

# FTC seeks to review Microsoft's \$68.7B Activision Blizzard buy

Article

**The news:** Big Tech mergers tend to attract regulatory scrutiny, and so **Microsoft's** monster **Activision Blizzard** acquisition will be reviewed by the **Federal Trade Commission**.

**How we got here:** January 2022 has seen a frantic series of gaming acquisitions, including Microsoft's [\\$68.7 billion takeover](#) of Activision Blizzard, its largest acquisition to date, [per](#) Bloomberg.

- The FTC wants to investigate whether Microsoft's acquisition could be unfair to competition. Regulators will focus on the potential harm to rivals unable to access Activision Blizzard's biggest games.
- Last month's Activision acquisition was followed by **Sony's purchase** of gaming studio **Bungie** for a more modest \$3.6 billion, indicating a continuing trend in gaming IP acquisition. This consolidation is attracting regulatory interest.
- The video game industry was estimated to be worth **\$178.73 billion in 2021**, an increase of **14.4% from 2020**, **per** WePC. We expect further consolidation as companies look to build new platforms, consoles, and immersive AR/VR metaverse portals.

**The problem:** FTC chair **Lina Khan** has advocated for a more aggressive approach to mergers within Big Tech, as the companies could leverage their dominance in one tech sector to take over others. Regulators could make an example out of Microsoft's Activision Blizzard acquisition to make a statement about its potential for monopolistic competition.

- The FTC is enforcing the Biden Administration's **tougher stance** on Big Tech acquisitions. In context, the FTC and DOJ are scrambling to **update** outdated big tech merger guidelines.
- The FTC also recently moved to **block Nvidia's** \$40 billion acquisition of chip designer **Arm**, citing Nvidia's anticompetitive advantages over existing Arm customers. With that merger in limbo, Arm owner **Softbank** is reportedly looking to pivot **to an IPO** instead.

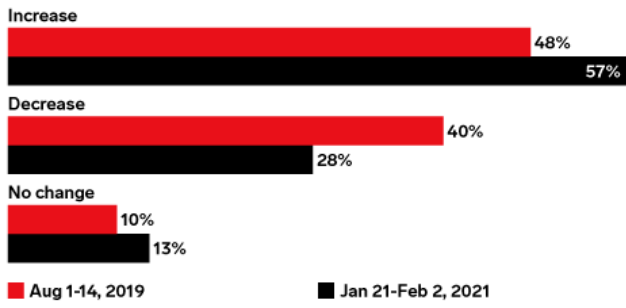
**The big takeaway:** Microsoft's Activision Blizzard acquisition could be finalized between July 2022 and July 2023. The deal is sure to receive the FTC's undivided attention as well as rallying regulators in other countries to examine its wider effects on the gaming industry before the ink is dry.

The outcome of the FTC's review will have a wide-reaching impact on future gaming acquisitions.

- If it blocks Microsoft from acquiring Activision Blizzard, competing companies could pump the brakes at their own planned deals.
- Should the deal survive regulation, however, it could presage further consolidation of video game content creators and Big Tech companies.

## How Do US Adults Think the Government Should Change Its Regulation of Big Technology Companies?

% of respondents, Aug 2019 & Feb 2021



Note: ages 18+; e.g., Amazon, Facebook, Google; responses of "no opinion" not shown  
Source: Gallup as cited in company blog, Feb 18, 2021

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