Your renewal outlives the remedy

The CMA proposes to designate Microsoft with strategic market status and must finish by 13 February 2027. Its commercial remaining performance obligations run a weighted average duration of approximately 2.3 years, so a renewal signed now outlives the decision. Existing Microsoft 365 licences cannot be brought to a non-Azure Listed Provider.

5 November 2026 Strategic Intelligence Division Governance

> **Two dates, and neither of them reaches a signed agreement**
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> The CMA's consultation on designating Microsoft closes at 17:00 UK time on 13 November 2026. The investigation must be completed by 13 February 2027, and any conduct requirement proposed after that decision will be subject to assessment and public consultation before it is imposed. An enterprise agreement signed in November 2026 locks its terms before that process begins, and it runs past both dates.

The remedy the UK is preparing will arrive after the agreement it would have repriced. This reaches you if a Microsoft enterprise agreement is due for renewal before 13 February 2027, or if you justify Azure consumption on licence rights that stop at the Azure boundary. Existing Microsoft 365 licences cannot be brought to a non-Azure Listed Provider, except onto certain plans in that provider's virtual desktop offering, with dedicated hardware requirements and add-on Virtual Desktop Access licence fees, and a Listed Provider cannot sell Microsoft 365 licences through its own agreement at all. The CMA records both in a table of concerns raised with it. The same licence keeps its rights on Azure and loses some of them on a rival cloud, so the clause that prices the estate is the clause that prices the exit. What a buyer decides is the term.

The price of leaving is written in the licence, not in the renewal

Three documents carry this and they do not carry equal weight. The CMA's cloud market investigation concluded on 31 July 2025 that Microsoft's licensing practices in relation to certain business software limit customer choice and reduce competition in cloud services. Its roadmap of 16 October 2026 restates the follow-up in the regulator's own words: “The evidence we have received since the Cloud MI shows that Microsoft has not altered its licensing practices in respect of that software.” What follows is a table of “Concerns we have heard over the course of our SMS investigation to date”, and a concern carries no obligation. A buyer negotiating a renewal before 13 February 2027 holds a concluded finding about the practices, a dated statement that they have not changed, and nothing enforceable in the United Kingdom.

What the CMA records about taking a licence off Azure, by product

Product	What the customer cannot do off Azure	What a rival cloud cannot do
Windows Server	Bring existing licences bought after October 2019 to a Listed Provider; licences bought before that must run on dedicated hardware; reduced functionality on a Listed Provider	Sell Windows Server under its own service provider agreement except “at a high price”

Product	What the customer cannot do off Azure	What a rival cloud cannot do
SQL Server	Bring existing licences for managed SQL Server products to certain Listed Providers; licences bought before October 2019 must run on dedicated hardware; on a non-Azure provider, unlimited virtualisation, passive failover rights and dual use rights are lost	Sell SQL Server under its own service provider agreement except “at a high price”
Microsoft 365	Bring existing licences to a non-Azure Listed Provider, except onto certain plans in that provider's virtual desktop offering, with dedicated hardware requirements and add-on Virtual Desktop Access licence fees	Sell Microsoft 365 licences through its own service provider agreement at all
Windows 10 and 11	Bring existing licences to a non-Azure Listed Provider, except with additional Virtual Desktop Access add-on fees and on dedicated hardware; Windows Desktop multisession mode is not available on a Listed Provider as it is on Azure	Sell Windows 10 or 11 licences through its own service provider agreement

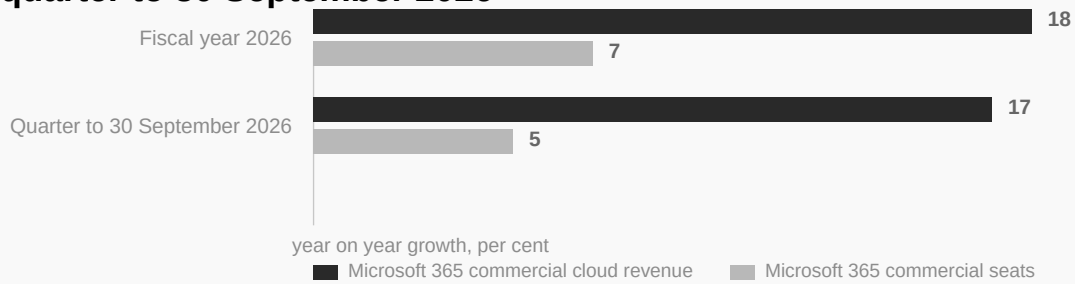
CMA, Roadmap of possible interventions, 16 October 2026, Table 1, “Concerns we have heard over the course of our SMS investigation to date in relation to Microsoft's licensing practices”, pages 19 to 20, footnotes 49 to 65. Wording follows the table.

One footnote in that table is the sharpest line in the pack. It defines the rivals Microsoft names as “Listed Providers” and then adds: “although the Azure Hybrid Benefit effectively means that Microsoft is not subject to the same restrictions.” The restriction binds every Listed Provider and does not bind the one that owns Azure. That is what a lock looks like when it is drafted as a licence term rather than a contract clause: it does not prohibit exit, it makes exit a different product. The proposed decision is explicit that designation “does not find or assume wrongdoing”, and the footnote is a record of how the terms work, not an allegation that they were breached.

Revenue per seat is doing the work, and the seat is the thing that cannot move

Microsoft decomposes its own growth in two sentences. In the Form 10-Q for the quarter ended 30 September 2026: “Microsoft 365 commercial cloud revenue increased 17% driven by higher revenue per user, reflecting continued upsell to premium seat offerings, including Microsoft 365 Copilot, E5, and E7, as well as increased consumption of usage-based services, primarily in GitHub Copilot. Microsoft 365 commercial seats grew 5%.” Fiscal 2026 reads the same way, at 18% against 7%, with revenue per user growth “driven by Microsoft 365 Copilot and Microsoft 365 E5”.

Microsoft 365 commercial cloud growth against seat growth, fiscal 2026 and the quarter to 30 September 2026



Microsoft, Form 10-K for the fiscal year ended 30 June 2026 and Form 10-Q for the quarter ended 30 September 2026, both filed 28 October 2026. Both growth rates are the issuer's own; the gap is Mosaic Singularity analysis, November 2026.

The gap between those two rates is where the renewal uplift comes from. A supplier adding 5% more seats and about 11% more revenue per seat grows the account 17% without the customer hiring anyone, and the attach that produces it, Copilot or E5 or E7, arrives inside the same licence that cannot move. Implied revenue per seat is Mosaic Singularity analysis, November 2026, applied to the issuer's two growth rates, not a figure Microsoft publishes. The CMA has published what the arrangement earns: a provisional view that Microsoft “is earning profits substantially above its cost of capital”, and an estimate that the UK Business Software Ecosystem “has generated a return on capital employed (ROCE) of over 70% in financial year 2024/25 compared to an estimated weighted average cost of capital (WACC) of 10%-15%, equating to profits in excess of the WACC of £[4-5] billion.” Those are the regulator's estimates on UK data and the excess is printed as a redacted range, so they are a benchmark and not a finding. A benchmark is what a renewal otherwise lacks, where the alternatives are the supplier's discount schedule and a rival's list price.

Ninety-two days to a decision, and about 840 days of contracted revenue

Responses close at 17:00 UK time on 13 November 2026. The investigation must be completed by 13 February 2027, which is 92 days after the response deadline. Microsoft's book is longer than that: $677 billion of commercial remaining performance obligations “with a weighted average duration of approximately 2.3 years”, of which about 30% is recognised within 12 months. 2.3 years is about 840 days. That is a weighted average duration across the commercial remaining performance obligation, not a term any single customer signed, and it is longer than the 92 days the investigation has left to run.

Designation is a gateway and not a remedy. The roadmap says of itself that it “does not set out the evidence or reach a view on interventions that should be proposed (or put in place)”, and that any potential conduct requirement or pro-competitive intervention “will be subject to assessment and public consultation” before it is imposed. Its four focus areas, cloud services, AI features within productivity software, communication and collaboration, and security software, are areas for further evidence. A final decision on 13 February 2027 therefore opens a further process, and an agreement signed before it is signed on the terms the roadmap sets out on 16 October 2026.

The one settlement already in force elsewhere does not travel. The roadmap records that the European Commission “accepted a package of commitments combining unbundling, interoperability and transparency measures in 2025” on Teams, and then that “These commitments do not currently apply formally in the UK.” A United Kingdom buyer holds no equivalent term, so the protection a European affiliate can point to is not available to the seat negotiating here.

Three seats, four dates, and what each one signs

What each seat owes, and the date it is owed by

Seat	What to do	By when	Why this one
CIO, with the CPO on the negotiation	Write licence mobility into the enterprise agreement as a named term: the price at which an existing Microsoft 365 licence may run on a named non-Azure provider, the functionality that travels with it, the treatment of the Azure Hybrid Benefit if a workload moves, and the date the restriction ends	By the renewal date on the current agreement, and no later than 13 February 2027	The exit price is otherwise a term the negotiation never reaches, because it sits in a licensing rule rather than in the contract
CFO	Re-forecast the Microsoft line at about 11% revenue per seat and 5% seat growth, and put the CMA's 70% return on capital beside the supplier's proposed uplift as the benchmark	By 31 December 2026, in the forecast cycle that sets the FY27 budget	The growth rates are the supplier's own and are restated every quarter; the next 10-Q covers the quarter ending 31 December 2026 and will show whether the gap widened
General Counsel	File a response to the CMA consultation, or record the decision not to file. Confidential material must be marked, with a non-confidential version supplied for publication	17:00 UK time on 13 November 2026	The roadmap states the hour, the address and the confidentiality mechanics; after that hour the only record of your position is the supplier's
CIO or CTO, on term	Price a bridge term that carries the estate past 13 February 2027 and compare it with the multi-year discount; take the shorter term unless the discount exceeds what the mobility term is worth	By the renewal date on the current agreement	Any conduct requirement needs a further consultation after the final decision, so a remedy lands inside a three-year term rather than before it

Dates for the consultation and the statutory deadline: CMA, Roadmap of possible interventions, 5.3, and proposed decision, 2.2, both 16 October 2026. The 31 December 2026 date and the term comparison are decision dates recommended by this analysis, Mosaic Singularity analysis, November 2026.

The questions the board puts to the renewal team

- Which of our licences appear in the CMA's Table 1, and what would it cost to run each of them on a named non-Azure provider the month after the term ends?
- If revenue per seat is rising about 11% and seats 5%, what has our own per-seat price done over three years, and can we produce that number from our invoices?
- Does the enterprise agreement name the Azure Hybrid Benefit anywhere, and what happens to it if we move a workload off Azure mid-term?
- What have we filed with the CMA, and if the answer is nothing, who decided that and against which clause in our own policy?
- If a conduct requirement arrives in 2028, what in this agreement lets us reopen the price before 2030?

What reaches the board is one decision, taken before the current agreement's renewal date and in no case later than 13 February 2027: the renewal term and the mobility term together, either a term that runs past the CMA's final decision on the terms the roadmap records, or a bridge to that decision with the estate repriced once mobility is known.

What to watch, and the date it lands

The reading is that the remedy cannot catch this renewal, and two events would show it wrong. If the CMA's update after the final decision names licence mobility as an area for intervention with a timetable for a conduct requirement, the gap closes and the calendar argument goes with it. If Microsoft alters portability before 13 February 2027, the same happens. Three dates will show which way it went. The first is 13 November 2026, when the consultation closes and the responses become part of the record. The second is 13 February 2027, when the investigation must be complete and the CMA has said it will provide an update on its areas of focus. The third is Microsoft's Form 10-Q for the quarter ending 31 December 2026, which restates the revenue growth and seat growth pair and will show whether the gap has opened again or closed.

- CMA, Proposed decision on designating Microsoft with Strategic Market Status, 16 October 2026
- CMA, Roadmap of possible interventions, including Table 1 on Microsoft's licensing practices, 16 October 2026
- CMA, Appendix D, profitability analysis, 16 October 2026
- Microsoft, Form 10-K for the fiscal year ended 30 June 2026, filed 28 October 2026
- Microsoft, Form 10-Q for the quarter ended 30 September 2026, filed 28 October 2026