

EU opens antitrust inquiry into Microsoft's Teams software

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It became one of the hits of remote working during the pandemic, but now the EU has launched an antitrust investigation into Microsoft's bundling of its Teams video and chat app with some of its other products. The European Commission said the decision to bundle Teams with its Office 365 and Microsoft 365 packages may constitute anticompetitive behaviour. It is the EU's first antitrust investigation into Microsoft in more than a decade. The commission's move follows a complaint in 2020 by a company behind a rival communications system. Microsoft's proposals to address the complaint failed to satisfy the regulator in Europe. Margrethe Vestager, the commissioner for competition, said: "Remote communication and collaboration tools like Teams have become indispensable for many businesses in Europe. We must, therefore, ensure that the markets for these products remain competitive, and companies are free to choose the products that best meet their needs. "This is why we are investigating whether Microsoft's tying of its productivity suites with Teams may be in breach of EU competition rules." The use of Teams rose sharply during the pandemic, when lockdowns and social distancing forced the whole of Europe into remote working. Teams was launched in 2017 and had 2 million users in its first year, according to Statista. By 2019, this increased to 20 million but after the Covid outbreak numbers soared; by the end of 2022 it had 270 million users. The European Commission raised concern that rival online meetings and communications software could be at a disadvantage because Teams was sold as part of a bundle of core software rather than separately. "These practices may constitute anticompetitive tying or bundling and prevent suppliers of other communication and collaboration tools from competing, to the detriment of customers in the European Economic Area," it said on Thursday. "The commission is concerned that Microsoft may be abusing and defending its market position in productivity software by restricting competition in the EEA for communication and collaboration products." Slack Technologies made its first complaint against Microsoft on 14 July 2020, alleging its rival had "illegally tied Teams to its dominant productivity suites". A spokesperson for Microsoft said it would continue to cooperate with the commission and that the company remained committed to finding solutions to address its concerns. Reuters reported this month that the EU antitrust watchdog was set to open an inquiry after Microsoft declined to offer bigger price cuts on its Microsoft 365 Apps package without Teams. The company racked up €2.2bn (£1.9bn) in EU antitrust fines in the past decade for practices in breach of EU competition rules, including bundling two or more products together. The commission hoped that a price differential between the Microsoft 365 package with and without Teams would ensure a level playing field with rivals and give consumers more choice, sources told Reuters. Last week Alfaview, a Germany company that provides videoconferencing software, filed a complaint with the EU executive similar to Slack's.