Customer A response to the CMA's Provisional Findings

Dear Sirs,

I am writing in opposition to the acquisition of a shareholding in Deliveroo by Amazon, given the following evidence and principles.

Firstly, Deliveroo is not a 'chip shop' retailer in the UK that is suffering from a loss of footfall and clients; such a 'chip shop' food retailer does need government support in order to survive and then pick up once people are able to frequent it at leisure again.

Deliveroo, at this investment juncture, is being valued at over £1 billion, and is by no means an 'early-stage business' as mentioned in the CMA's findings. Following from this, the pandemic is by no means forcing Deliveroo to have no other option; as can be seen from the links referenced below, there is plenty of activity among 'billion-dollar' private companies that is actually helping investors, such as pension funds that are invested in leading investment management firms such as Silver Lake, Apollo, Blackstone, and others that are now leading the way in obtaining stakes in companies at better, more realistic valuations. As can be seen with the reference to the AirBnB investment recently, such conversations are perfectly available to Deliveroo to address its financings.

Also, the leading technology law firm, Wilson Sonsini, recently conducted some excellent webinars on down round financings, which are being embraced by companies that want to truly survive and thrive and believe in their own longer term story, rather than just wishing to monetize at a higher valuation, whatever the cost to the governance of the firm and its data protection.

https://www.wsgr.com/en/insights/navigating-down-round-financings.html

https://www.cnbc.com/2020/04/06/airbnb-raising-1-billion-amid-fallout-from-coronanvirus.html

It was well-written across the world in business news that valuations had been overextended for some time in technology investment. Deliveroo is able to court financing rounds in this environment as can be indicated by these succinct links.

Moving on to the issue of 'governance', the recent revelations about Amazon using other sellers' data to develop own label products has to be of concern;

https://www.cnbc.com/2020/04/23/wsj-amazon-uses-data-from-third-party-sellers-to-develop-its-own-products.html

https://www.dailymail.co.uk/news/article-8253543/Amazons-private-label-uses-data-sellers-launch-products-going-against-policies.html

This creates the very anti-competitive potential that the CMA worries about in allowing this deal to go through, where Amazon can start to potentially pool data and gain advantage to the detriment of other food delivery Apps and even new and young start-ups in this sector. How can you be sure the Deliveroo data will not be compromised?

Furthermore, the recent resignation of an engineer at Amazon over a number of concerns about firing whistle-blowers and a highly toxic corporate culture are also potentially relevant as quoted below;

“Bray, in a list of adjectives describing the firing of activists in his blog post, alleged that the terminations are "designed to create a climate of fear."

"Firing whistle-blowers isn't just a side-effect of macroeconomic forces, nor is it intrinsic to the function of free markets. It's evidence of a vein of toxicity running through the company culture.”

https://edition.cnn.com/2020/05/04/tech/amazon-vp-tim-bray-quits/index.html

To the point that, lawmakers in USA are calling for Jeff Bezos, CEO of Amazon, to answer serious questions.

https://www.cnbc.com/2020/05/07/senators-ask-jeff-bezos-for-more-info-on-amazon-firings.html

Hence, in this light, how can the CMA push through an investment when serious questions are being asked about Amazon within America, its home country, about data breaches and employment practices.

And finally, many leading technology investors are calling for bailout-type transactions to be avoided, as this seems to be as well given the weak reasoning by the CMA in light of the pandemic. The leading British angel investor, Robin Klein, has spoken out, and so has a leading investor from Facebook and Virgin Galactic.

https://sifted.eu/articles/startup-bailout-uk/

https://www.protocol.com/tech-ceos-argue-against-bailouts

A concern is that the CMA has not fully researched the options that technology investing can present, as outlined above, and have simply waived this on without sufficient investigation and analysis.

In regard to competition and job security, an anecdotal straw poll of ‘riders’ outside a number of food establishments reveals that they’re all signed up to multiple delivery Apps, and some riders work proprietarily for the takeaway shop because the owner does not wish to pay large fees to Apps; and larger scale ‘named’ food chains and restaurants would not be affected at all because of a mixture of their own directly employed riders and the presence of other Apps.

So the riders would simply migrate Apps and newer ones would emerge, if the company were to fail. Which, it will not, because a seasoned distressed investor will step in.

Also, Deliveroo in the recent past has fought against legislation to give these vulnerable riders greater rights hence governance needs to be improved in the existing company.

Simply speaking, please do not allow this investment and instead allow market capitalism to thrive and allow Deliveroo to go to the market and survive with a good quality financing from the likes of Silver Lake, et al, that are seeking realistic value in these attenuated markets. All this current action does is to allow Amazon to penetrate this sector too, potentially devour the data, and likely destroy competition further.

Thanks and Regards

11 May 2020