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Microsoft to offer rival AI models from own datacenter; launches AI coding agent

By **Stephen Nellis**

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A view shows a Microsoft logo at Microsoft offices in Issy-les-Moulineaux near Paris, France, March 21, 2025. REUTERS/Gonzalo Fuentes/File Photo
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Summary   **Companies**

Microsoft partners with xAI, Mistral, Black Forest Labs on AI models

Models from OpenAI rivals will be hosted in Azure data centers

New coding agent will carry out software development tasks autonomously

SEATTLE, May 19 (Reuters) - Microsoft (MSFT.O) ⧉ on Monday said it would offer new AI models made by Elon Musk's xAI and European startups Mistral and Black Forest Labs hosted in its own data centers, and unveiled a new artificial intelligence tool designed to complete software coding tasks on its own.

The announcements, made at Microsoft's annual Build software developer in Seattle, Washington, underscored the changing nature of Microsoft's relationship with ChatGPT creator OpenAI, which Microsoft has backed and which announced a directly competing product last week.

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Microsoft has recently situated itself as a more neutral player in the AI arms race, showing less appetite to shell out huge sums of cash to fund OpenAI's research ambitions while also working with a broader array of AI players, all with an eye on growing sales while keeping a lid on costs.

Microsoft's new Github Copilot feature is what as known as a coding agent. While previous iterations of Microsoft's AI coding tools could automatically generate bits of code based on what a developer was already doing, the agent is designed to go much further.

The agent will take a few instructions from a human - such as a description of a software bug and a strategy for how to fix it - and then get to work, alerting the human to review its work once it has finished coding.

OpenAI last week released a preview of a similar agent that it calls Codex ⧉ .

At the Build conference on Monday, Microsoft laid out a vision of a world in which businesses will craft agents of their own for various tasks inside a business. Its primary offering in that area is called Azure Foundry, a service that lets businesses build their own agents based on the AI model of their choice.

Those agents are likely to be built with a mix of different AI models, Asha Sharma, corporate vice president for product of Microsoft AI platforms, told Reuters.

Microsoft on Monday said that it would offer xAI's Grok 3 and Grok 3 mini models on its cloud services as well as models from French startup Mistral and German startup Black Forest Labs, bringing the total number of models it offers to Azure customers more than 1,900.

Importantly, those models will run within Microsoft's own data centers, meaning Microsoft can make promises about their availability in an era when popular models are often plagued with outages when demand outstrips the capacity to serve them. Sharma said Microsoft plans to add more popular models soon.

"One of the most important parts to be able to build an app and seamlessly use the most popular models is making sure your reserved capacity that you have with Azure Open AI starts to work across the most popular models," Sharma told Reuters.

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