

APPENDIX B: Customer Data Analysis

- B.1 This appendix presents analysis of the purchasing data of Microsoft's Business Software Ecosystem UK organisational customers. The evidence and analysis supports our provisional findings in the main report.

Data and methodology

Data source

- B.2 This analysis uses data we requested from Microsoft on UK organisational customers' (customers) purchases of products within the five digital activities. The data provided by Microsoft covered both Azure and non-Azure products in each digital activity (eg Windows Server on an Azure virtual machine and Windows Server on premises).
- B.3 The dataset showed that Microsoft had [1-2] million unique customers across the five digital activities in the UK in 2025. Purchases in the digital activities from these customers totalled \$[9-10] billion in revenue.¹
- B.4 This data included purchases via resellers,² and all customers were included in the analysis irrespective of their level of spend. Purchases of PC OS via Original Equipment Manufacturer (OEMs) are not included in the data. Data was submitted at the product purchase level and covered the calendar year 2025.
- B.5 For each customer transaction, the data covered a range of variables.³ We have used the following in our analysis:
- (a) Purchase attributes including the product name, the digital activity the product falls under as determined by Microsoft and purchase revenue.⁴
 - (b) Customer attributes, including their name and an internal Microsoft customer identifier (TPID).⁵

Reallocation of products

- B.6 Microsoft was able to allocate products accounting for the majority of its Business Software Ecosystem UK revenue in 2025 to a single digital activity. Where this

¹ As set out in Table B.1. These estimates are taken from our dataset following the product reallocation and treatment of negative revenues we describe below as well as our general data cleaning.

² Microsoft's response dated [§<] to section 69 notice dated [§<].

³ The dataset also contained information on the units and unit type of some purchases. These figures were not generally comparable across all products and have not been used in our analysis.

⁴ Microsoft submitted [§<]

⁵ Microsoft's response dated [§<] to section 69 notice dated [§<].

was the case, we made no reallocations of revenues in relation to these products prior to our analysis.

- B.7 There was, however, a subset of products that Microsoft allocated to two digital activities. This subset accounted for [20-30]% of total UK revenue from Microsoft's Business Software Ecosystem in 2025 in this dataset. Within this, the largest category was products allocated to both PSS and Security Software.⁶
- B.8 Following a methodology that was based on the Microsoft submission that mapped each PSS and Security Software product in the dataset to its underlying applications,⁷ we allocated the majority of this revenue to PSS.⁸ We made other reallocations, but these were very small in value.⁹
- B.9 The revenues reallocated to PSS, Security Software and RDBMS as a result of the above exercise amounted to [10-20]%, [0-5]% and [0-5]% of total revenue from Microsoft's Business Software Ecosystem respectively.

Treatment of negative revenues

- B.10 Some observations in the dataset had negative revenues. Microsoft submitted that the revenues it provided reflected the amount invoiced to customers,¹⁰ and we understood negative revenues to relate to refunds or rebates. These negative revenues represented a very small proportion of the dataset.¹¹
- B.11 For the purposes of our analysis, purchases with negative revenues were handled in the following way:
- (a) Where a customer had negative revenues for some products in a digital activity, but at least one product had positive revenues in that digital activity, they were considered to be a paying customer for that digital activity.

⁶ Accounting for [20-30]% of revenue in the dataset and being purchased by [5-10]% of customers.

⁷ Microsoft's response dated [§<] to section 69 notice dated [§<].

⁸ Of the 26 products, 11 were reallocated to PSS, accounting for [90-100]% of the reallocated revenue, with the remaining 15 being reallocated to Security Software. The majority ([80-90]%) of the reallocated revenue from these products is generated by two products: [§<], and [§<]. We are confident in reallocating these products to PSS as these products contain the Word, Excel, Powerpoint, and Outlook applications among others, and do not contain Entra ID or Intune, and only [§<] contains Purview.

⁹ For products flagged as PC OS and Security Software we followed the same methodology as for those flagged as PSS and Security Software, these accounted for [0-5] % of revenue. For products flagged as RDBMS and PC OS or Server OS we used the Microsoft Azure pricing calculator to compare the proportion of licensing costs charged for RDBMS products vs the underlying OS. It indicated that a larger proportion of revenue from Azure products that include both RDBMS and an underlying OS is generated by RDBMS use, rather than the underlying OS. Therefore, these products were reallocated to RDBMS, accounting for [0-5] %. For example, using the calculator with the following options selected Region: UK South; Operating system: Windows; Type: SQL Server; Tier: Standard; Category: All; Instance series: All; Instance: D2 v3 vCPUs, 8 GB RAM, 50 GB Temporary storage, US\$1.708/hour; 1xVMx730hours; Licence: SQL Enterprise, \$1,095 of costs are allocated to SQL Server and \$67.16 allocated to Windows OS. Microsoft, 'Azure Pricing Calculator', accessed by the CMA on 29 September 2026.

¹⁰ Microsoft's response dated [§<] to section 69 notice dated [§<].

¹¹ Prior to data cleaning the dataset contained [§<] of negative revenues, this is equivalent to [§<] of total revenue from the cleaned dataset used for analysis below. CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<].

Therefore, all purchases from that customer in that digital activity were retained in the dataset for our analysis.

- (b) Where a customer had only negative revenues for products in a digital activity, they were not considered to be a paying customer for that digital activity. Therefore, all purchases from that customer in that digital activity were excluded from the dataset for our analysis.

Analysis and results

Revenue and customer numbers by digital activity

B.12 Following product reallocation, treatment of negative revenues, and general data cleaning, the dataset showed the following:¹²

- (a) [90-100]% customers purchased PSS products, which is much greater than any other digital activity. PSS accounted for [40-50]% of total revenues for Microsoft's Business Software Ecosystem.
- (b) Security Software was the next largest digital activity by customer count and revenues. [10-20]% of all customers purchased Security Software products. Security Software products accounted for [20-30]% of total revenues for Microsoft's Business Software Ecosystem.
- (c) [5-10]% of customers purchased PC OS. PC OS products accounted for nearly [5-10]% of total revenues for Microsoft's Business Software Ecosystem. As discussed below, the absence of the OEM channel in the dataset means the number of customers and revenue accounted for by PC OS will be understated. [8<]% of Microsoft's global PC OS revenues in 2025 came from the OEM channel.¹³
- (d) Only a small proportion ([0-5]%) of customers purchased RDBMS products. RDBMS products accounted for [10-20]% of total revenues for Microsoft's Business Software Ecosystem.
- (e) Only a small proportion ([0-5]%) of customers purchased Server OS products. Server OS products accounted for [5-10]% of total revenues for Microsoft's Business Software Ecosystem.

¹² The Limitations sections explain why some revenues and/or customer numbers may be over or underestimated.

¹³ See further section 'Limitations' below.

Table B.1: Revenue and customer counts by digital activity

Digital activity	Customers		Revenue	
	#	%	\$	%
All	[1-2]m	100%	[9-10]bn	100%
PSS	[1-2]m	[90-100]%	[4-5]bn	[40-50]%
PC OS	[100,000-200,000]	[5-10]%	[0.5 -1]bn	[5-10]%
Server OS	[30-40,000]	[0-5]%	[500m-1bn]	[5-10]%
RDBMS	[30-40,000]	[0-5]%	[1-2bn]	[10-20]%
Security Software	[100,000-200,000]	[10-20]%	[2-3bn]	[20-30]%

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<]. Customer percentages do not sum to 100% because customers may purchase products from multiple digital activities and are therefore can be counted in more than one digital activity.

B.13 Table B.2 shows revenue and customers shares split by digital activity and Azure status. It indicates that for each of PSS, PC OS, and Security Software, [§<] customers and revenue comes from non-Azure products, while for RDBMS and Server OS, [§<] customers and revenue comes from Azure products.

Table B.2: Revenue and customer share by digital activity and Azure status

Digital activity	Deployment	Customers (%)	Revenue (%)
PSS	Azure	[§<]	[§<]
	non-Azure	[§<]	[§<]
PC OS	Azure	[§<]	[§<]
	non-Azure	[§<]	[§<]
Server OS	Azure	[§<]	[§<]
	non-Azure	[§<]	[§<]
RDBMS	Azure	[§<]	[§<]
	non-Azure	[§<]	[§<]
Security Software	Azure	[§<]	[§<]
	non-Azure	[§<]	[§<]
Total			[§<]

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<].

Distribution of customer spend

B.14 Figure B.1 indicates the extent of concentration of revenue in the data. Each blue bar represents a percentile of customers by revenue, with the red line representing the cumulative share of overall revenue. The revenue from Microsoft's Business Software Ecosystem is highly concentrated with [8-9] billion or [80-90]% of revenue accounted for the first percentile ([10,000-20,000]) customers. Customers in this first percentile had an average spend by of [\$500,000-600,000]. Customers in the second percentile accounted for [0-5]% of revenue and had an average spend of \$[10,000-20,000].

Figure B.1: Distribution of customer spend

[§<]

Customer purchasing across digital activities

- B.15 This analysis considers the total number of digital activities a customer purchased, and how this varied by customer for each digital activity.¹⁴
- B.16 This analysis contains two outputs with separate similar but distinct approaches to reach both.
- B.17 The first output is Table B.3. We undertook the following steps to carry out this analysis.
- (a) We categorised customers by the number of digital activities they purchased (from one digital activity to all five).¹⁵
 - (b) Next, we calculated the number of customers and total revenue generated by those customers for each category.
 - (c) We then calculated the share of total customers and total revenue that customers in each of these five categories accounted for.
- B.18 Table B.3 indicates that:
- (a) The majority of revenue from Microsoft's Business Software Ecosystem ([80-90]%) is generated by customers who purchase products in all five digital activities.
 - (b) Customers who buy products from all five digital activities account for [0-5]% or [10,000-20,000] of all Microsoft's Business Software Ecosystem customers.
 - (c) These findings are in line with the distribution of customer revenue and show that the very large customers have very high spend also tend to purchase across all five digital activities.

¹⁴ [8<].

¹⁵ Due to the reallocation of revenues discussed above, it is likely the figures presented in the table below may understate the extent to which customers purchase products across multiple digital activities. For example, currently, purchases of products flagged as PSS & Security and their associated revenue and customers are reallocated in their entirety to PSS or Security. As such a customer that purchased one of these products along with PC OS, RDBMS, Server OS products would be allocated to the column of customers that purchase four digital activities category in table A.3. However, if we had been able to record that purchase in both PSS and Security Software that customer would be counted in the purchases five digital activities column of table A.3.

Table B.3: Customer *purchasing across digital activities (1/2)

<i>Total digital activities purchased</i>	<i>Customers</i>		<i>Revenue</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
1 digital activity	[1-2]m	[80-90]%	[400-500]m	[0-5]%
2 digital activities	[40,000-50,000]	[0-5]%	[100-200]m	[0-5]%
3 digital activities	[100,000-200,000]	[5-10]%	[600-700]m	[5-10]%
4 digital activities	[10,000-20,000]	[0-5]%	[400-500]m	[0-5]%
5 digital activities	[10,000-20,000]	[0-5]%	[7-8]bn	[80-90]%

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<]. Shares do not sum to 100 due to rounding.

B.19 Looking at only those customers that purchased all five digital activities (ie the [0-5]% of all customers accounting for [80-90]% of revenue), we then:

- Calculated the share of all PSS customers that these customers accounted for;
- Extracted the PSS revenue associated with those customers and calculate the percentage of all PSS revenue this accounted for;
- We then repeated these steps for each individual digital activity.

B.20 The results of the above analysis are reported in Table B.4 which shows that, for each digital activity, the majority of revenue from that digital activity is generated by customers who buy all five digital activities. For example, the majority of RDBMS revenue [90-100]%) is accounted for by customers who buy RDBMS together with the other four digital activities. This illustrates that not only do those customers who buy products across all five digital activities generate the majority of revenue from Microsoft's Business Software Ecosystem but also that their purchases within each individual digital activities are substantial.

Table B.4: Customer purchasing across digital activities (2/2)

<i>What % of customers that purchase products in these DAS ...</i>	<i>Digital activity</i>	<i>Purchase all 5 digital activities</i>	
		<i>Customers</i>	<i>Revenue</i>
	PSS	[0-5]%	[70-80]%
	PC OS	[5-10]%	[80-90]%
	Server OS	[20-30]%	[80-90]%
	RDBMS	[20-30]%	[90-100]%
	Security Software	[5-10]%	[80-90]%

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<].

Customers that purchase products across all five digital activities

B.21 This analysis considers the subset of customers that purchased products within all five digital activities:

- Customers that purchased all five digital activities are large with an average spend of [\$600,000-\$700,000].

- (b) Revenue is distributed across digital activities for these customers in a similar way to the whole customer base:
- (i) PSS drives nearly half ([40-50]%) of revenues from these customers.
 - (ii) Security Software accounts for just [3] ([20-30]%) of revenues from these customers.
 - (iii) PC OS accounts for less than a tenth ([5-10]%) of revenues from these customers. However as discussed below this excludes the OEM channel meaning the revenue accounted for by PC OS will be understated.
 - (iv) RDBMS accounts for [10-20]% of revenues from these customers.
 - (v) Server OS accounts for less than a tenth ([5-10]%) of revenues from these customers.

Table B.5: Summary statistics for customers that purchase all five digital activities

<i>Digital activity</i>	<i>Revenue (\$)</i>	<i>Revenue (%)</i>	<i>Average Revenue (\$)</i>
All DAs	[7-8bn]	100%	[600,000-700,000]
PSS	[3-4bn]	[40-50]%	[200,000-300,000]
PC OS	[0.5-1bn]	[5-10]%	[50,000-100,000]
Server OS	[0.5-1bn]	[5-10]%	[50,000-100,000]
RDBMS	[1-2bn]	[10-20]%	[50,000-100,000]
Security Software	[1-2bn]	[20-30]%	[100,000-200,000]

Source: CMA analysis of data submitted in Microsoft's response dated [3] to section 69 notice dated [3].

Customers that purchase from only one digital activity

B.22 This analysis considers the purchasing behaviour of customers that purchased products in only one digital activity.

B.23 Table B.6 presents figures on the purchasing patterns of customers that purchased on a single digital activity.

- (a) Customers that purchased a single digital activity are small with an average spend around \$[200-300].
- (b) The vast majority of customers purchased only 1 digital activity ([80-90]%), but contributed only a very small proportion of revenue ([0-5]%).
- (c) PSS accounted for the vast majority of customers ([90-100]%) and revenue ([90-100]%) from customers that purchased a single digital activity.
- (d) Average revenue from customers only purchasing RDBMS or Server OS is higher than other digital activities ([3-5x] larger).

Table B.6: Summary statistics for customers that purchase a single digital activity

Digital activity	Customers		Revenue		Average
	#	%	\$	%	
All DAs	[1-2]m	100%	[400-500]m	100%	[200-300]
PSS	[1-2]m	[90-100]%	[300-400]m	[90-100]%	[200-300]
PC OS	[0-10,000]	[0-5]%	[0-20]m	[0-5]%	[400-500]
Server OS	[0-10,000]	[0-5]%	[0-20]m	[0-5]%	[1000-2000]
RDBMS	[10-20,000]	[0-5]%	[0-20]m	[0-5]%	[1000-2000]
Security Software	[0-10,000]	[0-5]%	[0-20]m	[0-5]%	[300-400]

Source: CMA analysis of data submitted in Microsoft's response dated [8<] to section 69 notice dated [8<]. Shares do not sum to 100 due to rounding. Shares do not sum to 100 due to rounding.

Customers that purchase specific combinations of digital activities

B.24 This analysis looks at customers that purchase products in specific combinations of digital activities. These were:

- (a) PSS, PC OS, and Security Software digital activities; and
- (b) Server OS and RDBMS digital activities.

B.25 We have reported two sets of results for each of these two groups of customers.

B.26 The first output is Table B.7. We undertook the following steps to carry out this analysis for each of the two groups of customers.

- (a) We calculated the number of customers and the total revenue these customers accounted for.
- (b) Next, we calculated the share of total customers and revenue from Microsoft's Business Software Ecosystem that these customers accounted for.

B.27 Table B.7 indicates that:

- (a) [5-10]% of Microsoft's Business Software Ecosystem customers purchased products in all three of the PSS, PC OS, and Security Software digital activities. Revenue from these customers accounted for [90-100]% of overall revenue from Microsoft's Business Software Ecosystem.
- (b) [0-5]% of Microsoft's Business Software Ecosystem customers purchased products in both Server OS and RDBMS digital activities. Revenue from these customers accounted for [80-90]% of overall revenue from Microsoft's Business Software Ecosystem.
- (c) [0-5]% of Microsoft's Business Software Ecosystem customers purchased products in all five digital activities. These customers accounted for [80-90]% of overall revenue from Microsoft's Business Software Ecosystem.

Table B.7: Digital activity combination analysis (1/2)

Customers that purchase products in all of:	Customers		Revenue	
	#	% of all MBSE customers	\$	% of all MBSE revenue
PSS, PC OS, & Security Software	[100,000-200,000]	[5-10]%	[8-9]bn	[90-100]%
Server OS & RDBMS	[10-20,000]	[0-5]%	[7-8]bn	[80-90]%
All digital activities	[10-20,000]	[0-5]%	[7-8]bn	[80-90]%

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<].

B.28 The second output is Table B.8. We undertook the following steps to carry out this analysis.

- (a) We calculated the number of customers and the revenue from these digital activities these customers accounted for.
- (b) We then calculated the share of customers and revenue from these digital activities these customers accounted for, as well as average revenue.

B.29 Table B.8 indicates that:

- (a) [30-40]% of Server OS and RDBMS customers purchase products in both digital activities. These customers account for [90-100]% of revenue from these Digital Activities
- (b) [5-10]% of PSS, PC OS, and Security Software customers purchase products in all three Digital Activities. These customers account for [90-100]% of revenues from these Digital Activities.

Table B.8: Digital activity combination analysis (2/2)

Customers that purchase products in all of:	Customers		\$	Revenue	
	#	% of DA combination customers		% of DA combination revenue	Average
PSS, PC OS & Security Software	[100,000-200,000]	[5-10]%	[6-7]bn	[90-100]%	[50,000-60,000]
Server OS & RDBMS	[10-20,000]	[30-40]%	[1-2]bn	[90-100]%	[90,000-100,000]
All digital activities	[10-20,000]	[0-5]%	[7-8]bn	[80-90]%	[600,000-700,000]

Source: CMA analysis of data submitted in Microsoft's response dated [§<] to section 69 notice dated [§<].

Limitations

B.30 We consider that data used for our analysis is subject to some limitations, which we set out below.

B.31 First as noted above, this dataset contains purchases by Microsoft's customers in calendar year 2025. This means that we cannot ascertain if a customer has a multi-year contract in which spend in 2025 did not reflect the nature of spend over the life of the contract.

B.32 Second, the PC OS digital activity is likely to be significantly understated in terms of both revenue and customer counts. Microsoft's PC OS is commonly purchased

pre-installed on an OEM device. The OEM sales channel represented [§<]% of Microsoft's global revenues from PC OS in 2025.¹⁶ However, this sales channel is not included in this dataset as Microsoft cannot attribute sales to a particular geography. As such, PC OS is significantly underrepresented in terms of revenue and customer counts.

B.33 Third, Microsoft used different revenue measures for Azure products and non-Azure products. For the purposes of our analysis, we have generally assumed that these measures are comparable.

(a) Microsoft submitted that revenue is reflective of [§<].

(b) In addition, [§<].¹⁷ This will overstate the relative revenues of Azure products, which account for [§<] of overall revenues. [§<]:

(i) [§<].

(ii) [§<].

(iii) [§<].

(iv) [§<].

(v) [§<].

B.34 Fourth, the dataset excludes Services Provider Licensing Agreement (SPLA) revenues. As such, revenues for both Server OS and RDBMS will be understated in this analysis, as the worldwide SPLA channel accounts for approximately [30-40]% of worldwide non-Azure Server OS revenue for the period 2020 - 2025 and approximately [20-30]% of worldwide non-Azure RDBMS revenue in the same period.¹⁸ Customer counts for Server OS and RDBMS will also be understated.

B.35 Finally, Microsoft submitted that its '[§<]' but that this is '[§<]'.¹⁹ We have accepted this geographical allocation of revenue and customers for the purposes of our analysis but are aware that i) a proportion of customers that use Microsoft products in the UK could be missing from the dataset, and ii) a proportion of customers that use Microsoft products outside the UK could be included in the dataset.

¹⁶ See sub-section 'PC Operating Systems' in section 'Market outcomes' of Appendix C.

¹⁷ Microsoft's response dated [§<] to section 69 notice dated [§<].

¹⁸ Microsoft's response dated [§<] to section 69 notice dated [§<].

¹⁹ Microsoft's response dated [§<] to section 69 notice dated [§<].