoft products.⁴⁷⁷ Another customer said that it is

⁴⁷⁰ Jigsaw Customer Research, 28 September 2026, page 82. Another is quoted as saying ‘It’s the appetite for change too. A lot of people don’t like change. If something is working, don’t change it.’ (Page 33).

⁴⁷¹ Note of call with [§<] on [§<].

⁴⁷² See, above, ‘section ‘The technically integrated nature of Microsoft’s offering across these digital activities’.

⁴⁷³ In addition, much of the evidence already set out above is relevant to this aspect of combined use. See, in particular, the finding from the customer research that ‘Microsoft was valued by nearly all participants primarily as an end-to-end software estate where identity, security, device management, productivity, PC operating system, server operating system and cloud services were integrated’ (Jigsaw Customer Research, 28 September 2026, page 27, paragraph 118, and section ‘Customer experience of the digital activities as a group’); the section above, on how the digital activities are offered as a technically integrated ecosystem, describing what the key technical links are (‘section ‘The technically integrated nature of Microsoft’s offering across these digital activities’); the sections on reducing operational complexity and employee skills and familiarity include evidence describing advantages arising from technical integration, as this integration supports those other benefits (sections ‘Reducing operational and administrative complexity’ and ‘Employee skills and familiarity’).

⁴⁷⁴ Jigsaw Customer Research, 28 September 2026, page 7, paragraph 18.

⁴⁷⁵ Jigsaw Customer Research, 28 September 2026, page 8, paragraph 20.

⁴⁷⁶ Note of call with [§<] on [§<]; Note of call with [§<] on [§<]; Note of call with [§<] on [§<]; Note of call with [§<] on [§<]; Note of call with [§<] on [§<].

⁴⁷⁷ Note of call with [§<] on [§<].

deeply invested in the Microsoft ecosystem and is not aware of an alternative that offers the same full stack or level of integration.⁴⁷⁸

- 4.255 In addition, some customers mentioned IAM as the main technical link enabling use of the digital activities in combination.⁴⁷⁹ For example, one customer said that identity services represent the principal point of connection between Windows Server and SQL Server infrastructure and the wider Microsoft estate, adding that a common directory and identity layer provides consistency across products and services from an operational perspective.^{480 481}
- 4.256 While integration was commonly described as an important reason to use Microsoft products, its importance varied across different combinations of digital activities, reflecting both customer heterogeneity and differences in levels of technical integration between particular subsets of products.⁴⁸²
- 4.257 For example, our customer research report said: 'A few participants felt some elements of the ecosystem could more readily be swapped, for example, using alternative AI tools like Claude instead of Copilot, but still cited integration work and operational risk as blockers.'⁴⁸³ In addition, one of the customers cited above who described IAM as a particularly important link across the group also said that, besides this link, it does not view SQL Server and Windows Server as being strongly integrated with the wider Microsoft ecosystem.⁴⁸⁴

Competitor perceptions on the use of the digital activities in combination

- 4.258 The evidence we have seen to date from alternative business software providers is consistent with the customer evidence set out above. It shows that competitors

⁴⁷⁸ Note of call with [REDACTED] on [REDACTED].

⁴⁷⁹ Relatedly, the Jigsaw customer research report states that 'Organisations using Active Directory and/or Entra ID described running Windows Server as a necessary part of ensuring these important workloads were integrated into their ecosystem'. (Jigsaw Customer Research, 28 September 2026, pages 78, paragraph 287.) See also, page 79, paragraphs 289-290, stating that the two most common use-cases for Windows Server, were underpinning SQL Server ('by far the most common workload mentioned') and for identity and core infrastructure management ('The interplay between Entra ID, Active Directory and Azure meant that for many organisations Windows Server was felt to be the only realistic choice.').

⁴⁸⁰ Note of call with [REDACTED] on [REDACTED].

⁴⁸¹ We note that there were sometimes varying views on the extent to which technical links via IAM applied in all architectures. One customer said that Active Directory and Entra provide a common identity layer across servers, applications and user environments, creating a strong connection between infrastructure products such as Windows Server and SQL Server and Microsoft's broader productivity and security ecosystem. However, this customer explained that there was a difference between 'legacy' and 'modern' technology architectures in this regard. Many legacy environments remained closely tied to Active Directory. However modern architectures would increasingly use SaaS applications and use Entra ID as a cloud-based identity provider, with less reliance on Active Directory and fewer direct dependencies between identity services and backend infrastructure. It said that substituting Entra ID with an alternative provider could be more straightforward in modern architectures than in legacy environments where applications are more tightly integrated with Microsoft identity services. (Note of call with [REDACTED] on [REDACTED]). We note in this regard that, as set out in Appendix A, sub-section 'Ability to switch at transition from on premises to cloud' within section 'Market power assessment - Server OS', many customers do still include on-premises workloads as part of their business software environments

⁴⁸² We note in this regard, Microsoft's submission on the extent to which Windows Server and SQL Server are purchased alongside the other digital activities, set out above at section 'Submissions on grouping'.

⁴⁸³ Jigsaw Customer Research, 28 September 2026, page 33-34, paragraph 154.

⁴⁸⁴ Note of call with [REDACTED] on [REDACTED].

perceive themselves to be competing against a wider Microsoft ecosystem, in addition to (or sometimes rather than) competing just at the level of an individual digital activity, because of the integration and commercial bundling across Microsoft products.

- (a) One provider said that it ‘competes with Microsoft at both the individual Digital Activity level and the Business Software Ecosystem level,’ adding that in its experience in Server OS, ‘customers considering OS purchases are usually considering broader platform changes that impact other aspects of their IT infrastructure such as applications’ and that ‘generally, Microsoft emphasizes its broad cloud ecosystem, developer tools, Windows integration, and enterprise productivity integration.’⁴⁸⁵
- (b) Another provider said that while it ‘seeks to compete with Microsoft at an individual Digital Activity level, it is difficult to do so effectively given Microsoft’s approach of locking customers into its Business Software Ecosystem.’⁴⁸⁶

4.259 According to alternative providers, technological lock-in can arise where Microsoft’s products are designed around interdependencies across its broader ecosystem, such that switching away from an individual component – including identity – may require customers to unwind integrations and dependencies across their wider environment. As a result, the architecture can make Microsoft products particularly convenient, and in some cases more fully functional, when used together.

- (a) One provider said: ‘The architecture is not neutral: it is built so that each Microsoft product works best, and in many cases only works fully, with other Microsoft products as the underlying infrastructure.’⁴⁸⁷
- (b) Another provider considers that Azure and Microsoft’s broader software ecosystem can strengthen SQL Server’s competitive position for some new cloud RDBMS workloads, particularly where customers are seeking architectural consistency within an existing Microsoft estate. Customers may value the ability to use database services alongside identity management, monitoring, development tooling, analytics and operational processes that are closely aligned with Microsoft technologies they already deploy. This can simplify implementation, administration, governance and support, particularly for organisations that have already standardised on Microsoft technologies.⁴⁸⁸

⁴⁸⁵ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁸⁶ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁸⁷ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁸⁸ [redacted] response dated [redacted] to section 69 notice dated [redacted].

4.260 The same integration benefits may also give Microsoft an advantage in security.

- (a) A security software provider, observed that, notwithstanding Microsoft's increased interoperability between Entra, Defender and Sentinel, Microsoft's security products remain deeply integrated with the products it controls, including Windows client and server operating systems, its productivity suite, directory and identity layer, and database and cloud platforms. This integration can draw on privileged, first-party access to operating-system and productivity layers, including native telemetry, default-on functionality and signals that may not be available to third-party providers on equivalent terms. This provider considers that this can create a convenience and access asymmetry that third-party security providers cannot fully replicate.⁴⁸⁹
- (b) Another security software provider, said that 'in the case of Active Directory and Entra ID, closer integration with other Microsoft business software such as Windows Server results in certain capabilities only being available to customers that deploy the products alongside other Microsoft software'⁴⁹⁰ and that 'Defender is built directly into the Windows kernel and its security telemetry feeds natively into Microsoft's productivity suite (including Microsoft Exchange and Office 365)'.⁴⁹¹

4.261 Taken together, this evidence is supportive of the customer evidence, suggesting that the integration and commercial bundling of Microsoft's products across identity, operating systems, productivity and security can generate benefits for customers already using Microsoft technologies, while potentially increasing the costs or complexity of switching individual components of the stack to competing products. Moreover, because of these interlinkages, alternative providers see themselves as competing against a wider Microsoft ecosystem or platform.

Conclusion on grouping

4.262 In our provisional view, the evidence we have seen to date in the round supports grouping the five digital activities under section 3(3)(b) of the Act, because they can be used in combination with each other to fulfil the specific purpose of providing a business software environment in which organisations can manage and secure users, devices, compute resources, applications and data, and users can access, create, record, communicate and manage business information.

4.263 We have exercised our discretion to group these five digital activities under section 3(3)(b) of the Act because this reflects the reality, described above, of how these activities together form an integrated package of complementary Microsoft business software. Assessing the digital activities in isolation would fail to capture

⁴⁸⁹ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁹⁰ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁴⁹¹ [redacted] response dated [redacted] to section 69 notice dated [redacted].

how Microsoft's integration and ecosystem advantages reinforce its position across digital activities and can compound barriers to effective competition.

- 4.264 Accordingly, it is appropriate, for the purposes of arriving at an assessment of SMS under the Act, to consider the five digital activities together, reflecting their interlinkages. The grouping of these activities as the Business Software Ecosystem provides the framework necessary to reflect the real-world operation of these Microsoft services and content, taking account of how Microsoft offers and customers consume these products in practice.
- 4.265 Grouping is also appropriate because important ecosystem effects arise from the way in which these activities operate within the same organisational IT environment. These effects, including the complementarities and interdependencies between the activities, are more appropriately captured by considering the activities together than by treating each as an entirely separate digital activity. Assessing the activities collectively therefore provides a more accurate basis for considering the competitive conditions relevant to the exercise of the CMA's functions under the Act.

The digital activity is linked to the UK

- 4.266 The CMA may designate an undertaking as having SMS in respect of a digital activity carried out by the undertaking where the CMA considers that the digital activity is 'linked to the UK'.⁴⁹²
- 4.267 A digital activity is linked to the UK if:⁴⁹³
- (a) the digital activity has a significant number of UK users;⁴⁹⁴
 - (b) the undertaking that carries out the digital activity carries on business in the UK in relation to the digital activity; or
 - (c) the digital activity or the way in which the undertaking carries on the digital activity is likely to have an immediate, substantial and foreseeable effect on trade in the UK.
- 4.268 Based on the evidence we have seen to date, we provisionally find that each of the conditions in the Act (any one of which would suffice) is satisfied and therefore that Microsoft's provision of its Business Software Ecosystem is linked to the UK.

⁴⁹² Section 2(1)(a) of the Act.

⁴⁹³ Section 4 of the Act.

⁴⁹⁴ There is no quantitative threshold for how many UK users can be considered 'significant': the CMA's assessment may consider the firm's absolute position and/or the number of UK users it has relative to other undertakings (CMA194, paragraph 2.22).

- 4.269 Microsoft's Business Software Ecosystem has a significant number of UK users based on a range of indicative measures:
- (a) In 2025, approximately Microsoft had around [1-2] million UK organisational customers across the grouped activities.⁴⁹⁵
 - (b) **PSS:** There were, on average, [10-20] million paid active users of Microsoft's productivity software in Office 365 in the UK, each month, in 2025.⁴⁹⁶
 - (c) **PC OS:** There were, on average, [20-30] million active devices of organisational customers, using Microsoft's Windows 10 and Windows 11 PC OS in the UK, each month, in 2025.⁴⁹⁷
 - (d) **Server Operating System:** Microsoft's Windows Server accounted for [30-40] % of operating system usage on Azure by vCore hours in the UK in 2025.⁴⁹⁸
 - (e) **RDBMS:** Microsoft's SQL Server accounted for [60-70]% of all RDBMS related vcore hour usage on Azure for new Azure customers in 2025 in the UK (that is, only [30-40]% of vcore hours were related to rival RDBMS products).⁴⁹⁹;
 - (f) **Security Software:** There were on average, for example, [20-30] million UK organisational users of Entra ID, [10-20] million UK organisational users of Defender and [10-20] million UK organisational users of Intune in 2025.⁵⁰⁰ These form the core of the security functionality provided by Microsoft's Security Software.⁵⁰¹
- 4.270 Microsoft carries out business in the UK in relation to the provision of its Business Software Ecosystem. In 2025, the value of revenues generated in the UK amounted to the following:

⁴⁹⁵Mean monthly paid users of organisation customers of Microsoft's Business Software Ecosystem in the UK, 2025, based on [§<] to [§<] to section 69 notice dated [§<].

⁴⁹⁶ See Appendix B. CMA Analysis of Microsoft data concerning paid usage of Office365, Microsoft's response dated [§<] to section 69 notice dated [§<].

⁴⁹⁷ See Appendix B. CMA Analysis of Microsoft data concerning usage of Windows operating system by Organisational customers. Microsoft's response dated [§<] to section 69 notice dated [§<].

⁴⁹⁸ See Appendix B. CMA analysis of Microsoft data concerning UK commercial customer usage of Azure Virtual Machines deployed through IaaS. Microsoft's response dated [§<] to section 69 notice [§<].

⁴⁹⁹ Microsoft's response dated [§<] to section 69 notice dated [§<]. As noted below, Microsoft were unable to provide detailed usage data for non-SQL Server RDBMS on Azure. The vcore hour usage comparison in this paragraph is based on Microsoft's attempt, on a best-efforts basis, to use financial data to present Azure non-SQL RDBMS usage on a comparable vcore-equivalent basis. Microsoft's response dated [§<] to follow up questions to section 69 notice dated [§<].

⁵⁰⁰ See Appendix B. CMA analysis of Microsoft data concerning monthly defended users of Entra ID, Intune and Defender Microsoft's response dated [§<] to section 69 notice dated [§<].

⁵⁰¹ See above section on Security Software digital activity

- (a) PSS: \$[4-5] billion⁵⁰²
- (b) PC OS: \$[0.5–1] billion⁵⁰³
- (c) Server Operating System: \$[0.5–1] billion⁵⁰⁴
- (d) RDBMS: \$[1–2] billion⁵⁰⁵
- (e) Security Software⁵⁰⁶: \$[0.5–1] billion.⁵⁰⁷

4.271 The way in which Microsoft carries on its Business Software Ecosystem is likely to have an immediate, substantial and foreseeable effect on trade in the UK. Microsoft's Business Software Ecosystem is core to the IT environment of UK businesses and the public sector, as illustrated by the user numbers mentioned above.

⁵⁰² See Appendix B. CMA Analysis of Microsoft data concerning PSS revenue including Office365 revenues derived from both hosted online offerings and Office on-premises offerings and Microsoft 365 Copilot subscriptions. Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED] Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED] and Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁰³ See Appendix B. Rounded figure. CMA Analysis of Microsoft data concerning UK revenue from sales of PC OS. We expect that this figure understates Microsoft's PC OS revenues in the U.K. as it excludes sales via OEMs. As per appendix B, in 2025, OEM sales accounted for 48.7% of Microsoft's global PC OS revenues. Based on [REDACTED] to Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁰⁴ CMA analysis of Microsoft data concerning Server OS revenues. [REDACTED] Microsoft's response dated [REDACTED] to follow up questions dated [REDACTED] to section 69 notice dated [REDACTED] and Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED]. Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁰⁵ CMA calculations based on Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁰⁶ The revenue estimated is limited to Entra, Intune and Defender products.

⁵⁰⁷ See Appendix B. CMA analysis of Microsoft data concerning standalone revenues based on sales of IAM (eg Entra ID and excluding Active Directory), EDR/XDR (eg Defender) and UEM/EDM (eg Intune) software and data concerning the proportion of users that license security products either as a standalone product or as part of a productivity suite. Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED]; Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED]; Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

5. SEMP ASSESSMENT

Summary

This chapter sets out our assessment of whether Microsoft's business software ecosystem has substantial and entrenched market power (SEMP). We set out the framework for our assessment and then our provisional findings.

As explained in our Guidance, where the CMA groups two or more of a firm's digital activities and the products within them into a single digital activity, the SMS assessment will relate to the grouped digital activity as a whole.

In structuring that assessment in this case, we have considered evidence relevant to Microsoft's market power in each of the individual five digital activities. Our assessment of Microsoft's market power in the grouped activity for the purpose of any designation considers those individual assessments in the round and how the interlinkages between the activities may mutually reinforce Microsoft's position across its Business Software Ecosystem.

Digital activities

We have provisionally found that Microsoft has substantial market power in each of the individual digital activities.

- For each of PC OS, PSS and Security Software, Microsoft is by far the largest provider to UK customers. Its position in each of these digital activities is reinforced by a number of barriers to competition, including the integration and interoperability across its products, its commercial bundling practices, the broad range of its products (which other providers are unable to match), network effects and a range of other costs (albeit the exact importance of these barriers varies for each digital activity). Although there are alternative providers in each of these digital activities (eg Apple for PC OS, Google for PSS and standalone PSS and Security Software providers), they impose only a limited competitive constraint on Microsoft. Consistent with the barriers to competition we have identified, these providers are significantly smaller than Microsoft and are differentiated, in many cases being used as complements rather than substitutes to Microsoft's PC OS, PSS and Security Software.
- Microsoft is also the largest provider by revenue of both Server OS and RDBMS with its Windows Server and SQL Server products both generating significant revenues and growing. In Server OS and RDBMS existing workloads, Microsoft's customers are largely locked in, including those in or migrating to the cloud, for the lifetime of these workloads which is typically for multiple years. Therefore, Microsoft faces limited competition for existing Windows Server and SQL Server workloads (which its revenues indicate are significant in scale and value) and as a result, a large part of Microsoft's annual revenues from Windows Server will relate to workloads for which it

faces very limited competition. There is more scope for competition for new workloads. However, even here the competition is limited. In Server OS the fundamental differences between Windows Server and Linux mean that they are largely suited to different use cases. Therefore, Linux poses a limited constraint for new Server OS workloads that are well-suited to Windows Server, and vice versa. In RDBMS product differentiation and application compatibility as well as ecosystem advantages also mean that choice is limited.

The persistence of Microsoft's position in each digital activity and the scale of the barriers to competition mean that significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in each digital activity. As part of our forward-looking assessment for each of these digital activities, we have considered a range of factors (some specific to individual digital activities) including the potential impact of greater integration of AI and the growth of cloud workloads.

Our provisional view is that there is no clear and convincing evidence of expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of these digital activities over the next five years.

Business Software Ecosystem

Taking our assessments for each of the five digital activities in the round, including the interlinkages between them, our provisional view is that Microsoft has substantial market power in its Business Software Ecosystem.

Microsoft's position in each digital activity mutually reinforces its position across its Business Software Ecosystem with barriers to effective competition in individual digital activities compounding when customers work with more than one. A consequence of this is that, considering Microsoft's market power in its individual digital activities only would miss its key strength which is to offer an integrated suite of products which is broader than that of its competitors.

We have identified four main categories of barriers to competition which apply across Microsoft's Business Software Ecosystem: technical integration and interoperability between digital activities; commercial bundling; network effects; and customer-side frictions. Each of these strengthens Microsoft's position and weakens the competitive constraint from alternative providers in individual digital activities.

While some alternative providers of business software offer products in multiple digital activities, Google is the only one that competes with Microsoft in each digital activity. However, as shown in each of the relevant digital activity assessments, Google has a considerably smaller position than Microsoft in each and generates substantially lower revenues from Google Workspace than Microsoft does from its M365 bundles. There is also a significant degree of differentiation between Microsoft and Google and Google faces

some of the same barriers to competition we have identified which limits the competitive constraint on Microsoft from competition with Google across the digital activities.

Using a set of standalone products from different providers as an alternative to Microsoft's Business Software Ecosystem would require overcoming the commercial and integration disadvantages of using products from alternative providers across multiple digital activities which is likely to be even more challenging than doing so in one digital activity.

Therefore, our provisional view is that the competitive constraint on Microsoft's Business Software Ecosystem is limited and there are significant barriers to competition. This is consistent with our assessments for each of the individual digital activities and with other observed outcomes. In particular, we note that Microsoft has been highly profitable over the last ten years in absolute terms and its profit margin continues to increase. Its profitability, when measured as a percentage ROCE (return on capital employed), has been over 70% for the last nine years. We estimate that the digital activities in Microsoft's business software ecosystem contribute 40-50% of Microsoft's total global revenues and a majority share of Microsoft's profits. We estimate that these high returns mean that Microsoft was able to earn profits in 2025 from its UK Business Software Ecosystem substantially in excess of a return based on our estimate of Microsoft's cost of capital.

In view of the significant barriers to competition and other observed outcomes, our provisional view is that Microsoft has substantial market power in respect of its Business Software Ecosystem.

The persistence of its position and the scale of the barriers to competition are consistent with Microsoft's substantial market power being entrenched. It also means that significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power. Therefore, we have assessed whether there are any expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in its Business Software Ecosystem over the next five years.

We have considered a range of potential developments which could affect the position of Microsoft's Business Software Ecosystem and in particular the potential implications of developments in AI. AI is a potential competitive threat to Microsoft to which it is responding. However, at this stage, as a result of the competitive advantages available to Microsoft and the investments it has made in its AI features and functionalities, Microsoft appears well placed to meet the needs of organisations that wish to use AI features and functionalities as part of the products included in its Business Software Ecosystem in the coming years. This is consistent with the fact that, in July 2026 Microsoft's M365 Copilot Offerings were used by more than twice the number of UK organisational customers than any alternative.

Therefore, our provisional view is that there are no expected or foreseeable market developments that are likely (whether individually or in combination) to be sufficient in

scope, timeliness and impact to eliminate Microsoft's substantial market power in its Business Software Ecosystem over the next five years.

Taking all of the evidence together, we have provisionally found that Microsoft has substantial and entrenched market power in respect of its Business Software Ecosystem.

The framework for our assessment

- 5.1 In order to designate an undertaking as having SMS, the undertaking must first be found to meet the SMS conditions in respect of the relevant digital activity, namely (i) substantial and entrenched market power (SEMP) and (ii) a position of strategic significance (POSS).⁵⁰⁸

Substantial and entrenched market power

- 5.2 The first SMS condition requires an assessment of a firm's market power. This is largely an assessment of the available alternatives and the extent to which they provide a competitive constraint on the firm's product or service. This includes alternatives available in the present and possibilities for entry and expansion.
- 5.3 To assess whether an undertaking has substantial and entrenched market power in respect of a digital activity, the CMA must carry out a forward-looking assessment of a period of at least five years, taking into account developments that:
- (a) would be expected or foreseeable if the CMA did not designate the undertaking as having SMS in respect of the digital activity; and
 - (b) may affect the undertaking's conduct in carrying out the digital activity.⁵⁰⁹
- 5.4 Our Guidance explains the approach we will take and the types of evidence we may draw upon in assessing the first SMS condition.⁵¹⁰ In particular:
- (a) The underlying policy intent is that we should be satisfied that the undertaking's power and influence in the digital activity is neither small nor transient, based on our consideration of competitive conditions.⁵¹¹ While 'substantial' refers to the extent of market power and 'entrenched' is intended to ensure a firm is not designated where its market power is only transient,

⁵⁰⁸ Section 2(2) of the Act.

⁵⁰⁹ Section 5 of the Act.

⁵¹⁰ CMA194, paragraphs 2.50-2.65.

⁵¹¹ Paragraph 109 of the Explanatory Notes explain in respect of the legal test under section 5 that: '(t)he underlying policy intent is that the CMA should be satisfied that the undertaking's power and influence in the digital activity is neither small nor transient, based on their consideration of competitive conditions'.

our assessment of each element will typically draw on a common set of evidence.⁵¹²

- (b) Where the CMA ‘groups’ two or more of the firm’s digital activities into a single digital activity, the SMS assessment will relate to the grouped activity as a whole. In practice, we may consider evidence relevant to market power of individual products and whether and how any interlinkages between these may contribute to market power across the digital activity; for example, whether the firm’s position in one activity in the group reinforces its position in another.⁵¹³

Substantial market power

- 5.5 Market power arises where a firm faces limited competitive pressure and individual consumers and businesses have limited alternatives to its product or service, or even if they have good ones, they face barriers to shopping around and switching.⁵¹⁴ It is often thought of as the power to price above competitive levels, but it can also relate to the extent to which a firm faces competitive pressures to raise quality and innovate.⁵¹⁵
- 5.6 Market power is ‘substantial’ when a firm does not face strong competitive constraints in respect of the digital activity.⁵¹⁶
- 5.7 The Act created a legal regime with a separate framework and purpose to that of the Competition Act 1998. It does not refer to dominance but instead adopts the test of ‘substantial and entrenched market power’.⁵¹⁷ The frame of reference for that test is not a product and geographic market, established by a process of market definition, but instead the more flexible concept of a ‘digital activity’.⁵¹⁸
- 5.8 Microsoft’s Business Software Ecosystem comprises five individual digital activities, some of which include a number of products or applications. While in principle Microsoft may face stronger competitive constraints in relation to some of these products or applications than others, the question we are answering is whether Microsoft has substantial and entrenched market power in respect of its Business Software Ecosystem.
- 5.9 That is the legal test that we have applied to the evidence. As our Guidance explains, this entails a case-specific assessment and there is no exhaustive list of

⁵¹² CMA194, paragraph 2.54.

⁵¹³ CMA194, paragraph 2.65. See also paragraph 2.16.

⁵¹⁴ CMA194, paragraph 2.51.

⁵¹⁵ CMA194, paragraph 2.51 and footnote 43.

⁵¹⁶ CMA194, paragraph 2.55.

⁵¹⁷ Unlike other regimes: for example, the Communications Act 2003, which provides expressly that ‘significant market power’ is to be construed in the same way as the concept of dominance under the Competition Act 1998: section 78.

⁵¹⁸ CMA194, paragraphs 2.63-2.64. See also Explanatory Notes to the Act, paragraph 109: section 5 of the Act ‘does not require the CMA to undertake a formal market definition exercise as part of an SMS investigation’.

factors that must be present for a firm to have substantial market power.⁵¹⁹

Relevant evidence may include indicators such as the level and stability of shares of supply, the number and strength of competitive constraints to incumbent firms, profitability levels and levels of customer switching. The sources of market power may include supply-side factors (eg network effects, economies of scale and scope, integration into wider ecosystems) and demand-side factors (eg switching costs, behavioural biases, and the role of brand and reputation).⁵²⁰

Entrenched market power

- 5.10 Our Guidance explains that when carrying out the forward-looking assessment of entrenchment, we will consider developments that may affect the firm's market power, including: (i) market developments such as emerging technology, innovation and new entrants; and (ii) regulatory developments.⁵²¹
- 5.11 We will not seek to make precise predictions about the likely development of the industry. Instead, we will consider whether relevant developments are likely to be sufficient in scope, timeliness and impact to eliminate the firm's substantial market power.⁵²² Where the CMA has found evidence that the firm has substantial market power at the time of the SMS investigation, and where there is no clear and convincing evidence that relevant developments will be likely to dissipate the firm's market power, this will generally be supportive of a finding that market power is entrenched.⁵²³
- 5.12 With any ex-ante assessment, there will necessarily be some uncertainty as to the future evolution of a sector. However, such uncertainty does not preclude the CMA from finding substantial and entrenched market power based on the evidence available to it when making its assessment.⁵²⁴
- 5.13 As explained in our Guidance, our assessment of whether market power is entrenched starts with market conditions and market power as of now and considers expected and foreseeable developments over the designation period, as required by the Act.⁵²⁵ We consider what the sources of Microsoft's market power have been, whether these are likely to remain in the future and whether Microsoft's market power has endured through previous market developments.⁵²⁶
- 5.14 Below we set out the evidence we have seen to date in relation to the SMS conditions and the provisional conclusions we draw from it. We take relevant

⁵¹⁹ CMA194, paragraph 2.55.

⁵²⁰ CMA194, paragraph 2.53.

⁵²¹ CMA194, paragraph 2.59.

⁵²² CMA194, paragraph 2.60.

⁵²³ CMA194, paragraph 2.62.

⁵²⁴ CMA194, paragraph 2.58.

⁵²⁵ CMA194, paragraphs 2.60 to 2.62.

⁵²⁶ CMA194, paragraph 2.61.

points from Microsoft's submissions into account in arriving at our proposed decisions which are based on the totality of the evidence, taken in the round and applying the balance of probabilities.⁵²⁷

Approach to our assessment

- 5.15 Offering a broad suite of business software products that work well together is central to Microsoft's commercial and marketing strategy, and it is the way it seeks to differentiate itself from other providers. This is reflected in our provisional decision to group individual digital activities into Microsoft's Business Software Ecosystem. Our SMS assessment for the purposes of designation therefore relates to this group, incorporating evidence of market power in individual activities and how any relevant interlinkages may contribute to market power across the group.
- 5.16 Consistent with the framework set out above, our assessment of Microsoft's position in business software centres on whether customers have a choice of provider. This includes the extent to which:
- (a) Alternative providers are a sufficiently close alternative for Microsoft's business software ecosystem – with customer choice more limited where alternative providers are differentiated from Microsoft; and
 - (b) Customers can exercise that choice – with customers' choice more limited where they face material switching costs or there are network effects.
- 5.17 In considering the choice customers have, it is essential that we take account of the links between products in Microsoft's Business Software Ecosystem:
- (a) While important, considering customers' choice only in relation to individual digital activities would miss Microsoft's key strength, which is to offer an integrated suite of products which is broader than that of its competitors.
 - (b) Where customers purchase Microsoft's products across more than one digital activity, barriers to effective competition in individual digital activities compound. As such, Microsoft's market positions in each digital activity are mutually reinforcing.
- 5.18 Overall, it is most appropriate to assess the competition constraints faced by Microsoft with reference to its Business Software Ecosystem, as opposed to for individual digital activities only. To do so, and as envisaged by our Guidance, we consider evidence relevant to Microsoft's market position in the individual products.⁵²⁸ We first summarise the evidence and our assessment of the

⁵²⁷ CMA194, paragraph 2.80.

⁵²⁸ CMA194, paragraph 2.65.

competitive constraints faced by Microsoft in respect of each of its digital activities.⁵²⁹ These assessments show that Microsoft faces limited competitive constraints within each digital activity due to a range of barriers that limit effective customer choice. Many of these barriers are common across Microsoft's Business Software Ecosystem and are in part due to important technical and commercial links between Microsoft's digital activities.

- 5.19 We then assess whether Microsoft's Business Software Ecosystem has substantial and entrenched market power as a whole. This brings together the evidence of the barriers to effective competition we identify for individual digital activities and considers how these barriers can compound where customers purchase across digital activities.
- 5.20 We provisionally conclude that Microsoft holds substantial and entrenched market power over its Business Software Ecosystem. We provisionally find that the links between products in its ecosystem are important for an assessment of market power in the individual digital activities. As noted above, our Guidance does not require the CMA to make findings of substantial and entrenched market power in relation to the individual digital activities within a grouped activity. While the competitive constraints Microsoft faces for each digital activity vary, for the avoidance of doubt, the evidence we have seen to date also supports the provisional conclusion that Microsoft has substantial and entrenched market power in each of the individual digital activities.

Competition in each digital activity

- 5.21 This section presents our assessments of Microsoft's market position in relation to each of the individual digital activities in turn considering: PC OS, PSS, Security Software, Server OS and RDBMS.⁵³⁰ In each case we first present an assessment of Microsoft's current market power before considering evidence regarding any future developments which could affect that market power in the next five years.
- 5.22 These individual assessments draw on Appendix A to this report which sets out, at a more detailed level, our consideration of the underlying evidence.

Competition in PC OS

- 5.23 Microsoft is by far the largest provider of PC OS. Our analysis shows that Microsoft has consistently been substantially larger than alternative providers of PC OS.⁵³¹ Microsoft estimates that it has a global share of [70-80]% compared to [5-10]% and [0-5]% for Apple and Google respectively. Apple is the second largest

⁵²⁹ A more detailed presentation of this evidence is presented in Appendix A.

⁵³⁰ Microsoft submitted that it faces substantial competitive constraints across all five digital activities. Microsoft's response dated 04 June 2026 to invitation to comment dated 14 May 2026, paragraph 2.3. [Microsoft.pdf](#)

⁵³¹ See sub-section 'Microsoft's share of supply in PC OS' in section 'Market power assessment – PC OS' of Appendix A.

provider of PC OS but is considerably smaller than Microsoft. Microsoft's PC OS had revenues [$\gg$] times larger than those of Google's PC OS globally in 2025 and this position has grown substantially since 2020.

- 5.24 Microsoft's very strong position is reinforced by several barriers to competition. These barriers are particularly important for Microsoft's existing customers, especially those buying products across Microsoft's Business Software Ecosystem.⁵³²
- 5.25 First, limitations to integration and interoperability when using third-party PC OS alongside products from across Microsoft's Business Software Ecosystem create barriers to competition in PC OS. These limitations include reduced functionality of Microsoft's PSS, Security Software, as well as Active Directory and Windows Server when using an alternative PC OS. Customers using other products in the Microsoft Business Software Ecosystem (often as part of historic on-premises IT setups) are more likely to choose Microsoft's PC OS due to its interoperability with Microsoft's other products. These factors limit the ability of alternative providers to provide equivalent functionalities to Microsoft's PC OS and raise switching costs for customers.⁵³³
- 5.26 Second, while Microsoft's commercial bundling practices may benefit customers, they also create a barrier that alternative providers must overcome to attract customers away from Microsoft. Customers who buy Microsoft's PC OS, PSS, and Security Software together account for [90-100]% of all revenue from these digital activities.⁵³⁴ Microsoft commonly bundles PC OS with both its PSS and Security Software and customers can use Enterprise Agreements to receive discounts when purchasing PC OS alongside a wider range of Microsoft products. This can influence customer choice as customers face the removal of bundle-wide discounts when seeking to switch to an alternative PC OS.⁵³⁵
- 5.27 Finally, strong network effects which affect application availability and compatibility on competing PC OSs,⁵³⁶ together with a number of switching costs and risks (including the need to replace existing hardware when switching PC OS and lack of user familiarity) also limit competition from alternative PC OS providers.⁵³⁷
- 5.28 Overall, these factors mean that switching away is costly and disruptive for customers, reducing their willingness to change provider and weakening the competitive constraint on Microsoft in PC OS. They can also affect the choices of

⁵³² These are likely to include larger, economically significant enterprise customers. See Chapter 4 'Grouping'.

⁵³³ See sub-section 'Limitations to technical integration and interoperability faced by alternative providers' in section 'Market power assessment – PC OS' of Appendix A.

⁵³⁴ See sub-section 'Customers that purchase specific combinations of digital activities' in section 'Customer data analysis' of Appendix B.

⁵³⁵ See sub-section 'Commercial bundling practices' in section 'Market power assessment – PC OS' of Appendix A.

⁵³⁶ See sub-section 'Network effects' in section 'Market power assessment – PC OS' of Appendix A.

⁵³⁷ See sub-section 'Customer-side frictions' in section 'Market power assessment – PC OS' of Appendix A.

new customers, eg because application availability will be a relevant consideration in a customer's initial decision.

Competition between Microsoft and alternative providers of PC OS

- 5.29 Consistent with Microsoft's existing scale and these barriers to competition, alternative providers of PC OS exert only a limited competitive constraint on Microsoft. Apple and Google are identified as the main alternatives to Microsoft. Apple and Google both recognise the very strong position of Microsoft's PC OS.
- 5.30 While Apple is likely Microsoft's closest competitor in PC OS, it is significantly smaller than Microsoft and exerts only a weak constraint on Microsoft due to strong differentiation of its offer. In particular, Apple's PC OS is exclusively supplied with its proprietary hardware and is not available for other devices. Apple's PC OS may be more suitable and compete more strongly for specific users within organisations such as creative teams, acting more as a complement than a competitor to Microsoft for certain customers.⁵³⁸ Apple said that it did not expect its PC OS to be used for a commercial customer's entire fleet of devices.
- 5.31 Google also exerts only a weak constraint on Microsoft and has a much smaller number of customers for PC OS. It offers a cloud-first PC OS meaning most business applications must be accessed via a browser. Google's PC OS may be more suitable and compete more strongly for specific use cases within organisations acting more as a complement than a competitor.⁵³⁹
- 5.32 Finally, Microsoft submitted that it competes with Linux distributions as well as mobile and tablet OSs.⁵⁴⁰ However, Linux distributions are very clearly differentiated from Microsoft's PC OS and we have not seen evidence that they compete with Microsoft in PC OS for organisational customers to any meaningful extent.⁵⁴¹ Similarly, while mobile and tablet OSs may be suitable alternatives to PC OSs for certain use cases such as for store workers, they are not typically considered an alternative to PC OS, but rather a complement to it.⁵⁴²

Provisional conclusion on our assessment of Microsoft's market power in PC OS

- 5.33 In summary, we have provisionally found that Microsoft has substantial market power in PC OS. Microsoft has a substantially larger user base than any rival, with its internal documents estimating a global share of around [70-80]%, and with this position remaining stable for at least the past five years. Microsoft's position is

⁵³⁸ See sub-section 'Apple' in section 'Market power assessment – PC OS' of Appendix A.

⁵³⁹ See sub-section 'Google' in section 'Market power assessment – PC OS' of Appendix A.

⁵⁴⁰ [3<] response [3<] to section 69 notice [3<].

⁵⁴¹ See sub-section 'Linux distributions' in section 'Market power assessment – PC OS' of Appendix A.

⁵⁴² See sub-section 'Mobile and tablet OSs' in section 'Market power assessment – PC OS' of Appendix A.

reinforced by significant barriers to competition, including application compatibility concerns, user familiarity, hardware replacement costs and the actual or perceived loss of interoperability with other Microsoft products. Microsoft also benefits from integration with its wider Business Software Ecosystem, commercial bundling practices, and network effects that encourage software developers to prioritise Windows compatibility. While Apple and Google provide alternatives for some customers and use cases, these providers exert only a limited constraint on Microsoft.

Expected and foreseeable developments in PC OS

- 5.34 The persistence of Microsoft's market position in PC OS and the scale of the barriers to competition described above are consistent with Microsoft having entrenched market power. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.
- 5.35 We have considered whether there are any expected or foreseeable developments likely to affect Microsoft's market position in PC OS in the next five years. In particular, we have focused on the potential impact of greater integration of AI and a move from desktop to web-based applications.
- 5.36 We have seen no clear and convincing evidence that current technology trends are likely to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in PC OS in the next five years.
- (a) While the development of AI and its integration into PC OS and hardware could impact competition, it does not seem likely to significantly diminish Microsoft's position. This is because, although alternative providers are well placed to implement AI into their PC OS products, Microsoft appears equally well placed to do so. In addition, AI does not appear likely to reduce or remove the factors which support Microsoft's strong position, as set out above including the importance of application compatibility, interoperability with Microsoft's business software ecosystem, user familiarity and bundling.⁵⁴³
 - (b) Web-based applications are not a new development in business software. Therefore, we consider that, if they were to significantly impact Microsoft's PC OS market position, this would already be apparent. We have seen no evidence of such an impact.⁵⁴⁴

⁵⁴³ See sub-section 'AI' in section 'Market power assessment – PC OS' of Appendix A.

⁵⁴⁴ See sub-section 'Web-based applications' in section 'Market power assessment – PC OS' of Appendix A.

- 5.37 Overall, we provisionally consider that there are no expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in PC OS in the next five years.

Competition in PSS

- 5.38 Microsoft is by far the largest provider of PSS and [X] times the size of its nearest rival Google in 2025, a position that has been stable since at least 2020.⁵⁴⁵ Our analysis shows that Microsoft's share of revenues from organisational customers was [70-80]% in the UK and [60-70]% globally in 2025 when including Google and other alternative providers of PSS.
- 5.39 Microsoft's position in PSS is reinforced by several barriers to competition, including:
- (a) integration and interoperability across its products (both within PSS and with its wider Business Software Ecosystem);
 - (b) Microsoft's commercial bundling practices, for example from the sale of suites that combine applications, features, and functionalities within PSS and products in other digital activities;
 - (c) being seen as the 'default' choice by customers particularly due to its widespread adoption which means that Microsoft benefits from network effects; and
 - (d) the familiarity and skills users have with Microsoft's PSS applications, features, and functionalities and other costs associated with switching to alternative providers.
- 5.40 These factors are particularly important for Microsoft's existing customers, especially those buying products across Microsoft's Business Software Ecosystem.⁵⁴⁶
- 5.41 First, with regard to integration and interoperability,⁵⁴⁷ Microsoft told us that the integration of products within its suites delivers operational benefits (including a consistent user experience) and that interoperability with third-party solutions is supported by Microsoft Graph API, add-ins, connectors and other developer tools.⁵⁴⁸ However, the evidence we have seen to date shows that Microsoft's PSS

⁵⁴⁵ See sub-section 'Microsoft's share of supply in PSS' in section 'Market power assessment – PSS' of Appendix A.

⁵⁴⁶ These are likely to include larger, economically significant enterprise customers. See sub-section 'The extent to which products across these digital activities are purchased together: UK customer-level data analysis' in section 'Grouping' of Chapter 4 'Digital Activities'.

⁵⁴⁷ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment – PSS' of Appendix A.

⁵⁴⁸ Microsoft's response dated [X] to section 69 notice [X] and Microsoft's submission to the CMA dated [X].

is deeply integrated and interoperable with other products in its Business Software Ecosystem in ways that alternative providers cannot match due to restricted access to Microsoft-controlled APIs, interfaces and data; access to organisational data and context; and the native integration and default positioning of Microsoft products.⁵⁴⁹

- 5.42 Second, with regard to commercial bundling practices,⁵⁵⁰ Microsoft submitted that its suites provide customer benefits through lower prices, reduced complexity and easier administration, while customers remain free to purchase standalone products or combine Microsoft services with third-party solutions.⁵⁵¹ However, alternative providers of PSS told us that these practices also make it more difficult for them to attract customers away from Microsoft.
- 5.43 We consider that this bundling reduces customers' incentives to switch away from Microsoft's PSS, creating an additional barrier that alternative providers must overcome to compete effectively. Customers who buy Microsoft's PSS, PC OS, and Security Software together account for [90-100]% of all revenue from these digital activities.⁵⁵² Customers often perceive Microsoft's products to have little or no marginal cost when included in its popular M365 bundles (such as M365 E3 and E5), so are encouraged to use them and are less likely to pay for a similar product from an alternative provider since this would involve duplication and additional cost.⁵⁵³ If customers switch from Microsoft products, they may also lose volume discounts under their Enterprise Agreements.
- 5.44 As a consequence of the integration, interoperability, and commercial bundling barriers we have identified, Microsoft's broader range of PSS products and its wider Business Software Ecosystem also affect the ability of third parties to compete with Microsoft. As a result, no individual provider can replicate Microsoft's offer and if a customer were to attempt to use multiple alternative providers, they would need to overcome the commercial and integration disadvantages of doing so across a broad range of products which is likely to be more challenging than doing so for just one product.
- 5.45 Third, the widespread adoption of Microsoft's PSS, its broad range of third-party application integrations, and the benefits of compatibility and collaboration with other organisations using Microsoft products, create network effects that are an additional barrier to competition that alternative providers must overcome.⁵⁵⁴

⁵⁴⁹ These include different authentication mechanisms, policies, and document and data classifications across applications from Microsoft and alternative providers.

⁵⁵⁰ See sub-section 'Commercial bundling practices' in section 'Market power assessment – PSS' of Appendix A.

⁵⁵¹ Microsoft's submission to the CMA dated [×] and Microsoft's response dated [×] to section 69 notice under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated [×], [×].

⁵⁵² See sub-section 'Customers that purchase specific combinations of digital activities' of Appendix B 'Customer data analysis'.

⁵⁵³ Jigsaw Customer Research, paragraph 178, page 39.

⁵⁵⁴ See sub-section 'Network effects' in section 'Market power assessment – PSS' of Appendix A.

- 5.46 Finally, Microsoft told us that switching away from its PSS is primarily a data migration exercise, with customers able to export data using standard tools and APIs, use openly documented file formats, and switch individual applications while retaining others in PSS.⁵⁵⁵ However, the evidence we have seen to date shows that Microsoft's existing customers face significant costs that deter them from switching to alternative providers.⁵⁵⁶ These costs arise from the need to retrain users and administrators, adapt existing business processes and workflows, manage complex data migration requirements, and overcome technical dependencies built around Microsoft products.
- 5.47 Overall, these barriers to competition mean that customers find it costly and disruptive to switch away from Microsoft's PSS, making customers unwilling to change provider and weakening the competitive constraint on Microsoft in PSS. These factors also affect potential new customers, making them more likely to choose Microsoft PSS.
- 5.48 In combination, the above barriers limit the ability of alternative providers to compete with Microsoft, creating incentives for providers to differentiate their products, focussing on functionality that is particularly important to a subset of customers and/or developing a complementary product that is used alongside Microsoft's PSS.

Competition between Microsoft and alternative providers of PSS

- 5.49 The combination of Microsoft's existing scale and the barriers to competition we have identified above are consistent with Microsoft's PSS having a strong position. However, Microsoft submitted that it faces strong and intensifying competition in PSS from both suite providers, such as Google Workspace, Zoom Workplace, Apple iWork, Zoho Workplace and Kingsoft, and standalone application providers, including Slack, Box and Zoom. Microsoft said it also faces competition to its M365 Copilot Offerings from providers of AI features and functionalities including Google (Gemini), OpenAI (ChatGPT) and Anthropic (Claude).⁵⁵⁷
- 5.50 Therefore, we have considered the competitive constraint on Microsoft from: providers of productivity suites; providers of standalone applications; and providers of AI features and functionalities. As summarised below, the evidence we have seen to date shows that Microsoft only faces a limited competitive constraint in aggregate from these alternative providers of PSS.

⁵⁵⁵ Microsoft's response [3<] to section 69 notice dated [3<].

⁵⁵⁶ See section 'Customer-side frictions' in section 'Market power assessment – PSS' of Appendix A.

⁵⁵⁷ Microsoft response to section 69 notice dated [3<].

Providers of productivity suites

- 5.51 Although Google is the second-largest provider of PSS in the UK, it provides a weak competitive constraint on Microsoft.⁵⁵⁸ While some customers identified Google Workspace as an alternative to Microsoft's PSS, customers also raised differences in functionality, integration with other Microsoft products, and migration and retraining costs, as factors that limit the attractiveness of switching to Google. Google also does not offer an equivalent range of products to Microsoft's PSS. Google's PSS is stronger among [§<], but weaker among [§<]. Even those customers who do use Google PSS for most staff may also need to use some Microsoft PSS in order to collaborate with suppliers, partners or customers.
- 5.52 Other providers of productivity suites (such as Apple iWork, LibreOffice, Zoho Workplace and Kingsoft) also pose a weak competitive constraint on Microsoft's PSS amongst UK customers.⁵⁵⁹ They have different PSS deployment models and do not have an equivalent range of applications, features, and functionalities to Microsoft's PSS. This means that Microsoft's existing customers would need to integrate these suites with standalone applications in order to replicate the full functionality of Microsoft's PSS; for this reason, other providers provide a weak competitive constraint on Microsoft's PSS.

Providers of standalone productivity applications

- 5.53 Providers of standalone productivity applications (such as Slack, Box, Zoom, and Dropbox) pose a weak competitive constraint on Microsoft's PSS.⁵⁶⁰ These providers are unable to offer the same commercial and integration benefits across the broad range of PSS which Microsoft is able to offer while also facing a number of other barriers to competition. Therefore, standalone productivity products are typically adopted by customers only where they offer functionality that is particularly important for a customer's specific use case (eg because it is differentiated from Microsoft's offering and better suited to that specific use case). As a result, these providers are only an alternative for some, not all, customers.
- 5.54 At times standalone providers have posed a potential competitive threat to Microsoft's PSS, eg Zoom and Slack in communications and collaboration software. However, likely as a result of Microsoft being able to expand its product offering, as well as using its commercial and integration advantages, these threats have generally not been sustained, with rivals over time specialising in

⁵⁵⁸ See section 'Google Workspace' in section 'Market power assessment – PSS' of Appendix A.

⁵⁵⁹ See section 'Other providers of productivity suites' in section 'Market power assessment – PSS' of Appendix A.

⁵⁶⁰ See section 'Providers of standalone productivity applications' in section 'Market power assessment – PSS' of Appendix A.

complementary use cases or serving specific groups of customers rather than competing directly with Microsoft.⁵⁶¹

- 5.55 In principle, a customer could use products from multiple standalone providers as an alternative to Microsoft's PSS. However, this would require overcoming the challenges involved in integrating and using products from alternative providers across multiple products which is likely to be more challenging than doing so for just one product.

Providers of AI features and functionalities

- 5.56 Providers of AI features and functionalities (such as Google (Gemini), OpenAI (ChatGPT), and Anthropic (Claude)) are potential competitive threats to Microsoft's PSS.⁵⁶²
- 5.57 As part of its PSS, Microsoft now also offers AI features and functionalities via its M365 Copilot Offerings and customer take up of Copilot is growing fast. In July 2026, it was used by more than twice the number of UK organisational customers than any alternative.⁵⁶³
- 5.58 This strong position reflects the M365 Copilot Offerings' integration with other PSS applications, as well as the Microsoft Business Software Ecosystem (in particular Security Software) and its interoperability benefits, which cannot be matched by alternative providers of AI features and functionalities. Microsoft's M365 Copilot Offering also benefits from being included in Microsoft's PSS packages – with Copilot Chat included as part of most Office/Microsoft 365 subscriptions and M365 Copilot included with other applications in scope of the PSS digital activity in the highest-tier frontier suite (Microsoft 365 E7) since March 2026.⁵⁶⁴
- 5.59 However, while adoption of AI features and functionalities is growing quickly and Microsoft has established a strong position, usage remains substantially below the use of Microsoft's PSS.⁵⁶⁵ For example, our customer research shows that organisations will increase the use of AI in a staged and selective way through

⁵⁶¹ For example, [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated [redacted]; [redacted] dated [redacted] to section 69 notice dated [redacted].

⁵⁶² See section 'Providers of AI features and functionalities' in section 'Market power assessment – PSS' of Appendix A.

⁵⁶³ Microsoft's M365 Copilot Offering used by ([3.5-4.0] million, July 2026); Gemini for Workspace ([1.5-2.0]million, May 2026); Claude ([1.0-1.5] million, July 2026), and ChatGPT ([300,000-400,000], July 2026). CMA analysis of: Microsoft's response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁵⁶⁴ See sub-section 'Microsoft's M365 Copilot offerings' in section 'Productivity Software Suite' of Chapter 4 'Digital Activities'.

⁵⁶⁵ The [3.5-4.0] million monthly active users of Microsoft's M365 Copilot Offerings by organisational customers in July 2026 is a relatively small proportion of the [30-40] million monthly active users of Microsoft's Word, Excel, PowerPoint and Outlook applications at UK organisational customers in December 2025 (the latest month of data currently available to us). Microsoft's response dated [redacted] to section 69 notice dated [redacted] and Microsoft's response dated [redacted] to section 69 notice dated [redacted].

continued use of pilots and the testing of multiple alternatives will continue before scaling up given uncertainties around security and cost.⁵⁶⁶

- 5.60 Therefore, at this stage we consider that there is significant uncertainty regarding how use of providers of AI features and functionalities will evolve and whether they will become a sustained and significant competitive threat to Microsoft's PSS. We further consider the extent to which providers of AI features and functionalities might become a sustained competitive threat to Microsoft as part of our forward-looking assessment below.

Provisional conclusion on our assessment of the market power of Microsoft's PSS

- 5.61 In summary, we have provisionally found that Microsoft has substantial market power in respect of its PSS. Microsoft is more than [$\times$] times larger than its nearest competitor, Google, and this position has been stable for at least the past five years. Microsoft's position is supported by advantages including deep integration between applications, features, and functionalities within PSS and across its wider Business Software Ecosystem, commercial bundling practices, widespread adoption, and user familiarity. These factors make Microsoft the default choice for many organisations, particularly larger customers that rely on multiple Microsoft products. The same factors also increase switching costs by making migration costly and disruptive and by limiting alternative providers' ability to replicate Microsoft's functionality and interoperability benefits.
- 5.62 While productivity suites, standalone applications and AI-enabled offerings provide alternatives for some customers, they typically compete only in specific use cases or are used alongside Microsoft's products. Accordingly, these alternatives impose only a limited competitive constraint on Microsoft across PSS as a whole.

Expected and foreseeable developments in PSS

- 5.63 The persistence of Microsoft's position in PSS and the scale of the barriers to competition described above are consistent with Microsoft having entrenched market power. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.
- 5.64 We have considered whether there are any expected or foreseeable developments likely to affect Microsoft's market position in PSS in the next five years.

⁵⁶⁶ Jigsaw Customer Research, paragraph 199, page 49, and paragraph 205, page 51.

- 5.65 Microsoft submitted that the competitive pressure it faces in PSS is likely to grow over the next five years as generative AI accelerates innovation; and that these developments will lower barriers to entry, could shift user activity from traditional productivity applications to AI assistants and agents, and require it to keep investing heavily in AI capabilities, including Copilot in Microsoft 365 and AI agents, to retain and attract customers.⁵⁶⁷
- 5.66 Therefore, we have focused on the potential impact from the provision of AI features and functionalities on competition in PSS. This could include:
- (a) Providers of productivity suites and standalone productivity applications could strengthen their offering through the integration of AI features and functionalities such that they become a stronger competitive constraint on Microsoft and induce customers to switch away from Microsoft's PSS.⁵⁶⁸
 - (b) Providers of AI features and functionalities expanding their offerings to include productivity functionalities,⁵⁶⁹ or developing agentic AI that enables users to complete productivity tasks without relying on traditional productivity applications such that they become a strong competitive constraint on Microsoft and induce customers to switch away from Microsoft's PSS.⁵⁷⁰
- 5.67 We have seen no clear and convincing evidence that current technology trends are likely to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in PSS in the next five years.⁵⁷¹
- 5.68 First, as set out above, while customers' adoption of AI features and functionalities is growing quickly, it remains substantially below the use of Microsoft's PSS. Furthermore, customers are likely to continue trialling and testing AI features and functionalities from multiple providers before deciding on wider deployment, and use is likely to increase in a staged and selective way given uncertainties around security, governance and cost. As a result, it is uncertain whether providers of AI features and functionalities will develop into a sustained and significant competitive threat to Microsoft's PSS in the next five years.
- 5.69 Second, alternative providers of PSS and AI features and functionalities told us that they did not expect to be able to compete more strongly with Microsoft over the next five years due to the barriers to competition they face in PSS. These include Microsoft's commercial bundling practices, the integration of Microsoft's M365 Copilot Offerings with products in PSS and its other products, and the

⁵⁶⁷ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁵⁶⁸ For example, Google including Gemini in Workspace or Salesforce embedding Einstein AI in Slack.

⁵⁶⁹ For example, OpenAI's addition of document, spreadsheet and presentation capabilities directly within ChatGPT.

⁵⁷⁰ For example, Anthropic's Claude creating documents and presentations from natural language prompts.

⁵⁷¹ See section 'Expected and foreseeable developments in PSS' in section 'Market power assessment – PSS' of Appendix A.

limitations to interoperability between Microsoft products and third-party applications.

- 5.70 Third, these competitive advantages available to Microsoft are evident in the strong adoption of M365 Copilot Offerings by organisations in the UK. Resellers told us that, as Copilot and agentic AI become embedded within existing workflows, the costs of switching to alternative providers of AI features and functionalities would increase. The increased adoption of Microsoft's M365 Copilot Offerings by customers could therefore reinforce the position of Microsoft's PSS due to its integration with the Microsoft business software ecosystem as well as the compliance and security benefits to customers of using Microsoft's M365 Copilot Offerings.
- 5.71 Finally, we note that Microsoft's commercial relationships with OpenAI and Anthropic may reduce their incentive to compete directly with Microsoft in PSS. Customers can access OpenAI and Anthropic models through Microsoft's M365 Copilot Offerings, allowing them to obtain advanced AI capabilities without adopting products offered by these alternative providers of AI features and functionalities. Customers can also install add-ins for ChatGPT or Claude to use them alongside Microsoft productivity applications, enabling organisations to use them as a complement to Microsoft's PSS offering rather than a replacement for it.
- 5.72 Our provisional view is that there are no expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its PSS in the next five years. Moreover, we provisionally consider that Microsoft's position in PSS is likely to be further strengthened by foreseeable market developments. Evidence from alternative providers suggests that Microsoft's existing advantages, including ecosystem integration, distribution and interoperability frictions, will continue to be an important competitive strength for Microsoft as organisations increase their use of AI features and functionalities. These competitive advantages available to Microsoft are evident in the strong adoption of M365 Copilot Offerings by organisations in the UK, which is substantially higher than other providers of AI features and functionalities.

Competition in Security Software

- 5.73 Microsoft is by far the largest provider of Security Software to UK organisational customers. Microsoft's share of supply in the UK was [60-70]% in 2025, about [8x] times the size of the next largest alternative provider, and this position has been stable since at least 2020.⁵⁷²

⁵⁷² See section 'Microsoft's share of supply in Security Software, Security Software Appendix A.

- 5.74 The position of Microsoft's Security Software is reinforced by several barriers to competition, including:
- (a) integration and interoperability across its products (both within Security Software and with its wider Business Software Ecosystem). For example, Entra ID is a mandatory authentication layer for Microsoft 365 cloud users and Active Directory is required for on-premises authentication in 'hybrid environments'.⁵⁷³ As a result, customers' choice of Security Software is strongly influenced by their use of PC OS and PSS, and Microsoft has very strong positions in these digital activities;
 - (b) Microsoft's commercial bundling practices, for example from the sale of suites that combine its Security Software and products in other digital activities;
 - (c) being seen as the 'default' choice by customers partly due to its widespread adoption which means that Microsoft's Security Software benefits from indirect network effects; and
 - (d) the familiarity and skills users have with Microsoft's Security Software, as well as other costs associated with switching to alternative providers.
- 5.75 These factors are particularly important for Microsoft's existing customers, especially those buying products across Microsoft's Business Software Ecosystem.⁵⁷⁴
- 5.76 First, with regard to integration and interoperability,⁵⁷⁵ Microsoft said that its products were interoperable through commonly used mechanisms, such as documented APIs, and that Microsoft 365 and related workloads are designed to accept third-party security products.⁵⁷⁶ However, evidence we have seen to date shows there are limitations to integration and interoperability with Microsoft's Security Software and products in its Business Software Ecosystem. These include alternative providers having unequal access to Microsoft controlled APIs and telemetry, as well as the deep integration between Microsoft products in its Business Software Ecosystem.
- 5.77 Customers told us that the cohesive interaction of Security Software and productivity tools (eg Entra ID for single sign on across Microsoft 365 applications) makes it easier to manage security.⁵⁷⁷ These factors increase the attractiveness of Microsoft's Security Software offering, limit alternative providers' ability to replicate

⁵⁷³ See section 'IAM-related integration' Chapter 4 Digital activity.

⁵⁷⁴ These are likely to include larger, economically significant enterprise customers. See Chapter 4 'Grouping'.

⁵⁷⁵ See section 'Limitations to integration and interoperability faced by alternative providers', Security Software Appendix A.

⁵⁷⁶ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁵⁷⁷ Jigsaw Customer Research, 28 September 2026, page 74, paragraph 267-268.

the functionality of Microsoft's security products, and raise switching costs for customers.

- 5.78 Second, with regard to commercial bundling practices,⁵⁷⁸ Microsoft submitted that its Security Software products can be purchased as part of a suite or on a standalone basis.⁵⁷⁹ It said that suites are standard and lower prices and complexity for companies.⁵⁸⁰ However, overall the evidence we have seen also shows that Microsoft's commercial bundling creates a barrier for alternative providers competing effectively.
- 5.79 Customers who buy Microsoft's Security Software, PSS and PC OS together account for [90-100]% of all revenue from these digital activities.⁵⁸¹ Microsoft includes Security Software in its most popular bundles (M365 E3, E5 and E7), alongside PSS and PC OS products. As Microsoft's Security Software products are often perceived as having little or no marginal cost, this encourages adoption of additional Microsoft products and can increase switching costs and make it more difficult for alternative providers to attract customers away from Microsoft.
- 5.80 As a consequence of the integration, interoperability, and commercial bundling barriers we have identified, Microsoft's broader range of Security Software (relative to many of the alternative providers) and the breadth of its Business Software Ecosystem also affect the ability of third parties to compete. As a result, no individual provider can replicate Microsoft's offer and if a customer were to attempt to use multiple alternative providers, they would need to overcome the commercial and integration disadvantages of doing so across a broad range of products which is likely to be more challenging than doing so for just one product.
- 5.81 Third, the widespread adoption of Microsoft's Security Software, and its large number of third-party integrations, create indirect network effects that are an additional barrier to competition that alternative providers must overcome.⁵⁸²
- 5.82 Finally, Microsoft submitted that customers can switch between individual security products, and have the ability to mix and match if they so choose.⁵⁸³ However, the evidence we have seen to date shows that customers face a number of barriers to switching to alternative Security Software providers.⁵⁸⁴ The widespread use of Microsoft's products relative to others means that time and cost are required to integrate new products and re-train staff. Some customers have concerns around interrupted security protection during the transition to a new provider.

⁵⁷⁸ See section 'Commercial bundling practices', Security Software Appendix A.

⁵⁷⁹ Microsoft's submission to the CMA dated [3<].

⁵⁸⁰ Note of meeting with Microsoft [3<].

⁵⁸¹ See Customer Data Analysis Appendix B.

⁵⁸² See section 'Network effects', Security Software Appendix A.

⁵⁸³ Microsoft's response dated [3<] to section 69 notice 26 May 2026, [3<].

⁵⁸⁴ See section 'Customer-side frictions', Security Software Appendix A.

- 5.83 These factors make switching away from Microsoft's Security Software costly and disruptive for customers which reduces their willingness to change provider. They can also influence the choices of new customers, for example because the widespread use of Microsoft's products means that staff are more likely to be familiar with its Security Software, and therefore the costs of adopting Microsoft's Security Software are likely to be lower.
- 5.84 In combination, our provisional view is that the above barriers limit the ability of alternative providers to compete with Microsoft, creating incentives for providers to differentiate their products, focussing on functionality that is particularly important to a subset of customers and/or developing a complementary product that is used alongside Microsoft's Security Software.

Competition between Microsoft and alternative providers of Security Software

- 5.85 Microsoft submitted that CrowdStrike, Palo Alto Networks, Okta and Ping Identity were some of its rival providers in Security Software, with Google being its most significant competitor across all digital activities.⁵⁸⁵
- 5.86 We have considered the competitive constraint on Microsoft from these alternative providers. They include Google, which provides a range of security software alongside other products, providers of a range of security products (such as Beyond Trust, CrowdStrike and Palo Alto Networks) and more specialist providers in IAM (such as Okta and Ping Identity).
- 5.87 The evidence we have seen to date shows that Microsoft faces only a limited competitive constraint in aggregate from alternative providers of Security Software.

Competition from Google's Security Software

- 5.88 The evidence indicates that Google is differentiated and a weak competitive constraint on Microsoft's Security Software.⁵⁸⁶ This is because Google's PSS is a weak constraint on Microsoft and the strength of its Security Software rests on this. As with PSS, its Security Software is stronger among digital native organisations and is generally designed for cloud-only deployment.

Alternative providers of Security Software

- 5.89 Alternative providers of a range of Security Software are much smaller in scale than Microsoft and are a limited competitive constraint on Microsoft's Security Software.⁵⁸⁷ This is because, while some customers will choose them, this is often

⁵⁸⁵ Microsoft's response [3<] to section 69 notice 26 May 2026, [3<].

⁵⁸⁶ See section 'Competition from Google's Security Software', Security Software Appendix A.

⁵⁸⁷ See section 'Providers of a range of Security Software', Security Software Appendix A.

as an additional or complementary security layer to Microsoft's Security Software. These providers are also more likely to be used among a subset of customers that operate across 'hybrid environments'⁵⁸⁸ or providing solutions that are complementary to Microsoft's Security Software, including catering to customers with more 'complex' security needs.

- 5.90 The same applies to providers of Security Software who specialise in IAM products (such as Okta and Ping Identity). They provide a weak competitive constraint on Microsoft's Security Software because they do not effectively compete for customers which desire an integrated Security Software suite.⁵⁸⁹ Similarly to other alternative providers of Security Software, they are stronger among those customers who have 'hybrid environments'. They also focus on different use cases, such as [X],⁵⁹⁰ [X].
- 5.91 Using a set of products from multiple standalone providers as an alternative to Microsoft's Security Software would require overcoming the challenges involved in integrating and using products from alternative providers across multiple products which is likely to be more challenging than doing so for just one product.

Provisional conclusion on our assessment of the market power of Microsoft's Security Software

- 5.92 We have provisionally found that Microsoft has substantial market power in Security Software. Microsoft is by far the largest provider, is several times larger than its nearest rival, and its position has remained stable over time. This position is supported by Microsoft's strengths in PC OS, PSS, Windows Server and Azure, the breadth of its security portfolio, deep integration across its Business Software Ecosystem, commercial bundling, and customers' familiarity with its products. These advantages are reinforced by barriers that weaken competitive constraints, including interoperability limitations, unequal access to APIs and telemetry, bundling practices, switching costs, retraining requirements, and concerns over disruption to security protection.
- 5.93 While there are a number of alternative providers such as Google, CrowdStrike, Palo Alto Networks, Okta and Ping Identity, these providers generally constrain Microsoft only for specific use cases, customer segments, or individual products. As a result, alternatives are often used alongside Microsoft as complements rather than substitutes.

⁵⁸⁸ We use the term 'hybrid environments' in this section to describe customers that operate across a mix of operating systems, cloud providers and on premises (as distinct from customers who are more reliant on Microsoft's Business Software Ecosystem).

⁵⁸⁹ See section 'Providers that specialise in IAM', Security Software Appendix A.

⁵⁹⁰ [X].

Expected and foreseeable developments in Security Software

- 5.94 The persistence of Microsoft's position in Security Software and the scale of the barriers to competition described above are consistent with Microsoft having entrenched market power in respect of its Security Software. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.
- 5.95 We have considered whether there are any expected and foreseeable developments likely to affect Microsoft's market position in Security Software in the next five years.⁵⁹¹
- 5.96 Microsoft told us that it expected Security Software to be fundamentally shaped by AI over the next five years, as customers will face more sophisticated cyberattacks. It submitted that it expected competition to intensify as AI capabilities are incorporated into security products.⁵⁹² Microsoft also submitted that there is a clear shift of business software from on-premises deployments to the cloud.⁵⁹³
- 5.97 Therefore, we have focused on whether and how developments in AI and the shift from on premises to cloud will affect Security Software.
- 5.98 We have seen no clear and convincing evidence that current technology trends are likely to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in Security Software in the next five years.
- 5.99 Given the heightened risk of cyberattacks, customers may place greater weight on the capability of security software and act to reduce their reliance on a single vendor. Some customers expressed uncertainty about whether Microsoft alone would be able to keep pace with AI-driven threats, so they would be likely to use a range of providers.⁵⁹⁴ This may lead to alternative products being used alongside Microsoft Security Software, but it is not evidence of customers switching away from Microsoft.
- 5.100 Consistent with this, alternative providers of Security Software told us that they did not expect to be able to compete more strongly with Microsoft over the next five years, as existing barriers to effective competition, including bundling practices and integration across Microsoft's broader software stack, would be likely to

⁵⁹¹ See section 'Expected and foreseeable developments in Security Software', Security Software Appendix A.

⁵⁹² Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁹³ Microsoft's response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁹⁴ Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED].

remain (or even strengthen) in the face of AI related market developments,⁵⁹⁵ and Microsoft's greater scale may also advantage it in building AI capabilities.

- 5.101 Regarding whether the move from on premises to cloud may weaken the position of Microsoft's Security Software, in our customer research, customers told us that their reliance on Entra ID had been further solidified as their workloads moved onto the cloud, and specifically onto Azure.⁵⁹⁶ Microsoft's internal documents also indicate that Microsoft's strengths [REDACTED].⁵⁹⁷ As a result, we do not consider that cloud migration will weaken the position of Microsoft's Security Software.
- 5.102 Overall, we provisionally consider that there are no expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its Security Software in the next five years.

Competition in Server OS

Microsoft's position in Windows Server and barriers to competition

- 5.103 Windows Server, Microsoft's Server OS, is an important part of its Business Software Ecosystem. It generated UK revenue of approximately \$[0.5-1] billion USD in 2025, accounting for [REDACTED] of UK revenue from its Business Software Ecosystem. UK revenues for Windows Server increased by over [REDACTED] between 2020 and 2025.⁵⁹⁸
- 5.104 Our analysis indicates that Microsoft has been the largest provider of Server OS in the UK by revenue for at least the last six years. Microsoft's revenue share of supply was [70-80]% for 2025 – including both on-premises and cloud deployments.⁵⁹⁹ Linux distributions are the main alternatives to Windows Server, though their open source nature implies their revenue share underestimates their relative usage. Linux-based workloads are particularly prevalent on cloud deployments, where they are by far the main Server OS by volume. Windows Server's share has fallen moderately by revenue and more rapidly for on cloud usage, which is likely to reflect differentiation, in that, customers are willing to pay for Windows Server and it has a more significant presence on premises.⁶⁰⁰

⁵⁹⁵ [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED]; [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED]; [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED]; [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED]; [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED].

⁵⁹⁶ Jigsaw Customer Research, 28 September 2026, page 68, paragraph 256.

⁵⁹⁷ Microsoft's internal document, response to [REDACTED] to section 69 notice dated 26 May 2026 [REDACTED].

⁵⁹⁸ See sub-section 'Introduction and factors relevant to competition in Server OS' in section 'Market power assessment – Server OS' of Appendix A.

⁵⁹⁹ Due to data limitations across providers, it is not possible to construct separate shares of supply for on-premises and cloud deployments.

⁶⁰⁰ See sub-section 'Shares of supply estimates' in section 'Market power assessment – Server OS' of Appendix A.

- 5.105 Windows and Linux are fundamentally different operating systems with their own ecosystems of tools and applications. Windows Server is a long-established Server OS with the leading position for on-premises deployments. It benefits from network effects, such that many commercial off-the-shelf (COTS) applications are only available for Windows Server. In contrast, Linux was the first Server OS on cloud and benefits from network effects with respect to tools and expertise that support the development of cloud-native workloads.⁶⁰¹
- 5.106 Choice of Server OS happens at the workload level. As we detail below, customers are largely locked into their choice of Server OS for existing workloads due to significant switching barriers. While there is more scope for customers to choose their Server OS for new workloads, the fundamental differences between Windows Server and Linux mean they are largely suited for different use cases. As a result, our provisional view is that Linux poses only a limited competitive constraint on Windows Server for both existing and new workloads.

Competition for existing workloads

- 5.107 Windows Server customers face significant barriers to switching existing workloads to an alternative Server OS. These barriers are reflected in the outcome of our customer research which indicated that Microsoft customers had ‘almost no desire’ to consider wholesale switching away from Windows Server and that Linux was ‘not seriously considered’ as a wholesale replacement for Windows Server.⁶⁰² As a result, Microsoft faces very limited competition for existing Windows Server workloads.
- 5.108 First, it takes significant engineering time and cost to switch from Windows Server to a rival Server OS. This includes mapping applications and their dependencies, migrating data, re-connecting dependent applications, re-applying security policies and re-connecting security infrastructure. These costs are particularly significant where a customer has COTS applications which are only available on Windows Server, and switching to a Linux OS would require changing applications or building their own. Switching can also involve retraining costs due to accumulated IT expertise and skills with Windows Server.⁶⁰³
- 5.109 Second, switching from Windows Server to a rival Server OS can create operational risks, because business critical applications may be disrupted during switching. As a result, switching often involves dual running of applications during

⁶⁰¹ See sub-section ‘Contestability of new workloads between Windows and Linux’ in section ‘Market power assessment – Server OS’ of Appendix A.

⁶⁰² Jigsaw Customer Research, 28 September 2026, pages 80 and 85, paragraphs 295 and 315.

⁶⁰³ See sub-section ‘Barriers to switching for existing Server OS workloads’ in section ‘Market power assessment – Server OS’ of Appendix A.

the switching period, and a need for thorough testing. This increases engineering cost associated with switching.⁶⁰⁴

- 5.110 Third, common skills, integration and commercial bundling advantages with Microsoft's wider business software ecosystem can further limit customers' incentive to switch to a rival Server OS. Windows Server integrates with PSS (eg Exchange and SharePoint), SQL Server, Security Software (eg Entra and Active Directory) and Azure – requiring greater engineering effort to set-up and maintain with an alternative Server OS, with some of these applications not available on rival OSs. Larger Microsoft customers (who are likely to buy products from all five Digital Activities) can receive discounts via Enterprise Agreements. Where Windows Server is included in those agreements, switching to alternative Server OS can be less attractive where this means a customer would forgo some of these discounts.⁶⁰⁵
- 5.111 Microsoft submitted that there are strong incentives to modernise on-premises workloads rehosted in a public cloud.⁶⁰⁶ The evidence we have seen shows that customers face the same extent of switching barriers when they migrate existing workloads to the cloud.⁶⁰⁷ While AI-powered tools can reduce the cost of switching to a degree, evidence shows that overall barriers remain significant.⁶⁰⁸ As a result, customers generally do not consider switching from Windows Server to Linux for many on-premises workloads that are migrated to the cloud. While we have not been able to quantify the extent to which customers switch some workloads to Linux when migrating, our qualitative evidence indicates this does not pose a material constraint on Windows Server.⁶⁰⁹
- 5.112 Microsoft's licensing terms for Windows Server on AWS and Google Cloud are also consistent with the fact that Windows Server faces limited competition. Microsoft would not be able to sustain higher prices when customers re-purchase existing Windows Server licenses for use on AWS and Google Cloud if they could easily switch to an alternative Server OS when they migrate existing Windows Server workloads from on premises to the cloud.⁶¹⁰

⁶⁰⁴ See sub-section 'Barriers to switching for existing Server OS workloads' in section 'Market power assessment – Server OS' of Appendix A.

⁶⁰⁵ See sub-section 'Barriers to switching for existing Server OS workloads' in section 'Market power assessment – Server OS' of Appendix A.

⁶⁰⁶ See sub-section 'Microsoft submissions' in sub-section 'Competition for existing workloads' in section 'Market power assessment – Server OS' of Appendix A.

⁶⁰⁷ See sub-section 'Ability to switch at transition from on premises to cloud' in section 'Market power assessment – Server OS' of Appendix A.

⁶⁰⁸ See sub-section 'The impact of AI on barriers to switching' in section 'Market power assessment – Server OS' of Appendix A.

⁶⁰⁹ See sub-section 'Ability to switch at transition from on premises to cloud' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹⁰ See sub-section 'Ability to switch at transition from on premises to cloud' in section 'Market power assessment – Server OS' of Appendix A. This is also consistent with the CMA's findings in the [Cloud Infrastructure Services Market Investigation, Final decision report](#), 31 July 2025, at paragraphs 7.132 to 7.134 and 7.604.

5.113 Overall, our provisional view is that Windows Server customers face significant barriers to changing Server OS for existing workloads, meaning they are locked into their choice of Windows Server for the lifetime of these workloads which is typically for multiple years. As a result, a large fraction of Microsoft's annual revenues from Windows Server will relate to workloads for which it faces very limited competition.

Competition for new workloads

- 5.114 There is more scope for choice of Server OS when customers deploy new workloads. However, strong product differentiation means that Linux poses only a limited constraint for new Server OS workloads that are well-suited to Windows Server:
- (a) Windows Server is better suited to traditional enterprise workloads and workloads (or customers) that require the security and reputation of an established proprietary solution. Network effects mean that many COTS applications have been designed for Windows Server. In contrast, Linux is better suited to 'cloud-native' workloads such as web hosting, web development, containerised and AI workloads.⁶¹¹
 - (b) Windows Server benefits from skills, integration and commercial bundling advantages with Microsoft's wider business software ecosystem, which other Server OSs cannot replicate. Linux is also a weak alternative where customer IT teams have specialised skillsets based on Windows Server.⁶¹²
 - (c) Network effects associated with Server OS mean that Windows Server and Linux each have their own ecosystem of tools and applications – so that Linux Server OS does not act as an alternative for customers who wish to use COTS applications that are not available on Linux, and vice versa.⁶¹³
- 5.115 While Linux OSs are the leading Server OS for workloads in the cloud, this reflects the growth of cloud-native and AI workloads for which Linux is typically better suited than Windows OS. This is because Linux was the original Server OS on cloud, and it has benefited from network effects as developers have built a range of tools to support cloud-native workloads (such as containerised/Kubernetes workloads) that are optimised for Linux. As Microsoft has submitted, 'Linux is now the default platform for modern server and cloud deployments' and 'cloud native workloads are overwhelmingly Linux-based and containerized'.⁶¹⁴ Windows Server

⁶¹¹ See sub-section 'Contestability of new workloads between Windows and Linux' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹² See sub-section 'Contestability of new workloads between Windows and Linux' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹³ See sub-section 'Contestability of new workloads between Windows and Linux' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹⁴ Microsoft's submission to the CMA dated [3<].

is not considered a close alternative for many of these workloads because it is less suitable for managing workloads at scale and can be more expensive.

Consequently, we do not consider that there is significant competition between Windows Server and Linux for such workloads, so that the growth of Linux in cloud does not impose a material competitive constraint on Windows Server.⁶¹⁵

- 5.116 Overall, the fundamental differences between Windows Server and Linux mean that they largely are suited for different use cases – and it is therefore common for the same customer to use both Windows Server and Linux for different Server OS workloads.⁶¹⁶ Linux OS is particularly suited for cloud-native and AI workloads. In contrast, Windows Server is best suited for workloads which run applications built for the Microsoft environment and workloads which are closely integrated with a customer's existing Microsoft business software. As a result, Linux poses a limited constraint for new Server OS workloads that are well-suited to Windows Server, and vice versa.

Provisional conclusion on our assessment of market power in Server OS

- 5.117 We have provisionally found that Microsoft has substantial market power in respect of its Server OS offering.
- 5.118 Microsoft faces very limited competition for existing Windows Server workloads as it is costly to re-write applications to work with alternative OSs, including for many workloads moving from on-premises deployment to the cloud.
- 5.119 Customers have more choice in relation to new workloads. However, our provisional view is that strong product differentiation implies that Linux is not a close alternative for new workloads that are suited to Windows Server. Linux OS is particularly suited for cloud-native and AI workloads, whereas Windows Server is best suited for workloads which are closely linked to Microsoft's business software ecosystem. As a result, Linux poses a limited competitive constraint for new Server OS workloads that are well-suited to Windows Server, and vice versa. The fact that Windows Server's revenue share of supply ([70-80] %) is much higher than its usage share is indicative of significant differentiation between Windows Server and Linux. Accordingly, Linux-based providers exert only a limited constraint on Microsoft.
- 5.120 The evidence we have seen to date also suggests that Microsoft can discriminate pricing between large customers that are more locked-into their choice of Windows Server using customer specific discounting. As such, while Linux may be a closer

⁶¹⁵ See sub-section 'Contestability of new workloads between Windows and Linux' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹⁶ See sub-section 'Contestability of new workloads between Windows and Linux' in section 'Market power assessment – Server OS' of Appendix A.

constraint for some new workloads, this does not diminish Microsoft's market power over those customers who have more limited options.

Expected and foreseeable developments in Server OS

- 5.121 The persistence of Microsoft's market position in Server OS and the scale of the barriers to competition described above are consistent with Microsoft having entrenched market power. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.
- 5.122 We have considered whether there are any expected or foreseeable developments likely to affect Microsoft's market position in Windows Server in the next five years. In particular, we have focused on the potential impact of ongoing migration from on premises to the cloud, and AI coding tools.
- (a) **Migration to the cloud.** There are existing Windows Server workloads that have not migrated from on premises to the cloud, but may do so in the future. We have not seen evidence that the barriers we have identified above, such as engineering time and cost, operational risks, and Microsoft-specific skills, integration and commercial bundling advantages, will ease in future, so that customers would be able to easily switch to Linux as they migrate. Moreover, we have heard from several customers that they expect to maintain all or some workloads on premises in future, where Windows Server remains by far the largest Server OS, a position which is likely to persist due to switching barriers and network effects.⁶¹⁷
 - (b) **AI coding tools.** AI coding tools have the potential to reduce the cost and time needed to switch from Windows Server to another Server OS. However, customers did not consider that, at this stage, these tools are sufficiently powerful to overcome the wide range of competition barriers we have identified. While these tools may improve going forward, the speed and extent of progress is uncertain – and there are limits particularly to supporting re-architecting of proprietary software. As such, we expect that technical barriers will remain even with the support of AI tools, while others will not be eased by these tools.⁶¹⁸
- 5.123 Overall, we provisionally consider that there are no expected or foreseeable developments that are likely (whether individually or in combination) to be

⁶¹⁷ See sub-section 'Evidence on the effect of cloud adoption on competition for Server OS' in section 'Market power assessment – Server OS' of Appendix A.

⁶¹⁸ See section on 'Evidence on the effectiveness of AI modernisation tools and the importance of AI features and functionality on competition for Server OS' in section 'Market power assessment – Server OS' of Appendix A.

sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its Server OS in the next five years.

Competition in RDBMS

Microsoft's position in SQL Server and barriers to competition

- 5.124 Microsoft's SQL Server is a RDBMS – a type of database management system which stores data, organises it into separate tables and makes connections between them. The largest provider of RDBMS (by revenue) is Microsoft, followed by Oracle and there are a number of open source providers.
- 5.125 SQL Server is an important part of Microsoft's business software ecosystem. It generated UK revenue of \$[1-2] billion USD in 2025, accounting for [X]% of UK revenue from its Business Software Ecosystem.⁶¹⁹ UK revenues for SQL Server increased by [X]% between 2020 and 2025.⁶²⁰
- 5.126 Our analysis indicates that Microsoft has been the largest provider of RDBMS in the UK by revenue for at least the last six years.⁶²¹ This is on the basis of revenue shares of supply including on-premises and cloud deployments.⁶²² Microsoft's share of supply in the UK was [40-50]% for 2025. The largest alternative provider of RDBMS (by revenue) is Oracle, with a share of supply of [30-40]% and there are a number of open-source RDBMS, the largest being PostgreSQL with a share of [10-20]% in 2025.
- 5.127 RDBMS are an input for business applications – they store, process and retrieve the data those applications need. There are a wide range of use cases, or workloads, across which customers can make use of an RDBMS:
- (a) Running Core Business Applications – RDBMS can store the information needed to power ERP, CRM, supply chain, inventory and accounting applications.
 - (b) Transaction Processing – RDBMS are frequently used for systems that record large numbers of business transactions, such as sales, orders, inventory, invoices, payments and customer interactions.

⁶¹⁹ CMA calculations based on Microsoft's response [X]. See Customer data Appendix B for full methodology

⁶²⁰ CMA calculations based on Microsoft's response dated [X] to section 69 notice dated [X]. As discussed below, SQL Server IaaS revenues [X] over this time period.

⁶²¹ See sub-section 'Our shares of supply analysis' in 'Market power assessment – RDBMS' of Appendix A

⁶²² Due to data limitations across providers, it has not been possible to construct separate shares of supply for on-premises and cloud deployments or to create volume-based shares.

- (c) Data warehousing to enable business reporting – RDBMS can consolidate data from multiple systems to produce for example management information, regulatory reports and forecasting.

- 5.128 In many cases, customers can buy commercial off the shelf (COTS) applications, in which case the application developer decides which RDBMS they support. In practice, application developers often support one RDBMS only, with indirect network effects meaning more applications are built for the most popular RDBMS. In other cases, a customer may decide to build a custom application for internal use, in which case the customer chooses the underlying RDBMS.⁶²³
- 5.129 As with Server OS, the choice of RDBMS is made at the workload level (ie the same customer may choose different RDBMS for different workloads). A customer might have an existing workload (which could be on premises, on the cloud or being moved from on premises to the cloud) or a new workload and there are differences in the choices available to customers in these scenarios.⁶²⁴
- 5.130 There are a range of factors that differentiate RDBMS providers and determine which RDBMS is a viable option for workloads. This differentiation results in significant barriers to switching existing SQL Server workloads and choosing a RDBMS for new workloads which contributes to Microsoft holding significant competitive advantages over its rivals and prevents them competing effectively for certain existing and new workloads, as summarised below.⁶²⁵

Competition for existing SQL Server workloads

- 5.131 SQL Server customers face significant barriers to switching existing workloads to an alternative RDBMS, so that Microsoft faces very limited competition for existing SQL Server workloads.
- 5.132 First, it takes significant engineering time and cost to switch from SQL Server. This involves moving data, re-connecting dependent applications, re-applying security policies and re-connecting other infrastructure. These costs increase with the number of applications a customer hosts on SQL Server, the complexity of the underlying data and security logic, and whether a customer must also switch to an alternative COTS application to work with the new RDBMS. Switching RDBMS can

⁶²³ See sub-section 'Barriers to switching for existing RDBMS workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶²⁴ See sub-section 'Introduction and factors relevant to competition in RDBMS' in 'Market power assessment – RDBMS' of Appendix A.

⁶²⁵ See sub-section 'Barriers to switching for existing RDBMS workloads' in 'Market power assessment – RDBMS' of Appendix A and sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

involve retraining costs due to accumulated IT expertise and skills with SQL Server.⁶²⁶

- 5.133 Second, switching from SQL Server to a rival RDBMS can create operational risks, because business critical applications may be disrupted during switching. As a result, switching can involve dual running of applications during the switching period, and a need for thorough testing. This increases engineering cost and can require that customers continue to pay SQL Server licence fees during the transition.⁶²⁷
- 5.134 Third, integration advantages with Microsoft's wider Business Software Ecosystem can further limit customers' incentive to switch to a rival RDBMS. For example, SQL Server integrates both with PSS (eg SharePoint and PowerBI) and Security Software (ie Defender, Intune and Entra), requiring greater engineering effort to set-up and maintain with an alternative RDBMS.⁶²⁸ Larger Microsoft customers (who are likely to buy products from all five digital activities) can receive discounts via Enterprise Agreements. Where SQL Server is included in those agreements, switching to alternative RDBMS can be less attractive where this means a customer would forgo some of these discounts.⁶²⁹
- 5.135 Microsoft submitted that migrating existing workloads to the cloud is a natural decision point for customers to reconsider their RDBMS options and switch provider.⁶³⁰ The evidence we have seen shows that when customers migrate existing workloads to the cloud, they continue to face significant switching barriers as set out above.⁶³¹ While AI-powered tools can reduce the cost of switching to a degree, overall barriers remain significant.⁶³² As a result, customers do not consider switching from SQL Server to an alternative RDBMS for many on-premises workloads that are migrated to the cloud. While we have not been able to quantify the extent to which customers switch some workloads to an alternative RDBMS when migrating, our qualitative evidence indicates this does not pose a material constraint on SQL Server.⁶³³
- 5.136 Even for those customers who switch some SQL Server workloads during migration to the cloud, we have heard this can be a time-consuming process with some indication that it could take years. During this period, the customer continues to rely on (and pay for) SQL Server licences. Even after switching, these

⁶²⁶ See sub-section 'Barriers to switching for existing RDBMS workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶²⁷ See sub-section 'Barriers to switching for existing RDBMS workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶²⁸ See sub-section 'Competition for existing workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶²⁹ See sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶³⁰ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁶³¹ See sub-section 'Ability to switch at transition from on premises to the cloud' in 'Market power assessment – RDBMS' of Appendix A.

⁶³² See sub-section 'The impact of AI on barriers to switching' in 'Market power assessment – RDBMS' of Appendix A.

⁶³³ See sub-section 'Competition for existing workloads' in 'Market power assessment – RDBMS' of Appendix A.

customers often remain reliant on SQL Server for some workloads due to, for example, COTS application dependencies.⁶³⁴

- 5.137 Overall, our provisional view is that SQL Server customers face significant barriers to changing RDBMS for existing workloads, meaning they are locked into their original choice for the lifetime of the workload, which typically last a number of years. As a result, a large fraction of Microsoft's annual revenue from SQL Server relates to workloads for which it faces very limited competition.

Competition for new workloads

- 5.138 There is more scope for choice of RDBMS when customers deploy new workloads. However, product differentiation and ecosystem advantages can limit customer choice for some new workloads, so that alternative RDBMS providers pose only a limited constraint:

- (a) Application compatibility is the key driver of a customers' RDBMS choice – meaning that customers do not have a choice of RDBMS when purchasing COTS applications only compatible with SQL Server.⁶³⁵
- (b) Evidence we have seen to date on customers' use of RDBMS suggests that open-source was not a good alternative for some of their workloads, including for large scale and mission-critical workloads, or those requiring premium functionality or high levels of security.⁶³⁶
- (c) SQL Server benefits from skills and integration advantages, which no other RDBMS can replicate. Rival RDBMS can also be a weak alternative where customer IT teams have specialised skillsets based on SQL Server.⁶³⁷ Our customer research found familiarity was a 'big driver of comfort' with SQL Server.⁶³⁸

- 5.139 More specifically, regarding the alternatives to SQL Server:

- (a) While the share of supply of open source has grown in the last five years, they are less suited for certain workloads, for example large scale mission-critical workloads, and cannot be used with COTS applications that are only compatible with SQL Server. As such, open source poses a weak constraint on SQL Server. This is reflected in customers' willingness to pay for SQL Server (as well as other proprietary solutions), relative to open source solutions that are free or significantly cheaper.

⁶³⁴ See sub-section 'Competition for existing workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶³⁵ Jigsaw Customer Research, 28 September 2026, page 89, summary box under section 3.7.2. See sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶³⁶ See sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶³⁷ See sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

⁶³⁸ Jigsaw Customer Research, 28 September 2026, page 90, paragraph 330.

(b) Oracle is the only proprietary alternative to SQL Server with a material share of supply – and from that perspective is a closer alternative. However, Oracle poses little constraint for workloads where customers have a preference for COTS applications that are SQL Server specific. It also does not offer the same integration and skills advantages as SQL Server.⁶³⁹ This is reflected in its share of supply, which is materially lower than that of SQL Server – with Oracle’s overall share at [30-40]% in 2025, and its proprietary product Oracle AI Database having [20-30]% share, compared to SQL Server’s share of [40-50]%. Other proprietary RDBMS providers, including IBM, achieve only a very limited share.

5.140 Microsoft’s licensing terms for SQL Server on AWS and Google clouds (which apply to both new and existing workloads) are also consistent with the fact that SQL Server faces limited competition.⁶⁴⁰ Microsoft would not be able to sustain higher prices for SQL Server on AWS and Google clouds if they could easily switch to an alternative RDBMS.

5.141 Overall, our provisional view is that while customers have more scope for choice when building new RDBMS workloads, product differentiation and ecosystem advantages mean that this choice is limited. Our evidence suggests that open source RDBMS are less suited for some workloads, including large scale mission-critical workloads, limiting their competitive constraint on SQL Server. While Oracle’s proprietary RDBMS can be an alternative to SQL Server for these more complex workloads, this is more limited for new workloads that are closely linked with Microsoft’s business software ecosystem (including those requiring COTS applications designed for SQL Server, or where it is favoured due to skills or integration advantages).

Provisional conclusion on our assessment of Microsoft’s market power in RDBMS

5.142 We have provisionally found that Microsoft has substantial market power in respect of its RDBMS offering.

5.143 Microsoft faces very limited competition for existing SQL Server workloads as it is costly to re-write applications to work with alternative RDBMS, including for many workloads moving from on premises to the cloud.

5.144 Customers have more choice in relation to new workloads. However, our evidence suggests that open-source RDBMS do not provide a strong constraint for some

⁶³⁹ See sub-section ‘Competition between Microsoft and alternative providers of RDBMS’ in ‘Market power assessment – RDBMS’ of Appendix A.

⁶⁴⁰ This is also consistent with the CMA’s findings in the [Cloud Infrastructure Services Market Investigation, Final decision report](#), 31 July 2025, at paragraphs 7.156 to 7.157 and 7.604. Also see sub-section ‘The contestability of new workloads’ in ‘Market power assessment – RDBMS’ of Appendix A.

workloads, including large scale mission-critical workloads, that are more suited to proprietary solutions. While Oracle's proprietary solutions provide a constraint on SQL Server for these workloads, this constraint is limited for new workloads that are closely linked with Microsoft's business software ecosystem.

- 5.145 In practice, the extent to which new workloads constrain Microsoft is likely to vary across UK customers. SQL Server customers who do not have new workloads will not be able to use these to negotiate better deals for existing workloads. Likewise, SQL Server customers will have limited options where new workloads predominantly benefit from links with the Microsoft Business Software Ecosystem, and for workloads that are less suited to open source such as large scale mission-critical workloads. In contrast, customers with smaller scale workloads and less reliance on the Microsoft Business Software Ecosystem (eg digital natives) will have greater choices when they first buy their RDBMS.
- 5.146 Overall, SQL Server's persistently high market shares suggest that there is a material group of SQL Server customers for which alternative RDBMS are not a close alternative for existing or new workloads. Further, purchasing data suggests close links with other Microsoft products. UK customers who buy SQL Server together with products from all of the other four digital activities account for [80-90]% of all of Microsoft's UK revenue from its Business Software Ecosystem.
- 5.147 The evidence we have seen to date also suggests that Microsoft can discriminate pricing between large customers that are more locked-into their choice of SQL Server using customer specific discounting.⁶⁴¹ As such, while rival RDBMS may be a closer constraint for some new workloads, this does not diminish Microsoft's market power over those customers who have more limited options.

Expected and foreseeable developments in RDBMS

- 5.148 The persistence of Microsoft's market power in its RDBMS and the scale of the barriers to competition described above are consistent with Microsoft having entrenched market power. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.
- 5.149 We have considered whether there are any expected or foreseeable developments likely to affect Microsoft's market position in RDBMS in the next five years. In particular, we have focused on the potential impact of continued migration of existing on-premises workloads to the cloud, and AI coding tools.
- (a) **Cloud.** There are existing SQL Server workloads that have not migrated from on premises to the cloud, but may do so in the future. We have not seen

⁶⁴¹ See sub-section 'The contestability of new workloads' in 'Market power assessment – RDBMS' of Appendix A.

evidence that the barriers we have identified above will ease in future, so that customers would be able to easily switch to an alternative RDBMS as they migrate. We also observe that Microsoft has been able to retain a strong position across RDBMS as UK organisations build-out their cloud usage over the last ten years, supported by its leading position in cloud via its Azure platform. We therefore do not consider that cloud is likely to disrupt Microsoft's position in RDBMS.⁶⁴²

- (b) **AI.** AI coding tools have the potential to reduce the cost and time needed to switch from SQL Server to another RDBMS. However, customers did not consider that, at this stage, these tools are sufficiently powerful to overcome the wide range of competition barriers we have identified. While these tools may improve going forward, the speed and extent of progress is uncertain – and there are limits particularly to supporting re-architecting of proprietary software, such as SQL Server itself and many COTS applications. As such, we expect that technical barriers are likely to remain even with the support of AI tools, while others will not be eased by these tools (such as knowledge gaps).⁶⁴³

5.150 Overall, we provisionally consider that there are no expected or foreseeable developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its Server OS in the next five years.

Competition with Microsoft's Business Software Ecosystem

5.151 Having considered Microsoft's market power in each digital activity, we now turn to assessing Microsoft's market power in its Business Software Ecosystem as a whole.

5.152 As we have described above, and while there are some differences across digital activities, Microsoft has a strong position in each digital activity and these positions are reinforced by a number of barriers to competing with Microsoft, many of which are common across Microsoft's Business Software Ecosystem. Therefore, we first bring together evidence from our individual digital activity assessments alongside additional evidence to identify four broad categories of barriers to competition which apply across Microsoft's Business Software Ecosystem: (a) technical integration and interoperability between digital activities; (b) commercial bundling of digital activities; (c) network effects; and (d) customer-side frictions.

⁶⁴² See sub-section 'Evidence on the effect of cloud adoption on competition for RDBMS' in 'Market power assessment – RDBMS' of Appendix A.

⁶⁴³ See sub-section 'Evidence on the effectiveness of AI modernisation tools and the importance of AI features and functionality on competition for RDBMS' in 'Market power assessment – RDBMS' of Appendix A.

- 5.153 We then explain how, consistent with our grouping assessment, a consequence of these barriers and linkages is that, considering Microsoft's market power in its individual digital activities only would miss its key strength which is to offer an integrated suite of products which is broader than that of its competitors. It also means that Microsoft's positions in each digital activity are mutually reinforcing – with barriers to effective competition in individual digital activities compounding when customers buy from more than one digital activity.
- 5.154 We explain that the consequence of this is to weaken the competitive constraint from rivals within each digital activity (as illustrated by our provisional assessment of individual digital activities) and to raise the overall barriers to competing with Microsoft's Business Software Ecosystem. We also consider the competition faced by Microsoft's Business Software Ecosystem as a whole (whether from a collection of standalone providers or from a provider of a range of products, eg Google).
- 5.155 Our provisional view is that the competitive constraint on Microsoft's Business Software Ecosystem is currently limited and there are significant barriers to competition. This is consistent with our provisional findings for individual digital activities and with other observed outcomes. Therefore, our provisional view is that Microsoft has substantial market power in respect of its Business Software Ecosystem.
- 5.156 The persistence of the position of Microsoft's Business Software Ecosystem and the scale of the barriers to competition we have identified are also consistent with Microsoft having entrenched market power. In this context, significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years. Therefore, we have considered whether there are any expected or foreseeable developments likely to lead to such an outcome.
- 5.157 As we explain, our provisional view is that the evidence we have seen to date does not indicate that future market developments are likely to eliminate the substantial market power of Microsoft's Business Software Ecosystem over the next five years. Accordingly, we have provisionally found that Microsoft's substantial market power in its Business Software Ecosystem is also entrenched.

Barriers to effective competition with Microsoft's Business Software Ecosystem

- 5.158 As we have described above, and while there are some differences across digital activities, Microsoft has a strong position in each digital activity. These positions are reinforced by a number of barriers to competing with Microsoft, many of which are common across Microsoft's Business Software Ecosystem. Therefore, in this

section we set out the key evidence on the main barriers to effective competition which apply across Microsoft's Business Software Ecosystem, which are:⁶⁴⁴

- (a) Technical integration and interoperability within Microsoft's Business Software Ecosystem;
- (b) Microsoft's commercial practices;
- (c) Network effects; and
- (d) Customer-side frictions.

Limitations to technical integration and interoperability faced by alternative providers

- 5.159 As we have described throughout our assessments of the individual digital activities, limitations to technical integration and interoperability with Microsoft's products act as a barrier to effective competition that alternative providers must overcome to attract customers across digital activities.⁶⁴⁵ We summarise this evidence below.
- 5.160 Microsoft's control of important APIs, technical interfaces, and data flows can limit the ability of alternative providers to offer equivalent functionality, integration, quality, or performance. In particular:
- (a) Alternative providers of PC OS submitted that interoperability with Microsoft's PSS and Security Software can affect the functionality and attractiveness of their product offering to Microsoft's existing customers in those digital activities.⁶⁴⁶
 - (b) Alternative providers of PSS told us that their products may have reduced quality or functionality because they do not have access equivalent to

⁶⁴⁴ Microsoft told us that its customers do not face material barriers when switching to its rivals across digital activities. Switching is ordinarily undertaken through standard enterprise IT processes (which include data export and migration, reconfiguration of existing workflows, compatibility testing, and staged deployment of new products) rather than barriers imposed by Microsoft. The costs associated with these processes varies by customer and is primarily driven by its own architecture, application dependencies, and product lifecycle decisions. Microsoft products may be licensed and used independently, with its customers able to replace some Microsoft products while retaining others. Microsoft's response dated [redacted] to section 69 notice dated [redacted]. However, as we explain in this section and our digital activity specific assessments shows, the evidence shows that there are significant barriers to switching to Microsoft's rivals.

⁶⁴⁵ Microsoft submitted that its products are built on industry-standard, publicly documented protocols and APIs, with core protocols publicly available and based on established interoperability standards. Microsoft told us that it balances security and interoperability as part of its foundational commitment to openness within its business model. This supports Microsoft's customers to use its products alongside those from third parties across their estate and is an important reason why customers choose Microsoft products to meet their specific needs. Microsoft said its open ecosystem is demonstrated by the availability of thousands of third-party add-ins through Microsoft Marketplace. Microsoft's response dated 04 June 2026 to invitation to comment dated 14 May 2026, paragraph 3.1 and 3.2 [Microsoft.pdf](#)

⁶⁴⁶ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment - PC OS' of Appendix A.

Microsoft's own services to Microsoft's Graph APIs, application surfaces, and integration points.⁶⁴⁷

- (c) Alternative providers of Security Software said that Microsoft's security products benefit from access to API and telemetry across Windows OS, Windows Server, SQL Server and Microsoft 365 that are not available to third parties on equivalent terms, providing Microsoft with advantages that rivals cannot replicate.⁶⁴⁸

5.161 In addition, Microsoft's products benefit from integration across digital activities, which can make Microsoft's offering more seamless for customers than seeking to integrate products from several alternative providers.

- (a) Microsoft's internal documents indicate that it [REDACTED].⁶⁴⁹ For example, a June 2025 board memo notes that '[REDACTED]' and '[REDACTED]'.⁶⁵⁰
- (b) In both publicly available materials and its internal documents, Microsoft emphasises the integrated nature of its products.⁶⁵¹ This includes claims of seamless integration across products, descriptions of Microsoft's integrated offering as a competitive strength, and discussion of the digital activities as creating monetisation opportunities for Microsoft elsewhere in the stack.
- (c) Our customer research found that the use of Microsoft products across digital activities by participants reduces friction and the level of day-to-day administration needed by IT and enables software estate management to happen in one place.⁶⁵² Separating one Microsoft component is seen to add administrative time, whereas the ecosystem enables effective management and control of identity, access, devices, security and collaboration in one place.⁶⁵³
- (d) Customers, resellers, and alternative providers across all five digital activities identified the ease of integrating Microsoft products as an important factor driving customer choice in each digital activity.⁶⁵⁴

⁶⁴⁷ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment – PSS' of Appendix A.

⁶⁴⁸ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment - Security Software' of Appendix A.

⁶⁴⁹ For example: Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED]; Microsoft's internal document, [REDACTED] to section 69 notice [REDACTED]; Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁶⁵⁰ Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁶⁵¹ See sub-section 'Evidence from Microsoft's internal documents and publicly available Microsoft materials' in section 'Grouping' of Chapter 4 'Digital Activities'.

⁶⁵² Jigsaw Customer Research, 28 September 2026, page 27, paragraph 118.

⁶⁵³ Jigsaw Customer Research, 28 September 2026, page 33, paragraph 153.

⁶⁵⁴ See sub-section 'Reasons Windows Server is preferred for certain workloads' in section 'Market power assessment – Server OS' of Appendix A, sub-section 'Integration and interoperability with other Microsoft products' in section 'Market power assessment – RDBMS' of Appendix A, sub-section 'Limitations to integration and interoperability' in section 'Market power assessment – Security Software' of Appendix A, sub-section 'Limitations to integration and interoperability'

- (e) Customers and alternative providers told us that Windows Server benefits from seamless integration with SQL Server (and *vice versa*) as well as Microsoft products in PSS, Security Software, and Microsoft's cloud services.⁶⁵⁵

5.162 Consequently, these limitations to technical integration and interoperability create barriers to competition with Microsoft's Business Software Ecosystem which weakens the competitive constraint imposed by alternative providers. For example, the evidence we have seen to date shows that Microsoft products are embedded within a customer's wider business software environments and integrated with one another⁶⁵⁶ and, as a result, switching away from Microsoft products may require significant technical effort, including additional integration work, redesign of governance and compliance frameworks, and loss of interoperability benefits.

Commercial bundling practices of products across digital activities

5.163 The technical integration and interoperability within Microsoft's Business Software Ecosystem is also consistent with Microsoft's commercial practices. For example:

- (a) Microsoft offers its PSS, Security Software and PC OS products as part of M365 bundles. Revenues from the sale of Microsoft's M365 E3 and E5 bundles (which include products from the PSS, PC OS, and Security Software digital activities) represented [60-70]% of Microsoft's UK gross revenues from the sale of Microsoft 365 products in the nine months to March 2026.⁶⁵⁷
- (b) Microsoft offers a range of volume licensing arrangements to its customers, with smaller organisations typically purchasing through Open Value or Cloud Solution Provider programmes and larger organisations purchasing through Enterprise Agreements or a Microsoft Customer Agreement.⁶⁵⁸

5.164 We received evidence that these commercial practices also create a barrier to competition that alternative providers must overcome to compete effectively.

in section 'Market power assessment – PSS' of Appendix A, and sub-section 'Limitations to integration and interoperability' of section 'Market power assessment – PC OS' of Appendix A.

⁶⁵⁵ See sub-section 'Reasons Windows Server is preferred for certain workloads' in section 'Market power assessment – Server OS' of Appendix A and sub-section 'Integration and interoperability with other Microsoft products' in section 'Market power assessment – RDBMS' of Appendix A.

⁶⁵⁶ Jigsaw Customer Research, 28 September 2026, page 27 and 33, paragraphs 118 and 153; See section 'Reasons Windows Server is preferred for certain workloads', Windows Server Appendix A; see section 'Integration and interoperability with other Microsoft products', SQL Server Appendix A; See section 'Limitations to integration and interoperability', Security Appendix A; see section 'Limitations to integration and interoperability', Productivity Software Suites Appendix; see section 'Limitations to integration and interoperability', PC OS Appendix A.

⁶⁵⁷ CMA analysis of Microsoft's response dated [3<] to section 69 notice dated [3<].

⁶⁵⁸ Microsoft's response dated [3<] to section 69 notice dated [3<].

- 5.165 The range of products included in Microsoft's M365 bundles (which combine products across the PSS, PC OS, and Security Software digital activities) means that customers perceive individual products as being available at little or no additional cost. This makes customers less likely to adopt products from alternative providers that offer similar or superior functionality, as doing so would duplicate licensing costs for products already available through M365 bundles.
- (a) Our customer research found that Microsoft's licensing and bundling practices shape customers' perceptions of cost and value for money. Features already included within existing licences (eg Defender, Copilot, Power Platform and Teams) are often viewed as 'free', low-cost or 'already there', and many customers consider Microsoft's products to be 'good enough'.⁶⁵⁹ This can discourage customers from purchasing alternatives because the incremental cost of adopting Microsoft products appears lower.
 - (b) Customers and alternative providers in both PSS and Security Software told us that adopting a third-party product can require customers to pay twice – once for functionality already included within Microsoft's M365 bundles and again for the product from an alternative provider. Customers may continue paying for Microsoft functionality without receiving a corresponding reduction in licence fees, particularly where contract terms or renewal cycles constrain changes to licence tiers. This can make adopting alternative products more difficult to justify even where they better meet the customer's requirements.⁶⁶⁰
- 5.166 Discounts under Microsoft's Enterprise Agreements – which cover Microsoft products across digital activities – also influence customer choice where the level of discount depends on the total volume of products from Microsoft as part of the transaction. While such volume discounts may appear to reduce a customer's overall expenditure on business software, customers may be disincentivised from switching to an alternative provider in one digital activity as doing so could increase the price paid for other Microsoft products due to a loss of discounts.⁶⁶¹ Consistent with Enterprise Agreements influencing the purchasing decisions of customers, some told us that Enterprise Agreements influenced their decisions in relation to switching to alternative providers for individual products and digital activities.⁶⁶²

⁶⁵⁹ Jigsaw Customer Research, 28 September 2026, pages 34 and 39, paragraphs 155 and 178.

⁶⁶⁰ See sub-section 'Commercial bundling' in section 'Market power assessment – PSS' and sub-section 'Commercial bundling' in section 'Market power assessment - Security Software of Appendix A.

⁶⁶¹ [] supported its response with customer case studies and internal documents which reference these practices. [] response dated [] to section 69 notice under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated []; [] response dated [] to section 69 notice dated []; [] to section 69 notice dated []; [] to section 69 notice dated [].

⁶⁶² Note of call with [] on []; [] response [].

- 5.167 In addition, the long-term nature of Enterprise Agreements between Microsoft and its customers (lasting at least three years but substantially longer in at least some instances) makes timely switching to alternative providers difficult for Microsoft's existing customers.⁶⁶³ Our review of a small sample of Enterprise Agreements indicated that customers are incentivised to agree longer-term contracts with Microsoft through discounts and the offer of additional services without charge.⁶⁶⁴
- 5.168 Overall, this evidence suggests that the commercial links are strongest for products sold through Microsoft's M365 bundles, which combine products across the PSS, PC OS, and Security Software digital activities. Enterprise Agreements extend the commercial links between digital activities, with these agreements providing discounts for all Microsoft products in its Business Software Ecosystem and limiting switching to alternative providers by customers. Microsoft's commercial bundling practices make it more difficult for alternative providers to attract customers away from Microsoft and create switching costs – through the duplication of licences or the loss of discounts through Enterprise Agreements – for Microsoft's existing customers.

Network effects

- 5.169 Microsoft's products across digital activities benefit from network effects that influence the choices made by customers and raise barriers to effective competition for alternative providers. These network effects are both direct (as the value of using Microsoft's products for a customer increases with the overall number of customers using the product) and indirect (as the value of developing applications that integrate with Microsoft's products in a digital activity increases with the overall number of customers using that product).
- 5.170 The widespread adoption of Microsoft products creates direct network effects that make it easier for organisations to interact with their customers, providers, and other organisations. This makes switching away from Microsoft products less attractive and more costly for customers. For example, our customer research identified the bulk of customers' clients, partners and providers used Microsoft, with most expressing concerns that moving away from Microsoft would cause friction or could isolate their organisation even if technically feasible.⁶⁶⁵
- 5.171 Microsoft also benefits from a larger number of third-party applications that integrate with its products across digital activities, which creates indirect network

⁶⁶³ Jigsaw Customer Research, 28 September 2026, page 35, paragraph 158.

⁶⁶⁴ CMA analysis of: Microsoft's internal document, [redacted] to section 69 notice dated [redacted]; Microsoft's internal document, [redacted] to section 69 notice dated [redacted]; Microsoft's internal document, [redacted] to section 69 notice dated [redacted]; Microsoft's internal document, [redacted] to section 69 notice dated [redacted]; Microsoft's internal document, [redacted] to section 69 notice dated [redacted].

⁶⁶⁵ Jigsaw Customer Research, 28 September 2026, pages 31-32, paragraph 145.

effects that raise barriers to effective competition for alternative providers that cannot replicate the same volume and variety of third-party applications.

- (a) Historically Microsoft has had the highest market share in PC OS meaning it was the most attractive platform for developers to write software for. This helped create a wide library of applications for Microsoft's PC OS, with 2023 Microsoft marketing materials stating Windows 11 is compatible with 99.7% of third-party PC OS applications.⁶⁶⁶
- (b) Microsoft is the largest Security Software provider, and it markets its Security Store as offering more than 100 third-party solutions from ecosystem partners, showing that its customers benefit from a large number of third-party integrations.⁶⁶⁷
- (c) Customers and providers told us that the applications used by organisations often determine their choice of Microsoft in PC OS, Server OS, and RDBMS as they rely on applications that are designed to operate with these Microsoft products.⁶⁶⁸ Similarly, in PSS, customers described productivity, collaboration and communication workflows that are built around Microsoft applications and services.⁶⁶⁹

5.172 These indirect network effects, particularly once customers become dependent on third-party applications that are embedded in the Microsoft products and their wider IT environment, raise barriers to switching for customers across digital activities. For example, our customer research found that many organisations describe dependencies driven by third-party business software core to their operations as a barrier to switching away from Microsoft's products.⁶⁷⁰ As a result, moving away from Microsoft products may require customers to replace, reconfigure or modify other business-critical third-party applications, increasing switching costs.

⁶⁶⁶ See sub-section 'Network effects' in section 'Market power assessment - PC OS' of Appendix A.

⁶⁶⁷ See sub-section 'Network effects' in section 'Market power assessment – Security Software' of Appendix A.

⁶⁶⁸ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment – Security Software', sub-section 'Reasons Windows Server is preferred for certain workloads' in section 'Market power assessment – Server OS', and sub-section 'Integration and interoperability with other Microsoft products' of section 'Market power assessment – RDBMS' of Appendix A.

⁶⁶⁹ See sub-section 'Limitations to integration and interoperability' in section 'Market power assessment – PSS' of Appendix A.

⁶⁷⁰ Jigsaw Customer Research, 28 September 2026, page 32, paragraph 147. This software includes ERP (Enterprise Resource Planning), finance packages, CAD (Computer Aided Design), sector specific software (eg Autodesk Revit, factory systems, police or council systems) that require Windows OS, Windows Server, and/or SQL Server to remain supported.

Customer-side frictions

- 5.173 There are a range of customer-side frictions which mean that there are costs and risks involved in switching away from Microsoft products which weaken the competitive constraint on Microsoft across digital activities.
- 5.174 First, switching away from Microsoft products across digital activities requires training users, administrators, and IT teams on how to use products from alternative providers, which can represent a significant switching cost. For example, our customer research identified user familiarity and IT resources as being important benefits of using Microsoft's Business Software Ecosystem.⁶⁷¹ Consistent with this, customers expected productivity disruption, staff resistance and retraining costs if they moved to alternative providers of PSS. Similarly, customers in Windows Server and SQL Server also indicated that existing IT staff skillsets and preferences can create barriers to switching away from Microsoft products because migration requires retraining effort.⁶⁷²
- 5.175 Second, Microsoft's existing relationships with customers can make it easier for Microsoft to expand its use within organisations through renewals, upgrades or broader Microsoft bundles as its products face fewer procurement, approval and security hurdles than alternative providers, which reduces the likelihood that alternatives are actively considered.
- (a) Alternative providers of security software told us that customers increasingly acquire Microsoft security products through Microsoft 365 renewals or upgrades rather than separate evaluations of competing products,⁶⁷³ while the inclusion of Windows within broader Microsoft bundles may similarly reduce customers' incentives to consider alternative PC OS providers when renewing with Microsoft.⁶⁷⁴
- (b) Alternative providers across digital activities told us that Microsoft's existing relationships with customers can make it easier for them to consider additional Microsoft products than those offered by alternative providers. This is because Microsoft products face fewer approval, security, and procurement hurdles than alternative providers whose products are not currently used by organisations.⁶⁷⁵

⁶⁷¹ Jigsaw Customer Research, 28 September 2026, pages 27 and 28, paragraphs 119 and 126.

⁶⁷² See sub-section 'Extent to which new workloads are contestable' of section 'Market power assessment – RDBMS' and sub-section 'Reasons Windows Server is preferred for certain workloads' of 'Market power assessment – Server OS' of Appendix A.

⁶⁷³ See sub-section 'Commercial bundling' of section 'Market power assessment – Security Software' of Appendix A.

⁶⁷⁴ See sub-section 'Commercial bundling' of section 'Market power assessment – PC OS' of Appendix A.

⁶⁷⁵ For example: [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted].

- 5.176 Third, these application, data and technical dependencies give rise to substantial migration and implementation costs when customers switch away from Microsoft products. These migrations are resource-intensive processes that require substantial investment of time, money and technical expertise for customers to complete successfully (in many cases some of these costs are closely related to integration and interoperability between Microsoft's products):
- (a) Our customer research found that cost is an important barrier to switching. Even where alternatives were cheaper, customers considered that switching required substantial internal staff time, external consultancy support, and training for staff moving away from Microsoft's products.⁶⁷⁶ For larger or more integrated organisations, switching was estimated to cost from 'tens of thousands' up to 'half a million' pounds in one case. The expected 'shadow costs' of switching away from Microsoft products are considered as likely to eliminate any modest savings on the costs of products from alternative providers.⁶⁷⁷
 - (b) In relation to Windows Server and SQL Server, workloads may incorporate Microsoft-specific technologies and functionality that are not transferable to alternative providers. Consequently, migration requires organisations to review and modify application code, convert database schemas, replace unsupported functionality, and validate that applications continue to operate as intended following migration. These implementation costs may be particularly significant where workloads support critical business processes or where organisations maintain large, highly customised IT environments.⁶⁷⁸
 - (c) For PSS and Security Software, implementation costs arise from migrating users, data, policies, configurations, and security controls to products from alternative providers. This process requires customers to recreate permissions structures, security policies, and to redesign processes that have become integrated with other Microsoft products. Where employees are heavily reliant on Microsoft products, organisations will incur additional implementation costs associated with user onboarding, support and training during the transition period.⁶⁷⁹
- 5.177 Finally, the material risks involved in switching away from Microsoft products across digital activities act as a disincentive to do so for customers, with concerns relating to service disruption, downtime, and business continuity reducing the willingness of customers to switch even where products offered by providers are

⁶⁷⁶ Jigsaw Customer Research, 28 September 2026, pages 34-35, paragraphs 156 and 157.

⁶⁷⁷ Jigsaw Customer Research, 28 September 2026, paragraph 157, page 34-35.

⁶⁷⁸ See sub-section 'Barriers to switching for existing Server OS workloads' in section 'Market power assessment – Windows Server' of Appendix A and sub-section 'Competition for existing workloads' in section 'Market power assessment – RDBMS' of Appendix A.

⁶⁷⁹ See sub-section 'Customer-side frictions' of section 'Market power assessment – PSS' of Appendix A and sub-section 'Customer-side frictions' of section 'Market power assessment – Security Software' of Appendix A.

effective alternatives to Microsoft.⁶⁸⁰ For example, our customer research identified the potential issues and risks associated with transitioning to new software as a concern for many organisations, with migrations described as high-consequence projects that could result in disruption to critical processes, downtime, unexpected compatibility issues, and challenges in transferring historic data, including risks of losing emails, documents and other business information.⁶⁸¹ These risks, combined with limited perceived benefits from switching to alternative providers, reduce customers' willingness to migrate away from Microsoft products.

- 5.178 Overall, this evidence shows that customers face significant switching barriers when considering whether to move away from Microsoft products. These barriers arise from application, data, workflow and technical dependencies that become embedded within customer environments over time. The resulting migration costs and operational risks are reinforced by user familiarity and existing provider relationships, which weaken the competitive constraint imposed by alternative providers.

Implications of these barriers to effective competition with Microsoft's Business Software Ecosystem

- 5.179 As reflected in these barriers, considering Microsoft's market power only in its individual digital activities misses its key strength which is to offer an integrated suite of products which is broader than that of its competitors. The barriers also mean that Microsoft's position in each digital activity is mutually reinforcing – with barriers to effective competition in individual digital activities compounding when customers buy more than one digital activity.
- 5.180 Microsoft has submitted that customers benefit from technical integration and interoperability, and commercial bundling in particular.⁶⁸² Specifically, Microsoft told us that it competes by offering customers technology that is useful, secure, easy to deploy and manage, and available at an attractive overall price. Microsoft also said that a broader offering can make ownership easier by reducing integration work, simplifying administration, and enabling more consistent user

⁶⁸⁰ See sub-section 'Customer-side frictions' of section 'Market power assessment – Security Software', sub-section 'Customer-side frictions' of section 'Market power assessment – PSS', sub-section 'Customer-side frictions' of section 'Market power assessment – PC OS', sub-section 'Barriers to switching for existing Server OS workloads' of section 'Market power assessment – Server OS', and sub-section 'Barriers to switching for existing RDBMS workloads' of section 'Market power assessment – RDBMS' of Appendix A.

⁶⁸¹ Jigsaw Customer Research, 28 September 2026, page 33-34, paragraph 154.

⁶⁸² Microsoft [3<] Microsoft's submission to the CMA dated [3<]. Our evidence from customers do value the commercial linkages between products in Microsoft suites. However, Microsoft's submission did not consider the cumulative effect of these linkages on the ability of other providers to compete effectively with Microsoft which we have considered as part of our assessment. We discuss this in more detail below.

experience, at a lower overall price compared with purchasing each component separately.⁶⁸³ Customers also recognised these effects. For example:

- (a) Our customer research identified integration as the key benefit that underpins and reinforces many other benefits of using Microsoft's products. Microsoft is valued by nearly all participants primarily as an end-to-end stack where identity, security, device management, productivity PC operating system, server operating system and cloud services are integrated.⁶⁸⁴
- (b) Our customer research also found that Microsoft is seen as relatively good value for money for what is offered. Bundles are seen as more cost-effective than buying and managing separate licences. Some customers also access discounts (for example, for buying at volume, discounts on list prices from resellers or significant charity price reductions).⁶⁸⁵
- (c) Customers in PSS considered that Microsoft's PSS offers benefits through the inclusion of a wide range of applications and functionalities, particularly when purchased as part of M365 bundles. Customers also cited easier software procurement, simpler implementation, and potential cost savings, with commercial linkages between Microsoft products influencing provider choice and increasing the attractiveness of Microsoft's offering.⁶⁸⁶
- (d) Customers in Security Software told us that Microsoft's products provide benefits as result of their easy integration with one another as well as with products in other digital activities. These interoperability benefits were said to improve administration, deployment and risk management by combining signals across systems.⁶⁸⁷
- (e) Customers in Server OS and RDBMS told us that they benefit from integration of Windows Server and SQL Server with Microsoft products in other digital activities. Some customers preferred consolidating software purchases with Microsoft to reduce complexity, improve interoperability and secure commercial benefits, reinforcing the value of using Windows Server and SQL Server alongside other Microsoft products.⁶⁸⁸

5.181 The fact that customers value, for example, discounts does not, by itself, demonstrate that these indicate low prices or that Microsoft offers these discounts

⁶⁸³ Microsoft's response dated [3<] to section 69 notice dated [3<].

⁶⁸⁴ Jigsaw Customer Research, 28 September 2026, paragraph 118, page 27.

⁶⁸⁵ Jigsaw Customer Research, 28 September 2026, paragraph 120, page 27-28.

⁶⁸⁶ See sub-section 'Limitations to integration and interoperability' of section 'Market power assessment – PSS' of Appendix A.

⁶⁸⁷ See sub-section 'Limitations to integration and interoperability' of section 'Market power assessment – Security Software' of Appendix A.

⁶⁸⁸ See sub-section 'Reasons Windows Server is preferred for certain workloads' of section 'Market power assessment – Server OS' and sub-section 'Integration and interoperability with other Microsoft products' of section 'Market power assessment – RDBMS' of Appendix A

in response to competition.⁶⁸⁹ Customers can only assess the value of discounts relative to the prices and options available to them today rather than those that would be available to them in a more competitive setting. A discount may therefore appear attractive to customers while at the same time contributing to a market structure that delivers higher prices and overall worse outcomes for customers. In addition, effective rivalry can drive innovation, quality improvements and better customer service. It is particularly difficult for customers to evaluate the quality of products that would be available to them if Microsoft faced greater competition.

- 5.182 As we have established in our individual digital activity assessments and as summarised above, Microsoft's commercial and technical integration weakens the competitive constraint imposed by rivals within individual product and digital activity categories. Providers with narrower product portfolios are unable to replicate the commercial and integration benefits that Microsoft offers across a broad range of business software. Customers seeking to assemble an alternative solution from multiple standalone providers would need to overcome the loss of those commercial and integration benefits across several digital activities simultaneously.
- 5.183 More specifically, the cumulative effect of these factors is that to attract customers an alternative provider of a standalone product need to:
- (a) Offer a complementary product to Microsoft's – for example a product that addresses a different use case (such as customer rather than employee identity access management). In this scenario competition with Microsoft from this provider is limited; and/or
 - (b) Target a subset of customers with particular requirements – for example customers for whom security is a particular concern or digital natives with limited requirements to use Microsoft's suite of products. In this scenario competition with Microsoft is also limited; and/or
 - (c) Offer significantly superior functionality than Microsoft's equivalent product to justify the additional expense of having duplication and/or to overcome the additional integration and interoperability barriers involved. In this scenario, the effect of Microsoft's commercial and technical advantages is to significantly limit the ability of these providers to develop products which can compete with Microsoft on a sustained basis. This is especially the case because companies accounting for the highest value opportunities are most

⁶⁸⁹ A similar dynamic applies for technical integration and interoperability. Specifically, such integration and interoperability may appear attractive to customers while at the same time contributing to a market structure that delivers higher prices and overall worse outcomes for customers.

likely to be deeply embedded in the Microsoft Business Ecosystem and will face the highest barriers to switching.⁶⁹⁰

- 5.184 Consequently, the effect of Microsoft's commercial and integration advantages is to limit the ability for alternative providers to compete directly with Microsoft, creating an incentive for these providers to differentiate their products.
- 5.185 Consistent with this assessment, at times Microsoft has faced potential competitive threats to its ecosystem, or elements of it – for example, Slack and Zoom in communication and collaboration software. However, likely as a result of Microsoft being able to expand its product offering, as well as using its commercial and integration advantages, these threats have generally not been sustained, with rivals over time specialising in complementary use cases or serving specific groups of customers rather than competing directly with Microsoft.⁶⁹¹
- 5.186 As a result, an important implication of the barriers to competition which apply across Microsoft's Business Software Ecosystem as a whole is to limit the competitive constraint on Microsoft from standalone providers both individually and in aggregate. In the next section we consider whether Microsoft faces competition from any other providers of a suite of products.

Competition between Microsoft and alternative providers of business software

- 5.187 The barriers to competition we have described above and in our individual digital activity assessments also mean that there are likely to be significant barriers to switching to another provider of an alternative suite of products. An alternative provider would need to overcome Microsoft's advantages not only in a single digital activity but across multiple digital activities.
- 5.188 The only alternative provider of business software that competes with Microsoft in each digital activity is Google. Microsoft submitted that, across all digital activities, Google is typically Microsoft's most significant competitor and is particularly well placed to take advantage in the AI era due to its unique position across every layer of the AI stack.⁶⁹² Microsoft provided a selection of documents that, in its view, [redacted]⁶⁹³ We have therefore considered in more detail whether and the extent to

⁶⁹⁰ As illustrated by the fact that [80-90]% of revenue is accounted for by UK organisational customers purchasing Microsoft products across all five digital activities in 2025. The average spend of these customers was [\$600,000-\$700,000] in 2025. In comparison, the average spend of UK organisational customers that only purchased Microsoft products in PSS was [\$200-\$300] in 2025. See sub-section 'Customer purchasing across digital activities' of Appendix B 'Customer data analysis'.

⁶⁹¹ For example, [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated [redacted]; [redacted] dated [redacted] to section 69 notice dated [redacted].

⁶⁹² Microsoft's response dated [redacted] to section 69 notice dated [redacted].

⁶⁹³ Microsoft's response dated [redacted] to section 69 notice dated [redacted].

which competition with Google constrains Microsoft's in relation to its Business Software Ecosystem.

- 5.189 We have seen some evidence of competition between Microsoft and Google. For example, some customers have switched between Microsoft's PSS and Google Workspace or consolidated their business software needs with Google by migrating away from Microsoft and minimising their use of Microsoft's products across digital activities.⁶⁹⁴
- 5.190 However, as shown in our digital activity assessment, in each digital activity Google has a considerably weaker position than Microsoft. For example, Google had a small share of supply in PC OS ([0-5]% share of UK revenues), in PSS ([10-20]% share of UK revenues), and Security Software ([0-5]% share of UK revenues).⁶⁹⁵ Microsoft's revenues from the sales of its M365 E3 and E5 bundles in the twelve months to June 2025 were [5-10] times those earned by Google from the sale of its Workspace packages in the same period.⁶⁹⁶
- 5.191 There is also a significant degree of differentiation between Microsoft and Google that weakens the competitive constraint from Google on Microsoft across digital activities.
- (a) [redacted]⁶⁹⁷
- (b) Organisations are typically aligned with either Microsoft or Google business software, often describing themselves as a 'Microsoft shop' or 'Google shop'.⁶⁹⁸ This suggests that Microsoft and Google are differentiated product offerings with distinct customer bases and technology environments. As a result, Microsoft customers may not consider Google products as close substitutes across digital activities, weakening the competitive constraint imposed by Google on Microsoft's Business Software Ecosystem.
- (c) Customers in PSS, PC OS, and Security Software identified factors that limited the attractiveness of Google's offerings relative to Microsoft's. In PSS, customers highlighted difficulties replicating Microsoft's integration within PSS and with other digital activities as well as limitations in the functionalities of Workspace products, particularly in Google Sheets relative to Excel.⁶⁹⁹ In

⁶⁹⁴ Note of call with [redacted] on [redacted]; Note of call with [redacted] on [redacted]; Note of call with [redacted] on [redacted].

⁶⁹⁵ See Appendix C 'Market outcomes'.

⁶⁹⁶ CMA analysis of Microsoft's response dated [redacted] to section 69 notice under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated [redacted], [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁶⁹⁷ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁶⁹⁸ [Cloud Services Market Investigation Qualitative Customer Research conducted by Jigsaw](#) (2024), pages 29 and 30.

⁶⁹⁹ Jigsaw Customer Research, 28 September 2026, page 44, paragraph 195; [redacted] response dated [redacted] to section 174 notice under the Enterprise Act in the context of the CMA's Cloud Services Market Investigation dated [redacted]; [redacted] response dated [redacted] to section 174 notice under the Enterprise Act in the context of the CMA's Cloud Services Market Investigation dated [redacted]; [redacted] response dated [redacted] to section 174 notice under the Enterprise Act in the context of the CMA's Cloud Services Market Investigation dated [redacted]; [redacted] response dated [redacted] to questions in lieu of a call dated [redacted]; Note of call with [redacted] on [redacted]; Note of call with [redacted] on [redacted].

PC OS, customers viewed Google's offering as a low-cost, cloud-based option suited to web-based workloads but considered that user unfamiliarity and enterprise functionality limitations reduced its substitutability with Microsoft.⁷⁰⁰ In Security Software, customers suggested that Google and Microsoft products are often complementary rather than close substitutes, with some retaining Microsoft products for critical use cases or alongside Google and other providers as part of a best-of-breed approach.⁷⁰¹

- (d) Microsoft's internal documents [REDACTED].⁷⁰² In PSS, Microsoft notes that it can win and retain customers by [REDACTED].⁷⁰³

5.192 In addition, the barriers to competition with Microsoft's Business Software Ecosystem we have identified for Microsoft's existing customers across digital activities (including but not limited to costs related to training users, data migration processes, and the loss of network effects) limit the competitive constraint on Microsoft from competition with Google across digital activities.

- (a) [REDACTED].⁷⁰⁴

- (b) [REDACTED].⁷⁰⁵

- (c) The costs of switching from Microsoft to Google products for UK organisational customers that purchase products in all five digital activities from Microsoft (that on average spent \$[600,000-700,000] in 2025) are likely be material relative to their spend on business software and act a disincentive to do so, leading them to being 'locked in' to purchasing Microsoft products.⁷⁰⁶

5.193 New customers (eg digital-native organisations that have yet to select their provider of business software that best meets their needs) may have more choice between Microsoft and Google because their choice is less likely to be affected by existing application dependencies. However, many of the barriers to competition remain, limiting the competitive constraint from Google even for these new customers. For example, the choices of new customers can be influenced by the use of Microsoft products by other organisations as a result of Microsoft's position as the industry standard across digital activities. In addition, this does not constrain Microsoft's market power across digital activities as Microsoft can

⁷⁰⁰ Jigsaw Customer Research, 28 September 2026, page 64, paragraph 246. [REDACTED]; Note of call with [REDACTED] on [REDACTED]; Note of a call with [REDACTED] on [REDACTED]. The call took place in the context of the CMA deciding whether to exercise its digital markets functions and the note has been transferred to the case file for this investigation.

⁷⁰¹ Note of call with [REDACTED] on [REDACTED]; Note of call with [REDACTED] on [REDACTED].

⁷⁰² Microsoft internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁷⁰³ Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁷⁰⁴ [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED].

⁷⁰⁵ [REDACTED] response dated [REDACTED] to section 69 notice dated [REDACTED].

⁷⁰⁶ See section 'Customers that purchase products across all five digital activities' of Appendix B 'Customer data analysis'.

negotiate individually with large customers (who account for most of Microsoft's revenue) and can price discriminate between new and existing customers.

- 5.194 We have also considered Google's position in products that are adjacent to those in the Business Software Ecosystem and in particular its position as a provider of cloud infrastructure services in the UK and the extent to which this allows it to be a stronger competitor to Microsoft's Business Software Ecosystem.
- (a) The CMA's Cloud market investigation found that Microsoft was one of the two largest providers of cloud services in 2024, with a high share of supply of [30-40]% in IaaS and a share of supply of [20-30]% in PaaS, whereas Google had a much lower share of supply in both IaaS and PaaS at [5-10]%.⁷⁰⁷ The Cloud market investigation also found that Microsoft's licensing practices are adversely impacting the competitiveness of Google for workloads where Windows Server and SQL Server are relevant.⁷⁰⁸
 - (b) Google's position in cloud services, despite its recent growth, has not led to it increasing its position in products that compete with Microsoft's Business Software Ecosystem. For example, Google told us that it has not been able to compete effectively with Microsoft to win traditional enterprise customers' IaaS workloads as a result of Microsoft's licensing practices. Google submitted that these workloads contributed only [10-20%] of Google Cloud Platform UK's total year-on-year growth to Q1 2026. In contrast, [X]% of GCP UK's revenue growth over the same period came from [X].⁷⁰⁹ [X].⁷¹⁰
 - (c) The [X] decline in the absolute and relative usage of Windows Server on Google Cloud also shows that Google's position in cloud services does not mean it can increase its position in products that compete with Microsoft's Business Software Ecosystem. Our analysis shows that usage of Windows Server on Google Cloud was [X]% in 2025 (down from [X]% in 2022), compared to Windows Server share on Azure of [30-40]% in 2025 (down from [40-50]% in 2022).⁷¹¹
- 5.195 In relation to developments in AI, which we also consider as part of our assessment of future market developments below, the evidence we have seen to date does not show that Gemini's capabilities are sufficiently superior to Microsoft's Copilot in use cases relevant to Microsoft's Business Software Ecosystem (in particular AI features and functionalities in PSS and Security Software) to incentivise switching away from it. We have also found that the use of Google's Gemini AI features and functionalities in PSS by UK organisational

⁷⁰⁷ Cloud MI, Final Decision report, 31 July 2025, paragraphs 5 and 6.

⁷⁰⁸ Cloud MI, Summary of Final Decision report, paragraphs 35 and 36(c).

⁷⁰⁹ [X] submission to the CMA dated [X].

⁷¹⁰ [X] response dated [X] to section 69 notice dated [X].

⁷¹¹ See sub-section 'Usage-based shares of supply' in section 'Market power assessment – Server OS' of Appendix A

customers is more limited than Microsoft's M365 Copilot Offerings: Microsoft's M365 Copilot Offerings in July 2026 have [3.5-4.0] million users and Gemini for Workspace has [1.5-2.0] million users in May 2026.⁷¹²

- 5.196 When taken together, this evidence suggests that, while Google provides some competitive constraint on Microsoft, differences in its offerings and significant switching costs limit competition for many existing Microsoft customers. As a result, many organisations remain locked into the Microsoft ecosystem, reducing the effectiveness of Google's competitive constraint on Microsoft. While competition may be stronger for new customers, this can be influenced by Microsoft's position as the industry standard across digital activities and is not able to constrain Microsoft's ability to discriminate on price between new and existing customers.
- 5.197 Other than Google, no alternative provider of business software offers a comparable range of products to Microsoft.⁷¹³ This means that, for Microsoft's existing customers, organisations would need to switch from Microsoft to multiple alternative providers to fulfil the same purpose as Microsoft's Business Software Ecosystem. Given the limitations to integration and interoperability we have considered above in relation to the barriers to effective competition to Microsoft's Business Software Ecosystem, the competitive constraint on Microsoft from such a possibility is limited.

Our provisional conclusion on Microsoft's market power in its Business Software Ecosystem

- 5.198 The evidence we have seen to date demonstrates that Microsoft faces limited competitive constraint and has been able to sustain substantial market power in its Business Software Ecosystem over time. This is underpinned by our provisional digital activity specific assessments and our provisional view that Microsoft's position in each digital activity mutually reinforces its position across its Business Software Ecosystem. While there are some differences across digital activities, Microsoft's strong position in each is reinforced by the barriers to competition we have described above, which also mean that these positions are mutually reinforcing. For example:
- (a) Microsoft is by far the largest provider of PSS (with revenues at least five times larger than Google in the UK); Security Software (with revenues at least five times larger than its nearest rival, Okta, in the UK); and PC OS (eg

⁷¹² See sub-section 'Providers of AI features and functionalities' in section 'Market power assessment – PSS' of Appendix A.

⁷¹³ For example: Amazon offers products in Server OS, RDBMS, Security Software, and PSS; IBM offers products in Server OS, RDBMS, PC OS, and Security Software; Canonical offers products in Server OS, RDBMS, and PC OS; and Oracle offers products in Server OS, RDBMS, and Security Software.

Microsoft's internal estimates suggest it has a global (excluding China) share of [70-80]%).

- (b) Although open-source software is often used for a different set of workloads to those where Windows Server and SQL Server are used, Microsoft is the largest provider by revenue in the UK of Server OS ([70-80%] share by revenue in 2025) and RDBMS ([40-50%] share by revenue in 2025).

5.199 This assessment that the competition Microsoft currently faces is limited is consistent with a range of other outcomes.

5.200 First, as we have described Microsoft initially built a leading position for operating systems and productivity applications – and has over time grown its product offer by broadening its suite of productivity applications and expanding into new areas such as security and database management. As a result, Microsoft has been able to gradually expand its offer in business software, using a position of strength in a core range of products to grow its position elsewhere. At times Microsoft has faced potential competitive threats to its ecosystem, or elements of it, for example Slack and Zoom in communication and collaboration software. However, when this has occurred Microsoft has been able to expand its product offering, using its advantages, and these threats have generally not been sustained, with rivals over time specialising in complementary use cases or serving specific groups of customers rather than competing directly with Microsoft.

5.201 Second, we have assessed the profitability of Microsoft's Business Software Ecosystem. This analysis shows that:

- (a) Microsoft overall has been highly profitable over the last ten years in absolute terms, and its profit margin continues to increase. We estimate that the digital activities in Microsoft's Business Software Ecosystem contribute approximately 40%-50% of Microsoft's total global revenues and a majority share of Microsoft's profits.⁷¹⁴
- (b) Microsoft's profitability, when measured as a percentage ROCE (return on capital employed), has been over 70% for the last nine years, substantially higher than our estimate of Microsoft's WACC (weighted average cost of capital) of 10-15%.⁷¹⁵ The ROCE for the reporting segments which cover

⁷¹⁴ CMA analysis of Microsoft Form 10-Ks, [redacted] response dated [redacted] to the section 69 notice dated [redacted].

⁷¹⁵ Given the integrated and global nature of Microsoft's business and the products and services in its business software ecosystem, and that the digital activities are included across all of Microsoft's reporting segments and it does not report or track the profitability of its activities at a UK level, we have assessed global figures and consider the profitability of Microsoft overall to be primarily relevant to assessing its business software ecosystem profitability. We have estimated Microsoft's WACC for its business software ecosystem business and constituent digital activities to be around 10-15%, primarily based on Microsoft's own internal WACC calculations for Microsoft overall and reporting segments. [redacted] responses dated [redacted] to the section 69 notice dated [redacted] and CMA analysis of Microsoft's internal document, [redacted] to the section 69 notice dated 26 May 2026 [redacted].

each of the digital activities has also been substantially higher than WACC for the last five years.

- (c) We estimate that this high return means that Microsoft was able to earn £[4-5] billion of profits in 2025 in excess of a return based on our estimate of its cost of capital from the reporting segments which cover its UK Business Software Ecosystem digital activities.⁷¹⁶ Taken together, this evidence indicates that Microsoft's Business Software Ecosystem has generated profits that are substantially and persistently in excess of normal returns, consistent with the ability to sustain high prices and the existence of substantial market power.

5.202 Finally, Microsoft's position across digital activities has endured despite its customers sometimes acknowledging its products were lower quality than those offered by alternative providers. For example, our customer research found that some Microsoft products can be seen as 'good enough' but not best-in-class (including Copilot), with general complaints about clunky UX or performance (eg in Teams, SharePoint, Outlook, OneDrive and Power Platform), and gaps in capability versus specialists. Several customers cited reliability or performance issues (crashes, slowdowns, missing features in new Outlook, SharePoint limitations for large files) and view security products as weaker than dedicated vendors despite improvement.⁷¹⁷ Consistent with this, a Microsoft internal document from February 2024 shows a [§<].⁷¹⁸

5.203 Overall, our provisional view is that Microsoft holds substantial market power in its Business Software Ecosystem.

Expected and foreseeable market, regulatory, and other developments that could impact Microsoft's Business Software Ecosystem

5.204 As we have described above, we have provisionally found that Microsoft holds substantial market power in each of the digital activities which form part of its Business Software Ecosystem as well as in its Business Software Ecosystem as a whole. We have also discussed how these positions have persisted over time and

⁷¹⁶ Given the global nature of Microsoft's cost reporting structures, and having seen no evidence that Microsoft's UK activities have materially higher operating costs relative to its global business, we estimate that Microsoft's UK Business Software Ecosystem business is generating economic profits substantially higher than Microsoft's cost of capital. We note that due to the availability of financial data this estimate is based on our analysis of Microsoft's three reporting segments (M365 Commercial, Server products and cloud services, Device Licensing) which we consider most closely represent the digital activities. Given Microsoft's segment reporting structure, this means that our estimate will include some product and services which are not part of the digital activities, however as set out in the Profitability appendix, these reporting segments should be largely reflective of, and a reasonable proxy for estimating, the scale of Microsoft's Business Software Ecosystem in the UK.

⁷¹⁷ Jigsaw Customer Research, 28 September 2026, page 30, paragraph 135; page 9, paragraph 31; and page 97, paragraph 352.

⁷¹⁸ Microsoft's internal document, [§<] to section 69 notice [§<].

are reinforced by significant barriers to competition (including the mutual reinforcing of these positions).

- 5.205 The persistence of the position of Microsoft's Business Software Ecosystem and the scale of the barriers to competition we have identified are also consistent with Microsoft having entrenched market power. In this context, we consider that significant changes in the competitive dynamics would be required to eliminate Microsoft's substantial market power in the next five years.

Market developments

- 5.206 Microsoft told us that it expects competition across its Business Software Ecosystem to intensify over the next five years because of the effect of AI, which has already strengthened competitive constraints to Microsoft following the emergence of generative AI.⁷¹⁹ In particular:
- (a) AI is automating aspects of application re-platforming and migration work that Microsoft said has historically created friction when customers switch to alternative providers of Server OS and RDBMS;
 - (b) Generative AI is enabling alternative providers in PSS (such as Google and OpenAI) to develop AI-native alternatives that can create, edit and process standard document formats;
 - (c) AI-powered threat detection and response capabilities are being developed and marketed by providers such as Palo Alto Networks, CrowdStrike and Wiz, which compete with Microsoft in Security Software; and
 - (d) AI workflows run through mobile, browser-based and cloud-delivered applications reducing dependence on a specific PC OS.
- 5.207 We have considered whether there are any market developments likely to affect Microsoft's market position in its Business Software Ecosystem in the next five years before assessing the impact of regulatory and other developments. In particular we focused on:
- (a) An alternative provider of products across digital activities emerging to rival Microsoft's Business Software Ecosystem in terms of scale and interoperability advantages;
 - (b) Developments in AI fundamentally changing customers' business software requirements and how they are used; or

⁷¹⁹ [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] submission to the CMA dated [redacted]; [redacted] response dated [redacted] to invitation to comment [redacted].

- (c) Other expected or foreseeable market developments sufficient in scope, timeliness and impact to eliminate Microsoft's market power in its Business Software Ecosystem.

5.208 The evidence we have seen to date does not suggest that these expected or foreseeable market developments are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its Business Software Ecosystem in the next five years.

5.209 First, no alternative provider of products in three or more digital activities told us that they currently have plans to launch products in other digital activities to compete with Microsoft's Business Software Ecosystem.⁷²⁰ We therefore do not expect another alternative provider to emerge in the next five years with a comparable portfolio of products across digital activities that can rival Microsoft's Business Software Ecosystem.

5.210 Second, alternative providers told us that they did not expect to be able to compete more strongly with Microsoft over the next five years due to the barriers to effective competition they face, in particular the technical and commercial linkages between products in Microsoft's Business Software Ecosystem. For example:

- (a) An alternative provider present in multiple digital activities told us it does not expect to compete more strongly with Microsoft as organisations depend on Microsoft's PSS and Microsoft limits access to certain functionality when customers run Microsoft's PSS in combination with third-party products.⁷²¹
- (b) Another alternative provider present in multiple digital activities said that, while it continues to invest to attract organisational customers, this is unlikely to strengthen competition materially as many customers are already embedded within Microsoft's Business Software Ecosystem and Microsoft continues to reinforce customer retention and limit switching through its practices.⁷²²
- (c) One other alternative provider present in multiple digital activities told us that, while its investments will position it well to compete with some of its direct competitors, it aims to offer complementary features that interoperate with Microsoft offerings as much as possible.⁷²³

⁷²⁰ [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response [redacted] to section 69 notice [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted]; [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁷²¹ [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁷²² [redacted] response dated [redacted] to section 69 notice dated [redacted].

⁷²³ [redacted] response dated [redacted] to section 69 notice dated [redacted].

5.211 Third, as we have explained in our digital activity-specific assessments in Appendix A, we have seen no clear and convincing evidence that current technology trends related to AI are likely to be sufficient in scope, timeliness and impact to eliminate Microsoft's market power in any individual digital activity.⁷²⁴ Indeed, as a result of the competitive advantages available to Microsoft and the investments it has made in AI features and functionalities, Microsoft appears well placed to meet the needs of organisations that wish to use AI features and functionalities as part of the products included in its Business Software Ecosystem in the coming years.

- (a) Microsoft is well positioned to respond to developments in AI to maintain its market position across digital activities, for example developing its M365 Copilot Offerings and Security Copilot to meet the needs of its customers looking to incorporate AI features and functionalities into their PSS and Security Software products. These products benefit from Microsoft's large customer base, native integration with Microsoft products within and across digital activities, and being included in or an add-on to the bundles purchased by Microsoft's largest organisational customers.⁷²⁵ This is consistent with the current adoption and use of Microsoft's M365 Copilot Offerings, which has achieved substantially higher adoption than Gemini, Claude, or ChatGPT among UK organisations, and could reinforce Microsoft's market position in PSS as it benefits from integration with other applications, features, and functionalities included in Microsoft's PSS as well as other Microsoft products used by customers.⁷²⁶
- (b) A Microsoft internal document from [REDACTED].⁷²⁷ The same document explains that: '[REDACTED]'.⁷²⁸
- (c) More generally, [REDACTED].⁷²⁹ In particular, an internal strategy document indicates that AI adoption will expand Microsoft's [REDACTED].⁷³⁰ Consistent with this, our review of Microsoft's public announcements and internal documents indicates that it is expecting large, accelerating revenue growth from its AI services, and based on Microsoft's financial projections relating to future revenue and

⁷²⁴ See section Appendix A

⁷²⁵ See sub-sections 'Providers of AI features and functionalities' and 'Expected and foreseeable developments in PSS' of section 'Market power assessment – PSS', and 'Expected and foreseeable developments in Security Software' of section 'Market power assessment – Security Software' of Appendix A.

⁷²⁶ See sub-section 'Providers of AI features and functionalities' in section 'Market power assessment – PSS' of Appendix A.

⁷²⁷ Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁷²⁸ Microsoft's internal document, [REDACTED] to section 69 notice dated [REDACTED].

⁷²⁹ See section 'Forecast profitability' of Appendix D 'Profitability'

⁷³⁰ Microsoft's internal document, [REDACTED] to the section 69 notice dated [REDACTED].

profitability, we have seen no evidence that its high levels of profitability would not continue.⁷³¹

5.212 Finally, we have not identified any other expected or foreseeable development that is likely to affect Microsoft's position in any individual digital activity. For example:

- (a) While web-based applications may reduce reliance on desktop software for some customers, the evidence we have seen to date does not indicate that this has materially weakened Microsoft's position in PC OS. Web-based applications are not a new development, and other factors supporting Microsoft's position, including integration, interoperability, user familiarity and bundling, would remain relevant.
- (b) The transition to cloud-based environments is unlikely to weaken Microsoft's position in Security Software over the next five years. Instead, cloud migration may reinforce customers' reliance on Entra ID and the wider Microsoft security products, with some alternative providers describing cloud migration as structurally advantageous to Microsoft.
- (c) Migration to cloud creates some opportunities for customers to modernise their applications and consider switching Server OS or RDBMS. However, as discussed in our assessments of Server OS and RDBMS switching remains difficult, risky and costly. Microsoft has also been able to retain a strong position across RDBMS and SQL as UK organisations build-out their cloud usage over the last ten years, supported by its leading position in cloud via its Azure platform. We therefore do not consider that cloud is likely to disrupt Microsoft's position in Server OS or RDBMS.

5.213 Consequently, we consider that any expected or foreseeable market developments are unlikely to eliminate Microsoft's market power in relation to its Business Software Ecosystem as a whole.

Regulatory and other developments

5.214 Microsoft has significant global operations, and it is not possible to anticipate every regulatory development across all jurisdictions. However, we have set out below the regulatory and other developments within the UK and internationally that we consider have the most potential relevance to our assessment of whether

⁷³¹ We note for example that on the most recent earnings call, Microsoft's CEO said that 'customers increasingly go "all in" on an integrated AI offering that brings together Copilot, E5, Entra, and Agent 365' and he has 'never been more confident in Microsoft's opportunity to drive durable, long-term growth and ensure the benefits of AI flow broadly', with revenue for the 2026/27 financial year forecast to grow at 16-17%, reflecting accelerating commercial growth partially offset by PC market dynamics. 'Microsoft FY26 Fourth Quarter Earnings Conference Call', dated 29 July 2026, accessed by the CMA on 11 September 2026 [TranscriptFY26Q4.docx](#), pp 7-9, 11, 16, 26-28, 38-39. Taking into account Microsoft's current high levels of investment in AI, our analysis also indicates that Microsoft's ROCE will remain above the benchmark WACC for the next five years. Microsoft's internal document, [3<] to the section 69 notice dated [3<]; Microsoft's response dated [3<] to the section 69 notice dated [3<].

Microsoft has substantial and entrenched market power in respect of its business software ecosystem.

Developments in the UK

5.215 The following developments are taking place within the UK:

- (a) Collective proceedings have been brought against Microsoft in the Competition Appeal Tribunal (the CAT) alleging abuses of dominance in relation to software markets, specifically Windows Server and pre-owned perpetual licences (POLs), including those for different versions and editions of Windows and Office.^{732 733}
- (b) Following the Cloud market investigation, Microsoft (alongside Amazon) has been taking steps to lower egress fees and improve interoperability in the context of cloud provider switching and multi-cloud use.⁷³⁴ The CMA has given an update on its monitoring of these actions alongside this report.⁷³⁵
- (c) Under its consumer protection enforcement powers, the CMA is looking into concerns that UK consumers may not have been given clear information upfront about subscription options when changes were made to Microsoft 365 Personal and Family subscription plans, including adding new features such as Copilot. The CMA is investigating whether Microsoft's communications with customers before renewal of subscriptions were misleading. The CMA has reached no conclusions about whether Microsoft has broken the law.
- (d) The UK government has designated Microsoft as one of four 'Critical Third Parties'⁷³⁶ to the UK financial system.⁷³⁷ Under this designation, which relates to cloud services provision, UK financial regulators will jointly oversee the critical services Microsoft (and other Critical Third Parties) provide to the financial sector, helping to ensure it has robust arrangements in place to identify, manage and recover from operational disruption affecting critical services used across the financial sector – including through the imposition of specific rules.⁷³⁸

⁷³² See [1696/7/7/24 Dr Maria Luisa Stasi v Microsoft Corporation, Microsoft Limited & Microsoft Ireland Operations Limited - Summary of Collective Proceedings Claim Form | 2 Jan 2025](#) and [1731/7/7/25 Alexander Wolfson v Microsoft Corporation & Ors - Summary of claim | 29 Sep 2025](#).

⁷³³ A private action by a reseller of POLs has also been brought in the CAT (*JJH Enterprises v Microsoft Corporation and Others (JJH)*).

⁷³⁴ [CMA announces package of actions on business software and cloud services - GOV.UK](#)

⁷³⁵ [Business software and cloud services - GOV.UK](#)

⁷³⁶ [The Critical Third Parties \(Designation\) Regulations 2026](#).

⁷³⁷ [UK financial system strengthened with new safeguards for major technology providers - GOV.UK](#)

⁷³⁸ [UK financial system strengthened with new safeguards for major technology providers - GOV.UK](#)

- 5.216 Our provisional view is that these developments (whether individually or in combination) are unlikely to be sufficient in scope, timeliness and impact to eliminate Microsoft's market power in respect of its Business Software Ecosystem in the next five years. In particular:
- (a) Although each of the cases at the CAT concerns products that are related to the scope of this Proposed Decision, at the time of this Proposed Decision the respective outcomes of these cases are uncertain both in terms of whether the claims will succeed and what, if any, relief may be ordered.
 - (b) Regarding its monitoring of Microsoft's actions in relation to cloud services, the CMA has stated that whilst progress has been made, further steps are required to support customers to multi-home and switch.⁷³⁹ However, it is currently uncertain how the existing changes announced by Microsoft (see above) and any further potential changes would impact how any market power that Microsoft has in cloud services supports Microsoft's market power in relation to its Business Software Ecosystem.
 - (c) Microsoft 365 Personal and Family subscription plans are not within the scope of this investigation given that they are not used by organisational customers.
 - (d) The UK government has not yet announced any measures in the context of Microsoft's designation as a Critical Third Party for its cloud services, and the outcome of any such measures on Microsoft's business software ecosystem services is uncertain.

International developments

- 5.217 In addition to the developments within the UK, the following are taking place internationally:
- (a) In the European Economic Area, the European Commission (the Commission) has accepted legally binding commitments from Microsoft in relation to Teams (the Teams Commitments).⁷⁴⁰ The Teams Commitments address the Commission's preliminary concerns about foreclosure of rival collaboration software providers, arising from Microsoft's tying of Teams with Microsoft software-as-a-service productivity applications for professional use, namely Word, Excel, Powerpoint and Outlook.⁷⁴¹ The Teams Commitments include obligations to: (i) offer versions of Microsoft productivity suites without Teams at suitable price differentials; (ii) improve interoperability between competing collaboration tools with Microsoft products and services for certain

⁷³⁹ [CMA announces package of actions on business software and cloud services - GOV.UK](#)

⁷⁴⁰ Paragraph 3, [AT 40721 7220.pdf](#).

⁷⁴¹ Paragraph 3, [AT 40721 7220.pdf](#).

functionalities; and (iii) enable data portability to facilitate switching.⁷⁴² Microsoft has extended the first of these obligations worldwide (ie including the UK) on a voluntary basis.^{743 744}

- (b) Microsoft has been designated as a 'gatekeeper' under the EU's Digital Markets Act (the DMA) in respect of certain 'core platform services', including its PC OS and its online social networking service (LinkedIn),⁷⁴⁵ and is therefore subject to certain obligations.⁷⁴⁶ The Commission has also provisionally reached the view that Microsoft should be designated as a gatekeeper for its cloud computing services.⁷⁴⁷
- (c) Under the German Competition Act, the Bundeskartellamt has designated Microsoft as an undertaking of paramount significance across markets.⁷⁴⁸

5.218 Our provisional view is that these developments (whether individually or in combination) are unlikely to be sufficient in scope, timeliness and impact to eliminate Microsoft's market power in respect of its business software ecosystem in the UK in at least the next five years.

5.219 In particular:

- (a) In relation to the Teams Commitments, they do not apply directly to UK customers. They only apply to Teams and bundles purchased by customers within the EEA with a billing address in the EEA.^{749 750} Although Microsoft has voluntarily enabled new customers worldwide (ie including the UK) to choose between suites with Teams and without Teams with minimum price deltas between them, and a minimum price for standalone Teams,⁷⁵¹ this only constitutes a part of the Teams Commitments made in the EEA.

⁷⁴² Section 7, [AT_40721_7220.pdf](#).

⁷⁴³ See [Microsoft proposes commitments to resolve European competition concerns about Teams - EU Policy Blog](#). (accessed 14 October 2026).

⁷⁴⁴ See [Commission accepts commitments offered by Microsoft to address competition concerns related to Teams](#): 'the Commission takes note that Microsoft has unilaterally decided to align its worldwide suites offers and pricing with these commitments.' (accessed 14 October 2026).

⁷⁴⁵ European Commission decision of 5 September 2023 addressed to Microsoft, [DMA_100017_183.pdf](#).

⁷⁴⁶ The prohibitions and obligations for gatekeepers are set out in Articles 5, 6 and 7 of the DMA ([Regulation - 2022/1925 - EN - EUR-Lex](#)). Microsoft's obligations include enabling the effective use of third-party software applications on its operating system, enabling effective interoperability between hardware and software features accessed or controlled via Microsoft's PC OS and third-party software and hardware (to the same degree Microsoft enables with its own software and hardware), allowing the uninstallation of any software applications on Microsoft's PC OS, not making the use of any of its core platform services (listed in the designation decision) conditional on subscription of other Microsoft core platform services (also listed in the designation decision) and enabling switching between different software applications through the removal of any restrictions (technical or otherwise).

⁷⁴⁷ [Commission reaches preliminary position](#) (accessed 14 October 2026).

⁷⁴⁸ [Bundeskartellamt press release dated 30 September 2024](#) (accessed 14 October 2026).

⁷⁴⁹ Paragraph 168, [AT_40721_7220.pdf](#)

⁷⁵⁰ In theory, it is possible that some UK customers will benefit directly from 'Without Teams Suites' commitments where EEA customers purchasing with an EEA billing address deploy the suite outside the EEA and in the UK (see paragraph 2(a) of [AT_40721_7173.pdf](#)). We do not, however, expect this to cover a significant proportion of UK customers.

⁷⁵¹ [Evolving our productivity offerings to resolve Microsoft Teams concerns | AI at Work Blog](#) (accessed 14 October 2026).

(b) In relation to the DMA:

- (i) The effect of Microsoft's obligations under the DMA on the provision of PC OS in the UK are, and will remain, uncertain, since the DMA does not extend to the UK.⁷⁵² While Microsoft has broadly made voluntary changes worldwide to comply with its obligations under the DMA, in some instances, changes have only been made in the EEA, based on the information currently and publicly available.⁷⁵³
- (ii) Any changes made in the UK (including as a result of worldwide changes) in response to obligations under the DMA would be voluntary – meaning they can be withdrawn at any time. The impact and timelines of these voluntary changes would therefore be uncertain.
- (iii) Social networking services are beyond the scope of this investigation.
- (iv) The outcome of the Commission's designation decision in relation to Microsoft's cloud services is currently uncertain. To the extent the Commission ultimately decides to designate Microsoft under the DMA for its cloud services, and to the extent this would have an impact on Microsoft's market power in the digital activities that concern this investigation, any impact would be uncertain given the DMA does not extend to the UK.

(c) In relation to the designation under the German Competition Act, the Bundeskartellamt has not publicly confirmed any action it has taken following its decision to designate in 2024.⁷⁵⁴ The impact of the designation is therefore currently uncertain. Furthermore, as with the DMA, the German Competition Act does not extend to the UK.

Provisional conclusion on expected and foreseeable market, regulatory, and other developments that could impact Microsoft's Business Software Ecosystem

5.220 Overall, the evidence we have seen to date suggests that there are no expected or foreseeable market, regulatory, or other developments that are likely (whether individually or in combination) to be sufficient in scope, timeliness and impact to eliminate Microsoft's substantial market power in the provision of its Business Software Ecosystem in the next five years.

⁷⁵² The DMA applies to core platform services 'provided or offered by gatekeepers to business users established in the [European] Union or end-users established or located in the [European Union]' (Article 1(2)).

⁷⁵³ For example, Microsoft's Edge has now been redesigned in the EEA to act as an uninstalleable application separate from Windows (see paragraph 79 in conjunction with paras 13-14 of [Microsoft DMA Compliance Report–Windows Section 2 Annex.pdf](#), accessed 14 October 2026)

⁷⁵⁴ See [List proceedings digital companies.pdf](#) (accessed 14 October 2026). As of February 2026, no 'Step 2' actions have been taken yet to prevent Microsoft from engaging in certain anti-competitive behaviour.

5.221 Therefore, we have provisionally found that Microsoft's substantial market power in respect of its Business Software Ecosystem is entrenched.

Provisional conclusion on whether Microsoft has substantial and entrenched market power in its Business Software Ecosystem.

5.222 On the basis of the evidence set out above and presented in the appendices to this report, we provisionally find that Microsoft has substantial and entrenched market power in respect of its Business Software Ecosystem.

6. POSITION OF STRATEGIC SIGNIFICANCE

Summary

As explained above, one of two conditions that must be met for the CMA to designate an undertaking as having SMS is that the undertaking has a position of strategic significance, in respect of a digital activity.

We provisionally find that Microsoft has a position of strategic significance in respect of its Business Software Ecosystem because at least the first two conditions (significant size or scale and a significant number of other undertakings using the digital activity), either of which would be sufficient, are satisfied.

This is on the basis of the evidence described below which shows that Microsoft has achieved a position of significant size and scale in its Business Software Ecosystem. Microsoft's Business Software Ecosystem has over a million organisational customers in the UK across the private and public sector and millions of users rely heavily on it for their daily work.

Given the above evidence, and since only one condition is sufficient, we have not considered other conditions in detail.

Framework for our assessment of position of strategic significance

- 6.1 An undertaking has a position of strategic significance in respect of a digital activity where one or more of the following conditions are met:
- (a) The undertaking has achieved a position of significant size or scale in respect of the digital activity;
 - (b) A significant number of other undertakings use the digital activity as carried out by the undertaking in carrying on their business;
 - (c) The undertaking's position in respect of the digital activity would allow it to extend its market power to a range of other activities;
 - (d) The undertaking's position in respect of the digital activity allows it to determine or substantially influence the ways in which other undertakings conduct themselves, in respect of the digital activity or otherwise.
- 6.2 Our Guidance provides further details as to how we assess each condition.⁷⁵⁵

⁷⁵⁵ CMA194, paragraphs 2.68-2.75.

Our assessment

Significant size or scale

- 6.3 There is no quantitative threshold for when size or scale can be considered 'significant'. This condition can be assessed using a range of absolute or relative metrics, which could include the number of users, usage data (e.g. time spent or frequency of use), the amount of data being gathered or accessed via the digital activity, the number of purchases or transactions made, or the revenue generated from the digital activity.⁷⁵⁶
- 6.4 We have taken account of a number of metrics in considering whether Microsoft has significant size or scale in respect of its Business Software Ecosystem.
- 6.5 The evidence shows that Microsoft's Business Software Ecosystem has a very high number of customers, high usage, a high share of supply and generates very large revenues. This is the case for Microsoft's Business Software Ecosystem and for each of its component digital activities: PC OS, PSS, Security Software, Server OS and RDBMS.
- 6.6 Microsoft has significant size and scale in its Business Software Ecosystem. Microsoft had over a million UK organisational customers across the grouped digital activities in 2025 out of 2.7 million businesses in the UK.^{757 758}
- 6.7 In 2025, Microsoft generated approximately \$[7-8] billion revenue⁷⁵⁹ from its Business Software Ecosystem in the UK. We also note Microsoft's combined revenues in its FY2025 for bundles E3 and E5, which each includes products from three of the five digital activities within Microsoft's Business Software Ecosystem (ie each consisting of PSS, PC OS and Security Software), was \$[3-4] billion.⁷⁶⁰
- 6.8 Usage and revenue specific to each of the digital activities also reflect Microsoft's significant size and scale in its Business Software Ecosystem. In particular:
- (a) **Number of customers:** In 2025, [1-2] million UK organisational customers used Microsoft's PSS.⁷⁶¹ Microsoft's PC OS and Security Software were

⁷⁵⁶ CMA194, paragraphs 2.68-2.70. See also explanatory notes to the Act, paragraph 114.

⁷⁵⁷ Mean monthly paid users of organisation customers of Microsoft's Business Software Ecosystem in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁵⁸ Defined as businesses which pay PAYE and/or VAT. [UK business; activity, size and location - Office for National Statistics](#), accessed 21 August 2026.

⁷⁵⁹ This figure is the sum of Microsoft's revenues in each digital activity as calculated for the purposes of our share of supply analysis.

⁷⁶⁰ CMA analysis of Microsoft's response dated [§<] to section 69 under DMCCA in the context of the CMA deciding whether to exercise its digital markets functions dated [§<].

⁷⁶¹ PSS organisational customers in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

used by [100,000 – 200,000]⁷⁶² and [100,000 – 200,000]⁷⁶³ UK organisational customers respectively, while Server OS was used by [30,000 – 40,000]⁷⁶⁴ and RDBMS by [20,000 – 30,000]⁷⁶⁵ UK organisational customers.

- (b) **Usage:** Microsoft's PC OS ran on an average of [20-30] million devices in each month in 2025, [§<] to the size of the UK's entire workforce of 30.2 million.⁷⁶⁶ ⁷⁶⁷ A monthly average of [10-20] million paid users in the UK used productivity software in Office 365,⁷⁶⁸ [§<] of the UK's workforce.⁷⁶⁹ Furthermore, for Security Software, approximately [20-30] million users used Entra ID, on average, each month in 2025,⁷⁷⁰ [§<] of the UK's workforce,⁷⁷¹ while approximately [10-20] million and [10-20] million users used Intune and Defender respectively in the same year.⁷⁷²
- (c) **Revenue:** In 2025, Microsoft generated \$[4-5] billion in UK revenue from sales of its PSS,⁷⁷³ \$[1-2] billion from SQL Server,⁷⁷⁴ \$[0.5-1] billion from PC

⁷⁶² Mean monthly active devices in the UK, Windows, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶³ Security organisational customers in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶⁴ Windows Server organisational customers in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶⁵ SQL Server organisational customers in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶⁶ We have assumed the total UK workforce to be 30.2 million, which is the total number of payrolled employees. Office for National Statistics, '[Labour market overview, UK: September 2026](#)', 15 September 2026, accessed 9 October 2026.

⁷⁶⁷ The figure of [§<] million is based on data provided by Microsoft related to the commercial segment [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶⁸ Mean monthly paid users of organisation customers of Office365 in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁶⁹ We have assumed that these paid users reflect users working at organisational customers. We have not taken into account unpaid users as they are likely to include private users. We have assumed the total UK workforce to be 30.2 million. Office for National Statistics, '[Labour market overview, UK: September 2026](#)', 15 September 2026, accessed 9 October 2026.

⁷⁷⁰ Entra monthly protected users in the UK, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁷¹ We have assumed the total UK workforce to be 30.2 million. Office for National Statistics, '[Labour market overview, UK: September 2026](#)', 15 September 2026, accessed 9 October 2026.

⁷⁷² CMA analysis of Microsoft data concerning monthly defended users of Entra ID, Intune and Defender Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁷³ Productivity Software Suite revenue and Microsoft 365 Copilot subscriptions from UK organisational customers, 2025, based on [§<] Microsoft's response dated [§<] to section 69 notice dated [§<], question 1 and [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

⁷⁷⁴ SQL Server revenue from UK organisational customers, 2025, based on [§<] to Microsoft's response dated [§<] to section 69 notice dated [§<].

OS,⁷⁷⁵ and \$[0.5-1] billion from Entra ID, Defender and Intune.^{776 777} Windows Server generated \$ [0.5-1] billion in UK revenue.⁷⁷⁸

- 6.9 We therefore provisionally find that Microsoft has a position of significant size and scale in respect of its Business Software Ecosystem.

A significant number of other undertakings use Microsoft's digital activity in carrying on their business

- 6.10 This condition covers instances where the digital activity as carried out by the potential SMS firm plays an important role in the day-to-day business or critical operations of a significant number of other firms which would be impacted by the SMS firm conduct of the digital activity.⁷⁷⁹
- 6.11 As demonstrated above, the evidence indicates that a significant number of other undertakings use Microsoft's Business Software Ecosystem in carrying on their business.
- 6.12 We provisionally find that the products provided by Microsoft as part of its Business Software Ecosystem are important to a significant number of UK organisational customers and their workforce in order to carry out their day-to-day business. For instance:
- (a) A wide range of third party providers rely on integration with Microsoft's Business Software Ecosystem in order to provide their products. Approximately 9,800 third party solutions are available to use in the Microsoft Office environment.⁷⁸⁰ The following examples show how third party providers integrate with Microsoft and indicate a high degree of reliance on Microsoft for commercial success:

⁷⁷⁵ UK revenue from sales of PC OS. We expect that this figure understates Microsoft's PC OS revenues in the U.K. as it excludes sales via OEMs. As per appendix B, in 2025, OEM sales accounted for [redacted] of Microsoft's global PC OS revenues. Based on Annex [redacted] to Microsoft's response dated [redacted] to section 69 notice dated [redacted].

⁷⁷⁶ Entra, Intune and Defender revenue from UK organisational customers, 2025, based on CMA analysis of [redacted] to Microsoft's response dated [redacted] to section 69 notice dated [redacted] and [redacted] to Microsoft's response dated [redacted] to section 69 notice dated [redacted].

⁷⁷⁷ In relation to Active Directory, there are no separate revenue or customer figures. This is because Active Directory is included with Windows Server at no additional charge and is therefore not separately reflected in Microsoft's revenue data. Similarly, we do not have data identifying the number of Windows Server customers that use Active Directory. The number of Server OS customers therefore provides an upper bound on the number of Active Directory customers.

⁷⁷⁸ CMA analysis of Microsoft data concerning Server OS revenues. However, this figure is based on data that includes a suggested workaround by Microsoft in an attempt to remove virtual machine consumption revenues on Azure (ie revenues related to infrastructure costs) from Windows Server revenues. Using revenue figures without Microsoft's suggested workaround, Windows Server revenues in the UK come to approximately \$[0.5-1 billion] USD in 2025 (note this revenue includes underlying virtual machine consumption charges). Microsoft's response dated [redacted] to follow up questions dated [redacted] to section 69 notice dated [redacted] and Microsoft's response dated [redacted] to section 69 notice dated [redacted].

⁷⁷⁹ CMA194, paragraph 2.71.

⁷⁸⁰ Microsoft's submission to the CMA dated [redacted].

- (i) Microsoft told us that Microsoft 365 ‘must work seamlessly with the broader business application landscape’ to be able to provide ‘critical business processes at enterprise customers’.⁷⁸¹
 - (ii) AI provider solutions such as those from Open AI, Google and Anthropic connect to data on M365 through Microsoft Graph, an API that enables access to Microsoft cloud data.⁷⁸² Add-ins are also used by these AI providers to connect into Microsoft’s own apps such as Word and Excel to provide functions such as summarization, workflow automation and conversational assistance, with Microsoft estimating there are around 500 such AI-add ins in Word and around 270 in Excel.⁷⁸³
 - (iii) Microsoft told us that it has partnered with tens of thousands of UK companies to provide them with expertise and support, including to scale up and drive profitability through Microsoft platforms.⁷⁸⁴ These companies include those that have, via partnership with Microsoft, built software applications that integrate with and enhance aspects of Microsoft’s PSS and Security Software, and have, as a result, developed a base of major customers.⁷⁸⁵ The evidence available to us indicates that at least in some instances these companies have gained high value contracts with major customers.⁷⁸⁶ There are also Commercial off-the-shelf (COTS) applications that have been specifically designed to operate on Microsoft’s Server OS and RDBMS.⁷⁸⁷
- (b) Microsoft serves a very wide variety of organisational customers that depend on it, including many FTSE 100 companies, trusts of the NHS (the UK’s largest employer⁷⁸⁸) and departments of the UK’s government.⁷⁸⁹ Microsoft stated that ‘[b]usiness software enables UK organisations, from small businesses to the NHS and FTSE 100 companies to communicate, collaborate, manage data and serve their customers’.⁷⁹⁰

⁷⁸¹ Microsoft’s submission to the CMA dated [redacted].

⁷⁸² Microsoft’s submission to the CMA dated [redacted].

⁷⁸³ Microsoft’s submission to the CMA dated [redacted].

⁷⁸⁴ Microsoft’s submission to the CMA dated [redacted].

⁷⁸⁵ Microsoft’s submission to the CMA dated [redacted].

⁷⁸⁶ Microsoft’s submission to the CMA dated [redacted].

⁷⁸⁷ See sub-section ‘Barriers to switching for existing Server OS workloads’ in section ‘Market power assessment – Server OS’ of Appendix A and See sub-section ‘Barriers to switching for existing RDBMS workloads’ in section ‘Market power assessment – RDBMS OS’ of Appendix A

⁷⁸⁸ Nuffield Trust, [‘The NHS workforce in numbers’, 26 May 2026, accessed by the CMA on 9 October 2026.](#)

⁷⁸⁹ For example we note the following from Microsoft’s website: “In 2024, Government signed a five-year agreement enabling public sector organisations ‘to pursue their digital transformation and innovation ambitions, through access to cost savings on Microsoft 365, ... Business Applications, and for the first time, Microsoft 365 Copilot” Microsoft, [‘Microsoft and UK Government sign five-year agreement, offering access to world-leading value for UK public sector and supporting new era of digital transformation - Source EMEA’](#), 21 October 2024, accessed by the CMA on 9 October 2026.

⁷⁹⁰ Microsoft’s response dated 04 June 2026 to invitation to comment dated 14 May 2026, paragraph 1.2. [Microsoft.pdf](#)

- (c) Our customer research suggests organisational customers view Microsoft's Business Software Ecosystem as essential. As set out in more detail in the sub-section on grouping in Chapter 4, customers value Microsoft's integrated environment as it can materially influence decision-making, including because it reduces operational and administrative complexity, enables system management across multiple functions in one place, draws on employee familiarity with Microsoft products and benefits from technical integration and commercial bundling. For example, from a security perspective, identity access management (ie Entra, Active Directory and their interplay with Server OS and the other digital activities) - which provides an important connective layer across the Business Software Ecosystem - is seen as vital for ensuring only authorised personnel gain access to systems and data with customers noting that adoption of third-party IAM solutions would be a high risk strategy.⁷⁹¹ Notably, this reliance on security can also be observed in the public sector in the context of NHS England and UK government use of Microsoft products.⁷⁹² Similarly, important applications such as enterprise resource planning software and standardised software platforms which are common in particular industries are seen by customers to be only compatible with Windows.⁷⁹³
- (d) Evidence we have seen to date shows that Microsoft's products across the relevant digital activities are offered and consumed in practice as part of an integrated business software environment, embedded within organisations' IT environments and operational workflows.

6.13 For the reasons set out above, we provisionally find that a significant number of other undertakings use Microsoft's Business Software Ecosystem in carrying on their business.

Provisional conclusion on position of strategic significance

6.14 We have assessed whether Microsoft has a position of strategic significance in respect of its Business Software Ecosystem. We have provisionally found that at least the first two conditions are satisfied.⁷⁹⁴

⁷⁹¹ Jigsaw Customer Research, 28 September 2026, page 68, paragraphs 255-256.

⁷⁹² For example, we note the following from Microsoft's website: "The NHS relies on Microsoft to provide productivity tools and security solutions to protect its 'people, data and assets.'" Microsoft, '[NHS England accelerates AI adoption with Microsoft 365 Copilot to improve service delivery, reduce costs and create more time for care - Source](#)', 8 June 2026, accessed by the CMA on 9 October 2026.

⁷⁹³ Jigsaw Customer Research, 28 September 2026, page 58, paragraph 222.

⁷⁹⁴ Section 6 (a) and (b) of the Act.

- (a) Microsoft's Business Software Ecosystem has a very high number of customers, high usage, a high share of supply and generates very large revenues showing that it has a position of significant size and scale.
- (b) A significant number of other undertakings use Microsoft's Business Software Ecosystem in carrying on their business.

6.15 For these reasons, and on the basis of the evidence set out above, we provisionally find that Microsoft has a position of strategic significance in respect of its Business Software Ecosystem.

7. PROPOSED DECISION AND NEXT STEPS

Introduction

- 7.1 The CMA may designate an undertaking as having SMS in respect of a digital activity carried out by an undertaking where the CMA considers that:
- (a) The digital activity is linked to the United Kingdom, and
 - (b) The undertaking meets the SMS conditions in respect of a digital activity.⁷⁹⁵
- 7.2 The SMS conditions are that the undertaking has:⁷⁹⁶
- (a) Substantial and entrenched market power, and
 - (b) A position of strategic significance,
- in respect of a digital activity.

Our proposed decision

- 7.3 We have described Microsoft, the undertaking we propose to designate, in Chapter 3 of this report and the digital activity with respect to which the proposed designation would have effect and its link to the UK in Chapter 4.
- 7.4 For the reasons set out in Chapter 5 on SEMP and Chapter 6 on POSS, we provisionally find that Microsoft meets both SMS conditions in respect of its Business Software Ecosystem. Therefore, our Proposed Decision is to designate Microsoft as having SMS in respect of its Business Software Ecosystem.
- 7.5 For the avoidance of doubt, we also consider that the SMS conditions would be met in respect of each of the individual digital activities comprising Microsoft's Business Software Ecosystem.

Next steps

- 7.6 We invite Microsoft and other interested parties to comment on our proposed decision before we make our final decision.⁷⁹⁷
- 7.7 Anyone wishing to do so, should submit their views in writing to business.software.sms@cma.gov.uk or submit them via [the online consultation portal](#) by no later than 17.00hrs (UK time) on 13 November 2026. We would

⁷⁹⁵ Section 2(1) of the Act

⁷⁹⁶ Section 2(2) of the Act.

⁷⁹⁷ Under section 13(1) of the Act, the CMA has a duty to carry out a public consultation on any decision that it is considering making as a result of an SMS investigation.

expect to publish responses to the consultation, subject to any representations made in relation to confidentiality of the information provided.

- 7.8 Where responses include confidential information, this should be clearly marked. A non-confidential version should also be provided that can be published on the CMA's website
- 7.9 Microsoft, as the subject of this SMS designation investigation, will have the opportunity to make oral representations on this proposed decision.
- 7.10 We will consider any responses, evidence and representations we receive before taking the final decision by the statutory deadline of 13 February 2027.