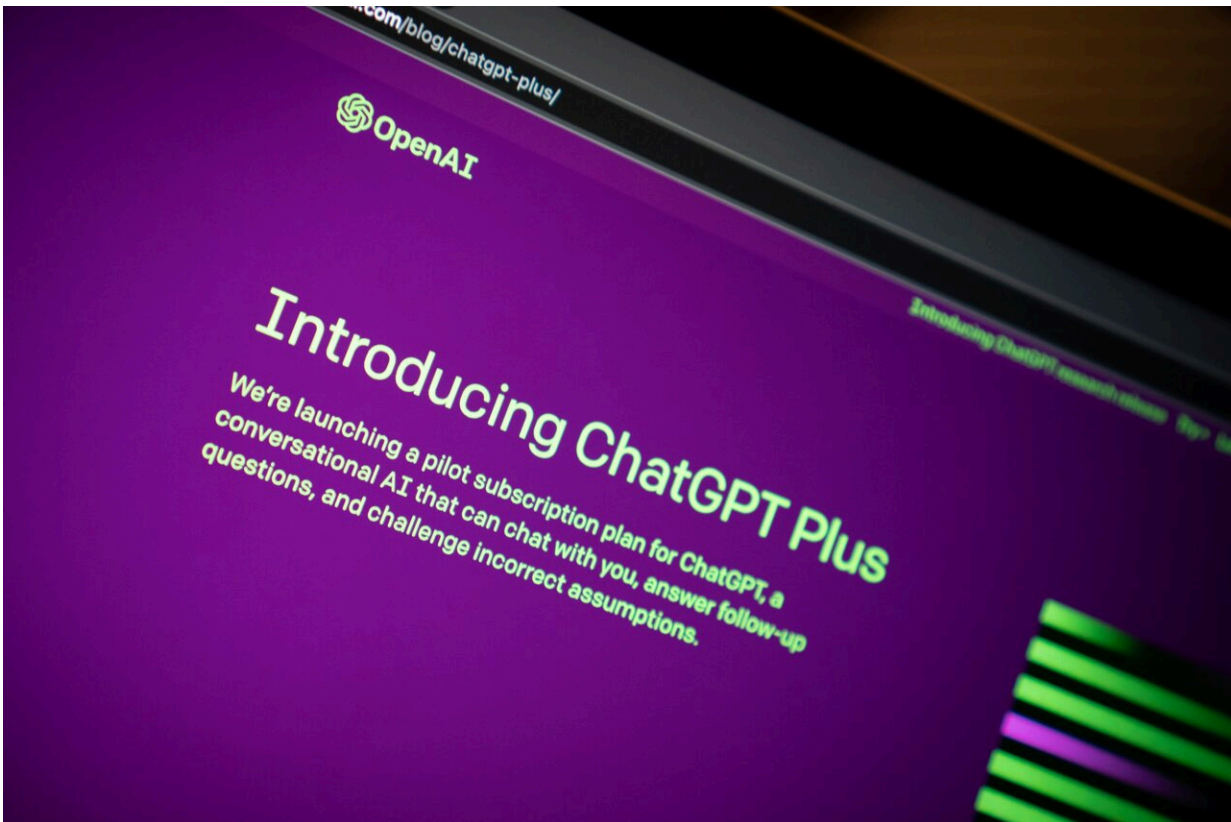


UK probes Microsoft-OpenAI partnership

December 8 2023



Credit: Unsplash/CC0 Public Domain

Britain's competition watchdog announced on Friday that it was looking into whether a partnership between US tech giant Microsoft and artificial intelligence developer OpenAI resembles a merger.

The Competition and Markets Authority (CMA) said it was seeking

comments from "the parties and interested third parties".

It wants to know if the [partnership](#) "including recent developments" has "resulted in a relevant [merger](#) situation and, if so, the impact that the merger could have on competition in the UK".

Microsoft announced at the end of November that a representative of the software titan had been given a seat on the startup's board as an observer.

That came just days after OpenAI was thrown into tumult on November 17 when the company's board fired CEO Sam Altman only to hire him back a few days later when staff and investors rebelled.

The CMA explained that criteria that meets a "relevant merger situation" can include "the acquisition of a minority shareholding or, in some circumstances, commercial arrangements such as outsourcing arrangements".

The CMA recently noted that the rapid development of AI presented both opportunities and risks for competition and consumer protection, and emphasized "the need for sustained competition" between players in the sector.

In a statement sent to AFP, Microsoft president Brad Smith said, "Since 2019, we've forged a partnership with OpenAI that has fostered more AI innovation and competition, while preserving independence for both companies."

"The only thing that has changed is that Microsoft will now have a non-voting observer on OpenAI's board, which is very different from an acquisition such as Google's purchase of DeepMind in the UK.

"We will work closely with the CMA to provide all the information it

needs," he added.

The CMA in October approved Xbox maker Microsoft's \$69-billion acquisition of Activision Blizzard, whose video games include "Call of Duty" and "Candy Crush", after earlier blocking the deal over competition concerns.

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Citation: UK probes Microsoft-OpenAI partnership (2023, December 8) retrieved 27 April 2024 from <https://techxplore.com/news/2023-12-uk-probes-microsoft-openai-partnership.html>

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