

Microsoft lays off 1,900 employees in its gaming division following Activision Blizzard buyout

January 25 2024, by WYATTE GRANTHAM-PHILIPS and MATT O'BRIEN



The Microsoft logo is seen in Issy-les-Moulineaux, outside Paris, France, April 12, 2016. Microsoft is laying off about 1,900 employees in its gaming division, according to an internal company memo obtained by The Associated Press on Thursday, Jan. 25, 2024. Credit: AP Photo/Michel Euler, File

Microsoft is laying off about 1,900 employees in its gaming division, according to an internal company memo, just over three months since the tech giant completed its [\\$69 billion purchase of video game maker Activision Blizzard](#).

The job cuts represent about an 8% reduction of Microsoft's 22,000-person gaming workforce, the memo, obtained Thursday by The Associated Press, notes. Those impacted worked on teams for Activision Blizzard as well as Xbox and ZeniMax—which are also owned by Microsoft.

"As we move forward in 2024, the leadership of Microsoft Gaming and Activision Blizzard is committed to aligning on a strategy and an execution plan with a sustainable cost structure that will support the whole of our growing business," Microsoft Gaming CEO Phil Spencer wrote in the memo.

Microsoft did not immediately respond to requests for comment from The Associated Press.

Also on Thursday, Blizzard President Mike Ybarra announced that he would be leaving the company in a [post on X](#), the platform formerly known as Twitter, appearing to acknowledge the layoffs.

"It's an incredibly hard day and my energy and support will be focused on all those amazing individuals impacted—this is in no way a reflection on your amazing work," Ybarra wrote—later adding that his time leading Blizzard "was an absolute honor."

Microsoft closed its \$69 billion Activision Blizzard deal [in October](#), nearly 22 months after the deal was first announced after overcoming

opposition from antitrust regulators in the United Kingdom and European Union.

The U.S. Federal Trade Commission lost a court fight to block the acquisition but its antitrust enforcers are still pursuing a case that seeks to unwind the deal. The FTC has described the merger as a threat to competition in the video game industry, enabling Microsoft to create "walled gardens" around its Xbox Game Pass subscription service and the emerging business of streaming games on demand.

The latest layoffs at Microsoft follow a [chain of job cuts](#) across the tech sector in recent weeks—including those at [Google](#), [Riot Games](#), [TikTok](#), eBay and [Amazon](#). Retail, hospitality, media and other sectors have been hit by job cuts as well.

Microsoft eliminated a significant number of roles just one year ago. In January 2023, Microsoft said it would be cutting 10,000 workers, then almost 5% of its workforce, as the company joined other tech players scaling back on pandemic-era expansions.

The latest Microsoft layoffs "underscores the importance of having a union voice on the job," said the Communications Workers of America—which has been working to organize video game employees, including some at gaming divisions at Microsoft.

In an unusual arrangement for the gaming industry, Microsoft has pledged to stay neutral if Activision Blizzard workers in the U.S. and Canada seek to organize into a labor union. The union deal was part of a 2022 agreement with the CWA that helped address U.S. political concerns about the merger's effects. So far, however, only a small set of Activision Blizzard divisions have formed unions.

Correction note (1/25/2024): This story has been updated to correct the amount Microsoft paid for Activision Blizzard. It was a \$69 billion, not \$69 million.

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