

Strategic Market Status Investigation into Microsoft's business software ecosystem

Invitation to Comment

14 May 2026

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Introduction

1. Business software is fundamental to how companies and public sector organisations run today. It enables people in organisations¹ to collaborate effectively, and it helps these organisations to run efficiently and securely.
2. Microsoft has been the key provider of business software for decades, centred on the Windows operating systems and Office applications, alongside database products and related identity access and security applications. Its ecosystem of products is core to the IT infrastructure of most UK businesses and the public sector. We estimate that there are more than 20 million users in the UK² that rely on the Microsoft ecosystem to support their work every day.
3. The importance of Microsoft's business software ecosystem to the UK's productivity and prosperity means that it is vital that competition with it works well. Healthy competition in business software will ensure that UK customers can negotiate good deals and use the best products for their needs. UK customers can benefit most if they can combine products and applications from a range of providers as well as Microsoft to meet their particular needs. Competition in the business software sector 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.
4. Looking forwards, the development of cloud and enterprise AI has the potential to change how UK customers use business software. Cloud infrastructure is enabling greater flexibility and availability of these products for businesses, and AI assistants are increasingly being integrated across applications to make staff more productive. 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. The UK can achieve the greatest potential for these gains where AI assistants can integrate easily with existing IT workflows.
5. These potential benefits are why we have launched this investigation into Microsoft's business software ecosystem under the digital markets competition regime (**DMCR**) established by the Digital Markets, Competition and Consumers Act 2024 (the **Act**). The Act allows us to investigate whether

¹ Organisation includes, but is not limited to, businesses, charities, educational institutions and public sector entities.

² CMA analysis of Microsoft response to the CMA [§<].

firms should be designated as having Strategic Market Status (**SMS**) in a digital activity.

6. Considering potential designation of Microsoft with respect to its business software ecosystem does not assume any wrongdoing. If we were to designate Microsoft, this would provide a gateway to possible interventions to enable competition in business software, so that UK organisations can benefit from access to the most innovative products at competitive prices. Such interventions can take the form of Conduct Requirements and/or Pro-Competition Interventions, subject to the evidence and meeting the appropriate legal tests. The CMA may decide not to prioritise Conduct Requirements where voluntary commitments can deliver immediate and effective benefits to UK businesses and consumers, demonstrating the flexibility of the DMCR to allow for swifter action where appropriate without the need for a formal and lengthy process.
7. This Invitation to Comment³ (**ITC**) and the accompanying SMS Investigation Notice set out the key matters related to our investigation.⁴ We describe:
 - (a) The scope of our SMS investigation and main avenues of investigation. We invite views and comments on these.⁵
 - (b) Our initial views on the potential issues in relation to which we may consider making interventions, if we decide to designate Microsoft as having SMS. We invite evidenced submissions on whether these are the right issues on which to focus and how any interventions could be designed effectively and proportionately.⁶
 - (c) Specific questions on which responses would be particularly welcome are set out at the end of each part of this ITC.
8. We welcome submissions by **11:59pm, BST on 4 June 2026**. Further details about how to respond and how the CMA handles information can be found in Part 3 of this document.

Part 1 – Scope of the investigation and SMS assessment

9. The first part of this document deals with the scope of the investigation, including the candidate descriptions of the activities that we are considering

³ Investigation Notice on the CMA's case page.

⁴ The Investigation Notice on the CMA's case page sets out the reasonable grounds the CMA has to consider that it may be able to designate Microsoft as having SMS in relation to its business software ecosystem.

⁵ [CMA194](#), para 2.82.

⁶ [CMA194](#), para 3.38.

designating. It also sets out the key issues that we intend to investigate as part of our SMS assessment.

10. Under the Act, we can designate a firm as having SMS in a digital activity if the firm's market power and position meet a series of tests, summarised in Box 1.⁷ We must undertake a formal investigation and reach a final decision within nine months.⁸

Box 1: Summary of the conditions for designating a firm as having SMS

- Must relate to a digital activity carried out by a firm
- The digital activity must have a link to the UK
- The firm's global or UK turnover must be above a specific threshold
- The firm must have substantial and entrenched market power (SEMP) and a position of strategic significance (POSS) in the digital activity

Context to the investigation

11. The CMA has heard concerns about Microsoft's position in business software, particularly productivity software, operating systems, database management and related identity access and security software. It has carried out horizon scanning work in this area, including engaging with Microsoft and a range of business software suppliers as well as a sample of UK customers.
12. A CMA inquiry group also completed a market investigation into Cloud services (the Cloud MI) which examined how Microsoft licences its business software for its own and rivals' cloud services and found that this was having an adverse effect on competition in cloud services markets.⁹
13. For this investigation, we will gather a comprehensive set of evidence to assess whether Microsoft has SMS in relation to its business software, and if so, what action may be needed to support competition in this important sector for the UK economy. As part of this work, we will consider the rapid development of AI and its implications for whether any substantial market power we may identify in Microsoft's business software ecosystem is being entrenched.

⁷ [CMA194](#) describes the tests and investigation in more detail.

⁸ Subject to possible extensions in specific situations (section 104 of the Act).

⁹ [Cloud MI final decision report](#).

Scope of the investigation and description of the digital activities

14. Under the Act, we are required to describe the digital activity or activities which we will be considering designating through our investigation.¹⁰ This description could change as a result of evidence gathered during our investigation.
15. The accompanying Investigation Notice sets out our description of the digital activities, and our reasonable grounds for considering that Microsoft could be designated as having SMS in relation to those activities. As the Investigation Notice explains, we are investigating Microsoft's provision of:
 - (a) a productivity software suite that enables users to work and collaborate in an organisation, including to create, record, communicate and manage information (**Productivity Software Suite**). The main apps within this are Outlook for email, Word, Excel, PowerPoint, as well as OneDrive, SharePoint and Teams. Our investigation will include Copilot features and functionalities within 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.
 - (b) 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 the personal computer (**PC Operating System**). Microsoft's main PC operating system used in the UK is Windows 11.
 - (c) a server operating system software or equivalent, which acts as an intermediary between hardware and software on the server, enabling software applications and services to run on a server (**Server Operating System**). The main Microsoft server operating system is Windows Server.
 - (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**). Microsoft's main RDBMS product is SQL Server.
 - (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,

¹⁰ [CMA194](#), paras 2.10 – 2.16 provides guidance on the CMA's approach to identifying digital activities. In identifying a digital activity and considering which of the firm's products it may comprise, the CMA will typically look at how these products are offered and consumed. For example, the CMA may consider how the potential SMS firm structures itself and its business model, how businesses and consumers use and access its products and any interlinkages among them.

enforcement of endpoint management policies and detection and prevention of threats (**Security Software**). Microsoft's offerings in this area include Entra ID, Active Directory, Intune and Defender products.

16. The descriptions of the digital activities reflect our current understanding of how Microsoft's products are offered and consumed, and the interlinkages among them.¹¹ We are investigating how Microsoft provides these products for use by UK organisations, such as businesses and public sector organisations. While Microsoft supplies products and services to individual consumers, that is not the focus of this investigation and outside the scope of the proposed digital activities.
17. Microsoft's artificial intelligence (**AI**) offerings can be used with many layers of its Business Software Ecosystem. We intend to investigate the extent to which Microsoft's AI products (such as those branded as Copilot) should be in scope of the digital activities described above.
18. The Investigation Notice also illustrates that Microsoft's Business Software Ecosystem may have a significant number of UK users:
 - (a) **Productivity Software Suite:** There were [20-30] million UK organisational users of Microsoft's productivity software in FY25.¹²
 - (b) **PC Operating Systems** There were [15-25] million UK organisational users of Microsoft product bundles that included its PC Operating Systems in FY25.¹³ Microsoft earned \$[0.5-1] billion in revenue from organisational customers for its PC Operating Systems in the UK in FY25.¹⁴
 - (c) **Server Operating System:** Microsoft's Windows Server accounted for [30-40] % of operating system usage on Azure by vcore¹⁵ hours in the UK in 2024;¹⁶
 - (d) **RDBMS: Product bundles** including Microsoft SQL Server accounted for \$[0.5-1] billion in revenue in the UK in FY25;¹⁷ and

¹¹ [CMA194](#), para 2.10.

¹² Microsoft response to the CMA [§<].

¹³ CMA analysis of Microsoft response to the CMA [§<].

¹⁴ Microsoft response to the CMA [§<].

¹⁵ Virtual core hours (vcore hours) are hours of usage normalised for the number of core processing units being used to run a particular instance or operating system environment (OSE).

¹⁶ CMA analysis of Microsoft response to the CMA [§<].

¹⁷ CMA analysis of Microsoft response to the CMA [§<].

- (e) **Security Software:** There were [20-30] million UK organisational users of Microsoft's Enterprise Mobility and Security suite in FY25, generating \$[1-1.5] billion in revenue in the UK.¹⁸

Grouping

19. It is possible that the digital activities described above and carried out by Microsoft could form the basis of a grouped designation.¹⁹ This is where individual digital activities are grouped together and treated as a single digital activity for the purposes of the SMS assessment.²⁰ This can occur where these activities have substantially the same or similar purposes, or can be carried out in combination to fulfil a specific purpose.
20. Many organisations need common elements of software architecture to build a software environment for their workplace.²¹ Microsoft presents itself as a one-stop-shop, marketing its products as a package of secure, integrated and easy-to-use software solutions that can be used both on-premises or in the cloud.²²
21. Therefore, the CMA considers that the digital activities set out above 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. Accordingly, the CMA considers that the provision of Productivity Software Suite, PC Operating System, Server Operating System, Relational Database Management System and Security Software could be considered as a single digital activity, namely '**Microsoft's Business Software Ecosystem**'.
22. During the investigation, we will assess and decide whether and, if so, how to group the digital activities referred to in paragraph 15 above. We will gather evidence to test whether our descriptions of these digital activities, or our approach to 'grouping' them as a single digital activity, should be adjusted before we make a final decision on SMS designation. We will look at how UK customers combine products across the digital activities referred to in paragraph 15, including the extent to which they are offered together in bundles. We will also look at how Microsoft's products interoperate with each

¹⁸ CMA analysis of Microsoft response to the CMA [§<].

¹⁹ [Section 3\(3\) of the Act](#).

²⁰ [CMA194](#), para 2.16.

²¹ See, for example, [Summary of Bundeskartellamt Decision under Sec. 19\(a\) of the German Competition Act, B6 – 26/23, 27 September 2024 \(Bundeskartellamt Decision\)](#): "Microsoft is a long-established market leader when it comes to central elements of the software architecture used by large organisations."

²² [Microsoft 2025 Annual Report](#), page 9 (accessed 12 May 2026): "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."

other through technical links and the extent to which third party software products can integrate effectively with Microsoft's ecosystem.²³

Avenues of investigation

23. The purpose of our investigation will be to gather evidence on whether Microsoft has SMS in relation to its business software ecosystem, applying the tests summarised in Box 1 above.
24. As part of our investigation into whether Microsoft has substantial and entrenched market power in relation to its Business Software Ecosystem, we will consider the competitive constraints that it faces, such as the extent:
 - (a) of competition between Microsoft and other providers of business software ecosystems, and the extent to which providers of individual business software products can compete effectively with elements of Microsoft's Business Software Ecosystem (including each of the digital activities described above, as well as related services);
 - (b) to which the interoperability and interconnected nature of the digital activities, and how they are offered and used in combination, may contribute to Microsoft's holding market power in relation to its Business Software Ecosystem;
 - (c) of barriers to switching, including interoperability of third-party business software products with the Microsoft ecosystem and the ease with which UK customers can combine some products in the Microsoft Business Software Ecosystem with rival business software products; and
 - (d) of barriers to entry and expansion, including due to the presence of economies of scale and scope, the need for access to data, and any network effects in the context of the supply of business software.
25. As part of our assessment as to whether Microsoft has substantial and entrenched market power, we must carry out a forward-looking assessment of at least five years. As part of this we will seek to understand:
 - (a) changes to Microsoft's business model that have been, or are being, made in response to regulatory and legal developments; and
 - (b) technological developments which could change the way that business software is used and how it is provided to users, such as the integration of

²³ CMA194, 2.15 provides examples of circumstances where it may be appropriate to group activities into a single activity.

AI into a range of applications and the use of AI enhanced tools and agentic AI.

26. We will also assess whether Microsoft has a position of strategic significance in respect of the digital activities set out above.²⁴
27. We are planning to use a range of approaches to evidence gathering, including: responses to this ITC; formal requests for information to Microsoft and other business software providers; primary research amongst UK business software customers as well as our own direct engagement; and data analysis including shares of supply and a profitability assessment.
28. We are keen to engage with stakeholders throughout the investigation. We intend to do this through targeted information requests and meetings or calls if appropriate.
29. We will also consult publicly on our proposed decision on whether to designate Microsoft with SMS, before we take a final decision.

Questions

Box 2: Questions on scope of the investigation and SMS assessment

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

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

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

²⁴ A firm has a position of strategic significance in respect of a digital activity where one or more of the conditions set out in [section 6 of the Act](#) are met. These are: (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; and (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.

Part 2 – Issues we are exploring and possible interventions

30. In this section we set out the key competition issues we intend to explore in relation to Microsoft’s business software ecosystem, and possible interventions in relation to those issues. We consider it important and appropriate to start considering potential competition concerns and related interventions in parallel with our work on whether to designate Microsoft, recognising that any interventions can only be imposed if the CMA designates Microsoft as having SMS in relation to a digital activity and the evidence supports such interventions. This will allow for a broad discussion of potential competition issues, interventions and approaches with stakeholders.

Interventions that we can impose under the DMCR

31. If we find that a company has SMS in relation to a digital activity, we can impose two types of interventions:
- **Conduct Requirements (CRs)** are intended to guide the practices of an SMS firm in ways that address not only existing issues in relation to the designated activity but also protect against the risk that the firm seeks to take advantage of its strong position to exploit consumers or businesses or undermine fair competition. The CMA does not have to find evidence of historic or ongoing harm in order to impose a CR but could instead seek to prevent the emergence of harm in the future. The development of CRs, including information gathering and consulting on them, can run in parallel with and/or follow an SMS investigation.
 - **Pro-Competition Interventions (PCIs)** can be imposed following a PCI investigation to remedy, mitigate or prevent an adverse effect on competition (AEC) relating to a designated activity. A PCI investigation can only be launched once a firm is designated as having SMS.²⁵
32. For those measures that we think should be taken forward as CRs, we will follow a three-step process, as set out in the guidance:²⁶
- (a) **Identifying the aim of the CR** – we will identify what the CR is intended to achieve. CRs must be for the purposes of one of the CR objectives set out in the legislation (fair dealing; open choices; and trust and transparency).

²⁵ More detail on CRs and PCIs can be found in Chapters 3 and 4 of our guidance on the DMCR: [Digital markets competition regime guidance](#).

²⁶ DMCR guidance, para 3.20. The CMA will follow a similar approach for PCIs, see DMCR guidance, para 4.19.

- (b) **Effectiveness** – we will consider which CRs within the permitted types set out in the legislation will be effective in achieving our aim.
- (c) **Proportionality** – we will consider the proportionality of any CRs we are considering imposing.
33. As part of this analysis, we will consider the benefits for consumers that would likely result from the CR. These benefits may be direct, or they may be indirect: for example, a CR may benefit business users who may then be able to improve their goods, services and/or prices for consumers.
34. The CMA must conduct a public consultation on any CRs that it intends to impose.²⁷ We welcome views on potential interventions as we wish to give stakeholders the opportunity to contribute to our emerging thinking on these. We expect to publish further thinking on any interventions as a Roadmap during the course of our investigation. This will set out our consideration of any priorities for intervention. Our consideration of CRs does not prejudice the outcome of the SMS investigation and is without prejudice to any SMS finding.²⁸
35. The CMA may decide not to prioritise CRs where voluntary action by a designated undertaking is intended to address concerns in conduct and/or market outcomes, and where this enables effective benefits for UK businesses and consumers more swiftly than could be achieved through a formal process. This reflects the pragmatic and flexible design of the DMCR.²⁹

The key issues we intend to explore

36. In identifying potential issues to explore in relation to Microsoft's business software ecosystem we have been informed by our engagement with stakeholders to date, our horizon scanning work, the Cloud MI and our consideration of actions in other jurisdictions. We have not formed any view on whether the potential issues warrant intervention.

The issues we will consider in relation to Microsoft's business software ecosystem and the aims of potential interventions to address them

37. We have heard that a range of factors may currently inhibit competition working well in business software and related sectors, which we will explore further during the investigation. Tackling these factors to support effective

²⁷ Section 24(1) of the Act.

²⁸ DMCR guidance, paragraph 3.39.

²⁹ See examples of this approach relating to [Google](#) and [Apple's mobile platforms](#).

competition in business software could ensure that the full benefits of high-quality products and services can be realised by UK businesses and the public sector.

38. Where appropriate, we would seek to strengthen competition within the business software sector, prevent leveraging of any market power Microsoft may hold into adjacent activities to ensure that these are open and competitive markets, and protect users from any conduct which harms their interests. This includes potential measures that would address the concern identified in the Cloud MI that Microsoft is able to use its position in business software to reduce competition in cloud services – a key infrastructure sector for the UK economy.³⁰
39. If needed, potential interventions may encourage greater choice for customers in relation to their business software and enable them to combine products best suited to them and support their productivity. We may also take action to ensure that a wide range of providers can compete effectively, which can deliver further benefits in terms of choice, innovation and lower prices, and ensure there is opportunity for other businesses, including UK technology firms, to thrive.
40. A priority for our work is to ensure that UK customers can benefit most as AI is embedded in business software, as this is expected to revolutionise how UK firms operate, supporting productive working and unlocking new products and services for UK customers and consumers. A particular focus is likely to be to enable the development and growth of innovative new AI-driven business software offered by a range of providers.
41. We will consider whether there is evidence that we should take action to enable competition, should we find that Microsoft has SMS in respect of its business software ecosystem. We will explore in particular whether there is a need to:
 - (a) **Prevent leveraging of market power into adjacent activities, such as cloud services.** The Cloud MI found that Microsoft’s licensing of its key business software on the cloud is harming competition in cloud services.³¹ If we designate Microsoft in relation to its business software ecosystem, this would enable us to consider interventions that could ensure UK customers can freely choose which cloud to deploy Microsoft business software on.

³⁰ [CMA cloud services market investigation.](#)

³¹ [CMA cloud services market investigation final report.](#)

- (b) **Improve competition in business software by ensuring that technical design and interoperability enable customers to choose between different providers.** Business software products are often technically interconnected to work well together. Interventions in this area could seek to ensure that technical architectures, interfaces and integrations do not prevent rival products from interoperating within Microsoft's ecosystem on fair terms. This includes considering any technical tying, asymmetric API access or control over de facto standards if these raise barriers to entry or expansion, while recognising that integration can also deliver legitimate security and performance benefits.
- (c) **Ensure that customer purchasing decisions are not distorted by commercial arrangements like bundling, such that rival providers cannot compete effectively.** Commercial practices such as bundling, tying, pricing structures or portfolio-wide incentives may shape customer behaviour in ways that limit effective choice. Interventions in this area could focus on ensuring that customers are able to choose alternatives to Microsoft's business software on their merits and without any commercial penalty. This includes where new tools and functions are incorporated into existing offerings.
- (d) **Ensure that defaults, design and presentation choices do not steer users toward particular products in ways that undermine effective choice.** Customer and user decisions may be influenced by default settings, pre-enabled functionality, and design choices affecting prominence, visibility and ease of access within software. Interventions in this area could address user journeys, setup flows, in-product prompts or information disclosure if these unduly bias outcomes toward Microsoft's products or reinforce other sources of competitive advantage.

42. The potential issues we intend to consider are set out in more detail below.

Preventing leveraging of market power into adjacent activities, such as cloud services

43. The Cloud MI concluded that any remedies to address Microsoft's licensing practices would need to be implemented as a combination of principles-based and rules-based interventions to comprehensively address the relevant licensing practices.³² It identified that these could potentially include³³:

³² [Final decision report](#), para 10.47b.

³³ [Final decision report](#), para 10.94.

- (a) an obligation on Microsoft to apply a fair, reasonable and non-discriminatory (FRAND) approach in relation to pricing its software products regardless of which cloud they are hosted on. A FRAND approach would require Microsoft to provide access to its software products on fair, reasonable and non-discriminatory pricing terms, where different fees and commercial terms are charged to different customers only where objectively justified. It could also be obliged to provide greater information transparency;
 - (b) restrictions on Microsoft's ability to favour its own cloud through licensing practices which grant unequal access to software products and product functionality depending on which cloud the software products are deployed on; and
 - (c) changes to contractual licensing practices relating to the transfer and/or deployment by end customers of previously purchased software products on the cloud of their choice.
44. The Cloud MI considered that these potential remedies could apply to all of the business software products for which Microsoft has significant market power.³⁴ Potential interventions under the DMCR would be dependent on the scope of the digital activity.

Ensuring that technical design and integration choices do not restrict interoperability or create dependencies that hinder effective competition

45. One potential area of concern relates to practices that affect interoperability and integration between business software products. In some cases, products may be architected in ways that work best with a provider's own services or components, while interoperability with third party alternatives is limited, incomplete or subject to practical constraints. This may make it more difficult for customers to combine software from different providers or to substitute rival products, even where they wish to do so.
46. Depending on the evidence, interventions in this area could be appropriate to address issues such as technical tying, limits on access to interfaces or protocols, or reliance on proprietary implementations that third parties must follow to interoperate. Such concerns may arise across products that are part of Microsoft's business software ecosystem and related services (like cloud) that rely on deep integration with identity, data or infrastructure. They may also arise where a provider controls key data flows, signals or telemetry

³⁴ [Appendix W: Remedies not taken forward in this market investigation](#), para W.213.

across interconnected products, enabling deeper or more effective integration between Microsoft's own services than is available to competitors, and reinforcing technical dependencies over time.

47. While technical integration can deliver efficiency, security and performance benefits, we are interested in hearing where design choices – including choices about how data, signals or usage information are accessed and combined across products – may also limit the ability for rivals to compete, for example by raising rivals' costs, degrading competing functionality, or reinforcing customer lock in over time.
48. We welcome any evidence on whether interoperability limitations affect competition in relation to business software, including how changes to formats, APIs or system requirements impact third party providers and customers, and how any interventions could balance openness with legitimate considerations such as security, privacy and reliability.

Ensuring that commercial arrangements do not reinforce market power by distorting customer purchasing decisions or foreclosing standalone competition

49. Another potential area of concern relates to commercial practices, including pricing and packaging arrangements across business software products. In particular where a firm is active across multiple layers of the technology stack, there may be incentives to bundle or tie products together, or to structure pricing in ways that encourage multi-product adoption. Such practices can sometimes benefit customers, for example through convenience or discounts. However, depending on their design and context, they may also limit customers' ability to select individual products on their merits or make it harder for standalone rivals to compete effectively.
50. These issues may arise in relation to productivity suites including communication and collaboration software, IAM or security services, or when new functionality – including AI enabled tools – is introduced as part of existing bundles.
51. Potential interventions in this area could, depending on the evidence, focus on ensuring that customers can make meaningful choices between bundled and unbundled offerings, or that commercial arrangements do not unduly foreclose rivals in adjacent markets. We are interested in views on whether commercial practices interact with technical dependencies and switching costs to reinforce market power, and whether any potential intervention could preserve efficiencies while reducing risks to competition.

Ensuring that defaults, design and presentation choices do not steer users toward particular products in ways that undermine effective choice

52. A further potential area of concern relates to behavioural practices that influence customer choice, including defaults, pre-enabled settings, user journeys, and the way products and alternatives are presented within software interfaces. In complex business software environments, customers' and users' decisions may be shaped not only by price or technical capability, but also by design choices that affect prominence, visibility and ease of use.
53. Certain design or user experience choices may steer customers toward a provider's own products or services, even where third party alternatives are available and technically compatible. This can include, for example, the relative prominence or placement of functionality within applications, the integration of particular services into core workflows, or the number of steps required to enable or access alternative solutions. Over time, such design choices may reinforce adoption of default or embedded products, reduce effective consideration of alternatives, and amplify the effects of technical or commercial tying. These effects may be further strengthened where software incorporates data-driven features – such as intelligent recommendations, adaptive interfaces or AI enabled functionality – that learn from usage over time and become more valuable the longer they are used.
54. Potential interventions in this area could, depending on the evidence, seek to ensure that user interfaces, setup flows and in-product prompts do not unduly bias outcomes toward a particular provider's offerings, and that customers and users are presented with clear, neutral and timely information to support informed choice. These considerations may be relevant across a range of business software products, including productivity tools including collaboration software, identity and security solutions, and AI enabled features that are embedded directly into existing workflows.
55. We have not formed any view on whether any such practices warrant intervention, and we welcome evidence on whether behavioural design choices affect competition and customer outcomes in practice.

How we would assess potential interventions

The CMA's process for developing CRs

56. We will test the issues and potential interventions set out above through our analysis carried out alongside the SMS investigation. This analysis will be informed by responses to this ITC, as well as requests for information that we send to key parties. We will also meet with stakeholders to hear their views,

and we will talk to relevant UK or international regulators on issues of shared interest.

57. In light of this evidence, we will consider which potential interventions to investigate further, as well as the most appropriate form of interventions and the timing for introducing them. This will include consideration of whether particular interventions should be developed as CRs, either alongside the SMS investigation or at a later date; or whether they should be PCIs, if a later PCI investigation were to find an AEC.

Action in other jurisdictions

58. In considering any potential interventions, we will have regard to measures imposed or under consideration in relation to business software in other jurisdictions. We will have regard to information relating to the implementation and effectiveness of these actions to address any potential concerns in the UK, including from stakeholder feedback. We will also consider the extent to which we should align any action we take with that of authorities internationally, or whether there is a more proportionate approach to tackle issues in the UK.

59. Key international developments we will examine closely include:

- (a) **The EU's Teams remedy.** The European Commission has accepted legally binding commitments from Microsoft in relation to the tying of its Teams product with Office 365 and Microsoft 365, including obligations to offer versions of these productivity suites without Teams at suitable price differentials, improve interoperability between Teams and competing collaboration tools, and enable data portability to facilitate switching. These commitments were accepted under EU antitrust rules and are intended to address concerns about foreclosure of rival collaboration software providers arising from bundling and integration across Microsoft's business software ecosystem.³⁵ Microsoft has voluntarily applied these commitments globally, but they are not legally enforceable in the UK.
- (b) **The EU's Digital Markets Act (DMA).** Microsoft is a designated gatekeeper under the DMA for its Windows OS.³⁶ As a result, Microsoft is subject to a set of obligations under EU law, including requirements

³⁵ Cases AT.40721 – Microsoft teams and AT.40873 – Microsoft Teams II.

³⁶ DMA.100026 Microsoft – operating systems, European Commission designation decision of 5 September 2023.

relating to default settings, user choice, interoperability and limitations on certain forms of self-preferencing.³⁷

- (c) **German Competition Act.** The Bundeskartellamt (BKA) has determined that Microsoft has paramount significance for competition across markets under section 19a of the German Competition Act.³⁸ This designation reflects the BKA's assessment of extensive interconnections within Microsoft's ecosystem fortified by Microsoft's overarching use of the cloud and AI and provides the BKA with powers to prohibit certain conduct that may endanger competition across markets.

Questions

Box 3: Questions on potential issues and interventions

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

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

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

Part 3 - How to respond to this ITC and how we will use your response

60. We welcome evidenced responses on the questions set out in this ITC by **11.59pm BST on 4 June 2026**.³⁹ Please send any responses to business.software.sms@cma.gov.uk or submit them via the [online consultation portal](#). In your response, please state whether you are responding as an individual or are representing the views of a group or

³⁷ Articles 5 and 6, Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act).

³⁸ Summary of Bundeskartellamt Decision under Sec. 19(a) of the German Competition Act into Microsoft's paramount significance for competition across markets, B6 – 26/23, 27 September 2024.

³⁹ We particularly welcome submissions that are supported by evidence (both quantitative and qualitative). This could include, for example, data (for example relating to user behaviour), third party research, internal documents setting out commercial strategy or screenshots of webpages.

organisation. If the latter, please make clear who you are representing and their role or interest.

61. In pursuit of our policy of openness and transparency **we will publish non-confidential versions of responses on our webpages**. We may also wish to refer to comments received in response to this consultation in future publications. If your response contains any information that you would not wish to be published, please also provide a non-confidential version for publication which omits that material and explain why you regard that material as confidential.
62. The information that we receive in response to this consultation is subject to Part 9 of the Enterprise Act 2002. In deciding whether to publish information received, we will have regard to the need for excluding from publication, so far as practicable: any information the disclosure of which we think is contrary to the public interest; or information relating to the private affairs of an individual or commercial information, where we think that disclosure might significantly harm the interests of that individual or business.
63. Any personal data that you supply in responding to this consultation will be processed by the CMA, as controller, in line with data protection legislation. For more information about how we process personal data, your rights in relation to that personal data, how to contact us, details of the CMA's Data Protection Officer, and how long the CMA retains personal data, see the CMA's Privacy Notice.⁴⁰
64. Please note that information and personal data provided in response to this consultation may be the subject of requests by members of the public under the Freedom of Information Act 2000. In responding to such requests, we will take into consideration representations made by you in support of confidentiality. We will also be mindful of our responsibilities under the data protection legislation referred to above and under the Enterprise Act 2002.

⁴⁰ [Personal information charter - Competition and Markets Authority - GOV.UK](#).