

Key Takeaways from “Acquiring AI Companies: Tracking U.S. AI Mergers and Acquisitions”

The commercial artificial intelligence industry is evolving rapidly, and the dynamics of competition in this burgeoning sector will have a major impact on the speed, diversity, and direction of AI innovation in the years ahead. Maintaining U.S. technological leadership in the years ahead will require policymakers to promote competition in the AI market and prevent industry leaders from wielding their power in harmful ways.

Monitoring mergers and acquisitions activity will be critical to this effort. By offering access to new talent, technologies, and other resources, M&A can help firms maintain their technological edge, gain economies of scale, and expand their business. However, M&A can also enable firms to entrench their economic power, reduce incumbents’ innovation incentives, and prevent disruptive new firms from entering the market.

This report examines major trends in M&A activity in the U.S. AI sector between 2014 and 2023 using a dataset gathered through PitchBook, a third-party provider of corporate financial information. Key findings include:

- **Annual M&A transactions involving AI companies more than doubled** over the last decade, from 224 in 2014 to 494 in 2023, though they have been on the decline from their peak in 2021 (828).
- The share of transactions involving **non-AI companies acquiring AI companies** has grown significantly, from 10 percent in 2014 to 45 percent in 2023.
- **Large U.S. tech companies rank among the top acquirers of AI firms**, including Apple (28 transactions), Alphabet (23), Microsoft (18), and Meta (16).
- U.S. firms **acquired more than 500 foreign AI companies** over the last decade, while foreign firms purchased 271 U.S. AI companies during the same period.
- Competition authorities may need to update their processes and procedures to **appropriately scrutinize alternative business arrangements** between incumbent firms and AI startups, which function similarly to traditional M&A but appear to circumvent existing regulatory frameworks.

For more information:

- Download the report: <https://cset.georgetown.edu/publication/acquiring-ai-companies-tracking-u-s-ai-mergers-and-acquisitions/>
- Contact us: cset@georgetown.edu