



Non-Confidential Version

July 4, 2023

New Zealand Commerce Commission
By email: registrar@comcom.govt.nz

Re: Microsoft/Activision – Submission on Statement of Issues

NVIDIA designs, markets, and sells hardware and software for PC gaming and other accelerated computing applications. Relevant to this acquisition, NVIDIA provides the GeForce NOW cloud gaming service, which has more than 25 million members in over 100 countries.

NVIDIA makes this submission in response to the Commerce Commission’s Statement of Issues and specifically responds to whether the acquisition would foreclose NVIDIA from accessing certain Activision content.

As a result of the 10-year commercial agreement NVIDIA has reached with Microsoft and Microsoft’s parallel commitments to global regulators, NVIDIA will not be foreclosed from accessing Activision content if the acquisition proceeds.

Rather than harming competition in New Zealand, NVIDIA believes that the acquisition will result in a better outcome than would be the case if the acquisition did not proceed.

Confidential information in this submission is contained in bold square brackets and is highlighted yellow (*i.e.*, **[CONFIDENTIAL]**). The information is confidential to NVIDIA and disclosure would be likely to disclose a trade secret or be likely unreasonably to prejudice NVIDIA’s commercial position. NVIDIA provides this information to the Commission in confidence and disclosure would be likely to prejudice the future supply of information.

Background on Cloud Gaming and GeForce NOW

For years, consumers have played video games on expensive hardware—typically a gaming personal computer (“PC”) or gaming console—located in their home.

Improvements in Internet technologies have enabled consumers to play video games hosted on remote servers (in the “cloud”). Those improvements include faster download and upload speeds, higher bandwidth, and lower latency.

With cloud gaming, gameplay video is streamed over the Internet, from software running on the server to the gamer's "client" device (such as a PC or mobile device).

NVIDIA has developed its own cloud gaming service, called "GeForce NOW." NVIDIA operates its own servers in some countries such as the United States, and also works with its GeForce NOW Alliance partners to bring cloud gaming to even more countries.

As a cloud gaming service, GeForce NOW launched in beta mode to a limited pool of users in 2017 (for Macs) and 2018 (for PCs). GeForce NOW exited its beta phase in February 2020 and since then has been an ongoing service with paid and free memberships.

With GeForce NOW, NVIDIA hosts games on its own servers, rendering the graphics using NVIDIA's GeForce Graphic Processing Units (or GPUs) and then streaming gameplay video to consumers. Because games are hosted and rendered in the cloud, using NVIDIA's technology, consumers can play complex games on low-end and inexpensive devices. The quality of the end user's local connectivity to the Internet, including bandwidth and latency, is also important to the game-streaming experience (none of which is affected by the merger).

GeForce NOW does not have its own library of games. Before a game can be added to GeForce NOW, NVIDIA receives authorization from the game's publisher for that game to be played on GeForce NOW.

After a game has been authorized and added to GeForce NOW, NVIDIA allows gamers to stream PC games they already own.

The Microsoft / NVIDIA Agreement

In February 2023, Microsoft and NVIDIA agreed to a 10-year partnership to bring Xbox PC games to the NVIDIA GeForce NOW cloud gaming service (the "Agreement"). The Agreement enables gamers to stream Xbox PC titles they own from GeForce NOW to PCs, macOS, Chromebooks, smartphones and other devices. In May 2023, the first Xbox games began streaming on GeForce NOW.

The Agreement will also enable PC titles from Activision Blizzard King ("Activision"), such as Call of Duty, to be streamed on GeForce NOW after Microsoft's acquisition of Activision closes.

The Agreement between Microsoft and NVIDIA is global and includes New Zealand.

As a result of the Agreement and Microsoft's commitments to regulators, GeForce NOW and other cloud gaming providers stand to gain an even deeper catalog of games if Microsoft's acquisition of Activision is completed. We see this as a benefit to cloud gaming and hope for a positive resolution. NVIDIA fully supports this acquisition.

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