

Microsoft sets up \$3.5 million competition for artificial-intelligence startups

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Microsoft is looking for a few good artificial-intelligence startups.

The Redmond company said recently that it will launch a competition pitting startups working on intelligent technology against each other for \$3.5 million in [investment](#).

The bake-off, dubbed Innovate.Ai, will see Microsoft Ventures award \$1 million loans that convert to an [equity stake](#) to one startup each from North America, Europe and Israel.

A separate, \$500,000 investment will go to a startup Microsoft judges to be building products designed to improve society.

Israel is a hotbed of cutting-edge software research; Microsoft's [startup](#) investment arm has an office there, and the company has acquired a few Israeli startups in recent years.

The competition comes as Microsoft ramps up its corporate focus on software that uses machine learning to improve itself, or otherwise solves complex problems.

It's also part of a campaign to nudge more startups to use Microsoft technology. In addition to the investment, Microsoft will award its winners \$500,000 in credits for Microsoft Azure, the network of on-demand processing power and other services.

Microsoft has leaned heavily on such freebies to get companies interested in its technology after Amazon Web Services built a wide lead in providing cloud-computing services to startups.

Half of the investment funding will come from other venture-capital outfits. For the North American winner, that's Seattle's Madrona Venture Group. In Europe, it's Notion Capital. And in Israel, Vertex Ventures Israel will be contributing \$500,000.

Startups have until the end of the year to apply for the program.

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