

Google wants FTC to end Microsoft's exclusivity deal with OpenAI

Article

The news: Google asked the Federal Trade Commission (FTC) to break up Microsoft's exclusivity deal with OpenAI.

- Google stated that the agreement to only host OpenAI on Microsoft's servers is locking out AI competitors such as Google and Amazon, per The Information.

- The deal reduces Microsoft's incentive to compete with OpenAI, per a Google insider, and pushes companies that want to use OpenAI's generative AI (genAI) models to rely on Microsoft's infrastructure.

The UK's **Competition and Markets Authority** (CMA) is already looking into the [Microsoft-OpenAI partnership](#) to determine whether their billion-dollar agreement is anticompetitive.

Zooming out: Microsoft owns a 49% stake in OpenAI, which pays Microsoft to run its AI models, and takes a 20% commission on OpenAI's API sales. Such exclusivity deals aren't illegal, though regulators have raised red flags about [Big Tech partnerships with AI vendors](#).

The Microsoft-OpenAI partnership isn't all smooth sailing, and [cracks are emerging](#) between the two.

Who's the market giant? Although Google has its own deals with prominent AI startups, including a \$2 billion investment into **Anthropic**, OpenAI's models dominate the genAI landscape.

OpenAI's deal with Microsoft has successfully pulled customers away from Google and to **Azure**, undermining Google's growth strategies and cloud investments.

Analyst take: "If OpenAI maintains its current genAI market leadership, **Google will have a challenge attracting and retaining cloud customers** without being able to offer OpenAI's technology on its platform," EMARKETER technology analyst **Jacob Bourne** said.

What's next? The FTC can either ignore Google's request or add it to an [existing probe](#), but the agency may undergo major changes in the coming months if FTC Chair **Lina Khan** is pushed out.

- On Tuesday, president-elect **Donald Trump** picked current FTC Commissioner **Andrew Ferguson** to replace Khan.
- **Ferguson wants to roll back Khan's efforts** to regulate AI and reduce stringent standards on mergers, per [The New York Times](#).

Our take: Ending Microsoft and OpenAI's deal could push Microsoft out of the proverbial nest, potentially forcing it to dive deeper in developing its own AI models.

Freeing up OpenAI to run on Amazon or Google servers could lower fees for companies not using Microsoft's infrastructure and expand options for those building on OpenAI tech.

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