

Corporate Consolidation and the Future of the

# BIG FOUR TECH COMPANIES

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## WHAT IS CONSOLIDATION?

Corporate consolidation refers to the combination of several companies merging into larger conglomerates. Consolidation is not a new phenomenon. It is part of the natural evolution as an industry or market matures. This provides the opportunity to reduce costs, expand market shares, and enhance scalability which are all major incentives in any economic domain since it allows companies to acquire competitors or incorporate parts of the production chain.

## CONSOLIDATION IN THE TECH ECONOMY

This is also true of the technology economy. Over the last decade, we have seen some trends of consolidation in various markets. The "Big Four" otherwise known as Facebook, Google, Amazon and Apple are understood to be the main forces behind growing concentration within the market, vertical and horizontal integration, and shrinking opportunities for market entry and competition.



*The fact that four corporations dominate large parts of the tech sphere is not news. Each play a significant role in our increasingly-connected societies. In this context, it's important to consider what the implications of those trends are, not only from an economic perspective but also in terms of how they may shape policy.*

## BIG POND EVEN BIGGER FISH

### THE BIG FOUR

The top 4 companies in the application layer today are Alphabet (parent company of Google), Amazon, Facebook, and Apple. These powerful companies have been known to consume the talent, technology, or business of any competitor that appears on their radar.



### MOVE FAST AND LEVERAGE DOMINANCE

Each platform's dominance in their original domains or markets enables them to rapidly extend into others. Amazon and Apple run e-commerce platforms, but Facebook social and Google's search platform provide most of the company's current revenue, via advertising, but its parent organization, Alphabet, owns an ever-widening array of companies.



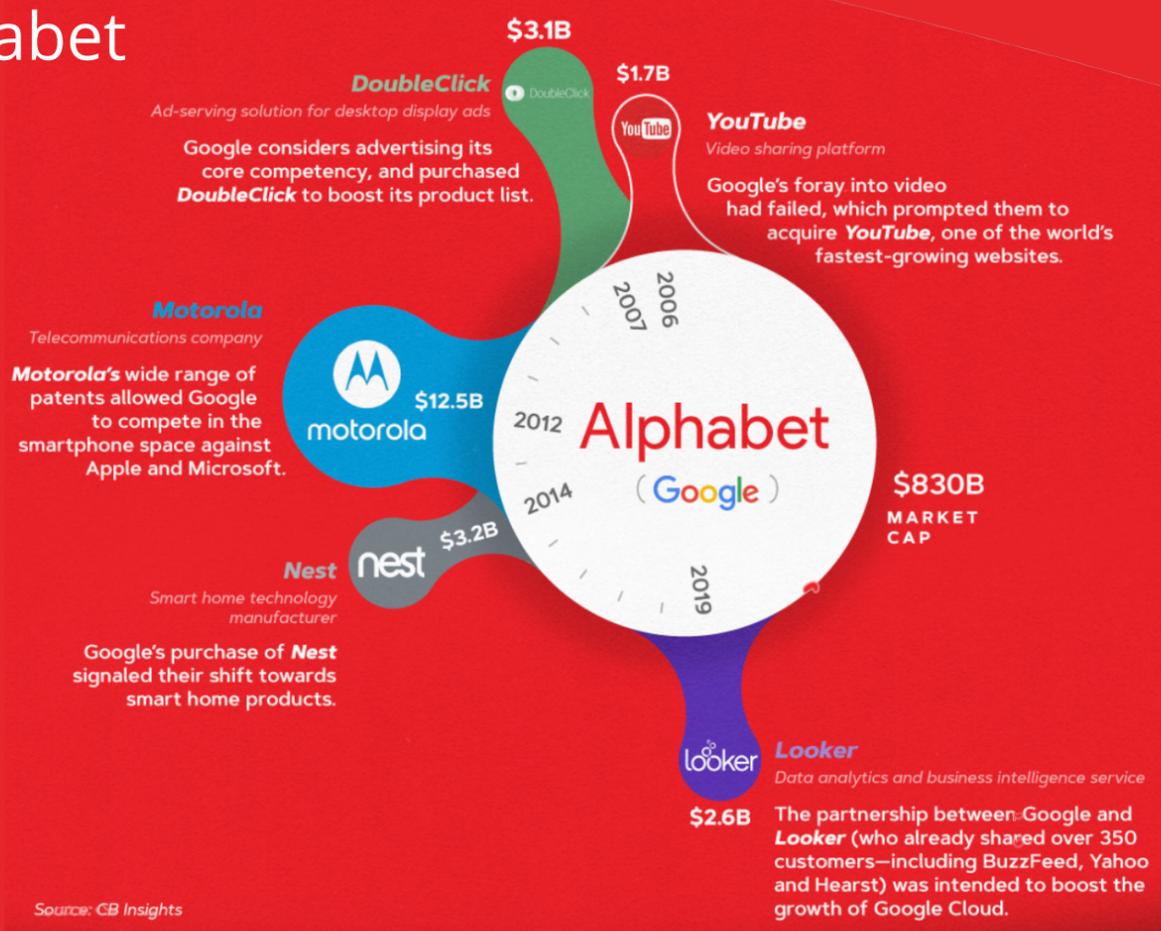
## Number of Acquisitions by Company:



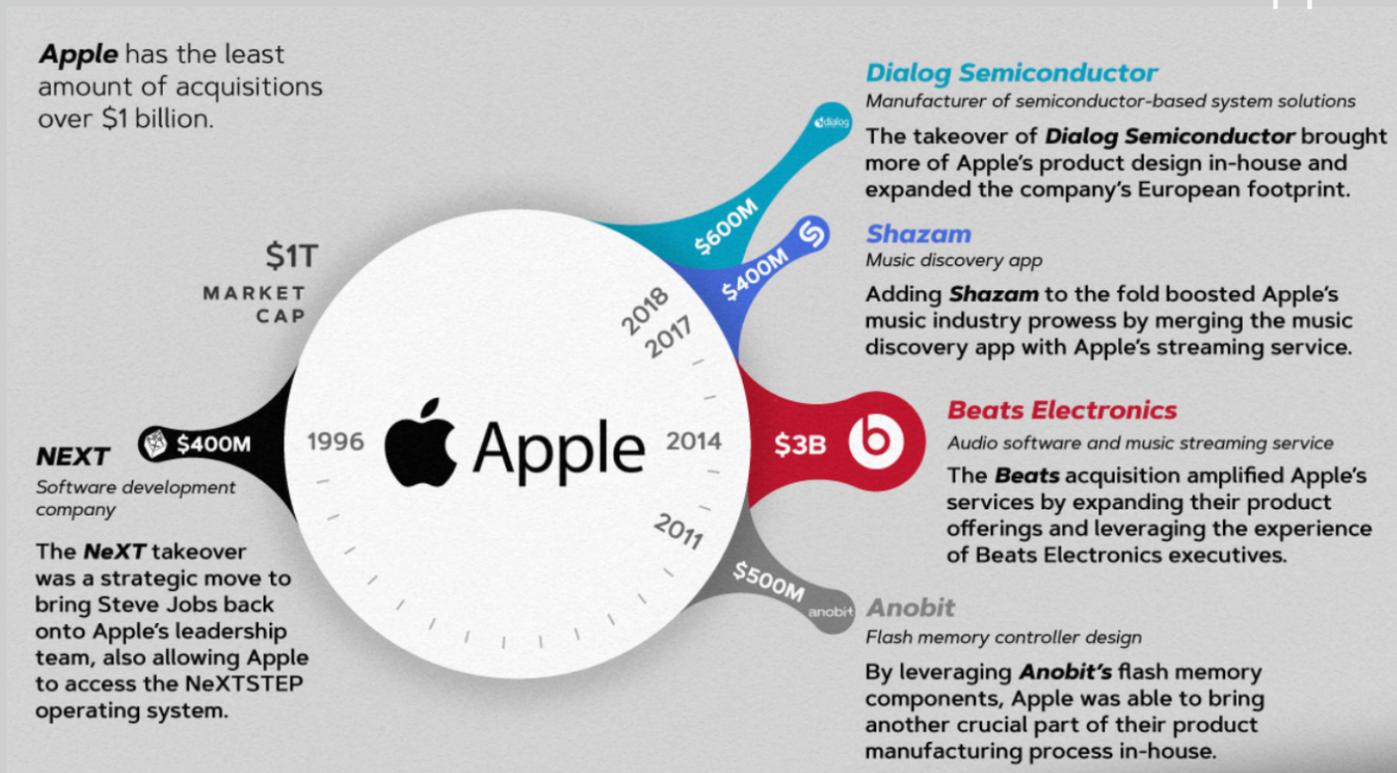
Source: Crunchbase

## SO, WHAT ARE THE BIGGEST AQUISITIONS FOR EACH?

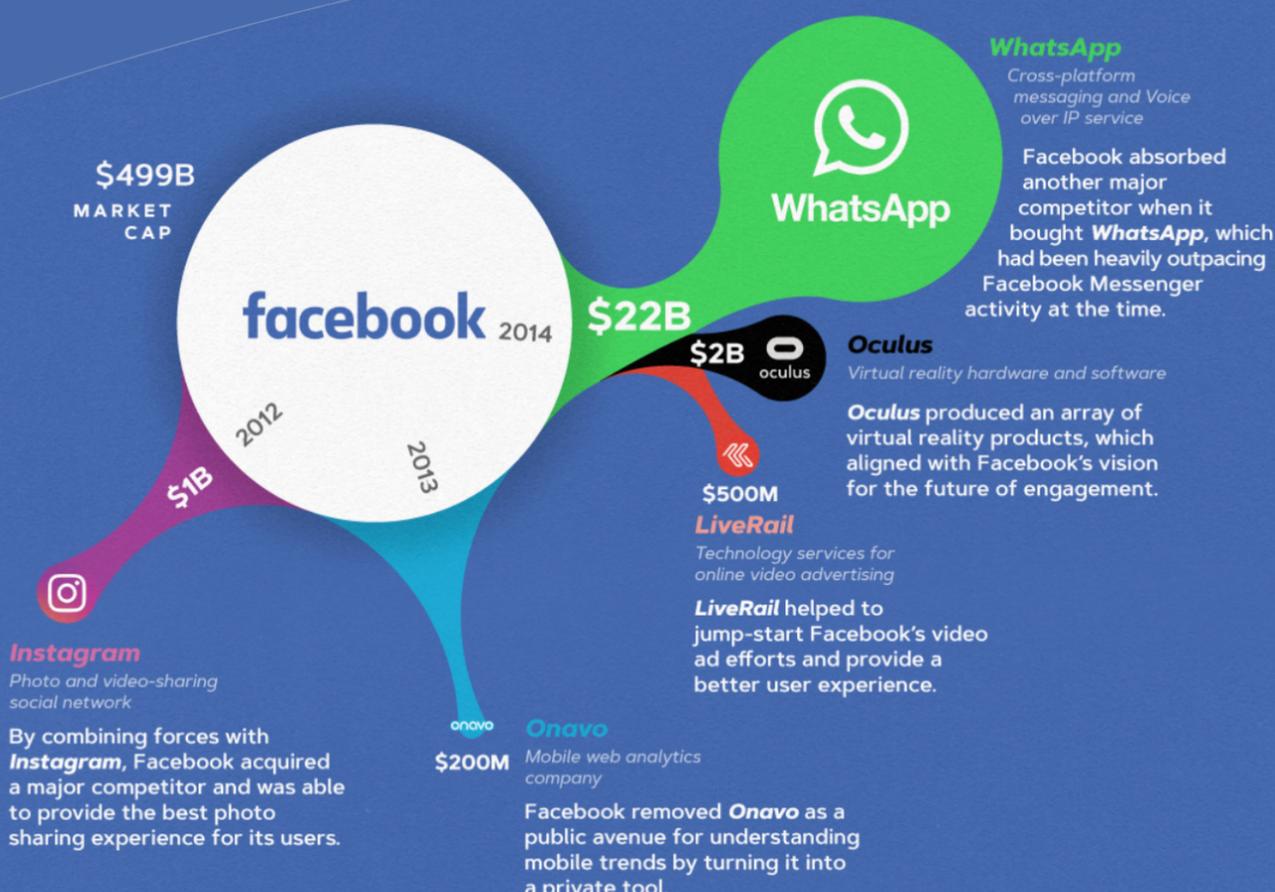
### Alphabet



### Apple



### Facebook





## EFFECTS OF CONSOLIDATION

As policymakers analyze this sector of the market, they must understand the nuances of our the growing tech economy. These manifest themselves mainly through the tech industries layers of internet economy, application services, access services, and service/social infrastructures.

This level of consolidation is stifling user choice and control over their online experience. This could lead to the proliferation of walled gardens, or closed platforms and proprietary ecosystems that users struggle to get away from.



## SHOULD WE REGULATE, WHAT'S THE NEXT STEP?

*With the Big 4 being part of the the rapidly expanding and ever-evolving tech industry, policy-makers will need to develop solutions that can be FLEXIBLE and AGILE to new developments in the tech industry*

## KEY POLICY PRIORITIES



### PROTECTING CONSUMERS' PRIVACY

Policy-makers need to ensure consumers' personal information including financial information is secure from theft



### WORKING TOGETHER TO ENSURE CYBERSECURITY

As COVID-19 moves services online, policy-makers need to work closely with the private sector to ensure infrastructure gaps are closed interprovincially and internationally