

Microsoft revitalizes \$69B bid for Activision Blizzard

Article

The news: Microsoft has a new proposal to get its **\$68.7 billion** acquisition of gaming giant **Activision Blizzard** through UK's regulators.

Ubisoft to the rescue: Microsoft's offer includes giving **Ubisoft** the rights to distribute Activision games in the EU, which could ease concerns from the UK's **Competition and**

Markets Authority (CMA) over the Big Tech company's potential market dominance.

- Under the new deal, Ubisoft will acquire non-exclusive rights to stream Activision Blizzard's current and future PC and console games throughout the European Economic Area for the next 15 years, with the rights persisting in perpetuity.
- **Microsoft's stock rose 1.3% in premarket trading Tuesday, and Activision gained 1.1% on the news of the restructured deal.**

How we got here: The [CMA blocked the acquisition](#) of the gaming giant, which was first announced in January 2022, on the grounds that creating a monolith would smother competition in cloud gaming. Activision Blizzard owns games such as **Call of Duty, Candy Crush, World of Warcraft, Overwatch, and Diablo.**

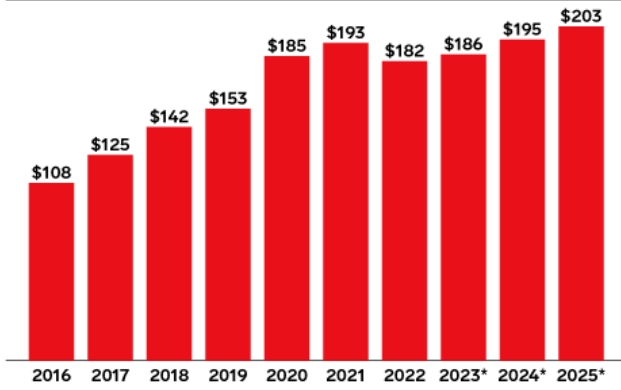
- While [the deal was approved by the EU](#) in May, it was being scrutinized by the **Federal Trade Commission (FTC)** under chair **Lina Khan**, who set her sights on blocking this particular acquisition for its first big antitrust win.
- The FTC's failed appeal to block the acquisition was [the biggest in a series of recent defeats.](#)

Our take: Microsoft's restructured deal shows it is open to divesting cloud streaming rights to rival services. In turn, it's sacrificing a portion of future earnings for a chance to own a bigger piece of the gaming industry.

The strategic shift might appease regulators and allow Microsoft to clear the remaining roadblock in its prolonged pursuit of Activision Blizzard, and it could serve as a template for future Big Tech M&As.

Worldwide Spending on Video Game Content and Services, 2016-2025*

billions



Note: *forecast

Source: Ampere Analysis as cited in press release, May 16, 2023

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