

Amazon's bid to buy Roomba maker iRobot is called off amid pushback in Europe

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A Roomba 980 vacuum cleaning robot is presented during a presentation in Tokyo, Tuesday, Sept. 29, 2015. Amazon on Monday called off its proposed acquisition of iRobot, which was facing antitrust scrutiny on both sides of the Atlantic, with the ecommerce giant blaming “undue and disproportionate regulatory hurdles.” Credit: AP Photo/Eugene Hoshiko, File

Amazon called off its purchase of robot vacuum maker iRobot on Monday, blaming "undue and disproportionate regulatory hurdles" after the European Union signaled its objection to the deal.

The companies said in joint statement that they were disappointed but mutually agreed to terminate the acquisition. The deal faced antitrust scrutiny on both sides of the Atlantic, but most strongly in Europe, where regulators investigating competition concerns had been expected to issue a final decision by Feb. 14.

Amazon will pay the maker of the circular-shaped Roomba vacuum a previously agreed termination fee of \$94 million, iRobot said in a separate announcement, which also disclosed that it would lay off about 31% of its staff and see its CEO depart.

Shares of iRobot tumbled as much as nearly 19% on news of the canceled deal. In 2022, Amazon announced that it would buy the Bedford, Massachusetts-based company for \$1.7 billion in cash. But the value of the deal fell 15% after iRobot incurred new debt.

The European Commission, the European Union's executive arm and top antitrust enforcer, told Amazon last year of its "preliminary view" that [the iRobot acquisition would hurt competition](#) in the industry.

"Our in-depth investigation preliminarily showed that the acquisition of iRobot would have enabled Amazon to foreclose iRobot's rivals by restricting or degrading access to the Amazon Stores," Margrethe Vestager, the commission's competition chief, said Monday.

The investigation raised fears that Amazon would have been able to "delist or not list rival robot vacuum cleaners," reduce their visibility on its marketplace, limit access to "commercially attractive product labels" like Amazon's Choice, or make it costlier for iRobot's rivals to advertise

and sell their products, she said in a statement.

It would have been "economically profitable" for Amazon to shut out rivals, limiting competition and leading to higher prices, lower quality and less innovation, she said.

British antitrust regulators cleared Amazon's purchase in June, but it still faced scrutiny in the U.S. by the Federal Trade Commission, which which filed a landmark antitrust lawsuit against the online retail giant last year.

David Zapolsky, Amazon's general counsel, lashed out at regulators and said consumers would lose out on "faster innovation and more competitive prices."

"Mergers and acquisitions like this help companies like iRobot better compete in the global marketplace, particularly against companies, and from countries, that aren't subject to the same regulatory requirements in fast-moving technology segments like robotics," he said.



An Amazon company logo is seen on the facade of a company's building in Schoenefeld near Berlin, Germany, on March 18, 2022. Amazon has called off its proposed acquisition of iRobot, with the ecommerce giant blaming "undue and disproportionate regulatory hurdles." The companies said in joint statement Monday, Jan. 29, 2024 that they "entered into a mutual agreement to terminate their announced acquisition agreement." Credit: AP Photo/Michael Sohn, File

He added that "undue and disproportionate regulatory hurdles discourage entrepreneurs, who should be able to see acquisition as one path to success, and that hurts both consumers and competition—the very things that regulators say they're trying to protect."

iRobot co-founder Helen Greiner also weighed in, saying the now-defunct deal represents a picture of government regulation gone awry.

"Robot investors need to make money to keep investing," Greiner wrote in a LinkedIn post. "This will make it even more challenging to raise money for consumer robotics, and the next generation of consumer robots will be designed and manufactured in China (or Korea or Vietnam)."

Now that the deal has been called off, iRobot said it would undergo a restructuring plan designed to stabilize the company. As part of those changes, the company will lay off roughly 350 employees.

iRobot Chairman and CEO Colin Angle also will step down, but remain a senior adviser to the company for up to a year to ensure a smooth transition. Glen Weinstein, the company's executive vice president and chief legal officer, will serve as interim CEO.

Consumer rights groups had voiced concerns about the Amazon-iRobot deal, saying it would broaden the e-commerce giant's dominance in the smart home market.

Amazon has purchased other smart home companies in the past, including home security camera maker Blink, doorbell camera maker Ring and the mesh-networking Wi-Fi company Eero.

This is the latest example of a deal involving U.S. companies that fell apart after facing scrutiny from European regulators.

Last year, Adobe abandoned its plan to buy online design company Figma for \$20 billion because of EU and British antitrust concerns. Biotech giant Illumina was forced to undo its \$7.1 billion purchase of cancer-screening company Grail after losing legal battles with antitrust enforcers in both Europe and the U.S.

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