

Amazon boosts streaming ambitions with deal for MGM studios

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The fabled Metro Goldwyn Mayer studios is an iconic name in Hollywood which has been through a series of ownership changes and bankruptcy in recent years.

Amazon has agreed to buy the storied MGM studios for \$8.45 billion, the companies said Wednesday, giving the US tech giant a vast content library to further its ambitions in streaming.

The deal bolsters Amazon Prime Video, which competes with Netflix and others in the fast-evolving market, with some 4,000 films—including the James Bond franchise—and 17,000 [television shows](#).

The move comes with Amazon experiencing surging growth in online retail and cloud computing, while making a push into entertainment as more consumers turn to streaming media.

It gives Amazon the fabled Metro Goldwyn Mayer studios, an iconic name in Hollywood which has been through a series of ownership changes and bankruptcy in recent years.

"We're really excited about MGM," Amazon founder Jeff Bezos told shareholders at an annual meeting where he announced he would hand over the chief executive job on July 5 to Andy Jassy, while he takes the title of executive chairman.

"MGM has a vast, deep catalog of much beloved, intellectual property... It's going to be a lot of fun work, and people who love stories are going to be the big beneficiaries."

In addition to the James Bond franchise, MGM owns the rights to film productions including "Rocky," "Legally Blonde" and "Tomb Raider," and television shows such as "The Handmaid's Tale" and "The Real Housewives Of Beverly Hills."

"MGM has nearly a century of filmmaking history and complements the work of Amazon Studios, which has primarily focused on producing TV show programming," a statement from the companies said.



MGM's James Bond franchise including those with British actor Daniel Craig are among those to be acquired by Amazon in its deal for the Hollywood studios.

Streaming gains steam

The tie-up marks a new twist in a fast-evolving media landscape increasingly dominated by streaming giants such as Netflix, a trend which has accelerated during the coronavirus pandemic.

In recent updates, Netflix said its subscriber base has grown to 208 million worldwide, while Disney has 159 million for its various streaming services.

Netflix is investing as much as \$17 billion in content this year in an

effort to stay ahead of rivals.

The MGM deal "definitely helps Amazon because consumers want more content," said Dan Rayburn, a media analyst with Frost & Sullivan.

Additionally, Amazon will be acquiring a fabled Hollywood name with a reputation in the cinema business, Rayburn noted.

"MGM is all about making movies, and that's not really what Amazon does," the analyst said. "So it gives them a company in the business of making movies."

Rayburn added that Amazon may also be able to use the deal to increase its "brand and messaging," with ads in [movie theaters](#), and that this "helps Amazon further their worldwide dominance of everything."



Amazon founder Jeff Bezos, who has long had ambitions in the entertainment world, is seen at Prime Video's Golden Globe Awards After Party in 2019.

Amazon's ability to integrate the entire MGM catalog onto its platform, however, is still up in the air, as many of the programs are not the studio's sole property.

MGM's catalog from before 1986 belongs to the channel Turner Classic Movies, and many of the films MGM owns from its acquisition of the United Artists film studio in 1981 are under the control of TCM through 2022 under a deal between the two companies.

The Amazon-MGM deal could meanwhile increase scrutiny for Amazon, one of the Big Tech firms gaining unprecedented economic power in recent years and in the crosshairs of antitrust enforcers around the world.

Amazon was sued this week by US capital city Washington for allegedly abusing its dominance of online retail.

Last week, telecom giant AT&T said it was spinning off its WarnerMedia division—owner of the Warner Bros studios—in a combination with Discovery, creating a new entity to focus on streaming and competing with the rapidly growing Disney+ and new entrants such as Apple TV+.

Amazon has said its Prime Video is used by some 175 million people worldwide. Its movie "Manchester by the Sea" in 2017 became the first film from a streaming service to be nominated for a best picture Oscar.

MGM studios, which is known for its roaring lion mascot but has struggled to deliver recent box office hits, is not connected to the MGM Resorts group that owns hotels and casinos around the world.

For Amazon, the deal is its second largest acquisition after purchasing the Whole Foods grocery chain in 2017 for \$13.7 billion.

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