



EUROPEAN COMMISSION
Competition DG

***CASES AT.40721 – MICROSOFT
TEAMS and
AT.40873 – MICROSOFT TEAMS II***

(Only the English text is authentic)

**ANTITRUST PROCEDURE
Council Regulation (EC) No 1/2003**

Article 9 Regulation (EC) 1/2003

Date: 12/09/2025

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Brussels, 12.9.2025
C(2025) 6031 final

COMMISSION DECISION

of 12.9.2025

**relating to a proceeding under Article 102 of the Treaty on the Functioning of the
European Union (TFEU) and Article 54 of the EEA Agreement**

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

(Only the English text is authentic)

(Text with EEA relevance)

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

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(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union (“TFEU”),

Having regard to the Agreement on the European Economic Area (“EEA Agreement”),

Having regard to Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty (“**Regulation 1/2003**”)¹, in particular Article 9(1) thereof,

Having regard to the Commission decisions of 27 July 2023 and 25 June 2024 to initiate proceedings in cases AT.40721 and AT.40873 respectively,

Having expressed concerns in the Statement of Objections of 25 June 2024 (“**SO**”),

Having given interested third parties the opportunity to submit their observations pursuant to Article 27(4) of Regulation 1/2003 on the commitments offered to meet those concerns,

After consulting the Advisory Committee on Restrictive Practices and Dominant Positions,

Having regard to the final report of the Hearing Officer,

Whereas:

1. INTRODUCTION

- (1) This Decision is addressed to Microsoft Ireland Operations Ltd (referred to as “**Microsoft Ireland**”), incorporated in Ireland, and Microsoft Corporation, incorporated in the United States of America (together with Microsoft Ireland referred to as “**Microsoft**”). It concerns the distribution and integration of Microsoft

¹ OJ L 1, 4.1.2003, p.1. With effect from 1 December 2009, Articles 81 and 82 of the EC Treaty have become Articles 101 and 102, respectively, of the Treaty on the Functioning of the European Union (“TFEU”). The two sets of provisions are, in substance, identical. For the purposes of this Decision, references to Articles 101 and 102 of the TFEU should be understood as references to Articles 81 and 82, respectively, of the EC Treaty when where appropriate. The TFEU also introduced certain changes in terminology, such as the replacement of “Community” by “Union” and “common market” by “internal market”. Where the meaning remains unchanged, the terminology of the TFEU will be used throughout this Decision.

Teams (“**Teams**” or the “**tied product**”) with other Microsoft products in the European Economic Area (“**EEA**”)².

- (2) In its Statement of Objections of 25 June 2024 (“**SO**”), the European Commission (“**Commission**”) came to the preliminary conclusion that certain business practices of Microsoft constitute an infringement of Article 102 TFEU and of Article 54 of the EEA Agreement.³
- (3) According to the preliminary conclusions of the SO, Microsoft has anti-competitively tied its Software-as-a-Service (“**SaaS**”) unified communications and collaboration solution (“**SaaS UCC**”), Teams, to its dominant SaaS productivity applications for professional use (“**SaaS Productivity Applications for Professional Use**”), namely Microsoft’s core SaaS Productivity Applications for Professional Use (Word, Excel, PowerPoint and Outlook) (“**Microsoft SaaS Productivity Applications**”),⁴ by means of its software suites for professional use that contain Microsoft SaaS Productivity Applications (“**Microsoft Suites**”)⁵.
- (4) The SO constitutes the Commission’s preliminary assessment within the meaning of Article 9(1) of Regulation 1/2003.
- (5) While Microsoft disagrees with the preliminary conclusions reached by the Commission in its SO, it has nevertheless offered commitments under Article 9(1) of Regulation 1/2003 to resolve the preliminary concerns expressed by the Commission. This Decision finds that Microsoft’s commitments, which are without prejudice to Microsoft’s current or future obligations under other regulations, remove these preliminary concerns. Furthermore, this Decision makes those commitments binding on Microsoft.

2. PROCEDURAL STEPS UNDER REGULATION 1/2003

- (6) On 14 July 2020, the Commission received a complaint against Microsoft (the “**Slack Complaint**”) under Article 7 of Regulation 1/2003, lodged by Slack Technologies Ltd., a wholly owned subsidiary of Slack Technologies, LLC⁶, now owned by Salesforce, Inc. (together, and also including their eponymous product, “**Slack**”). This relates to Case AT.40721 – Microsoft Teams.
- (7) The Commission investigated Microsoft’s conduct, including sending requests for information (“**RFIs**”) pursuant to Article 18(2) and Article 18(3) of Regulation (EC)

² For the purposes of this Decision, references to the EEA should be understood as covering the 27 Member States of the European Union (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden) as well as Iceland, Liechtenstein and Norway.

³ References in the Decision to Article 102 TFEU, to effect on trade between Member States or to competition within the internal market are to be taken to include Article 54 of the EEA Agreement, effect on trade between Contracting Parties to the EEA Agreement, and competition within the territory covered by the EEA Agreement.

⁴ Microsoft SaaS Productivity Applications are often sold together and fulfil the key functions of respectively word processing, spreadsheet editing, creation of presentations and email editing.

⁵ In addition to Microsoft SaaS Productivity Applications and other productivity applications (e.g. OneNote), Microsoft Suites may also contain other applications (e.g. Defender, Entra ID, Intune, OneDrive, SharePoint, Teams) which, however, serve different functions from productivity applications.

⁶ At the time, Slack Technologies, Inc.

No 1/2003 to Microsoft and to its competitors and customers in business application software.

- (8) On 20 July 2023, the Commission received a second complaint against Microsoft on its tying practices with Microsoft Teams (the “**alfaview Complaint**”) under Article 7 of Regulation 1/2003, lodged by alfaview GmbH (together with its eponymous product, “**alfaview**”). This relates to Case AT.40873 – Microsoft Teams II.
- (9) On 27 July 2023, the Commission opened proceedings in Case AT.40721 – Microsoft Teams within the meaning of Article 2(1) of Council Regulation No 773/2004 and Article 11(6) of Regulation 1/2003.
- (10) On 14 September 2023, Zoom Video Communications, Inc. (“**Zoom**”) submitted an application to be heard as a third person within the meaning of Article 27(3) of Regulation 1/2003 and Article 5 of Decision 2011/695/EU⁷. The Hearing Officer admitted Zoom as an interested third person to these cases on 13 October 2023.
- (11) On 17 October 2023, the Commission held a state-of-play meeting with Microsoft.
- (12) On 1 March 2024, Symphony Communication Services, LLC (“**Symphony**”) submitted an application to be heard as a third person within the meaning of Article 27(3) of Regulation 1/2003 and Article 5 of Decision 2011/695/EU. The Hearing Officer admitted Symphony as an interested third person to these cases on 14 March 2024.
- (13) On 12 June 2024, the Commission held a second state-of-play meeting with Microsoft.
- (14) On 25 June 2024, the Commission adopted an SO addressed to Microsoft. On the same day, the Commission initiated proceedings in case AT.40873 – Microsoft Teams II within the meaning of Article 2(1) of Council Regulation No 773/2004 and Article 11(6) of Regulation 1/2003.⁸ Microsoft responded to the SO on 9 October 2024 (“**RSO**”).
- (15) On 24 July 2024, Google, LLC (“**Google**”) submitted an application to be heard as a third person within the meaning of Article 27(3) of Regulation 1/2003 and Article 5 of Decision 2011/695/EU. The Hearing Officer admitted Google as an interested third person to these cases on 22 August 2024.
- (16) On 28 April 2025, Microsoft submitted commitments (the “**Initial Commitments**”) to the Commission to meet the preliminary concerns expressed by the SO.
- (17) On 8 May 2025, Telecom Italia S.p.A. (“**TIM**”) submitted an application to be heard as a third person within the meaning of Article 27(3) of Regulation 1/2003 and Article 5 of Decision 2011/695/EU. The Hearing Officer admitted TIM as an interested third person to these cases on 13 May 2025.
- (18) On 16 May 2025 a notice was published in the *Official Journal of the European Union* pursuant to Article 27(4) of Regulation (EC) No 1/2003 (the “**Article 27(4) Notice**”), summarising the preliminary concerns and the Initial Commitments and

⁷ Decision No 2011/695/EU of the President of the European Commission of 13 October 2011 on the functions and terms of reference of the hearing officer in certain competition proceedings OJ L275, 20.10.2011, p. 29.

⁸ All ID numbers in this Decision are found in the case file for AT.40721 – Microsoft Teams, unless stated otherwise.

inviting interested third parties to give their observations on the Initial Commitments within one month following publication.

- (19) On 10 June 2025, alfaview withdrew the alfaview Complaint.
- (20) On 30 June 2025, the Commission informed Microsoft of the observations received from interested third parties following the publication of the Article 27(4) Notice. Following exchanges amending the Initial Commitments, Microsoft submitted an amended final proposal for commitments on 21 July 2025 (“**Final Commitments**”).
- (21) On 31 July 2025, Slack withdrew the Slack Complaint.

3. THE UNDERTAKING CONCERNED

- (22) Microsoft is a publicly traded multinational technology company founded in 1975 and headquartered in Redmond, Washington, United States of America. Microsoft offers a wide range of products and services, such as operating systems for personal computers (“**PCs**”) and servers, related services, productivity software, communication software, and other software solutions, hardware devices, cloud-based solutions, and online advertising solutions. As of 30 June 2023, Microsoft had approximately 221,000 full-time equivalent employees.⁹
- (23) Microsoft Ireland is a subsidiary of Microsoft Corporation headquartered in Ireland. Microsoft Ireland is a foreign regional operations centre for Europe, Middle East, and Africa, with a diversified portfolio of businesses and functions, such as operations, sales, engineering, and product development.

4. SECTOR CONCERNED

4.1. Products concerned

- (24) This Decision concerns certain Microsoft practices in relation to the distribution and interoperability of specific business application software and office software, i.e. software programmes that address some aspect of planning, execution or collaboration in a business, government or other organisation (“**business application software**”).¹⁰
- (25) Microsoft has long been a leading provider of business application software and other business technology, offering a full stack of interconnected software (such as Windows Server, Windows PC operating system, SharePoint Server, Exchange Server and Microsoft’s productivity applications).¹¹ Over the last 15 years, the

⁹ See Microsoft’s Annual Report (Form 10-K) pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended on 30 June 2023 (“Microsoft’s Annual Report 2023”), Part I, Item 1 – Human Capital Resources, available at <https://www.microsoft.com/en-us/Investor/sec-filings.aspx>, downloaded on 24 January 2024 (ID 3829).

¹⁰ See Commission decision of 26 October 2004, COMP/M.3216 – *Oracle/Peoplesoft*, paragraph 15; Commission decision of 6 December 2016, COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 23 and 25; Commission decision of 21 December 2016, COMP/M.8274 – *Cinven/Permira/Allegro/Ceneo*, paragraphs 53 and 57; Commission decision of 22 August 2018, COMP/M.8984 – *HG/Vista/Allocate*, paragraphs 15 and 21; Commission decision of 11 February 2021, COMP/M.10060 – *Francisco Partners/Marlin Equity Partners/Conan HoldCo*, paragraphs 12 and 21.

¹¹ See on PC operating systems and work group server operating systems, for instance, Commission decision of 24 March 2004, COMP/37792 – *Microsoft*, paragraphs 429 to 541; Commission decision of 16 December 2009, COMP/39530 – *Microsoft (Tying)*, paragraphs 24 to 30 and COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 287 to 289. See on productivity applications, for instance, Commission

development of cloud computing has significantly changed the sector and Microsoft has invested in a broad range of cloud services.

- (26) **Productivity applications** enable users to create documents, databases, graphs, worksheets and presentations or other data structures used to record information. Although there are separate productivity applications for different use cases, since 1989/1990, Microsoft has combined its word processing software, spreadsheet software, presentation software and scheduling and email client software in one offering, branded as Microsoft Office. Over time, Microsoft has introduced additional applications in the Microsoft Office offerings, which fulfil similar or complementary functions to the core productivity applications, such as the digital note-taking app OneNote. In 2009, Microsoft launched a SaaS version of Word, Excel, PowerPoint and Outlook for professional use (the latter having been together defined in recital (3) above as ‘Microsoft SaaS Productivity Applications’; see also section 4.2 below).
- (27) As of the mid-1990s, suppliers started to combine different means of communication within the same offering (such as telephony, messaging and presence information). These offerings and others that followed are often broadly referred to as **unified communications**.¹² Suppliers initially focussed on applications that included either voice- and videoconferencing (e.g. Cisco Webex or Zoom) or conversational workspaces (e.g. Slack). Despite their initial different focus, both types of applications started to converge over time as applications initially focused on voice- and videoconferencing increasingly added channel-based persistent chat capabilities and integrations with third-party applications (and *vice versa*).
- (28) Teams is the SaaS version (see below, section 4.2) of Microsoft’s unified communication products (defined in recital (3) above as ‘SaaS UCC’) and is effectively the successor to Skype for Business Online. It is made available in both free and paid versions under different subscription plans. It combines communication services, such as voice- and videoconferencing, messaging, and screen sharing, with conversational workspaces based on channel-based persistent chat, file-sharing and the integration of other applications. To that end, in order to integrate other applications, Teams includes the ‘Microsoft Teams Store’, an app marketplace through which users can download applications developed by Microsoft or by third parties, including by suppliers of software competing with Teams or other Microsoft products.¹³

4.2. Transition to cloud computing and SaaS

- (29) Traditionally, organisations acquired perpetual licences¹⁴ for business application software and deployed the software either on individual PCs or in datacentres, which

decision of 6 December 2016, COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 290 to 294; and Commission decision of 7 October 2011, COMP/M.6281 – *Microsoft/Skype*, paragraph 133.

¹² See, for instance, Commission decision of 7 October 2011, COMP/M.6281 – *Microsoft/Skype*, paragraph 44; Commission decision of 29 March 2010, COMP/M.5669 – *Cisco/Tandberg*, paragraph 9.

¹³ See Microsoft, “Explore the new Microsoft Teams Store and discover apps for work and collaboration” (2021), available at <https://techcommunity.microsoft.com/t5/microsoft-teams-blog/explore-the-new-microsoft-teams-store-and-discover-apps-for-work/ba-p/3031874>, downloaded on 24 January 2024 (ID 4033).

¹⁴ Perpetual licenses entitle the licensee to use the licensed software in perpetuity, although this is typically limited to a specific version of the software. Due to this limitation to a specific version of the software, customers may have to purchase a new licence, for instance to make use of new features only

they owned or controlled and to which individual employees could connect via their PCs (“**on-premises**” operations). Over time, there has been an ongoing trend of organisations outsourcing their IT operations to third-party cloud infrastructure of their choice (“**off-premises**” or “**cloud**” operations).¹⁵ Suppliers of business application software, including Microsoft, have adapted their business model and increasingly offer software as a service (already defined above as “SaaS”), i.e. software hosted on cloud infrastructure of the supplier’s choice¹⁶ that is licensed and made available to customers under a subscription model (the “**service**”) via any modern web browser and/or installable applications (also known as “**client**”).

- (30) Cloud-based technology, and SaaS specifically, can be appealing to customers,¹⁷ who no longer need to maintain their own datacentres nor invest upfront in perpetual software licenses. Instead, customers subscribe to certain SaaS for a specific period of time (e.g. through monthly or annual subscriptions) which typically include continuous security and feature updates during this period.
- (31) Cloud-based technology also facilitates flexible working, as it can be accessed from different environments and devices. The coronavirus outbreak and the ensuing need for flexible working significantly increased demand and accelerated organisations’ transition to the cloud.
- (32) The development of cloud computing has enabled the emergence and strengthening of new business models and the entry or expansion of new market players. Software suppliers can leverage the scalability of resources and other advantages of cloud computing both for the development and distribution of their products. They can develop software for the cloud infrastructure of their choice, accessible via web browser and/or installable applications, thereby reducing the need to provide for particularities of individual customers’ IT environments.
- (33) Cloud-based technology also facilitates integrations between different products through open protocols and industry standards as well as app marketplaces offering easy-to-find third-party applications in a centralised location. Such integrations are essential to the value proposition of certain cloud-based offerings. For example, SaaS UCC often enable users to integrate SaaS solutions from various providers of their own choice in a single interface, while other cloud-based offerings may serve as central file storage for different SaaS solutions or provide a uniform login experience and security across multiple SaaS solutions. It is therefore typically in the best

available to newer versions of the software or in case newer hardware or operating systems are only compatible with newer versions of the software. In addition, customers may be required to switch to a newer version of the software (and consequently purchase a new licence for the newer version of the software) in order to continue receiving technical support and security updates from suppliers, as these are generally only provided for a limited period of time for each software version.

¹⁵ A **public cloud** is a service provided, managed and maintained off-premises via the internet in which computing resources are pooled virtually from hardware owned and managed by a cloud infrastructure provider and allocated among multiple customers (the cloud services allocated to each customer are also referred to as “tenants”) to host those customers’ IT operations. In a **private cloud**, services and infrastructure are maintained on a private network and the hardware and software are dedicated solely to a single organisation.

¹⁶ In certain instances, however, the customer may have some control over the geographic location of the cloud infrastructure where the customer’s software is hosted.

¹⁷ For purposes of this Decision, ‘customer’ refers to organisations (e.g. businesses) as opposed to individuals.

interest of specialised suppliers to ensure wide-ranging interoperability between their own products and those of other suppliers.

- (34) This allowed for the emergence of so-called ‘best-of-breed’ models, where customers base their purchasing decisions primarily on the perceived quality of the individual applications or services (thus opting for the ‘best-of-breed’ product) rather than sourcing all applications or services from a single integrated supplier.
- (35) By contrast, Microsoft offers an entire ecosystem of business application software and related products. It aims to provide a one-stop-shop to organisations for all their software needs, inter alia by selling its software products in suites.¹⁸ Although these suites differ greatly as regards the included software products, services and rights, the content of each suite is unilaterally determined by Microsoft and cannot be adapted by the customer. Microsoft’s SaaS suites typically offer more features than their on-premises equivalent, such as enabling access from multiple devices to facilitate flexible working, regular updates and deeper integration with other cloud-based Microsoft products. They also include certain products, such as Teams, which exist exclusively as SaaS solutions with no on-premises equivalent.¹⁹
- (36) Microsoft offers these suites and other products under certain conditions at a discount (so-called ‘programmatic discounts’) through a number of volume licensing agreements such as, e.g., the ‘Enterprise Agreement’²⁰. Some of these agreements require customers to procure at least certain licenses ‘organization-wide’ (i.e. for *each* of their employees/devices) or to commit to multi-year contract terms (the Enterprise Agreement, in particular, has both of these requirements), thereby incentivising customers to roll out Microsoft’s products and services across their entire organisation and locking customers in for several years.²¹

5. MICROSOFT PRACTICES WITH REGARD TO TEAMS

- (37) The SO reached the following preliminary conclusions.
- (38) First, the SO preliminarily found that Microsoft had added Teams to its suite-based distribution model and tied Teams to the Microsoft SaaS Productivity Applications which are available only in the Microsoft Suites (the “**tying conduct**” or the “**tie**”).
- (39) While the Microsoft Suites vary in terms of contents, they typically include the Microsoft SaaS Productivity Applications, namely Word, PowerPoint, Excel and Outlook.
- (40) More concretely, there are three categories of Microsoft Suites:

¹⁸ Many SaaS and some on-premises Microsoft products are exclusively offered in suites, and even where standalone versions exist, Microsoft typically offers suites at a lower price than the total price of the standalone versions of the various software included in the suites.

¹⁹ Some on-premises suites, such as Office LTSC 2021, include the installable application for Teams (or ‘Teams client’) but not the actual (SaaS-based) Teams service.

²⁰ The ‘Enterprise Agreement’ is a volume licensing agreement “*designed for medium or large organizations that want to license cloud services and on-premises software organization-wide over a three-year period.*”

²¹ The Decision solely focuses on concerns emerging from Microsoft’s conduct related to the tying of Teams to the Microsoft SaaS Productivity Applications, as set out in sections 5 and 6 below. The Commission’s assessment is limited to this particular conduct and does not examine nor take any view on any other aspect of Microsoft’s commercial practices.

- (a) The “E” suites or the suites for enterprises are aimed at enterprise customers;²²
 - (b) The “Business” suites are aimed at business customers;²³
 - (c) The “F” suites are aimed at frontline workers.²⁴
- (41) Until Microsoft implemented changes in 2023, all these suites came with an offering of Teams. As of 1st October 2023, Microsoft implemented licensing changes and started offering these suites also without Teams, subject to specific conditions, in the EEA and Switzerland. As of 1st April 2024, the Licensing Changes were expanded worldwide (together the “**Licensing Changes**”). The SO preliminarily concluded that these Licensing Changes did not end the tying conduct (see section 6.3.2.3 below).
- (42) Second, the SO preliminarily found that the limitations to rival SaaS UCC’s ability to interoperate and integrate with the Microsoft SaaS Productivity Applications reinforced the effects of the tie.
- (43) Teams shares extensive technical links with other Microsoft SaaS products, including with the Microsoft SaaS Productivity Applications. These links take several forms. They include interoperability between Teams and other products (allowing, for instance, to share and synchronise presence information among the Microsoft products) and the creation of entry points within other Microsoft products leading to Teams (such as Teams’ integrations within Outlook). Such links also allow for the embedding of Microsoft’s SaaS productivity applications, such as Word, Excel and PowerPoint, into Teams, which allows *inter alia* for co-editing and co-authoring files from within Teams.
- (44) While suppliers of solutions competing with Teams seem to have built partial integration with these other Microsoft products, the technical elements made available by Microsoft to rival SaaS UCC providers (such as APIs, entry points and embedding possibilities) do not allow for effective integration of these competing solutions with the Microsoft SaaS Productivity Applications. As customers value interoperability between their SaaS UCC and their SaaS productivity applications, they are more likely to source a SaaS UCC that is better integrated with the productivity applications and other business application software they use (see recital (143)(c) below).

²² Microsoft seems to distinguish between enterprises and businesses for its offerings, notably on the basis of the number of users and/or employees. According to Microsoft, “*Microsoft 365 Business base per-user plans are designed for organizations with up to 300 users. Organizations with more than 300 users should consider subscribing to Microsoft 365 Enterprise plans.*”, see Microsoft, “Microsoft 365 and Office 365 plan options”, available at <https://learn.microsoft.com/en-us/office365/servicedescriptions/office-365-platform-service-description/office-365-plan-options>, downloaded on 1 February 2024 (ID 3971)The E suites include Office 365 E1, Microsoft 365 Apps for Enterprise, Office 365 E3, Office 365 E4 (terminated in July 2016), Office 365 E5, Microsoft 365 E3, and Microsoft 365 E5.

²³ The business suites include Microsoft 365 Business Basic, Microsoft 365 Apps for Business, Microsoft 365 Business Standard, Microsoft 365 Business Premium.

²⁴ According to Microsoft, “*frontline workers are employees whose primary function is to work directly with customers or the general public providing services, support, and selling products, or employees directly involved in the manufacturing and distribution of products and services*”, see Microsoft, “Get started with Microsoft 365 for frontline workers”, available at <https://learn.microsoft.com/enus/microsoft-365/frontline/flw-overview?view=o365-worldwide>, downloaded on 3 June 2024. Frontline workers are typically found in industries such as healthcare, retail and logistics. The F suites include Office 365 F3, Microsoft 365 F1 and Microsoft 365 F3.

- (45) Third, the SO preliminarily concluded that Microsoft's tying conduct is part of a broader strategy. Microsoft recognised that its traditional suite-centric business model was under threat from rival software solutions that could gain rapid traction and popularity through the viral nature of rival SaaS UCC. Microsoft then developed a strategy pursuing two interlinked objectives, namely (a) driving customer acquisition of Teams so as to marginalise rival SaaS UCC by means of Teams' inclusion in the suites (i.e. offensive leveraging), and (b) nullifying the threat to Microsoft's suites from any competing solutions as well as increasing the usage of its suites through the promotion of Teams (i.e. defensive leveraging). These two strategies were connected.
- (46) *In the first place*, on offensive leveraging, the SO preliminarily found that Microsoft developed a distribution strategy to ensure Teams' success in securing its position in SaaS UCC. Microsoft's offensive leveraging consisted in the inclusion of Teams in the Microsoft Suites, which contain its Microsoft SaaS Productivity Applications, and thereby distribute Teams to the millions of Microsoft customers with the purpose of marginalising Teams' rivals.
- (47) *In the second place*, on defensive leveraging, the SO preliminarily found that Microsoft identified the threat of rival SaaS UCC to the Microsoft Suites, notably because the integration of rival SaaS UCC with other SaaS solutions further enabled customers to adopt a "best-of-breed model" whereby customers chose themselves their preferred SaaS solutions from various providers instead of purchasing all the SaaS solutions they need from one single provider. Therefore, Microsoft sought to protect its Microsoft Suites by reinforcing them through the inclusion of its own SaaS UCC, Teams, and by ensuring that Teams seamlessly interoperates with the Microsoft SaaS Productivity Applications that are contained in the Microsoft Suites. On the one hand, the success of Teams would increase the usage of the other Microsoft software offered in the Microsoft Suites, reduce the potential for best-of-breed solutions integrating non-Microsoft software and further increase customer retention with Microsoft Suites. On the other hand, by facilitating the usage of the other Microsoft software which are contained in the Microsoft Suites and with which Teams interoperates, the tie would also enable Microsoft to upsell existing customers to a broader range of additional Microsoft software.

6. PRELIMINARY ASSESSMENT

- (48) This section is based on the Commission's preliminary concerns set out in the SO, which the Commission continues to have at the time of adoption of this Decision.

6.1. Relevant markets

6.1.1. Principles

- (49) The concept of the **relevant product market** comprises all those products that customers regard as interchangeable or substitutable to the product(s) of the undertaking in question, based on the products' characteristics, their prices and their intended use, taking into consideration the conditions of competition and the structure of supply and demand on the market.²⁵

²⁵ Case 85/76, *Hoffmann-La Roche v Commission*, EU:C:1979:36, paragraph 28; Case C-179/16, *F. Hoffmann-La Roche and Others*, EU:C:2018:25, paragraph 51; see also the Commission Notice on the

- (50) Firms are subject to three main sources of competitive constraints: demand substitutability, supply substitutability and potential competition.²⁶
- (51) From an economic point of view, for the definition of the relevant market, demand substitution constitutes the most effective and immediate disciplinary force on the suppliers of a given product.²⁷ The distinctness of products or services for the purposes of defining the relevant market has to be assessed, primarily, by reference to customer demand. Factors to be taken into account include the nature and technical features of the products or services concerned; the facts observed on the market; the history of the development of the products or services concerned; and the undertaking's commercial practice.²⁸ The fact that there are independent companies specialising in the sale of a product or service suggests that there is a separate market for that product or service.
- (52) Supply-side substitutability may also be considered when defining markets in those situations in which the constraining effect of supply substitution across the range of products is equivalent to that of demand substitution in terms of effectiveness and immediacy. There is supply-side substitution when most, if not all, suppliers are able to switch production to the relevant products or services and market them in the short term without incurring significant additional costs or risks, and when suppliers have the incentive to and would do so when relative prices or demand conditions change.²⁹
- (53) Potential competition comprises more remote and contingent competitive constraints that do not meet the criteria of effectiveness and immediacy of substitution. Therefore, potential competition is not relevant for the definition of the relevant market. Instead, the assessment of the impact of potential competition requires analysing how this affects or could affect the behaviour of the undertaking(s) in question and is typically analysed in the competitive assessment.³⁰
- (54) The **relevant geographic market** comprises the geographic area in which the undertakings involved supply or demand relevant products, in which the conditions of competition are sufficiently homogeneous for the effects of the conduct under investigation to be able to be assessed, and which can be distinguished from other geographic areas, in particular because conditions of competition are appreciably different in those areas.³¹

6.1.2. *Application to this case*

6.1.2.1. Relevant product markets

- (55) In the SO, the Commission preliminarily concluded that there are distinct markets for SaaS Productivity Applications for Professional Use, on the one hand, and for SaaS UCC, on the other hand. The market for SaaS UCC is potentially further segmented into narrower markets based on the purpose served, e.g. for SaaS virtual meetings for professional use and for SaaS conversational workspaces for professional use.

definition of relevant market for the purposes of Union competition law ("**Notice on market definition**"), OJ C 1645, 22.02.2024, paragraphs 12(a) and 26.

²⁶ Notice on market definition, paragraph 23.

²⁷ Notice on market definition, paragraph 23(a).

²⁸ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 925; see also Notice on market definition, paragraphs 26 and 48.

²⁹ Notice on market definition, paragraph 33.

³⁰ Notice on market definition, paragraph 23(c).

³¹ Notice on market definition, paragraph 12(b).

6.1.2.1.1. SaaS Productivity Applications for Professional Use

- (56) The Commission’s prior decisional practice has identified, within the broader area of business application software, that a separate relevant product market exists for productivity applications including applications for word processing, spreadsheet, presentations and scheduling and email client services.³² The SO preliminarily concluded that among productivity applications there is a distinct narrower market for SaaS Productivity Applications for Professional Use.
- (57) First, the SO preliminarily found that the market for productivity applications can be segmented between productivity applications used by organisations for professional purposes and productivity applications used by consumers for private purposes.³³
- (58) *In the first place*, productivity applications for professional use must meet higher expectations in respect of reliability, integrations, administrative features and technical support.
- (59) *In the second place*, procurement decisions and distribution channels differ for productivity applications for professional use and for consumer productivity applications. Consumer productivity applications are typically acquired by end-users directly, whereas productivity applications for professional use and other business application software are typically purchased by IT or management professionals. Moreover, suppliers of productivity applications and other business application software typically offer framework agreements for volume licensing only to professional customers.
- (60) *In the third place*, certain suppliers focus solely on professional users (e.g. Quip³⁴ and Zoho³⁵). Additionally, suppliers that market productivity applications aimed at both consumer and professional use generally offer separate versions, each version being targeted specifically either to consumers or to professional users.
- (61) Second, the SO also preliminarily found that SaaS Productivity Applications for Professional Use do not belong to the same product market as on-premises productivity applications for professional use.³⁶
- (62) *In the first place*, SaaS productivity applications and on-premises productivity applications differ in certain key characteristics that affect customer choice. In essence, SaaS productivity applications are operated and maintained by the supplier whereas on-premises productivity applications are operated and maintained by the customer (or a third-party commissioned by the customer). SaaS productivity

³² Commission decision of 21 December 2021, COMP/M.10290 – *Microsoft/Nuance*, paragraphs 78 to 79; Commission decision of 6 December 2016, COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 23 to 25; Commission decision of 4 December 2013, COMP/M.7047 – *Microsoft/Nokia*, paragraphs 49 to 56; Commission decision of 26 October 2004, COMP/M.3216 – *Oracle/Peoplesoft*, paragraph 15.

³³ For further details, see SO, section 5.3.1, and the evidence cited therein.

³⁴ See Salesforce, “Work together without ever leaving Salesforce”, available at <https://quip.com/about/product>, downloaded on 23 February 2024 (ID 3876), which states: “Secure productivity for the enterprise” and “Quip is Salesforce’s productivity platform that transforms the way enterprises work together, delivering modern collaboration securely and simply across any device.”

³⁵ See, for example, Zoho, “A powerful office suite for your workforce” available at <https://www.zoho.com/workplace/office-productivity.html?src=pd-menu>, downloaded on 26 January 2024 (ID 3870), where Zoho describes its productivity applications as “A powerful office suite for your workforce” or its spreadsheet software ‘Sheet’ as: “Smart, collaborative, and secure spreadsheet data management for your business.”

³⁶ For further details, see SO, section 5.3.2, and the evidence cited therein.

applications are expanded over time with new features which suppliers provide through regular updates, do not require that customers operate and update the hardware of their own datacentres on which the software runs, and allow for data storage on third-party infrastructure. Some customers, however, may not desire this due to concerns linked to security, privacy or sector-specific regulatory requirements. SaaS productivity applications are also not suitable for customers that prefer full control over where their data is stored or transferred to, which software updates they deploy and the timing of such deployment.

- (63) *In the second place*, SaaS productivity applications and on-premises productivity applications often differ in terms of licensing models. SaaS productivity applications are typically offered on a subscription basis for recurring licensing fees. On-premises productivity applications are typically offered as perpetual licenses that are subject to one-off licensing fees and can be used potentially perpetually and, in practice, at the very least over several years. Subscription fees are also (at least in the short-term) lower than the (one-time purchase) cost of perpetual licenses.
- (64) *In the third place*, switching between on-premises and SaaS productivity applications entails high sunk costs for the undertaking, thereby reducing short-term substitutability. Further, in line with the general shift from on-premises software towards SaaS, it is very unlikely that a customer switches back to on-premises productivity applications once it has moved to SaaS productivity applications, notably because transitioning to SaaS solutions is a strategic decision that cannot easily be reversed. A change of infrastructure requires careful planning and entails significant investment in time and cost to acquire access to the necessary hardware and software, organise the new infrastructure and transfer relevant company data on the new infrastructure, as well as to revise internal processes and train staff thereon. Specifically for companies having moved to SaaS offerings, reverting to on-premises solutions would also require on site datacentre capacity, maintenance and technical support which would have to be reassigned or acquired again.
- (65) *In the fourth place*, most suppliers of productivity applications for professional use only provide SaaS Productivity Applications for Professional Use, and do not supply on-premises productivity applications for professional use.
- (66) Third, in the SO, the Commission preliminarily concluded that while there is demand for SaaS Productivity Applications for Professional Use, as well as demand for other business application software, such as file-sharing applications or SaaS UCC, often by the same customers, there is no wider market for broader suites that comprise the SaaS Productivity Applications for Professional Use, as well as other applications serving different needs, such as data storage, communication, analytics, security, collaboration.³⁷
- (67) *In the first place*, separate demand exists for some of the products included in suites that contain SaaS Productivity Applications for Professional Use, each with different features and use cases. This is evidenced by the existence of best-of-breed suppliers for a number of individual products also included in those suites.³⁸ While suites that contain SaaS Productivity Applications for Professional Use typically include a broad range of additional software serving different needs in addition to the SaaS

³⁷ For further details, see SO, section 5.3.3, and the evidence cited therein.

³⁸ These include, for instance, Okta for identity and access management services, Cisco and Zoom for SaaS UCC, Proton for email client services and Dropbox for cloud storage services.

Productivity Applications for Professional Use, such additional software is also offered on a standalone basis by different suppliers. Those suppliers typically offer specific types of software (e.g. for storage, for access management, for analytics) on a standalone basis and not in combination with SaaS Productivity Applications for Professional Use. Demand for acquiring such additional software on a standalone basis, and not only as part of suites that include SaaS Productivity Applications for Professional Use, is also evidenced by the fact that Microsoft offers standalone versions of many of these additional software products that are also included in its suites³⁹.

- (68) *In the second place*, both the suite offerings and the consumer preferences for products to be sold together with SaaS Productivity Applications for Professional Use as part of suites are too diverse to identify a distinct product market for suites. Microsoft and Google both offer multiple suites⁴⁰ containing SaaS Productivity Applications for Professional Use, as well as various other software products⁴¹. The composition of these suites is not the same, as there are several suites, smaller and larger, some containing few and others a very high number of software in addition to the SaaS Productivity Applications for Professional Use. The composition of those suites has also been changing over time as products and services have been added and removed. This significant diversity in the composition of those suites and in customer preferences as regards what should be purchased together makes it impossible to define a market for suites that include SaaS Productivity Applications for Professional Use, as there is no specific set of products, or specific functionalities that should be covered or other common characteristics that would allow circumscribing such distinct market. The fact that Microsoft customers purchase the Microsoft SaaS Productivity Applications as part of the Microsoft Suites does not necessarily reflect customer demand to acquire those products in combination with other software: this may result from the unavailability of the Microsoft SaaS Productivity Applications outside of the Microsoft Suites, the increased interoperability amongst the products offered by Microsoft as part of the Microsoft Suites and the fact that purchasing a larger Microsoft Suite is more cost-effective compared to purchasing various Microsoft products on a standalone basis.

6.1.2.1.2. SaaS UCC

- (69) The Commission's prior decisional practice has identified a separate relevant product market for enterprise communications services which is distinct from consumer communication services that are for personal use.⁴² Enterprise communications

³⁹ For example, Microsoft markets standalone SaaS versions for professional use of Exchange Online, SharePoint Online and OneDrive.

⁴⁰ Microsoft offers 13 suites comprising Microsoft SaaS Productivity Applications, see Microsoft, "Microsoft 365 and Office 365 plan options", available at <https://learn.microsoft.com/en-us/office365/servicedescriptions/office-365-platform-service-description/office-365-plan-options>, 6 October 2023, downloaded on 1 February 2024 (ID 3971). Google offers four different suites, see Google, "Choose your Google Workspace pricing plan. Try it free for 14 days.", available at https://workspace.google.com/pricing?hl=en_ie, downloaded on 1 February 2024 (ID 4032).

⁴¹ The software products included in suites can be replaced by products by best-of-breed providers, such as Okta for identity provider services, Cisco and Zoom for SaaS UCC, Proton for email client services and Dropbox for cloud storage services. This evidences that best-of-breed solutions are not merely complementary or add-ons to suites.

⁴² Commission decision of 21 December 2021, COMP/M.10290 – *Microsoft/Nuance*, paragraphs 62 to 66; Commission decision of 6 December 2016, COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 77 to 83; Commission decision of 3 October 2014, COMP/M.7217 – *Facebook/WhatsApp*, paragraphs 20 to 34;

services typically also include additional collaboration features (together ‘Unified Communications and Collaboration’ or UCC), as professional users often also rely on workgroup and collaborative communications. The SO preliminarily found that there is a distinct narrower market for SaaS UCC within business application software as opposed to on-premises UCC, and left open whether such market for SaaS UCC should be further segmented, in which case the following two sub-segments would be relevant to this case: a market for SaaS virtual meetings for professional use and a market for SaaS conversational workspaces for professional use.

- (70) First, the SO preliminarily confirmed that communication solutions can be further segmented between those used by organisations for professional purposes (i.e., UCC) and consumer communication services for personal use.⁴³
- (71) *In the first place*, UCC must meet higher expectations than consumer communication solutions for personal use in respect of reliability, integrations, additional end-user functionalities and administrative features as well as technical support.
- (72) *In the second place*, UCC are generally offered for a recurring subscription or one-off licensing fee, whereas consumer communications solutions are often offered free of charge.
- (73) *In the third place*, procurement decisions and distribution channels differ for UCC and consumer communications solutions. Consumer communications solutions are typically acquired by end-users directly, whereas UCC and other business application software is typically purchased by IT or management professionals. Moreover, suppliers of UCC and other business application software typically offer framework agreements for volume licensing only to professional customers.
- (74) *In the fourth place*, certain suppliers focus on UCC (e.g. Slack,⁴⁴ Mattermost⁴⁵ or GoTo Group⁴⁶) while others focus on consumer communications solutions (e.g. Discord⁴⁷). Additionally, suppliers that market communications solutions aimed at

Commission decision of 4 December 2013, COMP/M.7047 – *Microsoft/Nokia*, paragraphs 43 to 45; Commission decision of 7 October 2011, COMP/M.6281 – *Microsoft/Skype*, paragraphs 10 to 17.

⁴³ For further details, see SO, section 5.4.1, and the evidence cited therein.

⁴⁴ Slack’s terms of service expressly prohibit the use for consumer purposes; see Slack, “User Terms of Service”, available at <https://slack.com/terms-of-service/user>, downloaded on 25 January 2024 (ID 3923): “Slack is a workplace tool intended for use by businesses and organizations and not for consumer purposes.”; Slack, “Acceptable Use Policy”, available at <https://slack.com/acceptable-use-policy>, downloaded on 11 June 2024 (ID 4632): “Do Not: [...] use the Services for consumer purposes; as Slack is intended for use by businesses and organizations”.

⁴⁵ See, for instance, Mattermost, “Mattermost overview”, available at <https://docs.mattermost.com/overview/index.html>, downloaded on 10 January 2024 (ID 4085): “Mattermost is an open source platform that provides secure collaboration for technical and operational teams that work in environments with complex nation-state level security and trust requirements.”

⁴⁶ See, for instance, GoTo Group, “Your GoTo. Making IT easy, anywhere”, available at <https://www.goto.com/>, downloaded on 20 January 2024 (ID 3987), where GoTo Group describes its product portfolio as “Simple business communications” and “Award-winning solutions for every business”. This is further evidenced by the fact that, unlike other suppliers, GoTo Group does not offer a free version with limited capabilities; see GoTo Group, “Pricing. Meeting”, available at <https://www.goto.com/pricing/meeting>, downloaded on 17 January 2024 (ID 3924).

⁴⁷ See, for instance, Discord, “Create space for everyone to find belonging”, available at <https://discord.com/company>, downloaded on 24 January 2024 (ID 4003): “Discord is a voice, video and text communication service used by over a hundred million people to hang out and talk with their

both consumer and professional use generally do so in separate versions that target different type of users.

- (75) Second, the SO also preliminarily found that SaaS UCC do not belong to the same product market as on-premises UCC.⁴⁸
- (76) *In the first place*, SaaS UCC and on-premises UCC differ in certain key characteristics that affect customer choice. In essence, SaaS UCC are operated and maintained by the supplier whereas on-premises UCC are operated and maintained by the customer (or a third-party commissioned by the customer). Unlike on-premises UCC, SaaS UCC are expanded over time with new features which suppliers provide through regular updates, do not require that customers operate and update the hardware of their own datacentres on which the software runs and allow for data storage on third-party infrastructure. Some customers, however, may not desire this due to concerns linked to security, privacy or sector-specific regulatory requirements. SaaS UCC are also not suitable for customers that prefer full control over where their data is stored or transferred to, which software updates they deploy and the timing of such deployment. Those customers are likely to prefer on-premises UCC.
- (77) *In the second place*, SaaS UCC and on-premises UCC traditionally differ in terms of licensing models. SaaS UCC are typically offered on a subscription basis for recurring licensing fees. On-premises UCC have historically been offered as perpetual licenses that are subject to one-off licensing fees and can be used potentially perpetually and, in practice, at the very least over several years. Subscription fees are also (at least in the short-term) lower than the (one-time purchase) cost of perpetual licenses.
- (78) *In the third place*, switching between on-premises and SaaS UCC entails high sunk costs for the undertaking, thereby reducing short-term substitutability. Further, in line with the general shift from on-premises software towards SaaS, it is very unlikely that a customer switches back to on-premises UCC once it has moved to SaaS UCC, notably because transitioning to SaaS solutions is a strategic decision that cannot easily be reversed. A change of infrastructure requires careful planning and entails significant investment in time and cost to acquire, organise and transfer relevant company data on the new infrastructure, as well as to revise internal processes and train staff thereon. Specifically for companies having moved to SaaS offerings, reverting to on-premises solutions would also require on site datacentre capacity, maintenance and technical support which would have to be reassigned or acquired again. Reverting to on-premises solutions is further hampered as suppliers have discontinued certain on-premises solutions (i.e. ceasing to offer support for older versions after some time, while also no longer offering any newer versions). Further, on-premises solutions tend to provide fewer features than SaaS UCC solutions, as they are either comparatively old or offered by smaller niche providers.
- (79) *In the fourth place*, most suppliers of UCC only provide SaaS UCC, with suppliers such as Microsoft and Cisco having discontinued their on-premises products.
- (80) Third, in the SO, the Commission preliminarily concluded that it can be left open for purposes of this case whether there is a single relevant product market for SaaS UCC

friends and communities. [...] Discord is used by everyone from local hiking clubs, to art communities, to study groups.”

⁴⁸

For further details, see SO, section 5.4.2, and the evidence cited therein.

or whether this market should be further segmented into narrower product markets based on relevant functionality, as the competitive assessment would remain the same. In case of further segmentation, a market for SaaS virtual meetings for professional use and a market for SaaS conversational workspaces for professional use would be relevant to this case.⁴⁹

6.1.2.2. Geographic market

- (81) In the SO, the Commission preliminarily concluded that the relevant geographic markets for, respectively, SaaS Productivity Applications for Professional Use and SaaS UCC are worldwide.
- (82) Regarding SaaS Productivity Applications for Professional Use, the Commission found in previous cases that the market for productivity applications was worldwide or at least EEA-wide.⁵⁰ The SO preliminarily confirmed a world-wide market, as supply and demand, as well as the applications themselves, are largely uniform worldwide. Moreover, customers will typically license SaaS Productivity Applications for Professional Use for all end-users across their organisation from one single supplier, regardless of the geographic area in which these users reside.
- (83) Similarly, for SaaS UCC, the Commission found in previous cases that the market was worldwide or at least EEA-wide.⁵¹ The SO preliminarily confirmed a world-wide market for the reasons mentioned above.

6.2. Dominance

6.2.1. Principles

- (84) A dominant position, as referred to in Article 102 TFEU, relates to a position of economic strength enjoyed by an undertaking which enables it to prevent effective competition being maintained on the relevant market by affording it the power to behave to an appreciable extent independently of its competitors, its customers and ultimately of its consumers.⁵²
- (85) The existence of a dominant position derives in general from a combination of several factors which, taken separately, are not necessarily determinative.⁵³ One important factor is the existence of very large market shares, which are in themselves, save in exceptional circumstances, *evidence* of the existence of a dominant position.⁵⁴ That is the case where a company has a market share of 50% or

⁴⁹ For further details, see SO, section 5.4.3, and the evidence cited therein.

⁵⁰ See Commission decision of 4 December 2013, COMP/M.7047 – *Microsoft/Nokia*, paragraph 80; Commission decision of 6 December 2016, COMP/M.8124 – *Microsoft/LinkedIn*, paragraphs 27 and 28.

⁵¹ Commission decision of 7 October 2011, COMP/M.6281 – *Microsoft / Skype*, paragraphs 65, 67 and 68; Commission decision of 6 December 2016, COMP/M.8124 – *Microsoft / LinkedIn*, paragraphs 85 and 86; Commission decision of 21 December 2021, COMP/M.10290 – *Microsoft/Nuance*, paragraph 69.

⁵² Case 27/76, *United Brands and United Brands Continental v Commission*, EU:C:1978:22, paragraph 65; Case 85/76, *Hoffmann-La Roche v Commission*, EU:C:1979:36, paragraph 38; Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 229.

⁵³ Case 27/76, *United Brands and United Brands Continental v Commission*, EU:C:1978:22, paragraph 66.

⁵⁴ Case 85/76, *Hoffmann-La Roche v Commission*, EU:C:1979:36, paragraph 41; Case T-65/98, *Van den Bergh Foods v Commission*, EU:T:2003:281, paragraph 154.

above.⁵⁵ Likewise, a share of between 70% and 80% is, in itself, a *clear indication* of the existence of a dominant position in a relevant market.⁵⁶ A comparison between the market shares of the undertaking concerned and of its competitors is also important.⁵⁷ Moreover, the fact that an undertaking may enjoy high market shares in a fast-growing market cannot preclude application of the competition rules, in particular Article 102 TFEU, especially if a fast-growing market does not show signs of marked instability during the period at issue and, on the contrary, a rather stable hierarchy with a company at the head of the market is established.⁵⁸

- (86) Another important factor to consider when assessing dominance is the existence of barriers to entry or expansion, preventing either potential competitors from having access to the market or actual competitors from expanding their activities on the market.⁵⁹ Such barriers may result from a number of factors, including exceptionally large capital investments that competitors would have to match, network externalities that would entail additional cost for attracting new customers, economies of scale from which newcomers to the market cannot derive any immediate benefit and the actual costs of entry incurred in penetrating the market.⁶⁰ Customer switching costs are also another possible type of barrier to entry and expansion. Yet another relevant factor in the assessment of dominance is the (in)existence of countervailing buyer power.

6.2.2. *Application to this case*

- (87) In the SO, the Commission preliminarily concluded that Microsoft enjoys a dominant position on the market for SaaS Productivity Applications for Professional Use since at least 2017, for the reasons set out below.
- (88) First, according to the Commission's volume-based estimates presented in the SO, Microsoft has enjoyed strong and stable market shares of more than [70-80]% in the worldwide market for SaaS Productivity Applications for Professional Use since at least 2017.⁶¹ The SO also identified other elements which confirmed Microsoft's high market shares, such as Microsoft's internal documents and third-party sources.

⁵⁵ Case C-62/86, *Akzo v Commission*, EU:C:1991:286, paragraph 60; Case T-340/03, *France Télécom SA v Commission*, EU:T:2007:22, paragraph 100; Case T-336/07, *Telefónica SA v Commission*, EU:T:2012:172, paragraph 150.

⁵⁶ Case T-30/89, *Hilti v Commission*, EU:T:1991:70, paragraph 92; Joined Cases T-191/98, T-212/98 to T-214/98, *Atlantic Container Line and Others v Commission*, EU:T:2003:245, paragraph 907; Case T-66/01, *Imperial Chemical Industries v Commission*, EU:T:2010:255, paragraph 257; Case T-336/07, *Telefónica SA v Commission*, EU:T:2012:172, paragraph 150.

⁵⁷ Case 27/76, *United Brands v Commission*, EU:C:1978:22, paragraph 111; Case 85/76, *Hoffmann-La Roche v Commission*, EU:C:1979:36, paragraph 48; Case T-395/94, *Atlantic Container Line and Others v Commission*, EU:T:2002:49, paragraph 341; Joined Cases T-191/98, T-212/98 to T-214/98, *Atlantic Container Line and Others v Commission*, EU:T:2003:245, paragraph 967; Case T-219/99, *British Airways v Commission*, EU:T:2003:343, paragraph 210; Case T-340/03, *France Telecom v Commission*, EU:T:2007:22, paragraph 109; Case T-336/07, *Telefónica v Commission*, EU:T:2012:172, paragraph 163.

⁵⁸ Case T-340/03, *France Telecom v Commission*, EU:T:2007:22, paragraphs 107 and 108.

⁵⁹ Case 27/76, *United Brands and United Brands Continental v Commission*, EU:C:1978:22, paragraph 122; Case 85/76, *Hoffmann-La Roche v Commission*, EU:C:1979:36, paragraph 48.

⁶⁰ Case 27/76, *United Brands and United Brands Continental v Commission*, EU:C:1978:22, paragraphs 91 and 122.

⁶¹ This analysis takes into account Microsoft and Google data, as these are the two main suppliers, with other competitors, such as Zoho or Apple, being marginal. As such, their joint sales are a good proxy for most of the market.

- (89) Second, the SO has preliminarily identified significant barriers to entry and expansion.
- (90) *In the first place*, there are significant investment costs to develop and maintain SaaS Productivity Applications for Professional Use, including for the development and continuous improvement of the features, user interface and back-end of the software.
- (91) *In the second place*, in order to compete on a global market suppliers must invest heavily in establishing a local presence, which includes securing computing power in different geographies through local datacentres to address latency and regulatory requirements, as well as building local sales teams to overcome language barriers and effectively serve customers in different regions.
- (92) *In the third place*, customers are locked into Microsoft's enterprise software, due *inter alia* to difficulties and significant costs associated with re-training staff, deploying new software and concerns that competing solutions do not integrate adequately with the rest of the Microsoft software. Microsoft also has long-term contracts (typically of three years) for its enterprise customers making timely switching to Microsoft's competitors difficult.
- (93) *In the fourth place*, Microsoft enjoys economies of scale and scope due to its entrenched position in business application software and broad portfolio. This allows Microsoft to spread its research and development expenses across a large user base, resulting in lower costs per user and increased profitability. Competitors cannot match this advantage as they would need very significant investments to achieve a similar scale and portfolio of products and services to benefit from these economies.
- (94) *In the fifth place*, Microsoft has garnered a strong brand reputation and has become the industry standard for SaaS Productivity Applications for Professional Use. This gives Microsoft a significant advantage, with decision makers focusing on obtaining Microsoft SaaS Productivity Applications at the time of purchase and often not considering competing offers. Competitors cannot match this advantage, which is deeply ingrained due to customers' familiarity and loyalty to Microsoft's products.
- (95) *In the sixth place*, the existence of barriers to entry is confirmed by the lack of successful entrants in the market for SaaS Productivity Applications for Professional Use.
- (96) Third, the SO preliminarily found a lack of countervailing buyer power on behalf of customers. This is exemplified by customers' inability to influence important elements of the suites, such as the software contained therein. The SO also preliminarily found that each customer only represents a fraction of the volume of total demand for SaaS Productivity Applications for Professional Use.

6.3. Abuse of dominant position

6.3.1. Principles

- (97) The function of EU competition rules is to prevent competition from being distorted to the detriment of the public interest, individual undertakings and consumers, thereby ensuring the well-being of the European Union.⁶²
- (98) The concept of abuse is an objective one relating to the behaviour of an undertaking in a dominant position which is such as to influence the structure of a market where,

⁶² Case C-52/09, *Konkurrensverket v TeliaSonera Sverige*, EU:C:2011:83, paragraph 22.

as a result of the very presence of the undertaking in question, the degree of competition is weakened and which, through recourse to methods different from those governing normal competition, has the effect of hindering the maintenance of the degree of competition still existing in the market or the growth of that competition.⁶³

- (99) A system of undistorted competition can be guaranteed only if equality of opportunity is secured between the various economic operators.⁶⁴
- (100) Article 102 TFEU prohibits *inter alia* a dominant undertaking from eliminating or marginalising a competitor⁶⁵ and thereby strengthening its position by using methods other than those which come within the scope of competition on the merits.⁶⁶ The concept of abuse covers not only practices which may prejudice consumers directly but also those which may indirectly prejudice them by impairing an effective competitive structure.⁶⁷
- (101) The abusive tying of two products or services is a form of conduct expressly covered by Article 102(d) TFEU. Tying consists of a dominant undertaking making the sale of a specific product (the tying product) conditional upon the acquisition of another product (the tied product). Tying may have exclusionary effects on the tied market, the tying market or both at the same time. An undertaking which is dominant in one product market or more (market for the tying product) can harm consumers through that practice by foreclosing the market for the other products that are part of the tie (market for the tied product) as well as also have exclusionary effects in the tying market.⁶⁸ In order for tying to be liable to be caught by the prohibition under Article 102 TFEU, it should be established that:⁶⁹
- (a) first, the tying and tied products are two separate products;
 - (b) second, the undertaking concerned is dominant in the market for the tying product;
 - (c) third, the undertaking concerned does not give customers a choice to obtain the tying product without the tied product; and
 - (d) fourth, the tying conduct is capable of having exclusionary effects.
- (102) Regarding the first condition referred to above, the distinctness of two products has to be assessed by reference to customer demand and not, for example, whether the

⁶³ Case C-549/10 P, *Tomra v Commission*, EU:C:2012:221, paragraph 17; Case C-457/10 P, *AstraZeneca v Commission*, EU:C:2012:770, paragraph 74.

⁶⁴ Case C-280/08 P, *Deutsche Telekom v Commission*, EU:C:2010:603, paragraph 230; Case T-336/07, *Telefónica v Commission*, EU:T:2012:172, paragraph 204.

⁶⁵ See reference to the elimination and marginalisation of competitors in Case C-209/10, *Post Danmark*, EU:C:2012:172, paragraph 22.

⁶⁶ Case C-62/86, *AKZO v Commission*, EU:C:1991:286, paragraph 70; Case C-202/07 P, *France Télécom v Commission*, EU:C:2009:214, paragraph 106; Case C-457/10 P, *AstraZeneca v Commission*, EU:C:2012:770, paragraph 75; Case C-377/20, *Servizio Elettrico Nazionale and Others v Autorità Garante della Concorrenza e del Mercato and Others*, EU: C:2022:379, paragraphs 75 and 76.

⁶⁷ Case 85/76, *Hoffmann-La Roche*, EU:C:1979:36, paragraph 125; Case T-228/97, *Irish Sugar v Commission*, EU:T:1999:246, paragraph 232.

⁶⁸ Case T-604/18, *Google and Alphabet v Commission (Google Android)*, EU:T2022:541, paragraph 283.

⁶⁹ Case T-604/18, *Google and Alphabet v Commission (Google Android)*, EU:T2022:541, paragraph 284; Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraphs 842, 859, 862, 864, 867, 869, and 1144 to 1167.

tying product was regularly offered without the tied product.⁷⁰ A range of factors are relevant to this assessment, including the nature and technical features of the products concerned,⁷¹ the facts observed on the market such as the presence of independent companies specialising in the manufacture and sale of the tied product,⁷² the history of the development of the products concerned and the commercial practice of the dominant undertaking.⁷³ Complementary products can constitute separate products for the purposes of this assessment.⁷⁴

- (103) Moreover, the technical integration of one product into another does not mean that the two products are no longer separate.⁷⁵ Equally, even when the tying of two products is consistent with commercial usage or when there is a natural link between the two products, such tying may nonetheless constitute an abuse.⁷⁶
- (104) Regarding the third condition referred to above, a dominant undertaking can deprive customers from the choice to obtain the tying product without the tied product, namely compel them or coerce them into acquiring the tied product together with the tying product, through contractual, technical means, or both.⁷⁷ Coercion or compulsion can still exist where the party accepting the tied product is not charged a separate price for that product.⁷⁸ Equally, compulsion or coercion can still exist where the party accepting the tied product is not required to use it or is entitled to use the same product supplied by a competitor of the dominant undertaking.⁷⁹
- (105) Regarding the fourth condition referred to above, in *Hilti*⁸⁰ and *Tetra Pak II*,⁸¹ it was accepted that the tying of a specific product was presumed, by its very nature, to have a foreclosure effect. In *Microsoft*, however, the General Court explained that, while it is true that Article 102 TFEU as a whole does not contain any reference to the anticompetitive effect of bundling, the fact remains that, in principle, the conduct will be regarded as abusive only if it is capable of restricting competition.⁸² When conducting such an examination, it is relevant to consider whether, *inter alia*, the tying reduces the incentives of users to choose a product from among those of other suppliers than the dominant undertaking.⁸³
- (106) In order for the conduct of a dominant company to be considered abusive, it is not necessary to establish that this practice resulted in actual exclusionary effects on the market. The purpose of Article 102 TFEU is to penalise abuse by one or more

⁷⁰ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraphs 917 to 919.

⁷¹ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 925.

⁷² Case T-30/89, *Hilti v Commission*, EU:T:1991:70, paragraph 67; Case T-83/91, *Tetra Pak v Commission*, EU:T:1994:246, paragraph 82; Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 927.

⁷³ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 925.

⁷⁴ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraphs 921 and 922.

⁷⁵ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 935.

⁷⁶ Case C-333/94 P, *Tetra Pak v Commission*, EU:C:1996:436, paragraphs 36 and 37; Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 942.

⁷⁷ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 963.

⁷⁸ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraphs 967 to 969.

⁷⁹ Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 970.

⁸⁰ Case T-30/89, *Hilti v Commission*, EU:T:1991:70, paragraphs 100 and 101.

⁸¹ Case T-83/91, *Tetra Pak v Commission*, EU:T:1994:246, paragraphs 136 and 137; Case C-333/94 P, *Tetra Pak v Commission*, EU:C:1996:436, paragraph 37.

⁸² Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 867; see also Case T-203/01, *Michelin v Commission*, EU:T:2003:250, paragraphs 237 to 239.

⁸³ Case T-201/04 *Microsoft v Commission*, EU:T:2007:289, paragraph 1041.

undertakings of a dominant position within the internal market or in a substantial part of it, irrespective of whether such practice has proved successful.⁸⁴

- (107) At the same time, when assessing whether a tying conduct is capable to have a foreclosure effect, the Commission can take into account actual market developments (such as the increased barriers to entry and expansion)⁸⁵ that confirm the capability of the tying to restrict competition.
- (108) If the above conditions are met, the tie is in principle caught by the prohibition of abusive conduct under Article 102 TFEU. It is nevertheless open to the dominant undertaking to provide justification for its conduct in order to escape such prohibition.⁸⁶
- (109) The undertaking may demonstrate, for that purpose, either that its conduct is objectively necessary or that the exclusionary effect produced may be counterbalanced or outweighed by advantages in terms of efficiency that also benefit consumers.⁸⁷
- (110) In the latter regard, a dominant undertaking must demonstrate that four cumulative conditions are met:⁸⁸
- (a) The efficiency gains likely to result from its conduct counteract any likely negative effects on competition;
 - (b) Those gains have been, or are likely to be, brought about as a result of its conduct;
 - (c) Its conduct is necessary for the achievement of those gains in efficiency; and
 - (d) Its conduct does not eliminate effective competition, by removing all or most existing sources of actual or potential competition.

6.3.2. *Application to this case*

- (111) The SO preliminarily found that Microsoft's tie of its UCC product, Teams, to its Microsoft SaaS Productivity Applications, by means of its inclusion in all Microsoft 365 and Office 365 suites, constitutes an abuse of Microsoft's dominant position in the worldwide market for SaaS Productivity Applications for Professional Use, because:
- (a) Microsoft SaaS Productivity Applications and Microsoft Teams would be two separate products;
 - (b) Microsoft would be dominant in the worldwide market for SaaS Productivity Applications for Professional Use;

⁸⁴ Case C-377/20, *Servizio Elettrico Nazionale and Others v Autorità Garante della Concorrenza e del Mercato and Others*, EU:C:2022:379, paragraph 53; Case C652/09, *Konkurrensverket v TeliaSonera Sverige*, EU:C:2011:83, paragraph 65.

⁸⁵ Case T-604/18, *Google v Commission (Android)*, EU:T:2022:541 paragraphs 294 and 295.

⁸⁶ Case C-209/10, *Post Danmark v Konkurrenserådet*, EU:C:2012:172, paragraphs 40 to 42; Case C-23/14, *Post Danmark v Konkurrenserådet*, EU:C:2015:651, paragraphs 47 to 49; Case T-201/04, *Microsoft v Commission*, EU:T:2007:289, paragraph 688; *European Superleague Company SL v Fédération internationale de football association (FIFA)*, EU:C:2023:1011, paragraph 204.

⁸⁷ Case C-209/10, *Post Danmark v Konkurrenserådet*, EU:C:2012:172, paragraph 41.

⁸⁸ Case C-209/10, *Post Danmark v Konkurrenserådet*, EU:C:2012:172, paragraph 42; Case C-23/14, *Post Danmark v Konkurrenserådet*, EU:C:2015:651, paragraph 49.

- (c) Microsoft would not give its customers a choice to obtain the Microsoft SaaS Productivity Applications without Teams;
 - (d) the tying of Teams and the Microsoft SaaS Productivity Applications would be capable of having exclusionary effects.
- (112) Furthermore, for the reasons explained in sections 6.3.2.3 and 6.3.2.4 below respectively, the SO preliminarily concluded that the Licensing Changes implemented by Microsoft in 2023 and in 2024 did not remove the coercion, and that the effects of the tie persisted.

6.3.2.1. Distinct products

- (113) The SO preliminarily found that Teams would be a separate product from Microsoft's Microsoft SaaS Productivity Applications.⁸⁹
- (114) First, the functionalities of SaaS Productivity Applications and SaaS UCC differ significantly. SaaS Productivity Applications for Professional Use are employed to create documents, databases, graphs, worksheets and presentations or other data structures used to record information. Conversely, SaaS UCC are primarily designed for enabling workgroup and collaborative communications as they gather users under their virtual meetings and conversational workspace functionalities.
- (115) Second, the existence of a separate demand for SaaS UCC is also evidenced by the presence of numerous specialised suppliers who develop and supply their own SaaS UCC on an autonomous basis and independently of productivity applications, such as Cisco, Zoom, RingCentral, alfaview.
- (116) Third, as regards Teams in particular, there are indications that it is indeed distinct from the Microsoft SaaS Productivity Applications. As explained below in section 6.3.2.2, as of 1st October 2023, Microsoft started to progressively offer its customers the possibility to acquire the Microsoft Suites and Teams separately. In fact, Microsoft launched a standalone offering of Teams (Teams Essentials) already in December 2021. While Teams Essentials comes with Microsoft's web apps, the decision itself to launch that offering and to present it as a standalone version of Teams indicates that Microsoft considers that there is a separate demand for SaaS UCC.

6.3.2.2. Dominance

- (117) As set out in section 6.2.2 above, the SO preliminarily found that Microsoft would hold a dominant position in the worldwide market for SaaS Productivity Applications for Professional Use since at least 2017.⁹⁰

6.3.2.3. Coercion

- (118) The SO preliminarily found that Microsoft would not be giving customers a choice to acquire its SaaS Productivity Applications for Professional Use without an offering of Teams.⁹¹
- (119) First, since at least April 2019, customers were given no choice but to obtain Teams together with their Microsoft SaaS Productivity Applications, under conditions that remained unchanged until 2023.

⁸⁹ For further details, see SO, section 9.2.2.1, and the evidence cited therein.

⁹⁰ For further details, see SO, section 9.2.2.2, and the evidence cited therein.

⁹¹ For further details, see SO, sections 8 and 9.2.2.3, and the evidence cited therein.

- (120) *In the first place*, from 2017 onwards, Teams was added to the best-selling Microsoft Suites, both for existing and new customers, which already included the Microsoft SaaS Productivity Applications. At the time, these suites represented together more than [80-100]% of the total seats (i.e. end users) of Microsoft SaaS Productivity Applications in the EEA, a percentage that steadily increased since then.
- (121) The Microsoft Suites that then included Microsoft SaaS Productivity Applications but not Teams were Microsoft 365 Apps for business and Microsoft 365 Apps for enterprise. Their commercial relevance has however always been low and declined significantly over the years. Between 2017 and 2023, they went down from representing less than [0-20]% to representing less than [0-20]% of the EEA total seats of Microsoft SaaS Productivity Applications.⁹²
- (122) *In the second place*, in March 2019, Microsoft added the “Teams client” to Microsoft 365 Apps for business and to Microsoft 365 Apps for enterprise. The “Teams client” is the installable application of Teams, which includes very limited functionalities and does not include the underlying Teams service. In April 2019, Microsoft launched the “Teams exploratory experience”, a free trial of at least one year of the Teams service available *inter alia* to customers of Microsoft 365 Apps for Business and Microsoft 365 Apps for Enterprise.
- (123) The SO preliminarily concluded that offering such a long free trial amounted to obtaining Teams together with the productivity applications and that, as result, also customers of Microsoft 365 Apps for business and Microsoft 365 Apps for enterprise were not given the choice to obtain their Microsoft SaaS Productivity Applications without Teams since at least April 2019.
- (124) *In the third place*, whether or not customers are forced to deploy Teams to their end-users or can also choose not to do so is irrelevant. As explained above, the case law does not require, for the purposes of establishing coercion, that customers use the tied product to find coercion. Therefore, deployment by customers (which is a first step towards actual usage) is not a requirement to find that customers are coerced to obtain the tied product with the tying product.
- (125) Second, as already indicated, the tie did not only target new customers but was also implemented towards existing customers. *In the first place*, when Teams was added to the suites in 2017 and 2019, the tied offers were not made available only to customers acquiring those suites as of then. Customers with ongoing subscriptions were also given access to Teams at that point in time through their suite subscription and at no additional cost. *In the second place*, in 2019, the “Teams client” was automatically distributed via updates to all users of Microsoft customers having a subscription for Microsoft 365 E3, Microsoft 365 E5, Office 365 E3, Office 365 E5, Microsoft 365 Apps for enterprise, Microsoft 365 business standard, Microsoft 365 business premium and Microsoft 365 Apps for business. While extending the tie to existing customers is not required to establish coercion, the SO preliminarily observed that this strategy was aimed at maximising Teams’ deployment and usage and the effectiveness of the tie.

⁹² This lack of commercial relevance is illustrated by the composition and prices of other SKUs, such as Microsoft 365 business basic, Microsoft 365 business standard, Office 365 E1 and Office 365 E3, which render Microsoft 365 Apps for business and Microsoft 365 Apps for enterprise unattractive to customers.

- (126) Third, the Licensing Changes implemented by Microsoft in 2023 and in 2024 did not terminate the coercion of Microsoft’s customers described above.
- (127) On 1st August 2023, Microsoft announced that it would start implementing changes to the licensing of its suites as of 1st October 2023, in the EEA and Switzerland.⁹³ On 1 April 2024, Microsoft announced that, as of that date, it would extend worldwide the Licensing Changes introduced in the EEA / Switzerland.
- (128) The Licensing Changes included the following main aspects:
- (129) *In the first place*, for new customers, Microsoft Suites for enterprises would only be distributed without Teams and at a price EUR 2 per user per month cheaper than the version with Teams available until then.⁹⁴ Teams would only be distributed on a standalone basis at a price of EUR 5 per user per month. Microsoft Suites for businesses and frontline workers were made available both with and without Teams to customers in the EEA and Switzerland. The price differential implemented between the suites with and without Teams ranged from EUR 0.5 to EUR 2 per user per month.
- (130) *In the second place*, existing customers could, at their first contract anniversary or renewal, either (i) continue their current plan or (ii) switch to one of the new Microsoft Suites without Teams at the lower prices described in the preceding recital.
- (131) *In the third place*, only customers meeting specific cumulative conditions qualified as “customers in the EEA/Switzerland” and were thus eligible for benefitting from the Licensing Changes.⁹⁵
- (132) *In the fourth place*, the announcements of 1st August 2023 also indicated that Microsoft would “do more to make interoperability easier between rival communication and collaboration solutions and Microsoft 365 and Office 365

⁹³ Microsoft, “Microsoft announces changes to Microsoft 365 and Office 365 to address European competition concerns” (August 2023), available at <https://blogs.microsoft.com/eupolicy/2023/08/31/european-competition-teams-office-microsoft-365/>, downloaded on 3 June 2024 (ID 4124). Microsoft also indicated that, as of July 2023, the duration of the “teams exploratory experience” was reduced to 3 or 6 months, depending on the customer initiating it (See RSO, para. (15) and (248) to (255)).

⁹⁴ Microsoft’s reply to Question 1 of the Commission’s RFI of 10 October 2023 (ID 2575).

⁹⁵ For the Licensing Changes implemented as of 1st October 2023, the eligibility conditions were: “*the new EEA suites and Teams standalone are intended for purchase by customers with enrolments in EEA countries and Switzerland, from EEA/Switzerland pricelists, for deployment on EEA/Switzerland tenants out of datacentres in the EEA and Switzerland.*” See Microsoft, “New subscription structure for Microsoft 365 in Europe, Learn about changes coming to Microsoft 365, Office 365, and Microsoft Teams in the EEA and Switzerland on October 1, 2023”, available at <https://www.microsoft.com/en-us/licensing/news/Microsoft365-Teams-EEA>, downloaded on 9 November 2023 (ID 2613). For the Licensing Changes implemented as of 1st April 2024, the eligibility conditions were: “*the new ‘no Teams’ suites and Teams Enterprise are intended for purchase by customers with enrollments in countries outside the EEA and Switzerland, from non-EEA pricelists, for deployment on non-EEA/Switzerland tenants out of datacenters outside the EEA and Switzerland.*” See Microsoft, “Realigning global licensing for Microsoft 365, Learn about changes to Microsoft 365, Office 365, and Microsoft Teams licensing effective April 1, 2024.” (April 2024), available at <https://www.microsoft.com/en-us/licensing/news/Microsoft365-Teams-WW>, downloaded on 9 April 2024 (ID 3294).

suites”⁹⁶ and would provide more access to data-portability information by third parties.

- (133) The SO preliminarily found that, assessed as a whole, the Licensing Changes and their underlying conditions did not effectively end coercion and did not provide customers of Microsoft’s SaaS Productivity Applications with an effective choice among SaaS UCC.⁹⁷
- (134) *In the first place*, the eligibility criteria applied by Microsoft to identify benefitting customers and seats were restrictive and significantly limited both the number of customers who could benefit from Microsoft’s new suites and the proportion of their seats for which they could benefit from these new suites.
- (135) *In the second place*, the new suites launched on 1 October 2023 and on 1 April 2024 were not effectively available to existing customers on those dates, but only on the date of renewal or anniversary of their contract, i.e. potentially only several months (up to a year) later.
- (136) *In the third place*, the price differentials applied by Microsoft to its new Microsoft Suites appeared too limited to enable effective customer choice based on *inter alia*, parameters like the historic prices of Microsoft products preceding Teams (i.e. Skype for Business Online), the standalone price of Teams and the composition and price of the various Microsoft Suites in which Teams is included.
- (137) *In the fourth place*, Microsoft’s announced changes relating to integration and interoperability were not sufficiently concrete to enable competitors to plan new integrations or interoperability solutions and to enable customers to take account of them when considering switching to a Microsoft Suite without Teams. The SO preliminary found that the interoperability documentation promised by Microsoft did not go beyond what was already available to competitors, with the exception of a new type of interoperability enabling Teams’ competitors to host the web-based versions of Microsoft’s Word, Excel and PowerPoint applications. However, the conditions, process and timeframe under which such interoperability could be established by competitors was not clearly set out and, at the time of the adoption of the SO, no competitor had established such interoperability.
- (138) Lastly, Microsoft’s announced changes relating to data portability were also not sufficiently concrete to allow customers to consider switching to a Microsoft Suite without Teams. To switch to a competing UCC, customers need to be able to port their data from Teams to their selected new tool. The SO preliminary found that the data portability tools provided by Microsoft were inadequate, because the insufficient assistance and the fees charged to customers for porting their data.
- (139) As a result, the SO preliminarily concluded that coercion was ongoing.

⁹⁶ Microsoft, “Microsoft announces changes to Microsoft 365 and Office 365 to address European competition concerns” (August 2023), available at <https://blogs.microsoft.com/eupolicy/2023/08/31/european-competition-teams-office-microsoft-365/>, downloaded on 3 June 2024 (ID 4124).

⁹⁷ The fact that, in the context of the Licensing Changes, the duration of the “Teams exploratory experience” was reduced to 3 to 6 months would not seem to alter this conclusion, as the SO preliminarily found that coercion remained for a combination of reasons, which are indicated in this section.

6.3.2.4. Capability to produce exclusionary effects

- (140) In the SO, the Commission preliminarily concluded that the tying of Teams to the Microsoft SaaS Productivity Applications would be capable of restricting competition.⁹⁸ This conclusion was based on the following reasons.
- (141) First, the SO preliminarily found that the tie provides Microsoft with a significant competitive advantage that competing suppliers of SaaS UCC cannot offset, leading to Microsoft becoming more entrenched and to competitors remaining marginalised. This is based on the following reasons.
- (142) *In the first place*, the SO preliminarily found that Teams enjoyed a significant competitive advantage through the tie with the Microsoft SaaS Productivity Applications.
- (a) The Microsoft SaaS Productivity Applications have a vast installed base. By tying Teams with its Microsoft SaaS Productivity Applications, Microsoft ensured that Teams was distributed automatically across the hundreds of millions of its users (or seats).
 - (b) The importance of this distribution advantage, which Microsoft’s rivals do not have, is also recognised in Microsoft’s internal documents. Competitors and customers confirm the importance of this distribution method, as well as of the perception that Teams was being acquired for “free”. With this distribution, Teams secured a foothold with Microsoft’s significant installed base. This foothold proved instrumental also during the Covid-19 pandemic which accelerated the shift to flexible working and the need for SaaS UCC. Specifically, Teams was already installed and offered for “free”, so customers remained with Teams to meet their increasing needs. Teams’ advantage does not seem to be explained by any substantial quality advantage in the eyes of Microsoft’s customers.
- (143) *In the second place*, the SO preliminarily found that Teams’ rivals could not offset Teams’ significant competitive advantage.
- (a) Teams’ rivals do not have alternative distribution methods that allow them to offset Teams’ advantage. Unlike Teams, Teams’ competitors do not have automatic access to the large customer base of the Microsoft SaaS Productivity Applications. Microsoft’s rivals have to rely on alternative strategies (e.g. increasing marketing spend and employing freemium business models) to offset Microsoft’s distribution advantage. Through these strategies, Teams’ rivals have to gain access to and convince customers to acquire their solution, while simultaneously having to overcome the fact that Teams is included for “free” in their Microsoft SaaS Productivity Applications. Additionally, Teams’ customers face high switching costs and significant lead time to decide and prepare switching to a competing solution, making any offsetting of Teams’ competitive advantage even more difficult.
 - (b) Teams’ advantage is reinforced, since, through the tie, Teams benefits from the network effects that characterise the market. Specifically, network effects are generated as the more users a specific SaaS UCC has, either internally in an

⁹⁸ This preliminary conclusion was reached following the same framework of assessment as in Commission decision of 18 July 2018, COMP/AT.40099 - *Google Android*, paragraphs 749 to 750 and 773 to 774; T-201/04, *Microsoft v Commission*, ECLI:EU:T:2007:289, paragraph 1088.

organisation or across organisations, the more likely it is that this SaaS UCC will be used by other users and organisations. As Teams is automatically distributed to millions of users that already subscribe to the Microsoft Suites, Teams' rivals are unable to benefit from network effects to the same extent as Teams. As a result, Teams generates scale and makes it more difficult for its rivals to reach the necessary scale to offset its advantage.

- (c) Furthermore, Microsoft limits Teams' rivals' interoperability and/or integration with Teams and its popular business application software. Microsoft also limits competitors' ability to embed with its SaaS productivity applications. For instance, rivals were limited as to the placement of gateways to their UCC in Outlook, and Microsoft's presence API seemed to allow presence information to flow only from Microsoft's own products to a competing SaaS UCC but not vice versa. All these limitations increase the difficulty for Teams' rivals to offset Teams' distribution advantage. Customers value these technical links between their SaaS productivity applications and a SaaS UCC, and are more likely to source a SaaS UCC that is better integrated with the productivity applications and other business application software they use. Thus, by limiting interoperability with the Microsoft SaaS Productivity Applications, Microsoft increases the difficulty for SaaS UCC competing with Teams to be sourced and considered as an alternative to Teams, which enjoys seamless integration with Microsoft products, by customers.

(144) *In the third place*, the SO preliminarily found that Teams' advantage and rivals' inability to offset said advantage was consistent with the evolution of the market.

- (a) The evolution of the SaaS UCC market reflects that Teams is becoming entrenched and competitors remain marginalised, both in terms of usage (measured in minutes) and financial metrics (measured in paid seats). Even if certain competitors are growing in absolute terms, the market has also been growing in absolute terms. Thus, despite their growth in absolute terms, the evolution of Microsoft's competitors market shares' is consistent with their inability to offset Microsoft's advantage. Microsoft remains entrenched in the SaaS UCC market with an annual market share of over [60-70]%.⁹⁹ Even if certain rivals improved their shares, for others the shares decreased, and they all remained minor comparatively to Microsoft.
- (b) Microsoft's entrenched position in the SaaS UCC market, tends to confirm, contrary to Microsoft's claims during the investigation,¹⁰⁰ that multi-homing (i.e. customers using Teams' rivals' products in parallel to Teams) did not allow rivals to offset Teams' advantage. The reason is that most customers tend to centralise on one product over time (while possibly continuing to use rival SaaS for only part of their needs). As Teams is already installed and is

⁹⁹ Specifically, Microsoft's market share of paid seats is [60-70%] for 2019-2023 on a worldwide basis. In the EEA, Microsoft's market share is [70-80]% for 2019 to 2022 and [80-90]% in 2023. The market was reconstructed based on Commission calculations. Other rivals considered for computing the market shares on the basis of paid seats were Cisco, Google, Slack and Zoom. Microsoft's market share of collaboration minutes, i.e. minutes of SaaS UCC usage, is [70-80]% for 2021-2023 on a worldwide basis. In the EEA, Microsoft's market share is [80-90]% in 2021 and [70-80]% in 2022 and 2023. The market shares are based on internal Microsoft data. Other rivals considered for computing the market shares on the basis of collaboration minutes were Cisco, Google, Slack, Zoom, GoTo and BlueJeans.

¹⁰⁰ See SO, paragraphs 531 to 535.

perceived as being available for “free”, customers are likely to centralise on that solution rather than pay for an additional subscription for all their users. This centralisation on Teams negatively impacts the revenue of Teams’ rivals, as even customers originally using a competing SaaS UCC for at least part of their seats are expected to purchase ever-fewer seats for the competing solution. It should be noted that co-existence of competing SaaS UCC with Teams was curtailed by *inter alia* the abovementioned interoperability and/or integration/data portability limitations that existed between Teams and its rivals.

- (145) In addition, the SO preliminarily found that also in the potentially narrower markets for SaaS conversational workspaces for professional use, on the one hand, and for SaaS virtual meetings for professional use, on the other hand, Teams enjoys a significant competitive advantage that its competitors cannot offset, which is reflected in the evolution of the potentially narrower markets.
- (146) Second, the SO preliminarily found that the tie deterred innovation, increased barriers to entry and harmed customers in the SaaS UCC market. The SO preliminarily found that, as a result of the tie, a number of Teams’ rivals became unable to compete for a significant part of the SaaS UCC market. As a result, they were forced to limit their investment strategy to the business divisions that were more likely to be able to compete against Microsoft and in such a way surrender certain segments of the market to Microsoft. This results in limited investment for those surrendered segments of the market, including R&D investment, which in turn contributes to less innovation on the market overall. Additionally, the marginalisation of Teams’ rivals, for which customer demand exists, contributes to reduced customer choice. The tie will also lead to increased barriers to entry in the market, as Teams is shielded from competition. This is because Teams has access to a significant part of the installed base in the market and potential Teams’ rivals must spend significant resources to offset Teams’ advantage. As analysed above, this assessment applies equally when considering the narrower potential markets for SaaS conversational workspaces for professional use, on the one hand, and for SaaS virtual meetings for professional use, on the other hand.
- (147) Third, the tie also helped to maintain and strengthen Microsoft’s position in SaaS Productivity Applications for Professional Use. The SO preliminarily found that Microsoft identified early on the threat posed by suppliers of SaaS UCC to Microsoft SaaS Productivity Applications. It recognised that SaaS UCC could create inroads for competing solutions and undermine Microsoft SaaS Productivity Applications and the broader Microsoft Suites within which they are distributed. Microsoft considered that this undermining would have important commercial ramifications for Microsoft’s business. Microsoft’s strategy centred around Teams to counter this threat (defensive leveraging strategy, for more detail see section 5). This is a strategy that has been effective over time, as evidenced by *inter alia* Microsoft’s internal documents and evidence suggesting that over the past years Microsoft has had an entrenched market position in the market for SaaS Productivity Applications for Professional Use (see section 6.2.2).
- (148) The SO preliminarily found that the Licensing Changes implemented by Microsoft on 1 October 2023 and 1 April 2024 have not removed the effects of Teams’ significant distribution advantage resulting from the tie as outlined above. This is because *inter alia* the Licensing Changes have several limitations that did not effectively enable customers to opt for a Microsoft Suite without Teams, such as the

restrictive eligibility criteria, ineffective pricing and the fact that the Licensing Changes were not sufficiently concrete on integration, interoperability, and data portability. Moreover, the SO preliminarily found that market data also showed that the effects of Teams' significant distribution advantage resulting from the tie were ongoing after 1 October 2023. As a result, the SO preliminarily found that the Licensing Changes were insufficient to remove the coercion and put an end to the effects of the tie and Microsoft has made no further modifications to its conduct prior to this Decision.

6.4. Substantial part of the common market

(149) The SO preliminarily concluded that the markets in which Microsoft holds a dominant position and in which the conduct took place, that is the markets for SaaS Productivity Applications for Professional Use and the market for SaaS UCC, are worldwide. The conduct has thus been taking place in a substantial part of the internal market.

6.5. Objective justification/efficiencies

(150) The Commission is not required, in the context of a decision under Article 9 of Regulation 1/2003, to make a final assessment as to whether the conduct at stake had pro-competitive effects, and whether those pro-competitive effects outweigh the anticompetitive effects. A decision adopted by the Commission under Article 9(1) of Regulation 1/2003, is based on a preliminary assessment of the anticompetitive nature of the conduct in question.

(151) Microsoft, in its Response to the Statement of Objections, claims inter alia that Teams' inclusion in its suites is a pro-competitive enhancement that meets customer demand and improves productivity.¹⁰¹ Suites without some of the core products –like Teams– would allegedly be inefficient and would compromise the user experience. The Commission prima facie does not consider the tie of Teams with Microsoft's suites as objectively justified. There are indications that coercing customers to purchase Teams in its suites is neither indispensable nor proportionate to the goal allegedly pursued (notably as Teams could also be offered on a standalone basis enabling customers' choice of SaaS UCC). This preliminary analysis is undertaken in the specific context of Article 9(1) of Regulation 1/2003, as such it is not a final assessment of any objective justification defence; such a final assessment not being required in the context Article 9(1) of Regulation 1/2003.

6.6. Effect on trade between Member States

6.6.1. Principles

(152) Article 102 TFEU prohibits as incompatible with the internal market an abuse of a dominant position "*in so far as it may affect trade between Member States*". Article 54 of the EEA Agreement contains a similar prohibition.

(153) The effect on trade criterion consists of three elements.

(154) First, "trade" must be affected. The concept of trade is not limited to traditional exchanges of goods and services across borders but covers all cross-border economic activity. It also encompasses practices affecting the competitive structure of the

¹⁰¹ See RSO, paragraphs 461 to 478.

internal market by eliminating or threatening to eliminate a competitor operating within the territory of the European Union.¹⁰²

- (155) Second, a practice must be capable of having an effect on trade between Member States.¹⁰³ In other words, it must be foreseeable with a sufficient degree of probability on the basis of a set of objective factors of law or fact that the practice in question has an influence, direct or indirect, actual or potential, on the pattern of trade between Member States.¹⁰⁴ Where a dominant undertaking engages in exclusionary conduct in more than one Member State, such conduct is normally, by its very nature, capable of affecting trade between Member States.¹⁰⁵
- (156) Third, the effect on trade between Member States must be “appreciable”. This is assessed primarily with reference to the position of an undertaking on a relevant product market.¹⁰⁶ The stronger the position of an undertaking, the more likely it is that the effect on trade between Member States of a practice will be appreciable.¹⁰⁷

6.6.2. *Application to this case*

- (157) In the SO, the Commission reached the preliminary view that the conduct described in section 6.3 has an appreciable effect on trade between Member States for the following reasons.¹⁰⁸
- (158) First, Microsoft’s economic activities related to software applications and services for professional use and, more specifically, to SaaS Productivity Applications for Professional Use and to SaaS UCC, are, by their very nature, cross-border in scope.
- (159) Second, Microsoft’s conduct affects the competitive structure of the internal market by eliminating or threatening to eliminate competitors operating within the territory of the EEA.
- (160) Third, the conduct has been implemented in the territories of all Contracting Parties to the EEA Agreement.
- (161) Fourth, since at least 2017, Microsoft holds a dominant position in the worldwide market for SaaS Productivity Applications for Professional Use.

6.7. **Duration of the conduct**

- (162) The SO preliminarily found that the infringement consisting of the tying of Microsoft Teams to the Microsoft SaaS Productivity Applications started at the latest in April 2019 for the following reasons.¹⁰⁹
- (163) First, the SO preliminarily found that Microsoft is dominant on the worldwide market for SaaS Productivity Applications for Professional Use since at least 2017.

¹⁰² Joined Cases 6/73 and 7/73, *Istituto Chemioterapico Italiano and Commercial Solvents Corporation v Commission*, EU:C:1974:18, paragraphs 32 and 33; Joined Cases T-24/93 and others, *Compagnie Maritime Belge v Commission*, EU:T:1996:139, paragraph 203.

¹⁰³ Case 322/81, *NV Nederlandsche Banden Industrie Michelin v Commission*, EU:C:1983:313, paragraph 104; Case C-41/90, *Höfner and Elser v Macrotron*, EU:C:1991:161, paragraph 32; Case T-228/97, *Irish Sugar v Commission*, EU:T:1999:246, paragraph 170.

¹⁰⁴ Case 5/69, *Franz Völk v Établissement J. Vervaecke* EU:C:1969:35, paragraph 5/7.

¹⁰⁵ Guidelines on the effect on trade concept contained in Articles 81 and 82 of the Treaty, OJ C 101, 27.4.2004, page 81, paragraph 75.

¹⁰⁶ Case 5/69, *Franz Völk v Établissement J. Vervaecke*, EU:C:1969:35, paragraph 5/7.

¹⁰⁷ Case T-65/89, *BPB Industries and British Gypsum v Commission*, EU:T:1993:31, paragraph 138.

¹⁰⁸ For further details, see SO, section 11, and the evidence cited therein.

¹⁰⁹ For further details, see SO, section 9.3, and the evidence cited therein.

- (164) Second, at its launch in 2017, Teams was included in the bestselling Microsoft Suites, which included the tying products (the Microsoft SaaS Productivity Applications) and represented more than [80-100]% of the total of EEA seats for the tying products in that year.¹¹⁰ In March 2019, the Teams client was added to the remaining suites that included Microsoft SaaS Productivity Applications. In April 2019, Microsoft launched the “Teams exploratory experience”, a free trial of Teams service of a minimum of one year for Microsoft 365 Apps for business and Microsoft 365 Apps for enterprises. Accordingly, Teams was tied to Microsoft’s SaaS Productivity Applications since at least April 2019, when all of Microsoft’s offerings of the tying product included Teams.
- (165) The SO also preliminarily found that the abusive conduct was ongoing at the time of its adoption and that the implementation of Licensing Changes by Microsoft did not alter this conclusion, for the reasons explained in section 6.3.2.3 of this Decision. It also preliminarily found that, independently of whether the abuse had ended, the conduct’s effects persisted at the time of its adoption, for the reasons explained in section 6.3.2.4 of this Decision. Against that background and as Microsoft has not further modified its conduct since then, at the very least the effects of the conduct would still persist at the time of the Decision.

6.8. Preliminary conclusion

- (166) In the SO, the Commission preliminarily concluded that Microsoft’s tie of Teams with Microsoft SaaS Productivity Applications fulfilled the conditions of unlawful tying within the meaning of the case law of the Union Courts and violated Article 102 TFEU. The Commission preliminarily concluded that this conduct had started, at least since April 2019 and was ongoing at the time of the SO’s adoption. Further, the conducts’ effects persisted at that time. Finally, the SO preliminarily concluded that the conduct had an appreciable effect on trade between Member States. The preliminary conclusions set out in the SO constitute the preliminary concerns that the Commission continues to have at the time of adoption of this Decision and against which the commitments proposed by Microsoft are assessed.

7. PROPOSED COMMITMENTS

7.1. The Initial Commitments

- (167) On 28 April 2025, Microsoft offered the Initial Commitments, which include the following key elements.
- (168) Microsoft proposed to offer to customers with a billing address in the EEA and purchasing in the EEA (“**EEA customers**”):
- (a) versions of the Microsoft Suites for enterprise and business (“**Commitments Suites**”) without Teams, and to do so at a lower price than the corresponding suites that include Teams (the difference in price referred to as “**price delta**”)¹¹¹ (see **Table 1** below for an overview of the price delta per suite); and

¹¹⁰ These total seats cover both existing and new customers.

¹¹¹ Initial Commitments, paragraph 2.

- (b) Teams as a standalone product at a price equal to or above the price delta of the corresponding suites¹¹² (see **Table 1** below for an overview of the price of Teams standalone offerings).
- (169) Microsoft proposed that discount rates offered on Commitments Suites including Teams or on Teams standalone versions would not exceed discount rates offered on Commitments Suites without Teams (“**Discount Parity**”).¹¹³

Table 1: Price delta and price of corresponding Teams standalone versions		
<u>Suite</u>	<u>Price delta between Commitments Suites with and without Teams</u>	<u>Teams standalone version and price</u>
Microsoft 365 Business Basic	EUR 1.00	Teams Essentials (EUR 2.00)
Microsoft 365 Business Standard, Microsoft 365 Business Premium and Office 365 E1	EUR 2.00	Teams Essentials (EUR 2.00)
Office 365 E3, Microsoft 365 E3, Office 365 E5 and Microsoft 365 E5	EUR 8.00	Teams Enterprise (EUR 8.00)

- (170) Microsoft proposed that EEA customers can deploy Commitments Suites without Teams in datacentres worldwide.¹¹⁴
- (171) Microsoft proposed that new and existing EEA customers with multi-year subscriptions, such as Microsoft’s Enterprise Agreement, would have yearly opportunities to switch to Commitments Suites without Teams for a period of five years. Microsoft also offered to enable its partners resellers, which are intermediaries between Microsoft and final customers, to allow their own customers to switch to Commitments Suites without Teams.¹¹⁵
- (172) Microsoft offered to allow Teams’ Competitors (which are defined in the Initial Commitments as undertakings “*that provide collaboration and communication solutions in competition with Microsoft Teams*”)¹¹⁶ and third parties providing interoperability to Teams’ Competitors access to and effective interoperability for specific functionalities with Exchange Online, Entra ID, Microsoft Planner Basic, SharePoint Online, Windows 10/11 Desktop and “**Microsoft 365 Apps**” (i.e., Word, Excel, PowerPoint and Outlook distributed as part of a Microsoft 365 or Office 365 suite) and their successors (“**Microsoft Products and Services**”)¹¹⁷. To this end, Microsoft committed to make available interoperability APIs, technical

¹¹² Initial Commitments, paragraph 3.

¹¹³ Initial Commitments, paragraph 2(c) and 3(b).

¹¹⁴ Initial Commitments, paragraph 2(a).

¹¹⁵ Initial Commitments, paragraph 7.

¹¹⁶ Initial Commitments, paragraph 8.

¹¹⁷ Initial Commitments, paragraphs 8 and 1(g).

documentation and support, without discrimination between Teams' Competitors and other independent software vendors ("ISV") and in a timely manner. Microsoft also proposed to allow Teams' Competitors to embed the Office Web Applications (namely the web applications of Word, Excel, and PowerPoint) in their products to provide equivalent functionalities as the Office Web Applications provide to Teams. Lastly, Microsoft committed to allow Teams' Competitors prominent placement to integrate their solutions in Microsoft's Microsoft 365 Apps and Teams.

- (173) Microsoft proposed to enable EEA customers to extract their Teams messaging data for use in competing solutions.¹¹⁸ To this end, Microsoft committed to, at no additional cost, offer APIs to enable customers to retrieve files¹¹⁹, provide a data export tool to facilitate the export of Teams data for EEA customers with 500 users or less, and make available technical documentation and support. Microsoft also offered to allow EEA Customers who want to use Microsoft Teams at the same time as a competing solution to export their Teams data at cost.
- (174) Microsoft proposed that the Initial Commitments would apply for a period of seven years. However, the duration of the Initial Commitments concerning interoperability and data portability would be ten years.¹²⁰
- (175) Microsoft offered that an independent monitoring trustee would monitor Microsoft's compliance with the Initial Commitments throughout their duration ("**Monitoring Trustee**").¹²¹ If a Teams Competitor disputes whether Microsoft complies with the Initial Commitments, the dispute would be raised with the Monitoring Trustee for mediation.¹²² If the mediation cannot resolve the concerns, the matter would be subject to fast-track arbitration.¹²³
- (176) Microsoft proposed that the Initial Commitments would specify that they apply without prejudice to any stricter obligation(s) that would result from the application of the Data Act,¹²⁴ the Digital Markets Act¹²⁵ and any other applicable law.¹²⁶ Microsoft also proposed that the Initial Commitments include a provision relating to how notice of the availability of the commitments will be provided,¹²⁷ as well as a non-circumvention clause,¹²⁸ a non-retaliation clause¹²⁹ and a review clause.¹³⁰

¹¹⁸ Initial Commitments, paragraph 14.

¹¹⁹ EEA customers switching from Teams to a competing solution may use these APIs to extract their data at no charge only if they inform Microsoft of their intent to use the APIs to switch to a competing solution.

¹²⁰ Initial Commitments, paragraph 20.

¹²¹ Initial Commitments, paragraph 17.

¹²² Initial Commitments, paragraph 16.

¹²³ Initial Commitments, paragraph 16.

¹²⁴ Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonised rules on fair access to and use of data and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 (Data Act).

¹²⁵ 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).

¹²⁶ Initial Commitments, paragraph 22.

¹²⁷ Initial Commitments, paragraph 6.

¹²⁸ Initial Commitments, paragraph 23.

¹²⁹ Initial Commitments, paragraph 21.

¹³⁰ Initial Commitments, paragraph 18.

Finally, Microsoft proposed that it shall comply with the Initial Commitments within sixty calendar days of their effective date.¹³¹

7.2. Commission Notice pursuant to Article 27(4)

- (177) Following the publication on 16 May 2025 of the Article 27(4) Notice, the Commission received eight responses from third parties (individually called a “**Respondent**” and together the “**Respondents**”) on the Initial Commitments (the “**Market Test**”).
- (178) The Respondents generally welcomed a commitment solution in this case. However, they also raised certain issues regarding specific aspects of the Initial Commitments, as discussed below in section 7.3. The Commission assessed the Initial Commitments in light of the main observations submitted by the interested third parties in the Market Test (see section 7.3). In response to the observations received pursuant to the Article 27(4) Notice, Microsoft submitted the Final Commitments (as defined in recital (20) and further discussed in section 7.4).
- (179) Parallel to the publication of the Market Test, Microsoft publicly announced in a blogpost (“**May Blogpost**”) that, if its proposed commitments are made binding, it has decided to “*align the options and pricing for our suites and Teams service globally, as we’ve done in the past [and] continue making all versions of our frontline suites without Teams available globally.*”¹³² This decision was welcomed by participants in the Market Test, who consider the availability of Commitments Suites without Teams at a lower price than Commitments Suites with Teams important for the large number of customers with international footprint. In light of this market feedback, the Commission takes note of Microsoft’s decision and considers that Microsoft’s decision constitutes an important factual element on which it bases its assessment of the effectiveness of the Initial and Final Commitments.

7.3. Assessment of the Initial Commitments in light of the comments of Respondents to the Market Test

7.3.1. Availability of Commitments Suites with and without Teams

- (180) One Respondent submitted that there should be no Commitments Suites with Teams, and that Teams should only be offered on a standalone basis. The Respondent claimed that due to the switching costs associated with moving to a Commitments Suite without Teams, customers are likely to continue to subscribe to Commitments Suites with Teams, thereby undermining the effectiveness of the commitments.
- (181) The Commission assessed the concern and concludes that, in the case at hand, there were less intrusive means for enabling customer choice, without it being necessary that Teams is offered only on a standalone basis. First, all customers will be offered Commitments Suites with or without Teams both when they first purchase a Commitments Suites and when they renew any existing Commitments Suite. Second, customers with ongoing multi-year subscriptions will have the opportunity to switch to Commitments Suites without Teams annually for the first five years of the commitments. Third, in addition to the availability of Commitments Suites without

¹³¹ Initial Commitments, paragraph 19. Microsoft proposed that the effective date be the date where Microsoft receives formal notification of the Decision. Initial Commitments, paragraph 1(f).

¹³² Microsoft, “*Microsoft proposes commitments to resolve European competition concerns about Teams*” (August 2023), available at <https://blogs.microsoft.com/eupolicy/2025/05/16/microsoft-proposes-commitments-teams/>, downloaded on 2 July 2025 (ID 7078).

Teams and the switching opportunities, the pricing of the Commitments Suites with and without Teams under the commitments, together with the commitments related to interoperability and data portability, effectively offer customers the possibility to opt for and/or switch to the SaaS UCC of their choice (for more detail see section 8). Furthermore, the Respondent's request to have Microsoft offer only Commitments Suites without Teams does not appear proportionate given that the commitments effectively provide all customers with the possibility to switch to a Commitments Suite without Teams, thereby allowing customers to either switch to an alternative to Teams or to retain their existing Commitments Suites with Teams if they prefer, without imposing on all customers to renegotiate their contracts.

7.3.2. Pricing and discounting

- (182) Some Respondents expressed concern that the price deltas between the Commitments Suites with Teams and the Commitments Suites without Teams were insufficient to enable customer switching and to allow rivals to compete on the merits for those customers. In particular, one Respondent observed that, for the smaller Commitments Suites, the price deltas are the same as those of Microsoft's Licensing Changes which the Respondent found too low to enable customer choice.
- (183) The Commission assessed the concern and concludes that for the *larger* Commitments Suites¹³³ the price delta¹³⁴ of EUR 8 per user per month is at a level that would effectively offer customers the possibility to opt for and/or switch to the SaaS UCC of their choice. This price delta is considerably increased compared to the price delta of EUR 2 per user per month that Microsoft introduced unilaterally through the Licensing Changes. In assessing the effectiveness of this price delta, consistently with its assessment of the Licensing Changes in the SO, the Commission considered, amongst other parameters, the historic prices of Microsoft products preceding Teams (i.e. Skype for Business Online was priced at EUR 5.4 per user per month for the larger Commitments Suites¹³⁵), the standalone price of Teams (i.e. Teams EEA standalone is priced at EUR 5 per user per month), the composition and price of the various Commitments Suites in which Teams is included and Microsoft's own internal assessment of the share represented by Teams. Additionally, even if certain Teams' competitors list prices are higher than the price deltas, the Commission also took into account the need to ensure the incentives for Teams' rivals to compete on price. Those rivals could compete with Microsoft on price, e.g. by discounting their offers, which an overly high price delta might not incentivise.
- (184) For the *smaller* Commitments Suites¹³⁶, the Commission assessed the level of the price delta¹³⁷ and concluded that, to address the concerns, an increase in such delta was warranted, as the level of the price delta fell short of enabling customer switching for smaller Commitments Suites. The price deltas for the smaller Commitments Suites in the Initial Commitments were the same as those introduced unilaterally by Microsoft through its Licensing Changes and which, based on the parameters set out in the preceding recital, were found insufficient in the SO.

¹³³ I.e. Office 365 E3, Microsoft 365 E3, Office 365 E5 and Microsoft 365 E5.

¹³⁴ Initial/Final Commitments, paragraph 2(b).

¹³⁵ See Appendix 10 of Microsoft's reply to the Commission's RFI of 15 July 2022 (ID 1414).

¹³⁶ I.e. Microsoft 365 Business Basic, Microsoft 365 Business Standard, Microsoft 365 Business Premium and Microsoft Office 365 E1.

¹³⁷ Initial Commitments, paragraph 2(b).

Following the result of the Market Test on this point, Microsoft offered to increase the price deltas for the smaller Commitments Suites (see section 7.4 below).

- (185) Further, one Respondent observed that the price of Teams Essentials, i.e. the standalone version of Teams for business customers, should be increased from EUR 2 to EUR 3.7, the latter being the current price of Teams Essentials pursuant to Microsoft's Licensing Changes.
- (186) The Commission assessed the pricing of Teams Essentials and concludes that it is at a level that does not undermine the effectiveness of the commitments. In that regard, the commitments prescribe that the price of Teams Essentials is equal or higher than the price deltas for the business Commitments Suites, with a minimum list price of EUR 2. This provision, which only sets a minimum price for Teams Essentials, ensures that the price deltas cannot be circumvented by the combination of a Commitments Suite without Teams with Teams Essentials.¹³⁸ Moreover, since the commitments only sets a minimum threshold for the pricing of Teams Essentials, Microsoft is free to maintain the current EUR 3.70 pricing.
- (187) Additionally, some Respondents raised the concern that Microsoft's discounting practices could undermine the effectiveness of the price delta. Specifically, Respondents expressed concerns that Microsoft might offer higher discounts on Commitments Suites that include Teams when compared to Commitments Suites that do not include Teams, or offer discounts on Teams standalone, which could incentivise customers to either opt for a Commitments Suite that includes Teams or recreate the bundle by combining a Commitments Suite without Teams with a discounted Teams standalone offering.
- (188) The Commission assessed these concerns and concludes that the Discount Parity safeguards of the Initial Commitments are sufficient to address them. Specifically, Microsoft commits to offer the same discount percentage rates on Commitments Suites without Teams as on Commitments Suites with Teams.¹³⁹ As a result, Microsoft commits not to favour its Commitments Suites with Teams over those without Teams. Additionally, any discount rates on Teams standalone will be capped at the same percentage rates as the discount offered on the corresponding Commitments Suites without Teams.¹⁴⁰ As a result, if Microsoft offers a high discount rate on Teams standalone, it will also be required to apply the same percentage rate to its Commitments Suites without Teams. The Commission considers this mechanism to be effective in preserving the price deltas, because any large discounts offered by Microsoft on Teams standalone will have to be applied to the Commitments Suites without Teams, which would significantly undermine the revenue generated by the suites without Teams.

¹³⁸ Initial Commitments, paragraph 3(a): “Microsoft currently offers standalone versions of Teams, including Teams Essentials (for businesses) and Teams for Enterprise (for enterprises) (“Teams Standalones”). [...] Microsoft will offer Teams Standalones to EEA Customers at a list price equal to or above the relevant Price Delta [...]. The Teams Standalone version which is targeted and marketed for use by businesses with Microsoft Business Basic, Microsoft Business Standard, Microsoft Business Premium, Office 365 E1, or any successor or substantially equivalent versions of these suites (currently Teams Essentials) will have a list price and ERP equal to or above [USD 2.14] (€2.00).”

¹³⁹ Initial/Final Commitments, paragraph 2(c).

¹⁴⁰ Initial/Final Commitments, paragraph 3(b).

7.3.3. Suites for frontline workers

- (189) Some Respondents expressed the concern that the non-inclusion of suites for frontline workers in the Initial Commitments undermines their effectiveness, since it limits customer choice by not allowing customers to pick a suite without Teams for their frontline workers.
- (190) The Commission assessed the concern and concludes that the non-inclusion of suites for frontline workers does not undermine the effectiveness of the Initial Commitments.
- (191) First, the Commitments Suites account for the vast majority of Microsoft Suite revenue and seats. In contrast, the suites for frontline workers (Office 365 F3, Microsoft 365 F1, Microsoft 365 F3) represent a relatively small proportion of Microsoft’s overall suite sales. To be precise, globally, suites for frontline workers account for less than [0-20]% seats of all Microsoft Suites and less than [0-20]% of the revenue generated by said suites in 2023.¹⁴¹
- (192) Second, Microsoft's public commitment to continue offering suites for frontline workers without Teams, as per its Licensing Changes, ensures that the non-inclusion of these suites from the Initial Commitments does not compromise their overall effectiveness.
- (193) *In the first place*, Microsoft has publicly announced in the May Blogpost that, if its proposed commitments are made binding, it has decided to “*continue making all versions of our frontline suites without Teams available globally.*”¹⁴² This would enable Microsoft’s customers to switch to a version of the suites for frontline workers without Teams at a lower price than the equivalent suite with Teams. The Initial Commitments also establish that the Monitoring Trustee may request from Microsoft information regarding the availability of *inter alia* suites for frontline workers without Teams and its associated pricing.¹⁴³
- (194) *In the second place*, following the Market Test feedback, Microsoft decided to increase the price delta of its most popular frontline worker suite (Microsoft 365 F3¹⁴⁴) from €0.50 to €1. Similarly to the May Blogpost, this change will also be made effective with a public announcement by Microsoft.¹⁴⁵

7.3.4. Notice of availability

- (195) One Respondent submitted that additional safeguards should be implemented to prevent that customers are nudged to Commitments Suites with Teams due to Microsoft presenting only offers with Teams alongside other popular Microsoft products (e.g. Copilot) on Microsoft’s EEA websites. Instead, where Microsoft displays Commitments Suites next to such products, it should display both offers of Commitments Suites with Teams and of the corresponding Commitments Suites without Teams.

¹⁴¹ See Microsoft’s submission of 1 November 2024 (ID 6664).

¹⁴² Microsoft, “*Microsoft proposes commitments to resolve European competition concerns about Teams*” (August 2023), available at <https://blogs.microsoft.com/eupolicy/2025/05/16/microsoft-proposes-commitments-teams/>, downloaded on 2 July 2025 (ID 7078).

¹⁴³ Initial/Final Commitments, paragraph 17(g).

¹⁴⁴ Out of all suites for frontline workers, Microsoft 365 F3 alone constitutes approximately [0-20]% of all seats of suites for frontline workers and almost the entirety of the generated revenue. See Microsoft’s submission of 1 November 2024 (ID 6664).

¹⁴⁵ See Microsoft’s submission of 8 July 2025, page 1 (ID 7079-1).

- (196) The Commission assessed the Respondent’s concerns and concluded that additional safeguards were warranted for the notice of availability provisions of the Initial Commitments to be effective.¹⁴⁶ Specifically, the Commission noted that presenting only offers with Teams alongside other popular Microsoft products had the potential to undermine the effectiveness of the Initial Commitments, which aim to ensure customers’ choice between Commitments Suites with and without Teams. Raising awareness of the availability of Commitments Suites without Teams and preventing that Commitments Suites with Teams are displayed in a more favourable manner than Commitments Suites without Teams are thus necessary for the effectiveness of the commitments. Upon being informed of the result of the Market Test in this respect, Microsoft offered to clarify that the “nudging” scenario envisioned by the Respondent would not be compatible with the commitments (see section 7.4 below).
- (197) One Respondent requested a reinforcement of the commitments with regard to Microsoft’s obligation to raise awareness in the market of the interoperability and data portability commitments.
- (198) The Commission assessed the request and concluded that the measures to raise awareness for interoperability and data portability commitments in the Initial Commitments¹⁴⁷ should be broadened. The Initial Commitments seem limited in that they imply that the relevant information would be published only on one website. Upon being informed of the result of the Market Test in this respect, Microsoft offered to broaden the wording accordingly (see section 7.4 below).
- (199) One Respondent submitted that Microsoft should show both Commitments Suites with Teams and Commitments Suites without Teams on the same webpage, rather than requiring customers to click between webpages displaying Commitments Suites with Teams and webpages displaying Commitments Suites without Teams.
- (200) The Commission assessed the request and concludes that requiring Microsoft to double the number of Commitments Suites shown on a single webpage does not seem appropriate or proportionate as it will likely have a negative impact on the user friendliness of the webpage. Moreover, the Commission notes that the Initial Commitments already provide for “*equivalent, adequate, sufficiently prominent, and non-discriminatory*”¹⁴⁸ presentation of the Commitments Suites without Teams, compared to the Commitments Suites with Teams, and in general ensure that Microsoft customers “*know of the availability of the without Teams suites and of Microsoft’s commitments to ensure effective interoperability and data portability*”¹⁴⁹.

7.3.5. *Switching opportunities*

- (201) Some Respondents submitted that the number of opportunities for new and existing customers with multi-year subscriptions, such as Microsoft’s Enterprise Agreement, to switch to Commitments Suites without Teams should be increased in the first year following the entry into force of the commitments, as for certain companies it may otherwise take up to 12 months for the first switching opportunity to arise.
- (202) The Commission assessed this feedback and concludes that the switching opportunities foreseen in the Initial Commitments, which provide that customers

¹⁴⁶ Initial Commitments, paragraph 6.

¹⁴⁷ Initial Commitments, paragraph 6(d).

¹⁴⁸ Initial/Final Commitments, paragraph 6(c).

¹⁴⁹ Initial/Final Commitments, paragraph 6.

with long-term subscriptions can switch at their contract anniversary in the first five years of the commitments are effective.¹⁵⁰ At contract anniversary, Microsoft and the customer are typically well prepared to review certain elements of the contract, making it a natural point for customers to switch to a competing product. Conversely, additional switching opportunities in the first year of the commitments are likely to put a high and disproportionate burden at least on Microsoft to accommodate potential review of multiple subscriptions at any time in the lifecycle of the respective contracts.

- (203) One Respondent requested a switching opportunity 30 days after the Effective Date (i.e. the date at which Microsoft receives formal notification of the decision). This would allow all customers to have the right to switch to competing solutions on that day.
- (204) The Commission assessed the request and concludes that, given that customers typically require significant lead time to decide and prepare switching to a competing solution (see above recital (143)(a)), it is unlikely that a significant number of customers would be ready to switch to a competing UCC solution 30 days after the Effective Date.

7.3.6. *Effective interoperability with Microsoft Products and Services*

- (205) Some Respondents argued that the scope of Microsoft's commitment to provide interoperability should be broadened to additional products and use cases. According to one Respondent this broadening of scope should include interoperability between Exchange Online, SharePoint Online, Entra ID and OneDrive and equivalent solutions competing with each of these products. Another Respondent argued that the broadening of scope of the interoperability commitments should cover any products and services in the Commitments Suites that Teams interoperates with, and at the very least Power Automate and Power BI.
- (206) The Commission assessed these submissions and concludes that these requests to expand the interoperability requirements on Microsoft to other products and use cases is disproportionate. The SO found that the limitations on interoperability implemented by Microsoft vis-à-vis SaaS UCC competing with Teams reinforced the effects of the tie of Teams with the Microsoft SaaS Productivity Applications (namely Word, Excel, Outlook and PowerPoint). The Initial Commitments offer effective interoperability with the tying products as well as with specific additional Microsoft products that support functionalities of the tying products. This includes making available to competitors APIs for productivity applications as well as other applications, such as Exchange Online, Entra ID, SharePoint Online and OneDrive for purposes such as contacts and calendar integration, sending and receiving notifications and information on users' presence, and facilitating users' authentication, that are effectively equivalent to what Teams gets from these products for those purposes. The requests to expand interoperability beyond the products covered in the Initial Commitments¹⁵¹ thus appear disproportionate, in particular since the requested extension of the commitments on interoperability is not necessary to address the preliminary concerns described in section 6 above.

¹⁵⁰ Initial/Final Commitments, paragraph 7.

¹⁵¹ Initial/Final Commitments, paragraphs 1(g) and 8.

- (207) As regards interoperability with Teams itself, some Respondents requested that the commitments provide for horizontal interoperability between competing SaaS UCC and Teams, i.e. call-to-call interoperability and message-to-message interoperability. One of them explained that this would be necessary to ensure that business customers are able to effectively consider alternatives to Teams.
- (208) The Commission assessed the request to expand the commitment related to interoperability to Teams and concludes that this is not necessary to ensure the effectiveness of the commitments and, thus, the requested expansion would be disproportionate. The Initial Commitments promote switching and hence allow rivals to reach scale without having to also enable horizontal interoperability between competing SaaS UCC and Teams. First, there are elements other than interoperability and integration in the Initial Commitments, which give customers the possibility to opt for or switch to another SaaS UCC. These include the availability and pricing applied to Commitments Suites with and without Teams and the data portability provisions. Second, the Initial Commitments provide for interoperability and integration mechanisms that allow Teams' Competitors to reach Teams' existing user base, such as the integration commitment enabling Teams' Competitors to add their products to Teams' apps page and to prominently integrate them into Word, Excel, PowerPoint and Outlook.¹⁵² Third, provisions such as those relating to effective interoperability and to the ability to embed the "Office Web Applications" within Teams' Competitors' products also reinforce Teams' Competitors' ability to offer an alternative to Teams.
- (209) Some Respondents expressed concerns with the way that the Initial Commitments deal with throttling, i.e. Microsoft's ability to limit a competitor's number of calls on an API within a certain period of time and under specified circumstances.¹⁵³ The expressed concerns included the fact that the non-discrimination clause on throttling applies vis-à-vis other ISVs and not vis-à-vis Teams, or that no advance notice is foreseen before Microsoft throttles, or that Microsoft does not commit to invest in the infrastructure and systems necessary to ensure that it has the requisite capacity to serve the API calls made by Teams Competitors to offer the interoperability features provided for in the Initial Commitments.
- (210) The Commission assessed these requests and concludes that the Initial Commitments include sufficient safeguards to ensure their effectiveness. As explained in paragraph 8 of the Initial Commitments, Microsoft commits to offer "*effective interoperability*" with the Microsoft Products and Services. Any throttling of Teams' competitors' use of the APIs covered by the Commitments would therefore have to align with Microsoft's commitment to provide effective interoperability. Indeed, Microsoft indicates in paragraph 10(a) of the Initial Commitments that it will only throttle competitors' access to APIs under identified and limited circumstances, namely only "*to ensure reliable service access, stability, security, and fraud prevention*" and "*the throttling limits and terms of use will not be substantially degraded in a way that undermines Teams Competitors' ability to take advantage of the interoperability commitments set out in Paragraphs 8 through 13 [of the Initial Commitments]*".¹⁵⁴

¹⁵² Even where such mechanisms already exist, the commitments will make them binding on Microsoft and include safeguards with regard to their effectiveness (e.g. non-circumvention clause, dispute resolution mechanism).

¹⁵³ Initial/Final Commitments, paragraph 10.

¹⁵⁴ Initial/Final Commitments, paragraph 10(a).

Because these identified and limited instances in which Microsoft may throttle APIs access are by nature unpredictable, requesting that Microsoft provides advance notice would not be proportionate. Moreover, Microsoft also commits in paragraph 10(a) of the Initial Commitments that throttling “*will be conducted on a non-discriminatory basis with respect to Teams Competitors as compared to other ISVs relying upon the APIs*” and that “*based on normal usage consistent with how Teams interacts with other Microsoft Products and Services, the throttling limits and terms of use [in the commitments] are sufficient to enable effective interoperability*”¹⁵⁵ and Annex 2 to the Initial Commitments includes an illustration of Microsoft’s current “*throttling limits for selected services*”. The Respondents did not express concerns as regards the concept of ‘normal usage’ in paragraph 10(a) or the throttling limits described in Annex 2. Thus, as there is no indication that the applicable throttling limits would be insufficient, requesting that throttling Teams’ Competitors’ API access only occurs if Teams’ APIs access is equally throttled appears unnecessary.

7.3.7. *Teams Competitors integrating with the Microsoft 365 Apps and Teams.*

- (211) One Respondent requested that the prominent placement in Microsoft 365 Apps (including in Outlook) to be provided for the integration of a competing SaaS UCC should correspond to the placement where Teams is integrated in Microsoft 365 Apps. The Respondent justified this request by reference to its own integration experience in the Microsoft 365 Apps, arguing that its own placement changed over time and was not always as prominent as that of Teams.
- (212) The Commission assessed this request and considers that, for the purpose of addressing the Commission’s preliminary concerns in the context of this case, the solution included in the Initial Commitments is effective and proportionate. First, the Initial Commitments already foresee that Teams’ “*integrations and add-ins will be removed by default from the distributions of the Without Teams Suites*”,¹⁵⁶ thereby ensuring that customers who opt for such Commitments Suites together with a Teams Competitor’s solution will only see the latter’s integrated solution in the Microsoft 365 Apps. Second, a requirement to be integrated in the exact same position as Teams in Microsoft 365 Apps does not appear to be necessary to remedy the preliminary concerns set out in section 6 above. The commitment to ensure a prominent placement of Teams Competitors in paragraph 13(a) of the Initial Commitments necessarily implies that customers are allowed to effectively access the SaaS UCC of Teams Competitors from Microsoft 365 Apps, so as not to hinder customers’ choice of SaaS UCC. The prominence of the placement of competing SaaS UCC should be assessed on a case-by-case basis against that fundamental benchmark. For instance, in the example provided in Annex 4a to the Initial Commitments, the placement of Teams Competitors is in the Outlook ribbon and corresponds to where Teams is often integrated in Outlook windows. Such example thus appears to provide a placement that is sufficiently effective. Any dispute as to whether the placement of the integrations of SaaS UCC is sufficiently prominent would be subject to the dispute resolution mechanism provided in paragraph 16 of the Initial Commitments, which includes mediation by the Monitoring Trustee and fast-track arbitration. In light of the Market Test feedback, Microsoft provided an additional example of the placement of Teams Competitors’ integrations in Outlook (see section 7.4 below).

¹⁵⁵ Initial/Final Commitments, paragraph 10(a).

¹⁵⁶ Initial/Final Commitments, paragraph 13(c).

7.3.8. Data portability

- (213) One Respondent submitted that additional guidance should be provided on how customers' consent would be requested and provided where necessary for transferring their data to competing solutions, and the processes by which customers (or competitors acting on their behalf) can obtain the relevant data.
- (214) The Commission assessed the request and concludes that the Initial Commitments are effective, as they already provide that the “*manner of requesting such customer consent shall be compliant with relevant law and consistent with Microsoft’s agreements with its customers but shall not otherwise limit the effectiveness of the Commitments.*”¹⁵⁷ Moreover, the non-circumvention clause in paragraph 23 of the Initial Commitments provides that Microsoft will not make it artificially difficult for customers to provide such consent. The Commission also considers that a commitment to provide additional information on how customers can obtain their relevant data is not necessary, as Microsoft already commits to making available technical support on how the data export APIs can be used to export data (paragraph 14(d) of the Initial Commitments).
- (215) One Respondent requested that the commitments include additional safeguards regarding the data export tool, including on procedures, features of the data export tool and guarantees that Microsoft will not decrease its efficiency.
- (216) The Commission assessed the request and concludes that the obligation in the Initial Commitments that Microsoft should “*make available a customer-friendly and effective automated tool to facilitate the export of Teams data*” is sufficient to cover concerns regarding the functioning of the data portability tool.¹⁵⁸

7.3.9. Duration

- (217) The Respondents pointed out that the general seven-year duration of the Initial Commitments is too short and should be increased to ten years for the entirety of the commitments – and not only with regard to interoperability and data portability, where the duration is ten years. This extension of the duration of the Initial Commitments to ten years, also for the commitments relating to e.g. distribution and pricing, would also allow consistency to be maintained throughout the Initial Commitments.
- (218) The Commission assessed the request and concludes that a general seven-year duration, coupled with a ten-year duration for the commitments relating to interoperability and data portability, is proportionate and sufficiently long to address the Commission’s preliminary concerns set out in section 6 above. First, the provisions linked to the availability and pricing of Commitments Suites without Teams will be in place for a sufficiently long period - seven years - which covers multiple procurement cycles (the contract duration for Enterprise Agreements is typically three years).¹⁵⁹ Second, products in the relevant markets are likely to evolve in a way that a commitment regarding product composition and pricing that exceeds seven years does not seem effective or proportionate in this specific case.

¹⁵⁷ Initial/Final Commitments, footnote 9.

¹⁵⁸ Initial Commitments, paragraph 14(c).

¹⁵⁹ In a context where all existing customers would have the possibility to switch annually in the first years of the Initial Commitments.

7.4. The Final Commitments

- (219) In response to the feedback provided to Microsoft by the Commission following the market feedback received pursuant to the Article 27(4) Notice, Microsoft modified its Initial Commitments, submitting the Final Commitments on 21 July 2025.
- (220) In response to the Market Test feedback on the Initial Commitments (see recital (182)), the Final Commitments increase the price deltas of certain smaller Commitments Suites (Microsoft 365 Business Basic, Microsoft 365 Business Standard, Microsoft 365 Business Premium and Microsoft Office 365 E1) by 50%.¹⁶⁰ The same applies regarding the minimum price of the Teams standalone offering corresponding to those Commitments Suites¹⁶¹ (see recital (185)). See **Table 2** below for an overview of the price deltas per Commitments Suites in the Final Commitments compared to the Initial Commitments. The effectiveness of this change is assessed in recital (231) below.

Commitments Suites	Initial Commitments		Final Commitments	
	<u>Price delta</u>	<u>Teams standalone version and price</u>	<u>Price delta</u>	<u>Teams standalone version and price</u>
Microsoft 365 Business Basic	EUR 1.00	Teams Essentials (EUR 2.00)	EUR 1.50	Teams Essentials (EUR 3.00)
Microsoft 365 Business Standard, Microsoft 365 Business Premium and Office 365 E1	EUR 2.00	Teams Essentials (EUR 2.00)	EUR 3.00	Teams Essentials (EUR 3.00)

- (221) In response to the Market Test feedback on the Initial Commitments (see recital (195)), the Final Commitments include additional wording to guarantee that for any Commitments Suites with Teams displayed on Microsoft’s relevant websites a corresponding Commitments Suites without Teams will also be displayed.¹⁶² Annex 1 of the Final Commitments provides an example of how those Commitments Suites will be displayed in the Microsoft website to comply with the Final Commitments. The effectiveness of this revision is assessed in recital (240) below.
- (222) In response to the Market Test feedback on the Initial Commitments (see recital (197)), the Final Commitments’ provision on the commitments’ notice of availability was revised to provide that Microsoft will publish information on interoperability and data portability on relevant developer-facing Microsoft websites rather than only

¹⁶⁰ Final Commitments, paragraph 2(b).

¹⁶¹ Final Commitments, paragraph 3(a).

¹⁶² Final Commitments, paragraph 6(c).

on one developer-facing Microsoft website.¹⁶³ The Final Commitments also identify certain developer-facing websites where Microsoft will publish the relevant information when the Final Commitments are implemented. Since the relevant websites might change, Microsoft also commits to work with the Monitoring Trustee to provide appropriate developer-facing information.¹⁶⁴ The effectiveness of this revision is assessed in recital (240) below.

- (223) In Annex 4a to the Final Commitments Microsoft included an additional example of Outlook Add-In integration in response to the Market Test feedback on the Initial Commitments (see recital (211)). The effectiveness of the commitment to enable integration, including in the light of this additional example in Annex 4a, is assessed in recital (238) below.

8. EFFECTIVENESS AND PROPORTIONALITY OF THE FINAL COMMITMENTS

8.1. Principles

- (224) The principle of proportionality requires that the measures adopted by institutions of the Union must be suitable and not exceed what is appropriate and necessary for attaining the objective pursued.¹⁶⁵
- (225) In the context of Article 9 of Regulation 1/2003, application of the principle of proportionality entails, first, that the commitments in question address the concerns expressed by the Commission in its preliminary assessment and, second, that the undertakings concerned have not offered less onerous commitments that also address those concerns adequately.¹⁶⁶ When carrying out that assessment, the Commission must take into consideration the interests of third parties.¹⁶⁷

8.2. Application in the present case

- (226) As regards effectiveness, the Final Commitments assessed as a whole are sufficient to address the Commission's preliminary concerns (see section 6). As the SO preliminarily found, to eliminate the tie and its consequences, customers must be put in a situation where they can effectively consider switching away from Teams and opt for another SaaS UCC based on competition on the merits.¹⁶⁸
- (227) This requires not only enabling customers to acquire Commitments Suites without Teams, but also addressing other elements that limit customers' incentives to switch to alternatives to Teams, such as pricing, limited portability of data and limited interoperability with the Commitments Suites. The elements included in the Final Commitments offered by Microsoft, such as, in particular, the availability and pricing of Commitments Suites with and without Teams, the commitments on interoperability, integration and embedding, as well as the commitments on data portability, build on and are significantly broader than the Licensing Changes that Microsoft initiated in 2023 and 2024 to give customers the possibility to opt for or switch to another SaaS UCC and which the SO preliminarily found inadequate to

¹⁶³ Final Commitments, paragraph 6(d).

¹⁶⁴ Final Commitments, footnote 8.

¹⁶⁵ See for instance, Case T-260/94, *Air Inter v. Commission* [1997] ECR II-997, paragraph 144 and Case T-65/98, *Van den Bergh Foods v. Commission* [2003] ECR II-4653, paragraph 201.

¹⁶⁶ Case C-441/07 P, *Commission v Alrosa*, [2010] ECR I-5949, paragraph 41.

¹⁶⁷ Case C-441/07 P, *Commission v Alrosa*, [2010] ECR I-5949, paragraph 41; Case C-132/19 P, *Groupe Canal+ v Commission*, EU:C:2021:976, paragraph 106.

¹⁶⁸ For further details, see SO, section 13.2.

address the Commission's concerns. The elements on the basis of which the Final Commitments are found to effectively address the Commission's concerns are set out below.

- (228) First, the Commission's main concern was that Microsoft tied Teams to the Microsoft SaaS Productivity Applications, which are distributed within the Microsoft Suites, thereby granting it with an anticompetitive distribution advantage. Accordingly, a first requirement for an effective untying is that Teams be separated from any offering of the tying products. As the SO preliminarily concluded, the Microsoft Suites vary in composition, beyond the tying and tied products that they all included, and therefore target different customers. Customers may also source different suites for different employees, in order to meet the different needs of their business. With the Licensing Changes, Microsoft started offering each of its Microsoft Suites without Teams.¹⁶⁹
- (229) In the Final Commitments, Microsoft undertakes to maintain versions of its suites for enterprise and business without Teams for seven years. Moreover, while suites for frontline workers are not covered by the Final Commitments, this does not undermine their effectiveness considering that suites for frontline workers represent a small part of the Microsoft's suite sales and that Microsoft has decided to continue distributing suites for frontline workers without Teams worldwide, at a lower price than suites for frontline workers with Teams, which for the most popular suite for frontline workers will be increased from EUR 0.50 to EUR 1. (for more detail see section 7.3.3). Thus, the Final Commitments, together with Microsoft's decision on the distribution of suites for frontline workers, ensure that the tying products will remain available without Teams, independently of the suite that customers opt for. The Monitoring Trustee will be provided with information on the offerings of suites for frontline workers and their price with a view to establishing whether the factual basis on which the effectiveness of the commitments was assessed including with regard to suites for frontline workers changes.
- (230) Second, as noted in the SO, an effective untying also requires a price delta between the Commitments Suites with Teams and the Commitments Suites without Teams that is at a level that would effectively offer customers¹⁷⁰ the possibility of opting for the best SaaS UCC based on competition on the merits. Furthermore, the price deltas should allow rivals to compete on the merits for those customers. As already elaborated in section 7.3.2 above, the Final Commitments, which are the same as the Initial Commitments on those points, provide for a sufficient price delta for the larger Commitments Suites and address potential circumvention risks from the pricing of Teams standalone and Microsoft's discounting practices. Moreover, Microsoft is prohibited from circumventing these pricing elements of the commitments through its partner reseller channel.¹⁷¹ In particular, Microsoft will ensure that the price deltas are reflected in the estimated resale prices provided to resellers and Microsoft will

¹⁶⁹ Microsoft did so either by offering its Microsoft Suites only without Teams (e.g. for the enterprise suites) or by offering a version of the same Microsoft Suite with and without Teams (e.g. for the business suites). However, as recalled in section 6.3.2.3 above, the SO preliminarily concluded that the availability of Teams standalone for existing and new customers was not sufficient to remove the coercion.

¹⁷⁰ Further as a result of Microsoft's decision detailed in the May Blogpost, the price deltas will be available on a global basis, so customers with an international footprint are further enabled to switch.

¹⁷¹ Initial/Final Commitments, paragraphs 2(d) and 3(c).

not offer incentives to resellers to offer larger discounts on Commitments Suites with Teams compared to Commitments Suites without Teams.

- (231) Further, the price deltas of the *smaller* Commitments Suites in the Final Commitments range between EUR 1.5 and EUR 3 per user per month depending on the Commitments Suite¹⁷² and are 50% higher than in the Initial Commitments¹⁷³ and also 50% higher than the price deltas in Microsoft's Licensing Changes which were preliminarily found inadequate in the SO (see Table 2). In assessing the effectiveness of those price deltas, consistently with its assessment of the Licensing Changes in the SO, the Commission considered the same parameters as for the larger Commitments Suites (see section 7.3.2), namely the price of Teams Essentials, i.e. the Teams standalone offering for businesses (EUR 3.7 per user per month), the historic prices of preceding Microsoft products (Skype for Business, priced at EUR 2 to EUR 5.4 per user per month), Microsoft's own internal assessment of the share represented by Teams, and the composition and pricing of the various smaller Commitments Suites in which Teams' is included.¹⁷⁴ The Commission also considered the need to preserve the ability and incentives for price competition for SaaS USS solutions. Against that background, the Commission considers that the price deltas for the smaller Commitments Suites in the Final Commitments are effective and proportionate. Even if they are lower than e.g. the price of Teams Essentials or some editions of Skype for Business, those prices could be freely discounted, whereas the price deltas are subject to the Discount Parity safeguard included in the Final Commitments (see also recital (188) above). Following these improvements, the Commission considers that the deltas for smaller Commitments Suites are at a level that allows rivals to compete on the merits for customers.¹⁷⁵
- (232) Finally, the Commission considers that overall, the pricing provisions of the Final Commitments are effective in providing customers a choice to switch considering that the higher price deltas apply to the more popular larger Commitments Suites, i.e. globally, out of all Microsoft Suites, the larger Commitments Suites account for the majority of seats and over three quarters of revenue in 2023.¹⁷⁶ In such a way, the Final Commitments address the concerns, including the concern expressed by the Respondent.¹⁷⁷
- (233) Third, the Commission also had concerns that limitations to interoperability and integration offered to SaaS UCC competing with Teams reinforced the effects of the tying conduct. For instance, rivals were limited as to the placement of integrations of their SaaS UCC in Outlook, some Microsoft APIs seemed to allow information to flow only from Microsoft's own products to a competing SaaS UCC but not *vice versa* and Teams Competitors could not offer their users co-editing and co-authoring

¹⁷² Final Commitments, paragraph 2(b).

¹⁷³ As Microsoft has increased the price delta for smaller Commitments Suites, the price of Teams Essentials (Final Commitments, paragraph 3(a)) has also been adjusted upwards in the Final Commitments so that the price delta of the smaller Commitments Suites is not circumvented. For more detail on the increase of the price deltas of the smaller Commitments Suites, and the corresponding increase of the price of Teams Essentials, see section 7.3.2.

¹⁷⁴ Compared to the larger Commitments Suites, the smaller Commitments Suites have a lower price delta to account for the lower list price of these smaller Commitments Suites.

¹⁷⁵ This is notably the case for rivals that compete with the full Teams product range, that is rivals offering solutions targeting larger enterprises and smaller businesses.

¹⁷⁶ See Microsoft's submission of 1 November 2024 (ID 6664).

¹⁷⁷ See section 7.3.2.

of Word, Excel and PowerPoint documents (see recital (143)(c)). Customers value the interoperability and integration of their SaaS UCC with other products, including with the broadly used Microsoft Products and Services (which consist of the tying products and Exchange Online, Entra ID, Microsoft Planner Basic, SharePoint Online, Windows 10/11 Desktop, and their successors) and are unlikely to consider switching to Teams' Competitors if they cannot offer a level of integration with these Products and Services that is effectively equivalent to Teams' level of integration with those products. To effectively address these concerns, the Final Commitments provide for interoperability and integration with the Microsoft Products and Services in several ways that address the limitations identified above.

- (234) *In the first place*, the Final Commitments provide Teams Competitors with effective interoperability with Microsoft Products and Services. The SO had preliminarily found that interoperability with those products and for those functionalities is particularly important to customers. In addition, the Final Commitments provide that the APIs made available to SaaS UCC will “*provide functionality and access to all related data and metadata (...) effectively equivalent to what Teams gets from Microsoft Products and Services*”.¹⁷⁸
- (235) *In the second place*, the Final Commitments enable Teams' Competitors to embed the Microsoft Office Web Applications in their own SaaS UCC, including to offer their customers *inter alia* “*viewing, editing, collaboration, and presentation functionality*”¹⁷⁹ for those applications from their own SaaS UCC.
- (236) *In the third place*, the Final Commitments provide for enabling SaaS UCC to be integrated in a prominent position in the Microsoft 365 Apps (which include the tying products) and Teams.¹⁸⁰
- (237) *In the fourth place*, even where some of these mechanisms already exist, the Final Commitments include safeguards as to their effectiveness. As such, Microsoft commits that it will provide complete and accurate technical documentation, and that it will make technical support available to implement the offered solutions.¹⁸¹ Such support and documentation are necessary to enable developing effective integration of competing solutions with the Microsoft Products and Services. The Final Commitments also specify the licensing terms and the timely manner under which interoperability will be made available.¹⁸² The Commission considers that these commitments relating to interoperability and integration are effective enough, as they should allow customers to consider SaaS UCC competing with Teams as credible alternative solutions.
- (238) As regards SaaS UCC's ability to integrate in the Microsoft 365 Apps, Microsoft added in Annex 4a to the Final Commitments a supplementary illustration of prominent placement (see section 7.4). As explained in recital (212) above, the prominence of a placement should be assessed on a case-by-case basis, taking account of the objective of the Final Commitments, namely effectively to allow customers to consider sourcing alternatives to Teams. In this additional illustration provided in Annex 4a, Teams Competitors' SaaS UCC can be accessed from the

¹⁷⁸ Final Commitments, paragraph 8(a).

¹⁷⁹ Final Commitments, paragraph 12.

¹⁸⁰ Final Commitments, paragraph 13.

¹⁸¹ Final Commitments, paragraph 9.

¹⁸² Final Commitments, paragraphs 10 and 11.

Outlook ribbon. Teams also appears in that ribbon. While in the illustration Teams Competitors' SaaS UCC are not on the same side of the ribbon as Teams is, Microsoft explained that in those Outlook windows “*the placement of these add-ins are [sic] (...) movable across the ribbon by users*”.¹⁸³ The Commission considers that a placement on the ribbon that can be moved by the user constitutes prominent placement and that such integration is sufficiently effective. Moreover, as also noted in recital (212) above, any dispute as to whether the placement of SaaS UCC is sufficiently prominent would be subject to the dispute resolution mechanism provided in paragraph 16 of the Final Commitments.

- (239) Fourth, an effective remedy to the tie requires that customers can overcome potential lock-in effects that may have arisen during the long period when the tie was in place. Customers create and store messages as well as other types of data while using SaaS UCC products, which they will wish to continue to rely on if they opt for a competing solution. For this reason, the commitments provide for a data portability obligation that enables customers to extract data for use in competing solutions, even if the customer continues to use Teams.
- (240) The Final Commitments also include provisions on non-circumvention, non-retaliation, reviewing the commitments, monitoring their implementation by a Monitoring Trustee, dispute resolution, and notice of availability of the Final Commitments (for more detail, see section 7.1). To address Respondents' concerns¹⁸⁴ on the notice of availability, the Final Commitments¹⁸⁵ were revised compared to the Initial Commitments to ensure that Microsoft provides equal visibility to Commitments Suites with Teams and Commitments Suites without Teams, even when marketed together with other Microsoft products (see recital (195)). Furthermore, the Final Commitments¹⁸⁶ provide additional improvements compared to the Initial Commitments to ensure that Microsoft publishes information on its interoperability and data portability obligations on relevant developer-facing websites, thereby providing transparency and facilitating compliance with these obligations (see recital (197)). This ensures that Microsoft customers “*know of the availability of the without Teams suites and of Microsoft's commitments to ensure effective interoperability and data portability*”¹⁸⁷.
- (241) In addition to making the Final Commitments available to EEA customers, Microsoft announced in its May Blogpost that it decided to apply on a global basis the resulting availability and pricing of Commitments Suites with and without Teams, further enabling choice by customers with an international footprint.¹⁸⁸ The Final Commitments also establish that the Monitoring Trustee may request from Microsoft information regarding the availability of Commitments Suites with and without Teams and Teams standalone and their associated pricing to non-EEA customers.¹⁸⁹ Given the importance of the availability of Commitments Suites without Teams at a lower price than Commitments Suites with Teams for the large number of customers

¹⁸³ See Microsoft's submission of 8 July 2025, page 4 (ID 7079-1).

¹⁸⁴ See section 7.3.4.

¹⁸⁵ Final Commitments, paragraph 6(c).

¹⁸⁶ Final Commitments, paragraph 6(d).

¹⁸⁷ Final Commitments, paragraph 6.

¹⁸⁸ See May Blogpost, where Microsoft announced that it would “*align the options and pricing for our suites and Teams service globally, as we've done in the past [and] continue making all versions of our frontline suites without Teams available globally*”.

¹⁸⁹ Final Commitments, paragraph 17(g).

with international footprint, Microsoft's decision is part of the factual background on which the Commission has assessed the effectiveness of the Final Commitments.

- (242) The need to ensure increased deterrence through the imposition of fines has been removed in the present case by the submission of the commitments which will be made legally binding and enforceable through the present decision. The Commission considers that the non-circumvention clause and the dispute resolution mechanism, together with the measures provided for in Regulation (EC) No 1/2003, namely the possibilities of reopening of the proceedings pursuant to Article 9(2) of that Regulation, imposing a fine pursuant to Article 23(2), point (c), of that Regulation or imposing periodic penalty payments pursuant to Article 24(1), point (c), of that Regulation, are sufficient to ensure effectiveness and to provide sufficient safeguards against non-compliance with the Final Commitments.
- (243) As regards the principle of proportionality, the Commission notes that Microsoft has not offered less onerous commitments in the RSO that would adequately and effectively address the Commission's preliminary concerns.
- (244) The Commission has taken into consideration the interests of third parties, including those of the Respondents.
- (245) This Decision accordingly complies with the principle of proportionality.

9. PERIODIC PENALTY PAYMENTS

9.1. Principles

- (246) Pursuant to Article 24(1), point (c), of Regulation (EC) No 1/2003 and Article 5 of Council Regulation (EC) No 2894/94¹⁹⁰, the Commission may, by decision, impose on undertakings or associations of undertakings periodic penalty payments not exceeding 5% of the average daily turnover in the preceding business year per day and calculated from the day appointed by the decision, in order to compel them to comply with a commitment made binding by a decision pursuant to Article 9 of Regulation (EC) No 1/2003.

9.2. Application to this case

- (247) The Commission concludes that it is necessary to impose periodic penalty payments, pursuant to Article 24(1), point (c), of Regulation (EC) No 1/2003 and Article 5 of Regulation (EC) No 2894/94 if Microsoft were to fail to comply with the commitments made binding by this Decision.
- (248) In setting the level of the periodic penalty payments, the Commission considers that they must be sufficient to ensure compliance by Microsoft with this Decision. The Commission has also taken Microsoft's significant financial resources into account.
- (249) Despite the Final Commitments, throughout the duration of those commitments Microsoft will maintain its control over its suites and its own SaaS UCC solution. Due to Microsoft's market power and its potential conflicts of interest due it continuing to offer a SaaS UCC, it is key to ensure a sufficient level of deterrence to minimise any risk of circumvention, in addition to the monitoring of compliance with the commitments by the Monitoring Trustee.

¹⁹⁰ Council Regulation (EC) No 2894/94 of 28 November 1994 concerning arrangements for implementing the Agreement on the European Economic Area (OJ L 305, 30.11.1994, p. 6, ELI: <http://data.europa.eu/eli/reg/1994/2894/oj>).

- (250) The results of the Market Test also highlighted such a risk of circumvention and the need to provide for the imposition of significant periodic penalty payments in case of breach and/or circumvention.
- (251) Consequently, in the event that Microsoft were to fail to comply with the commitments made binding by this Decision, the Commission imposes a daily periodic penalty payment of 5% of Microsoft's average daily turnover in the business year preceding such failure to comply.

10. CONCLUSION

- (252) By adopting a decision pursuant to Article 9(1) of Regulation (EC) No 1/2003, the Commission makes commitments, offered by the undertakings concerned to meet the Commission's concerns expressed in its preliminary assessment, binding upon them. Recital 13 of the Preamble to the Regulation (EC) No 1/2003 states that such a decision should not conclude whether or not there has been or still is an infringement.
- (253) The Commission's assessment of whether the commitments offered are sufficient to meet its concerns is based on its SO, representing the preliminary view of the Commission based on the underlying investigation and analysis, and the observations received from third parties following the publication of a notice pursuant to Article 27(4) of Regulation (EC) No 1/2003.
- (254) In the light of the Commitments offered, the Commission considers that there are no longer grounds for action on its part and, without prejudice to Article 9(2) of Regulation (EC) No 1/2003, the proceedings in this case should therefore be brought to an end.
- (255) The Commission retains full discretion to investigate and open proceedings under Article 102 of the Treaty and Article 54 of the EEA Agreement as regards practices that are not the subject matter of this Decision.

HAS ADOPTED THIS DECISION:

Article 1

The Final Commitments as listed in the Annex shall be binding on the addressees of the Decision as identified in Article 4 for seven years, except for the provisions related to the Interoperability and Data Portability Commitments, as defined in the Final Commitments, which shall be binding on the addressees of the Decision as identified in Article 4 for ten years.

Article 2

It is hereby concluded that there are no longer grounds for action in this case as regards the conduct covered by this Decision.

Article 3

If the addressees of this Decision fail to comply with the Final Commitments made binding by Article 1, they shall incur a daily periodic penalty payment of 5% of the average daily turnover of the undertaking to which they belong in the business year preceding such a failure to comply.

Article 4

This Decision is addressed to:

Microsoft Corporation, a corporation organised under the laws of Washington with its principal place of business at One Microsoft Way, Redmond, Washington 98052-6399, United States of America

and

Microsoft Ireland Operations Limited, a company organised under the laws of Ireland, with its principal place of business at One Microsoft Place, South County Business Park, Leopardstown, Dublin 18, D18 P521, Ireland.

Done at Brussels, 12.9.2025

For the Commission

Signed

*Teresa RIBERA
Executive Vice-President*