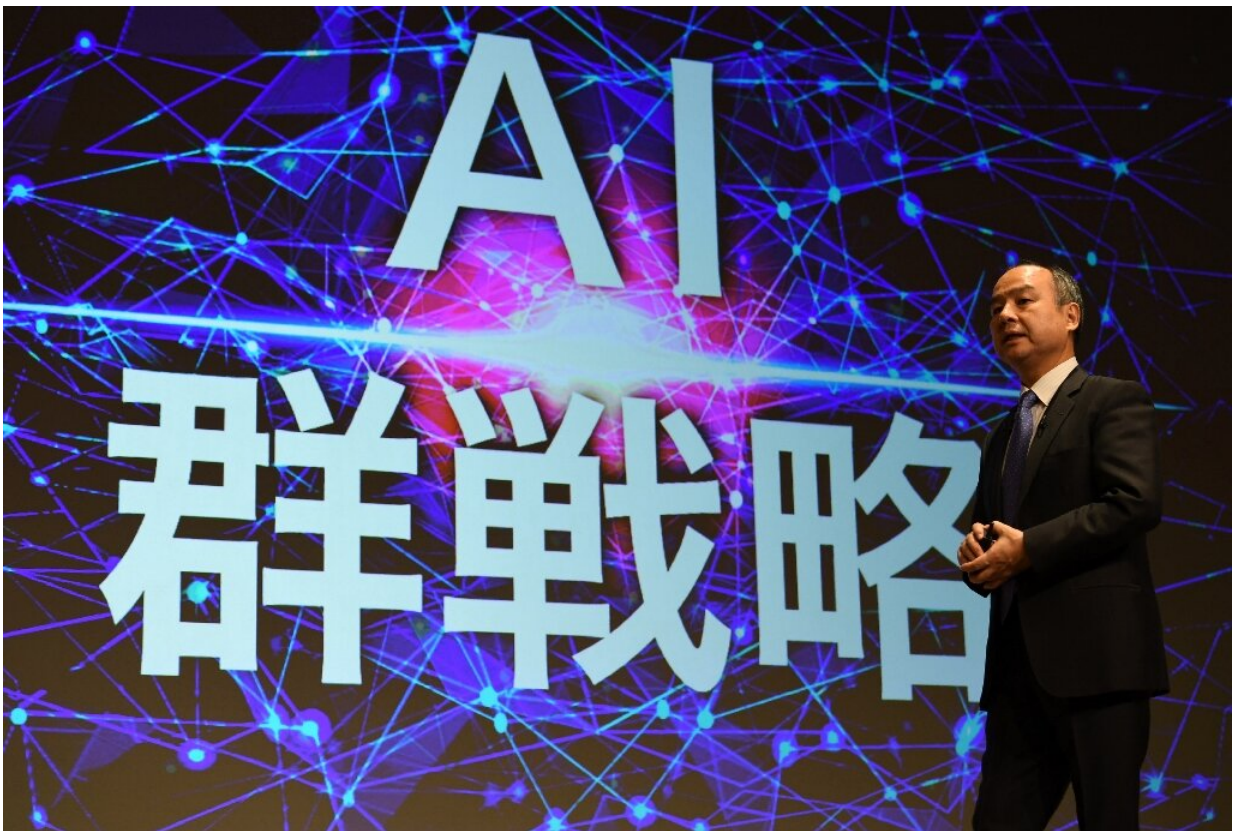


SoftBank unveils investment fund to drive 'AI revolution'

July 26 2019



Flamboyant tycoon Masayoshi Son, SoftBank's CEO, said 'I don't want to be number two'

Japan's SoftBank Group said Friday it would partner with tech firms including Apple and Microsoft in a new \$108-billion investment fund to

accelerate the "AI revolution".

The new fund is the long-mooted successor to its mammoth Vision Fund, which has taken stakes in leading tech start-ups from Uber to WeWork.

SoftBank Group itself will plough \$38 billion into the new fund, which will also include investments from Apple, Microsoft, Foxconn, a range of Japanese banks, Standard Chartered, and the National Bank of Kazakhstan.

In a statement, SoftBank Group said Vision Fund 2 would "facilitate the continued acceleration of the AI (artificial intelligence) revolution through investment in market-leading, tech-enabled growth companies".

The Wall Street Journal reported Thursday that SoftBank executives brought on board Microsoft with promises to encourage the fund's roughly 75 companies to shift to the tech firm's cloud platform.

Originally a software giant, SoftBank has increasingly become an [investment firm](#) through its first Vision Fund, which was largely backed by Saudi Arabia.

The announcement of Vision Fund 2 made no mention of Saudi Arabia among the investors, though reports ahead of the announcement suggested Riyadh was in negotiations to put money into the fund.

Saudi controversy

The Japanese firm's strong ties with the kingdom came under scrutiny after the murder of Saudi journalist Jamal Khashoggi in the Saudi consulate in Istanbul.

But SoftBank CEO Masayoshi Son made clear after the murder that he would continue working with Riyadh, saying he was "deeply saddened" by Khashoggi's death but adding: "we cannot turn our backs on the Saudi people."

Saudi Arabia is believed to have put around \$45 billion into the first Vision Fund, which was announced in October 2016 and has gone on to invest in some of the tech world's hottest firms, including Slack and Nvidia.

Reports suggest both Saudi Arabia and the United Arab Emirates are considering investing in the new fund, though possibly with smaller stakes than last time.

In May, Son told a press conference that the fund was "the most important management engine" for his firm.

He said all the unicorns—venture-backed firms worth at least \$1 billion—listed on Wall Street that his fund has invested in are "number-one firms in their own fields".

"I don't want to be number two... I have not been able to accept that ever since I was a child," said the flamboyant tycoon.

'Attractive growth sector'

Analysts said investing in [artificial intelligence](#) was a smart move.

"It's an attractive growth sector as digitalisation has been under way globally and rapidly," Yosuke Nakamura, a researcher at NLI Research Institute, told AFP.

But he cautioned that headwinds for the [global economy](#), particularly as

a result on the ongoing trade war between the United States and China, could make it a risky time for new investments.

"Given the (new) fund is also quite big, the question is how and whether they will be able to find good ventures to invest in," he added.

"There is excessive money around... Even if they can find an investment, it could be at an overvalued price. That could be a risk for them once the economy goes downhill."

Son has touted the success of the first fund, with the firm reporting gains of 1.26 trillion yen from its investment funds, including the Vision Fund, when it announced annual results in May.

The fund's announcement comes as US regulators are reportedly poised to approve the merger of Sprint and T-Mobile, a major move for SoftBank that carries billions in Sprint debt that would be shifted off its books if the deal goes through.

© 2019 AFP

Citation: SoftBank unveils investment fund to drive 'AI revolution' (2019, July 26) retrieved 6 May 2024 from <https://techxplore.com/news/2019-07-softbank-unveils-investment-fund-ai.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--