

How SoftBank, World's Biggest Tech Investor, Throws Around Its Cash

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The venture capital investing world is ruled by risk, and people are willing to take those risks trusting in little more than their personal instincts. One investor who has done so with mastery is Softbank Group tech magnate, Masayoshi Son, UC Berkeley alumni. In 1981, Son founded SoftBank as a software distributor, leading to investments in more than 1,300 companies. The group, and Mr. Son, gained even more importance in the industry after the launching of [Vision Fund](#), which started with under \$100 billion in investments and a 12-year term, ushering a new force into a tech-investment world long dominated by Western bankers and Silicon Valley financiers.

But how Mr. Son spends his money shocks people in this industry due to the large sums he is willing to pay for start-up companies, and this astonishment affects even Mr. Son's directors. Many were against him when he purchased Arm Holding PLC, an U.K. chip-design firm that Mr. Son paid [\\$32 billion](#) for after only two weeks of negotiations. They affirmed that this transaction marked a "paradigm shift" at the company to invest in the Internet of Things. Another time, he decided to invest \$200 million in a startup that grows [vegetable indoors](#) after a 30 minute of contemplation. Subsequently, he continued a "buying spree," purchasing stakes in several other companies, many of them characterized as being what is known as "unicorns" - startups that have grown to valuations over \$1 billion – such as Uber Technologies, Inc. or WeWork Companies, Inc. In several of those deals, Mr. Son had to argue with his directors and advisors who were saying that he was paying too much.

These high valued investment and expensive purchasing of startups has led to many in the tech industry to believe his investments help keep [startup valuations high](#). "We all thought the unicorn stuff was going to start slowing down," says Tim Connors, founder of Silicon Valley venture capital firm PivotNorth capital. "Then along comes SoftBank and lobs another \$90 billion into what many people thought was already an overheated market." Investors want to understand just how Mr. Son goes about deciding on his billions of dollars of bets, among the largest in the tech industry, and according to those working closely to him, his thought process can be as methodical as it can be haphazard.

Understanding how Mr. Son thinks matters because of his outsize impact. Softbank has led investments totaling about \$145 billion in companies since 1995, including \$22 billion to buy U.S. mobile carrier, Sprint. He managed the world's biggest tech fund (Vision Fund), and a \$6 billion affiliate, brandishing investments that often makes him the company's biggest shareholder. He affirmed that his goal is to take big stakes in a coalition of companies driving technological change that will help the group sustain long-term growth for the next "300 years," strengthening Softbank's role as one of the biggest players in the industry.