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**COMMENTARY**

*Big-Tech Mergers and Acquisitions in the Era of Covid-19*

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As is true with most corporate fields, technological mergers and acquisitions operate on an in-person basis.<sup>1</sup> As such, while it was true that consumer demand for technological distractions was soaring, the Chief Innovative Officers (CIOs) of large and mid-sized technological corporations were not suddenly overcome with desire to cast aside their standard business practices.<sup>2</sup> CIOs prefer to conduct their operations in a manner that allows them to, at minimum, shake hands with those they are conducting business with, and they held deep reservations about acquiring corporations without first immersing themselves within a potential acquisition's culture.<sup>3</sup>

To further complicate the matter, the overarching economic uncertainty dictated that potential acquiring corporations held less capital to spend on an acquisition, while the corporations they determined to be valuable became more scarce and ultimately demanded a higher transactional price.<sup>4</sup> In essence, this environment fostered a palpable aura of hesitancy from Big-Tech CIOs.<sup>5</sup> That said, as the reality of the corporate landscape affords Big-Tech CIOs overwhelming capital advantages in comparison to their perspective acquisitions, this situation also presented these CIOs with a unique circumstance to exercise a relatively large latitude of patience.<sup>6</sup> From that perspective, these CIOs could justify a prioritization of abnormal measures of capital restraint, as the situation provided an option to minimize the risks associated with

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<sup>1</sup> See Angus Loten, Large Tech Companies Prepare for Acquisition Spree, WALL ST. J. (May 22, 2020), <https://www.wsj.com/articles/large-tech-companies-prepare-for-acquisition-spree-11590053401>.

<sup>2</sup> See *id.*

<sup>3</sup> See *id.*

<sup>4</sup> See *id.*

<sup>5</sup> See *id.*

<sup>6</sup> See Loten, *supra* note 1.

speculating on an acquisition's return on investment during the expectancy of a potential economic depression simply by delaying action and evaluating the long-term, future projections of their prospects.<sup>7</sup>

Nevertheless, this capital advantage is one that is held almost exclusively by the industry giants, as startups and mid-sized technological corporations are anticipated to face depleting sales and reduced capital.<sup>8</sup> Moreover, that reality is one which a plethora of Big-Tech giants are capitalizing on. Microsoft recently acquired Softomotive, a robotic-process-automation maker, allowing it to offer automated workplace task systems.<sup>9</sup> Walmart used the opportunity to seize control of a sizable portion of its retail market.<sup>10</sup> Uber is in talks to acquire GrubHub, allowing it to gain a distinct advantage over its competitor Doordash.<sup>11</sup> All while CD&R, SugarCRM, Analog Devices, Netapp, Databricks, Cincinnati Bell, Equinix, Salesforce, and a slew of other Big-Tech giants acquired major assets to separate themselves in their respective fields.<sup>12</sup>

Accordingly, the current climate of technological mergers and acquisitions can be synopsisized as follows: Big-Tech giants are leveraging their economic advantages to capitalize on the market uncertainty, while mid-size and startup technological corporations are faced with the reality that they will either fail or be acquired. This has always been reality of the field, but it is becoming distinctly more pronounced in the wake of the Coronavirus pandemic.

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<sup>7</sup> *See id.*

<sup>8</sup> *See id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Peter Sayer, *The Biggest Enterprise Technology M&A Deals of 2020*, CIO (Sept. 8, 2020, 3:00 AM), <https://www.cio.com/article/3531975/the-biggest-enterprise-technology-ma-deals-of-2020.html>.