

Microsoft's Activision acquisition is earth-shaking for the video game industry

Article

The news: Microsoft announced it will acquire game publisher **Activision Blizzard** in a **\$68.7 billion** deal that will turn the software giant into one of the largest game companies in the

world and put some of gaming's most lucrative intellectual properties under its umbrella.

More on this: Activision Blizzard is one of the gaming industry's largest publishers, owning major franchises like **World of Warcraft** and **Call of Duty**, as well as mobile games such as **Candy Crush Saga**. These titles, among others, could now potentially be linked exclusively to Microsoft's **Xbox** consoles and **Game Pass** subscription service.

- Microsoft has been on an acquisition spree for the last few years as it attempts to become a video game giant. The company's efforts stem back to its 2014 acquisition of Minecraft developer Mojang Studios; more recently, it completed its \$7.5 billion acquisition of Bethesda Softworks in March 2021.
- Some of Activision Blizzard's games will also be available on Microsoft's Game Pass service, which gives subscribers access to a vast library of downloadable games that includes new releases. In its announcement, Microsoft revealed the service now has more than **25 million subscribers**.

The news comes as Activision Blizzard is battling a [unionization effort](#) and is reeling from a months-long sexual misconduct scandal, which stemmed from a lawsuit by the state of California alleging that the company cultivated a “frat boy” workplace culture in which women were paid less and harassed. Employees, fans, and critics have [called for CEO Bobby Kotick to step down](#) after a Wall Street Journal report revealed details of his involvement in the scandal, prompting gaming executives and companies—including Microsoft Gaming CEO **Phil Spencer**—to [publicly criticize](#) the company. Kotick will stay on as CEO of Activision Blizzard for the time being, per Microsoft's announcement.

The challenge: The games industry is undergoing a tidal wave of consolidation, with large players like Microsoft, **Tencent**, and others purchasing game studios with increasing regularity. With a long list of major, lucrative intellectual property now likely to be under Microsoft's wing, the deal may draw the attention of regulators that have spent the last few years ramping up challenges against Big Tech.

- Microsoft's rapid series of major acquisitions, including game developers and publishers alike, has solidified its position as the dominant force in the video game industry. This is good news for Microsoft, which spent the last console generation lagging behind **Sony's Playstation 4**, but bad news for Sony and competitors like **Nintendo**, which may have just lost access to some of the top-selling franchises of all time.

- Regulators may look to break up the deal, or at the very least create stipulations that limit Microsoft's ability to lock certain properties behind its own ecosystem. In the UK, regulators are forcing [Meta to sell off Giphy](#). In the US, the Federal Trade Commission has just reopened a probe into Meta's acquisitions of **WhatsApp** and **Instagram**. Microsoft could be the next tech firm to face challenges from the government, but the speed at which it has pursued major acquisitions may be a sign that it isn't too worried about regulator hangups.

***Editor's note:** Our [Connectivity & Tech Briefing](#) also covered this story today; [here's their take](#).*