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## EGDF OBSERVATIONS ON MICROSOFT ACTIVISIONBLIZZARD ACQUISITION

### About EGDF

- 1. The European Games Developer Federation e.f. (EGDF)<sup>1</sup>** unites 22 national trade associations representing game developer studios based in 22 European countries: Austria (PGDA), Belgium (FLEGA), Croatia (CGDA), Czechia (GDACZ), Denmark (Producentforeningen), Finland (Suomen pelinkehittäjät), France (SNJV), Germany (GAME), Italy (IIDEA), Netherlands (DGA), Norway (Virke Produsentforeningen), Poland (PGA and IGFP), Portugal (APVP), Romania (RGDA), Serbia (SGA), Slovakia (SGDA), Spain (DEV), Sweden (Spelplan-ASGD), Switzerland (SGDA), Turkey (TOGED) and the United Kingdom (TIGA). Through its members, EGDF represents more than 2 500 game developer studios, most SMEs, employing more than 45 000 people.
- 2. The games industry** represents one of Europe's most compelling economic success stories, relying on a strong IP framework, and is a rapidly growing segment of the creative industries. There are around 4 600 game developer studios and publishers in the EU, employing over 74 000 people<sup>2</sup>. In 2021, Europe's video games market was worth €23bn, and the industry has registered a growth rate of 22% over 2020 in key European markets<sup>3</sup>. The European digital single market is the third-largest video game market globally.
- 3. Microsoft is a significant player in the games market**, and thus Microsoft's proposed acquisition of ActivisionBlizzard for nearly \$70 billion in early 2022 is being reviewed by various competition authorities around the world<sup>4</sup>. EGDF acknowledges that Microsoft has the ability for anti-competitive market behaviour and has not in the past consistently respected assurances it has given to continue making games published by companies that it has acquired available on rival platforms. EGDF, therefore, welcomes the European Commission's in-depth investigation of competition concerns arising from Microsoft's ActivisionBlizzard acquisition.
- 4. EGDF supports Microsoft's ActivisionBlizzard acquisition**, as its potential positive impacts on the competition in game markets, in general, outweigh the limited console and subscription market-specific competition concerns. Furthermore, in the console game markets, Sony is a clear market leader with its Playstation platform, and Microsoft is still in a challenger position.

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<sup>1</sup> For more information, please visit [www.egdf.eu](http://www.egdf.eu)

<sup>2</sup> EGDF-ISFE 2020 European games industry insights report  
[https://www.egdf.eu/wp-content/uploads/2022/09/ISFE\\_EGDF-report2022\\_V08-05092022\\_45FIXED.pdf](https://www.egdf.eu/wp-content/uploads/2022/09/ISFE_EGDF-report2022_V08-05092022_45FIXED.pdf)

<sup>3</sup> ISFE-EGDF 2021 Key Facts  
<https://www.isfe.eu/wp-content/uploads/2022/08/FINAL-ISFE-EGDFKey-Facts-from-2021-about-Europe-video-games-sector-web.pdf>

<sup>4</sup>

<http://competitionlawblog.kluwercompetitionlaw.com/2022/09/05/the-microsoft-activision-blizzard-merger-the-69-billion-deal-in-the-light-of-call-of-duty-foreclosure/>

## **Microsoft's ActivisionBlizzard acquisition strengthens the competition benefits for global game markets.**

5. **EGDF supports fair and sustainable competition in game markets.** In particular, EGDF has been concerned about the recent consolidation of the global games industry. The more there are equally strong competing market players, the better for European game developers
6. **The Commission should widen its perspective from console market sector-specific competition concerns** to evaluating the impact of the acquisition to game markets in general:
  - a. **Microsoft's ActivisionBlizzard acquisition allows it to challenge Apple and Google as dominant mobile game market application stores.** Microsoft has been among the first to announce that it will fully explore the competition-enhancing market possibilities of the recently approved Digital Markets Act (DMA) by launching its own independent application stores on both Apple's and Google's platforms<sup>5</sup>. Consequently, Microsoft is paving the way also for European game industry SMEs that do not have sufficient financial resources for the upcoming legal fight to defend their new rights against Apple and Google.
  - b. **The acquisition gives Microsoft the means to challenge Apple in emerging cloud gaming / game subscription service markets.** Microsoft is the first gatekeeper platform to build a successful cross-platform cloud gaming/subscription ecosystem. After Google killed its own subscription service, Stadia, it is crucial to have a strong competitor in the markets challenging Apple's market position.
  - c. **The acquisition enables Microsoft to challenge Tencent as the world's leading global game developer and publisher.** In recent years Chinese Tencent has invested aggressively in game developer studios and publishers across the globe, and it is currently the biggest game developer and publisher on the planet. Having a strong counterforce for Tencent's influence on the game markets is crucial.

## **Microsoft must continue supporting fair and balanced competition in game markets.**

7. **EGDF welcomes Microsoft Open Appstore Principles<sup>6</sup>** that proactively fulfil many of the requirements set by the upcoming Digital Markets Act for Microsoft as a gatekeeper platform.
8. **EGDF calls Microsoft to continue its efforts to support competition in the markets by**
  - a. Continue its work to make all of its platforms more open and transparent, particularly by widening its app store principles to cover Xbox.
  - b. Continue to allow also controversial cultural and artistic content on all its platforms.
  - c. Continue to allow Web3 games on its platforms, as they might be the game changer helping new European platforms to emerge.
  - d. Continue its investment in small and medium-sized game developer studios, securing more diverse content on its platforms.

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<sup>5</sup> <https://www.theverge.com/2022/10/19/23411972/microsoft-xbox-mobile-store-games>

<sup>6</sup> <https://blogs.microsoft.com/on-the-issues/2022/02/09/open-app-store-principles-activision-blizzard/>

- e. Continue its investment in cross-platform game development and make its games widely available on all platforms.
- f. Securing game developers and publishers the same access to personal and non-personal data on their games as Microsoft has on all its platforms.
- g. Break the console market triopoly and compete on content by lowering its 30% platform fee on Xbox.
- h. Continue the close dialogue with European game developers on improving its platforms and application stores.

**9. EGDF calls upon the European Commission to**

- a. **closely monitor how Microsoft implements DMA** on its Windows operating system and cross-platform Microsoft Store.
- b. **ensure that**, should it condition its approval of the ActivisionBlizzard acquisition on commitments given by Microsoft, **those commitments, for example, guarantee the continued availability of ActivisionBlizzard games on rival consoles and subscription services, are backed up with rigorous compliance and enforcement mechanisms.**

**For more information, please contact:**

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