

## Press release

Karlsruhe, 20 July 2023

### **German videoconferencing provider *alfaview* files complaint with the European Commission against Microsoft for abuse of market power**

Today, the German provider of video communication services the *alfaview* filed a formal complaint with the European Commission against its US rival Microsoft for abuse of market dominance. The complaint is directed against the tying of “Microsoft Teams” (videoconferencing and collaboration tool) with “Microsoft Office” (productivity software).

*alfaview* offers the eponymous software for videoconferencing and collaboration in companies and institutions. The software competes with Microsoft Teams for business customers, especially in the education and training sector – but not on a level playing field: Since 2017, Microsoft has been distributing Teams together with its market-dominating Office software suite (including Word, Excel, Outlook, PowerPoint, among others) as the default communication service. Since then, almost all customers of the most widely used productivity software, Office, automatically receive the separate service Teams as well, without having to pay a separate price for it or being asked whether they wish to use the product at all and without giving them any choice between alternative providers. Teams, through this combined distribution in a product bundle called “Microsoft 365”, gains a unique competitive advantage that is not justified by performance and that competitors like *alfaview* cannot match. This significantly and permanently affects competition in the market for such communication software, as is demonstrated by the exponential usage growth of Teams. Teams now has more than 300 million monthly active users worldwide and therefore benefits of a head start that is difficult to catch up without intervention by antitrust authorities.

*alfaview* is calling for a formal competition investigation against Microsoft, in which the abusiveness of the integration of Teams into the Microsoft 365 product suite is identified and addressed. *alfaview* had already been in exchange with the Commission on this topic for some time. The formal complaint was finally triggered by the commitments Microsoft had made to the European Commission to avoid a formal investigation, which *alfaview* considers to be insufficient as they continue failing to create a level playing field. With today’s step, *alfaview* emphasises its competition concerns and provides the competition authority with further information to take effective action against Microsoft in a timely manner.

#### **Background to the complaint**

Software giant Microsoft dominates the productivity software market with its Office suite. Microsoft has integrated its separate service Teams into Microsoft 365 without offering a similar integration to alternative providers of video and communication solutions. Microsoft is thus using this dominant position in the market for productivity software as lever to give Teams a head-start in terms of reach and thus a competitive advantage in the market for corresponding communication software. This competitive advantage is unjustified because it has nothing to do with the performance or quality of Teams.

*alfaview* sees its chances of success hindered by the widespread use of the Office suite in the business and education sector. According to the software company, it would be much more difficult for competitors to maintain their market position because every Office customer “supposedly receives the Teams application free of charge”. Microsoft cross-finances the high costs for Teams through the Office applications.

The market shows that companies and institutions are no longer willing to allocate budget for stand-alone video conferencing software because Teams is already included in the Office suite they license. Companies, schools, and public institutions that have licensed the Microsoft 365 suite must pay for the high server costs of Teams as well – regardless of whether they want to use the software or not.

*“Tying Teams with the other applications in the Microsoft 365 suite creates a multipolar distribution advantage for the US group.”*

- Niko Fostiropoulos, Managing Director and Founder of *alfaview*

*alfaview*'s complaint highlights: Tying undermines important innovations from the European Union and destroys any competition. Teams has gained the same reach as Office almost overnight, even though there are more suitable solutions like *alfaview* for many users – especially those who place great value on data protection.

The core demand of *alfaview* is the transparent pricing of Teams based on real costs. From the perspective of the videoconferencing provider, it must be ensured that equivalent licensing options without Teams are offered for all Microsoft 365 product configurations for all business areas, target groups and market segments of the company. In the context of marketing and distribution, Microsoft also needs to commit to promoting its product suites without Teams in an equivalent manner. Likewise, with regard to interoperability, it must be ensured that competitors also have the same technical options at their disposal.

Thomas Höppner, lawyer and partner of the Hausfeld law firm, which is representing *alfaview* in the complaint, adds:

*“We should no longer accept that big tech companies make it more difficult for important innovations from Europe to access markets in order to protect their own, often less relevant offerings from competition. With *alfaview*, there is a revolutionary communication, collaboration and AI technology from Germany – it should also have an equal chance to reach and convince customers.”*

- Thomas Höppner (Hausfeld)

The EU Commission has already taken action against Microsoft several times for abusive business practices. In 2004, the Commission imposed a fine of almost 500 million euros because Microsoft had technically tied its dominant PC operating system “Windows” with the separate “Media Player”. In 2009, the Commission found a similar tying of the browser “Internet Explorer” to Microsoft’s Windows operating system. In this context, a further fine of around 560 million euros was imposed. The prohibition of the tying practice led to a revival of competition in the field of web browsers. In March 2023, the German Federal Cartel Office [opened a proceeding](#) to designate Microsoft as a company with paramount significance for competition across markets and to thereby subject the company to additional obligations under German competition law.

Moreover, the use of Teams in the European Union is [problematic](#) from a data protection point of view: In 2022, due to a transfer of data to third countries, which was illegal, several German data protection commissioners had banned Teams in public institutions and schools. However, due to the technical tying with Office, even those customers pay for Teams who cannot or do not want to use the application due to data protection concerns.

## **About alfaview**

*alfaview* is a powerful SaaS video conferencing provider that is offering a GDPR-compliant video conferencing and AI collaboration solution for professional use. Developed in 2010, *alfaview* has been used successfully within the group for the implementation of training courses in professional development. Due to its success, since 2016, the software has also been commercially available to third parties on the market.

With the *alfaview* videoconferencing solution, audio-visual meetings and events can be held with up to 1,000 people. In addition, live events with over 10,000 people are possible via *alfaview*. The application includes AI-driven voice logging and language translation as well as other intelligent communication and collaboration features.

*alfaview* is the only high-performance GDPR-compliant AI-supported conferencing and collaboration platform on the market. The company develops its software based on the latest processes and algorithms in the field of artificial intelligence and machine learning.

Only ISO 27001-certified data centres located and headquartered in Germany are used to provide the services. The video and audio streams as well as the servers are encrypted according to current standards (TLS/AES 256) in accordance with the latest guidelines of the German Federal Office for Information Security. *alfaview* runs steadily and without latency on all common platforms (MS-Windows, macOS, Linux, iOS, iPadOS and Android as well as via various browsers), regardless of the number of participants). The reliability of *alfaview* has been 99.9% since 2016.

The group of companies employs 500 people and is headquartered in Karlsruhe, Germany.

## **For queries:**

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