

The Race For AI:

Which Tech Giants Are Snapping
Up Artificial Intelligence Startups

2021



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Artificial intelligence companies are a prime acquisition target for companies looking to leverage AI tech without building it from scratch. In the race for AI, this is who's leading the charge.

Artificial intelligence has long been a major focus for tech leaders across industries. From healthcare to retail to agriculture, companies are trying to integrate machine learning (ML) into their products. At the same time, there is an acute shortage of AI talent.

This combination is fueling a heated race to scoop up top AI startups, many of which are still in the early stages of research and funding.

In this report, we dig into AI acquisition trends, from which companies are making the most acquisitions to what areas of focus are attracting the most attention.

Apple pulls ahead of the pack

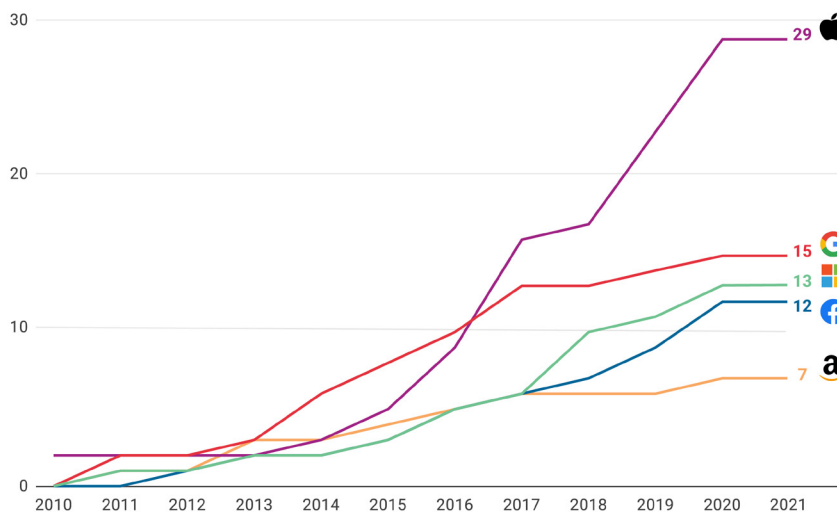
The usual suspects are leading the race for AI: tech giants like Facebook, Amazon, Microsoft, Google, and Apple (FAMGA) have all been aggressively acquiring AI startups for the last decade.

Among FAMGA, Apple leads the way. With 29 total AI acquisitions since 2010, the company has made nearly twice as many acquisitions as second-place Google (the frontrunner from 2012 to 2016), with 15 acquisitions.

Apple and Google are followed by Microsoft with 13 acquisitions, Facebook with 12, and Amazon with 7.

APPLE LEADS THE BIG TECH RACE FOR AI

Aggregate AI acquisitions made by Amazon, Apple, Facebook, Google, and Microsoft, 2010 – 2021 YTD



Data as of 6/2/21

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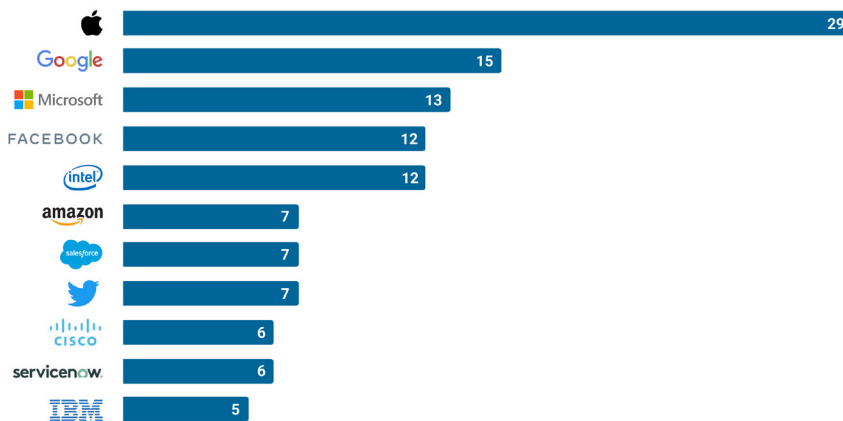
Apple's AI acquisition spree, which has helped it overtake Google in recent years, has been essential to the development of new iPhone features. For example, FaceID, the technology that allows users to unlock their iPhones by looking at them, stems from Apple's [M&A moves](#) in chips and computer vision, including the acquisition of AI company [RealFace](#).

In fact, many of FAMGA's prominent products and services – such as Apple's Siri or Google's contributions to healthcare through DeepMind – came out of [acquisitions of AI companies](#).

Other top acquirers include major tech players like Intel, Salesforce, Twitter, and IBM.

APPLE, GOOGLE, AND MICROSOFT LEAD IN AI ACQUISITIONS

AI acquisitions made 2010 – 2021 YTD



Data as of 6/2/21

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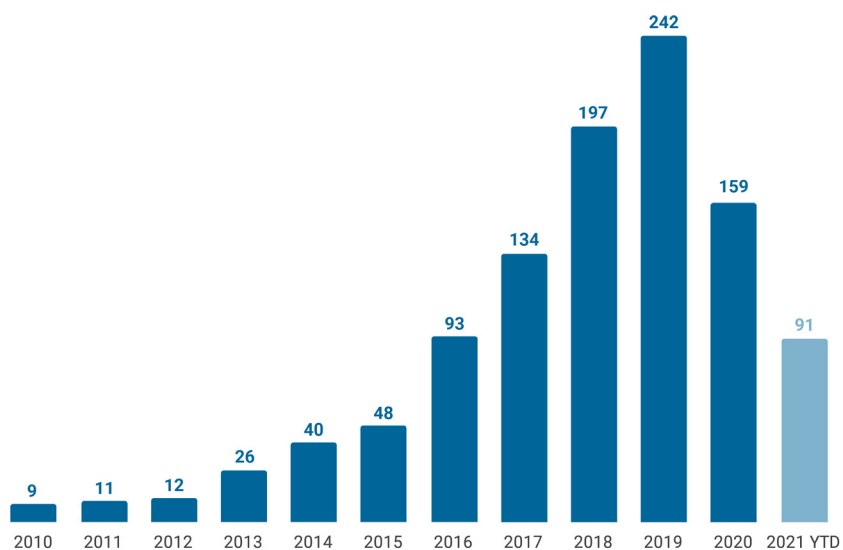
Despite a pandemic-year slump, the AI sector remains hot for acquirers

The pace of AI acquisitions steadily rose for a decade, only falling for the first time in 2020, when acquisitions dropped 34% year-over-year (YoY). The decline came amid the Covid-19 pandemic, which brought on economic uncertainty that led many companies to emphasize core operations over new acquisitions.

Nevertheless, the space continues to attract acquirer attention, with 90+ acquisitions in 2021 YTD – suggesting a possible return to the sector's growth trajectory.

WHILE AI ACQS DIPPED IN 2020, ACQUIRERS CONTINUE TO SCOOP UP COMPANIES IN THE SPACE

Annual AI acquisitions, 2010 – 2021 YTD



Data as of 6/2/21

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While tech giants lead in the space, you don't have to be a Fortune 500 company to make an AI acquisition.

Since 2010, there have been over 1,000 AI acquisitions made by 800+ acquirers. Of those, nearly 90% of acquirers have only made one acquisition.

This is partially due to the growing diversity of acquirers. Where once AI was the exclusive territory of major tech companies, today, smaller AI startups are becoming acquisition targets for companies across retail, healthcare, insurance, and more.

For example, in May 2021 retail giant Walmart acquired virtual clothing try-on startup [Zeekit](#), while MindMed's \$32M acquisition of AI-powered clinical trials startup [HealthMode](#) marked one of several healthcare AI acquisitions in the past year. In the renewable energy space, SkySpecs acquired [Vertikal AI](#) in May 2021.

Especially in the last month, AI-powered HR has been another trending sector, with recent deals including:

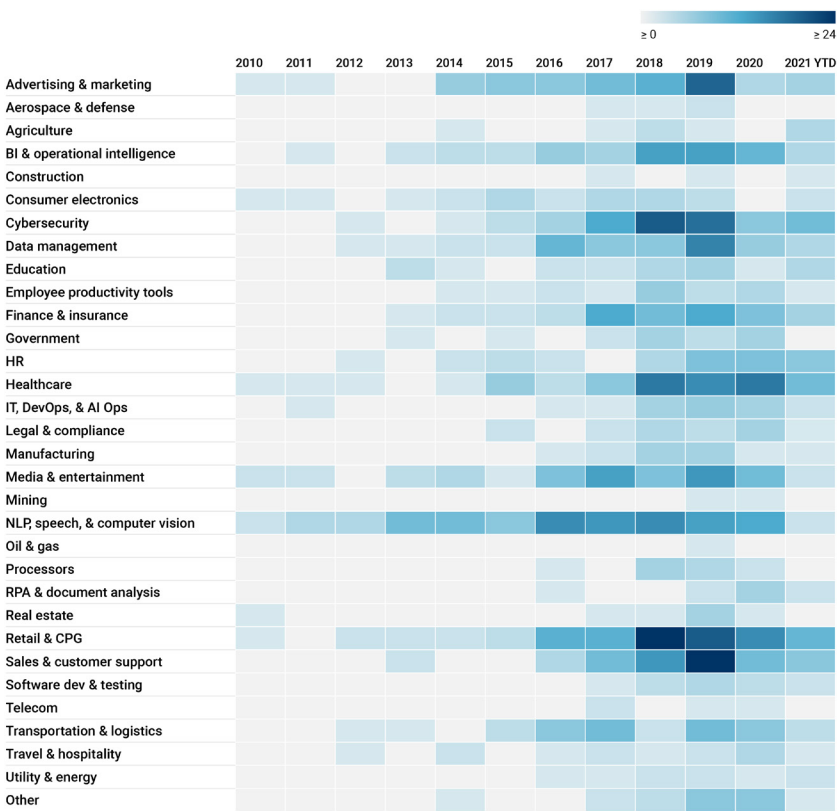
- OutMatch's acquisition of candidate assessment platform [Harver](#)
- StepStone's acquisition of AI recruitment platform [Mya Systems](#)
- PandoLogic's acquisition of hiring platform [Wade & Wendy](#)

Popular sectors include NLP, retail, and healthcare

Looking at acquisitions by sector, startups focused on natural language processing (NLP) and computer vision have seen the most traction, with 106 acquisitions in this space since 2010. Retail & CPG has been another popular space, with 101 acquisitions in the same time period.

NLP, RETAIL, AND HEALTHCARE ARE THE HOTTEST SECTORS FOR AI ACQS

Aggregate AI acquisitions made by Amazon, Apple, Facebook, Google, and Microsoft, 2010 – 2021 YTD



Data as of 6/2/21



Healthcare AI takes the third spot, with 78 acquisitions in the space. Healthcare was the leading sector for AI acquisitions in 2020, amid the global Covid-19 pandemic. Since 2020, healthcare AI acquisitions have included:

- CellCarta's acquisition of computational pathology company [Reveal Biosciences](#)
- Nuance Communications' acquisition of conversational AI startup [Saykara](#), which offers a voice-based app for automating physician charting (note: Microsoft announced its intention to acquire Nuance in April 2021)
- Olive's acquisition of [Verata Health](#), which leverages AI to improve the prior authorization process
- Valo Health's acquisition of biotechnology company [Numerate](#), which applies ML algorithms to improve drug discovery

Clients can read more in our [Where Pharma Giants Are Betting On Artificial Intelligence In Healthcare](#) report.

Additional reading

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