

## alfaview welcomes Microsoft's proposal in the dispute over the tying of Teams but sees considerable need for improvement

Karlsruhe, 31/08/2023. The provider of the video conferencing system alfaview welcomes the first steps by Microsoft to address competition concerns in Europe, [announced](#) today. However, alfaview sees considerable need for improvement in the concessions.

### Background

With a view to the European Commission's [ongoing antitrust investigations](#), today Microsoft published new licensing terms for its various versions of the Office suite and its Teams video conferencing system. The concessions notably provide for the following three changes:

1. In the European Economic Area (EEA) and Switzerland, Microsoft will unbundle Teams from the Office suite. New customers will then have to purchase Teams as a separate product for €5 per month. The change will only affect the enterprise segment (large companies). In the business customer segment, Microsoft will continue to offer Office versions with Teams. The versions without Teams will only be slightly cheaper than the product bundle of Office and Teams.
2. Thousands of existing customers in the enterprise segment who are the focus of Microsoft's operations and previously could only license the product bundle of Office and Teams can now decide to exclude Teams from their licence. In turn, they will receive a discount of €2 per licence/month for the Office suite.
3. In addition, Microsoft announced that it will improve the interoperability of Office products and software solutions that compete with Teams (e.g., alfaview).

### Assessment of the concessions

alfaview welcomes Microsoft's proactive efforts to comply with competition law in the future. It is a good sign that Microsoft apparently takes concerns from the market – including those of alfaview – seriously and that, after a long standstill, there is finally movement in the proceedings.

However, it is regrettable that Microsoft falls far short of what is possible and required under competition law. While the steps lead into the right direction, areas where, from alfaview's point of view, effective competition is significantly distorted, are largely or completely left out by today's concessions. This especially concerns the following points:

- **Low motivation for existing customers to switch:** The motivation for existing customers of the enterprise versions of the Office suite to switch from Teams to competing video conferencing systems are insufficient. A saving of €2 per license is too small for the typical large customers affected by the change to seriously motivate them to switch to alternative providers, even if those can meet their needs equally or even better. Why would an existing customer want to "save" €2 on Teams when they have to pay €5 to €7 with another video provider because that is their real cost? Microsoft's price differentiation does not appear conclusive. No customer can source a comparable service for only €2. Based on Microsoft's announcement, it is simply incomprehensible why existing customers only save €2 per licence when opting out of Teams, while Microsoft itself will set the value of a licence for Teams at €5.

*“If an existing customer who does not want to use Teams only saves €2 per month, although Microsoft values Teams at €5 a month, does this not mean that every existing customer continues to cross-finance Teams with €3 per month and Office license?”*

**Niko Fostiropoulos, CEO and founder of alfaview**

- **Limitation to new customers:** Limiting the actual unbundling to new customers of the enterprise versions will lead to the existing distortions of the competitive process being maintained or perpetuated over a long period of time. By bundling and cross-financing Teams with Office 365 for many years, Microsoft has locked in a large market share so that even the most innovative competitors struggle to grow on the market. For example, the circle of companies contestable for competitors is very small because of the current omnipresence of Microsoft products. Microsoft’s changes thus benefit only competition for a small part of the affected market. This runs counter to Microsoft’s declared aim of bringing about a rapid change in market conditions. In alfaview’s view, Microsoft should implement a mechanism whereby existing customers of the enterprise versions of the Office suits can and must reconsider their decisions for a particular software product at regular intervals (e.g., when a renewal of existing licences is pending). Without such mechanism, Microsoft will continue to distort competition on the market and profit from infringing EU law.
- **Exclusion of the educational segment:** It is particularly problematic that Microsoft completely excludes the educational segment (i.e., licences for educational institutions such as schools, training facilities and universities) from its envisaged concessions. In alfaview’s view, education is a market segment which is very relevant for competition, since the early habituation of students to Microsoft products (here especially Teams) has long-term consequences for competition. In addition, the exclusion of this segment has the consequence that this area continues to cross-finance the considerable costs of Teams (server capacities etc.). Bundling persists in this segment.

*“If, for instance, a professor invites his or her students via a Teams- or alfaview-license of the university, the students do not require their own license – neither for Teams, nor for alfaview. Nevertheless, Microsoft’s bundling practices compel students to purchase Teams as part of their Office-bundle and to co-finance Teams this way, since every student needs Word, Excel or PowerPoint! As such, they have to co-finance and use Teams.”*

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- **Limitation to enterprise segment:** From alfaview’s point of view, it is unclear why Microsoft largely limited the changes to its enterprise customers (i.e., large companies). As regards normal business customers (small and medium-sized enterprises), the tying remains largely in place and the concessions in this area are insufficient. Companies do not have a genuine choice when it comes to purchasing a video conferencing system.

*“In Germany and the 27 Member States, over 99% of companies are small and medium-sized enterprises (SMEs). Against this backdrop, it is inconceivable as to why Microsoft’s ‘real’ unbundling should only benefit the 1% of large enterprises. In this regard, Microsoft’s proposal is unacceptable and continues to discriminate the large majority of licensees.”*

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- **Limitation to EEA/Switzerland:** It is also unclear why Microsoft does not address the global competition concerns with a global response and instead creates a special solution for the European area. This also fuels doubt about the seriousness of the concessions.

For lack of details on the announced changes related to the interoperability between software solutions such as alfaview and the Office suite, alfaview cannot (yet) evaluate these announced concessions.

alfaview currently discusses possible solutions with Microsoft and will address, where possible, remaining concerns in a constructive dialogue with Microsoft.

## **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 video conferencing 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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