



Microsoft could lose OpenAI revenues as the latter seeks freedom

Article

The news: OpenAI may halve the percentage of revenues that it gives to Microsoft after [abandoning its plan to convert to a for-profit model](#).

If OpenAI transitions to a public benefit corporation (PBC)—a move that requires approval from [Microsoft, its biggest partner](#)—Microsoft's share of revenues could drop to 10% by 2030, per [The Information](#).

Why does it matter? Microsoft relies heavily on OpenAI for Azure revenue. It stated in its most recent quarterly earnings report that OpenAI's Azure usage was the main driver of sales contract growth.

Under its current deal, Microsoft gets a 20% share of OpenAI's revenues and retains rights to its IP through 2030. A change could hit Microsoft financially, especially if OpenAI seeks out other cloud providers.

Lack of say: OpenAI could be distancing itself over its limited say in how Microsoft uses its technology—employees are reportedly frustrated by the lack of control over Microsoft's actions, per The Information, such as potentially selling OpenAI-supported services to foreign nations. OpenAI lifted a service ban last year on military and warfare use.

OpenAI is also facing a computing crunch: CEO Sam Altman said its GPUs are “melting” from demand for its image generator. Expanding the cloud providers it can work with could help support those operations.

What's next? As Microsoft is still OpenAI's biggest outside shareholder, it could veto the structure change plan. If it agrees, however, Microsoft would get traditional equity rather than a share of profits but may lose some controls.

- In January, the two companies revised their partnership agreement to remove exclusivity over OpenAI's infrastructure and cloud services, though Microsoft retained the right of first refusal.
- **Agreeing to the PBC plan could indicate Microsoft's willingness to shift OpenAI's computing costs** onto other firms and, potentially, share its technology more broadly.

Our take: This change could signal more cracks in the Microsoft-OpenAI partnership as the latter reconsiders its structure and plans for the future—the AI startup is in a far more powerful position now than it was when the agreement was struck.

Businesses should assess if they are vendor-locked with Azure and ensure content is platform-flexible to remain adaptable.

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