Why Amazon Likes to Buy Household Robots

by CBA's M&A News

The Internet company wants to buy iRobot, one of the leading manufacturers of vacuum robots. Customer data is also at stake - and the deal could still fall through.

There are said to be people who like vacuuming. For most, however, it is a rather chore. So it's no wonder that devices that do at least some of the work for you have become a big seller. Robot vacuums have been able to damp mop for a few years now, and many have an extraction station, so you don't have to empty the little helpers after each pass.

One of the leading manufacturers is iRobot. Its boss, Colin Angle, used to assemble robots at university, but now he is selling his company to the Internet retailer Amazon for $1.7 billion.

Devices such as the talking Alexa boxes or the smart doorbells from Ring are not necessarily Amazon's main business. But for one thing, many expect the field to grow strongly. iRobot CEO Colin Angle, for example, sees aging societies as a big sales market. "We need robots so that people can live independently for longer," he told the SZ several years ago. On the other hand, but there is an even more important reason for Amazon to make this investment: data.

Cheap vacuum robots drive blindly through the area; if they bump into something, they turn off in a random direction. With this principle, they eventually manage to cover a room completely. More expensive devices like those from iRobot, on the other hand, use cameras, lasers, and sensors to orient themselves in space. Since they usually also communicate with servers of the manufacturer, the latter knows the floor plans of the apartments. Data protectionists consider this even though Amazon promises not to sell its customers' data to third parties.

In any case, the picture that the Internet retailer gets of its customers would be quite comprehensive with the purchase of the vacuum cleaner manufacturer. Anyone who uses the smart doorbells, Alexa speakers and possibly even a networked vacuum cleaner provides the company with a lot of data about their private environment. What's more, networked devices are often enough of a target for digital attacks. The more such devices are the greater the risk that one of them will be vulnerable to attack via a weak point.

But the deal is not yet done, and it may not even happen. Because - as the news agency Reuters reports - there are justified doubts about whether the American antitrust authorities will allow Amazon to buy iRobot. The company has already given assurances that the devices will continue to be sold by other suppliers. In addition, they would continue to be controllable from the smart home devices of other providers such as Google or Apple.

But antitrust experts such as lawyer Ethan Glass, quoted by Reuters, still believe it is very likely that the FTC, the U.S. antitrust authority, will examine the matter in more in-depth proceedings. In the worst case, this could lead to a ban on the deal. This would not only be bad for Amazon, because it would have to pay iRobot almost 100 million dollars.

Above all, the company is concerned about the big business it doesn't want to miss out on: "We believe," says the head of the appliance division, Dave Limp, "that in five to ten years, every household will own at least one robot that plays a central role in daily life." SZ