Microsoft-OpenAI Alliance Overhauled As Battle For AI Dominance Widens

Forbes Middle East

OpenAI and Microsoft have overhauled one of the most closely watched partnerships in technology, ending Microsoft's exclusive access to OpenAI models and products in a move that could reshape the global artificial intelligence (AI) race.

Under the amended agreement, Microsoft will remain OpenAI's primary cloud partner, with OpenAI products launching first on Azure unless Microsoft cannot support the required capabilities. But OpenAI can now sell all of its products across any cloud platform, opening the door to wider distribution through rivals such as Amazon Web Services and Google Cloud.

Cloud competition intensifies

The new structure also gives Microsoft a non-exclusive license to OpenAI intellectual property through 2032. Microsoft will no longer pay revenue share to OpenAI, while OpenAI will continue paying Microsoft a reported 20% revenue share through 2030, subject to a total cap. Microsoft remains a major shareholder after investing more than $13 billion in the company since 2019.

Markets reacted cautiously. Microsoft shares slipped 0.13% to $424.07 as of 7:44 pm AST Monday. Amazon was down 0.44% to $262.83 around the same time, while Alphabet posted modest gains at 2.09% to $349.48, as investors weighed the broader implications for cloud competition.

The change signals OpenAI's growing push for independence as it expands beyond a single infrastructure partner. The company recently struck multibillion-dollar agreements with Amazon and has sought greater flexibility to reach enterprise customers across multiple ecosystems.

Andrew Missey, CTO and co-founder of two-way AI-powered texting platform Convos, formerly PubSent, said the shift had become unavoidable as OpenAI scaled rapidly.

"This was inevitable. You can't build one of the most in-demand AI platforms on the planet and then only sell it through one cloud provider," Missey told *Forbes Middle East*. "That's like inventing the engine and only putting it in Fords."

According to Missey, OpenAI "outgrew" the exclusivity, and Microsoft was smart enough to renegotiate rather than get left behind entirely, adding that Microsoft still has the license through 2032, is the primary cloud partner, and a massive shareholder.

“Amazon and Google now have the chance to compete using OpenAI’s models alongside their own, which means more pricing competition, more infrastructure options, and less vendor lock-in for developers.”

Mounting legal pressure

The revised alliance comes as OpenAI faces mounting legal and competitive pressure. A high-profile lawsuit brought by co-founder Elon Musk against OpenAI, CEO Sam Altman, President Greg Brockman, and Microsoft is set for trial in California.

Musk has a real-time net worth of $772.5 billion as of April 27, according to Forbes estimates, while Altman’s net worth is at $3.5 billion.

Musk alleges OpenAI abandoned its nonprofit mission and transformed into a profit-driven “wealth machine.” OpenAI and Microsoft deny wrongdoing.

The case could complicate OpenAI’s reported plans for a future initial public offering (IPO) that may value the company near $1 trillion, according to a Reuters report.

Daniel Burrus, founder of Burrus Research, said the dispute shows governance has become a core business issue in AI.

“When AI companies become this powerful and valuable, leaders must pre-solve questions of mission, control, transparency, and trust before these questions become public battles,” Burrus said.

Jan Liphardt, Stanford professor and founder of OpenMind, told *Forbes Middle East* that removing exclusivity may strengthen OpenAI’s IPO story by broadening customer access.

However, he warned that the legal fight could become a costly distraction at a critical time.