

**Is Microsoft too high up in the cloud(s)?**

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**MANAGEMENT DECISIONS**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

## Reactions and Future Decisions

On January 18th, Microsoft published a press release announcing that they are to acquire the gaming company Activision Blizzard. It is believed that the acquisition may have some positive influence on Activision Blizzard, nevertheless, there can also be found some controversial expressions.

Since this is an ongoing case, there are no management decisions on behalf of Microsoft, regarding what brand structure it will have and how they will position itself and/or manage their brand identity after the acquisition of Activision Blizzard. Moreover, there are no findings whether how the acquisition affects the corporate identity of Microsoft.

However, we have decided to look into some press releases and tweets that have been published after the acquisition to understand what is to come out of it. Microsoft's press release incorporates a picture that says "Xbox + Activision | Blizzard | King" (see **Exhibit 1**), which makes you question whether that has something to do with their intended future brand structure. By not writing that it is Microsoft and Activision that are coming together, there could be reason to think that the Microsoft brand will stay in the background while Xbox will act as the brand in connection to the acquisition, even though Microsoft is the voice in the press release. However, this is only speculation and does not tell us what will happen in the future when the acquisition is done.

In order to understand why Microsoft is going through with this acquisition, we have mainly looked at quotes and statements from them in press releases. The following quote captures why they intend to walk this new path.

*"Gaming is the most dynamic and exciting category in entertainment across all platforms today and will play a key role in the development of metaverse platforms," said Satya Nadella, chairman and CEO, Microsoft. "We're investing deeply in world-class content, community and the cloud to usher in a new era of gaming that puts players and creators first and makes gaming safe, inclusive and accessible to all."*  
(see **Exhibit 2**).

As for Microsoft's identity and positioning, there might be reason to think that Microsoft is trying to include gaming more in their communication, maybe even as part of their core identity? (See **Exhibit 3**). Furthermore, in order to get an understanding of how the reactions are externally, we have chosen to look at some tweets posted by Ex-CEO of Sony Kaz Hirai (see **Exhibit 4**), videogame-journalists Jason Schreier and Laura Kate Dale (see **Exhibits 5 and 6**).

Moreover, there might be a risk when Microsoft acquires a gaming company as big as Activision Blizzard, which is a merger itself of two major gaming giants. There are fewer mid-size gaming companies on the market, since the bigger companies

seem to increase and absorb all competition, this could eventually cause a monopolisation where prices are pushed higher.

Exhibit 1 Microsoft Press Release



Exhibit 2. Microsoft Press Release

Microsoft to acquire Activision Blizzard to bring the joy and community of gaming to everyone, across every device



With three billion people actively playing games today and fueled by a new generation steeped in the joys of interactive entertainment, gaming is now the largest and fastest-growing form of entertainment. Today, Microsoft Corp. announced plans to acquire Activision Blizzard Inc., a leader in game development and interactive entertainment content publisher. This acquisition will accelerate the growth in Microsoft's gaming business across mobile, PC, console and cloud and will provide building blocks for the metaverse.

When the transaction closes, Microsoft will become the world's third-largest gaming company by revenue, behind Tencent and Sony. The planned acquisition includes iconic franchises from the Activision, Blizzard and King studios like "Warcraft," "Diablo," "Overwatch," "Call of Duty" and "Candy Crush," in addition to global eSports activities through Major League Gaming. The company has studios around the world with nearly 10,000 employees.

"Gaming is the most dynamic and exciting category in entertainment across all platforms today and will play a key role in the development of metaverse platforms," said Satya Nadella, chairman and CEO, Microsoft. "We're investing deeply in world-class content, community and the cloud to usher in a new era of gaming that puts players and creators first and makes gaming safe, inclusive and accessible to all."

**Exhibit 3** Microsoft Store Twitter



**Exhibit 4** Ex-CEO Kaz Hirai Twitter



**Exhibit 5** Video game journalist Jason Schreier Twitter



**Exhibit 6** Video game journalist Laura Kate Dale Twitter

