



April 8, 2025

VIA EMAIL

The Honorable Scott Fitzgerald
Chairman
Subcommittee on the Administrative State, Regulatory Reform, and Antitrust
House of Representatives
Washington, DC 20515

The Honorable Jerold Nadler
Ranking Member
Subcommittee on the Administrative State, Regulatory Reform, and Antitrust
House of Representatives
Washington, DC 20515

Re: Subcommittee Hearing on Artificial Intelligence: Examining Trends in Innovation and Competition

Dear Chairman Fitzgerald and Ranking Member Nadler:

On behalf of the Software & Information Industry Association (SIIA), we write to convey views regarding trends in innovation and competition in artificial intelligence (AI), as was discussed at the Subcommittee’s hearing on April 2, 2025. We ask that this letter be included in the record for the April 2 hearing.

SIIA is the principal trade association for the software and digital information industries worldwide. Our members include nearly 400 companies and associations reflecting the broad and diverse landscape of digital content providers and users in academic publishing, education technology, and financial information, along with creators of software and platforms used by millions worldwide and companies specializing in data analytics and information services. We are dedicated to fostering a healthy environment for the creation, dissemination, and productive use of information, and we believe in a competition policy that is focused on promoting innovation, protecting the competitive process, and providing consumers with superior products and services at competitive prices.

Our letter is intended to provide important context around the issue of AI and competition. As an initial matter, AI can be defined as “an engineered or machine-based system that can, for a given set of objectives, generate outputs such as predictions, recommendations, or decisions influencing real or virtual environments.”¹ It is also important to understand that AI is not a novel concept. It is, in fact, widely used by governments, businesses, and all of us in our everyday lives, and has been for many years. This includes internet search engines, social media platforms, and recommendations systems employed by internet platforms.

¹ National Institute of Standards and Technology, U.S. Department of Commerce, *Artificial Intelligence Risk Management Framework (AI RMF 1.0)*, January 26, 2023, at 1. Available at <https://www.nist.gov/itl/ai-risk-management-framework>



It is also important to understand that AI does not consist of a stand-alone piece of hardware or software. Rather, it is made up of a combination of interrelated components that must integrate and work together seamlessly in order to generate optimal outputs.² This is what is referred to as the AI stack, which typically is made up of critical components, such as compute (semiconductors, or chips); data; models (or algorithms); storage (such as cloud computing); AI applications; and people (or “talent”).

While AI, and particularly generative AI, is still a relatively new consumer market segment, all indications are that competition is working well. The last 24 months have seen remarkable technological advances, significant investments, and a growing number of firms entering and competing in the market. The wide range of companies releasing both AI models and apps that incorporate AI-powered features illustrates the degree of competition in this burgeoning industry. In addition, there are thousands of apps, by firms both large and small, currently in development. With no end in sight, the only thing that appears certain is that the market will continue to grow and evolve at a rapid pace.

The vibrant AI marketplace and the almost perpetual state of innovation also raises the question of whether targeting legislation or enforcement actions at a few actors in one industry or market segment would be an effective use of resources. The available research urges caution. In a paper on the consequences of antitrust action against large online platforms, the authors concluded that while interventions might yield some results, they do not necessarily improve competition or benefit customers or end consumers.³ Rather, they found that one of the potential downsides of heavy-handed interventions was that they might just tip the scales in favor of other large, though slightly smaller, companies whose focus is more on efficiency than innovation. Put differently, hobbling those that are currently the largest players will not, by itself, create a more competitive and innovative market, and the risk of unintended consequences could be substantial.⁴

Based on comments provided at a joint Department of Justice/Stanford University workshop last year focused on “Promoting Competition in Artificial Intelligence,” the then-Assistant Attorney General of the DOJ Antitrust Division appeared to agree that existing antitrust laws are malleable enough to deal with any potential issues in the AI context. “[T]he antitrust laws adapt to changing market realities. The principles of competition enforcement apply, whether an innovation is powered by steam, by transistors, or by reorganizing human thought through machine learning.”⁵ At the same conference, the General Counsel of the French AI startup, Mistral, expressed the concern that if parliaments are too quick to legislate, or governments rush to ramp up antitrust enforcement, it could have a range of unintended consequences, which could make it next to impossible for startups to grow, or even exist.

² National Security Commission on Artificial Intelligence (U.S.). Final Report: National Security Commission on Artificial Intelligence, report, March 1, 2021, at 31. Available at <https://reports.nscai.gov/final-report/>

³ Katila, Riitta and Thatchenkery, Sruthi, *The Surprising Consequences of Antitrust Action Against Big Tech*, Harvard Business Review, February 24, 2023. Available at <https://hbr.org/2023/02/the-surprising-consequences-of-antitrust-actions-against-big-tech>

⁴ *Ibid.*

⁵ Assistant Attorney General Jonathan Kanter Delivers Remarks at the Promoting Competition in Artificial Intelligence Workshop, May 30, 2024. Available at <https://www.justice.gov/archives/opa/speech/assistant-attorney-general-jonathan-kanter-delivers-remarks-promoting-competition>



As mentioned, generative AI is a nascent and unsettled market, and all of the available evidence points to it being fast-changing and competitive. There are a range of plausible scenarios for where it might move next. One possibility is that incumbent companies will be able to entrench their market power, but it is just as likely that the market will evolve in a way that creates circumstances that favor new companies and different business models. The truth of the matter is that no one knows with any kind of certainty which models will ultimately be the most successful.

One thing we do know is that many different models, large and small, proprietary and more open-source, are likely to succeed. And the reason is quite simple: no generative AI model will meet every customer need, and bigger may not necessarily be better. Because of this profound uncertainty, we believe that the public interest will be best served by Congress taking a thoughtful, measured, and evidence-based approach. Competition policy should promote competition, not hinder it. And since AI's challenges and opportunities are global in nature, and a matter of U.S. national and economic security, it is incumbent upon Congress to promote policies that advance U.S. leadership in AI, not interfere with or undermine it.

SIIA commends the Antitrust Subcommittee for holding this hearing, and for its efforts to better understand this new important area business and law that, moreover, has important geopolitical implications. We look forward to continuing our engagement with the Subcommittee on this matter, and we would welcome the opportunity to answer any additional questions you may have.

Respectfully submitted,

Morten C. Skroejer
Senior Director, Technology Competition Policy