



## Business English News 54 - Tech Takeovers

**Takeovers** are a huge part of the tech business, and they're not always **hostile**. In fact, many young **entrepreneurs** build **niche** companies hoping to *be* acquired. And for the giants of tech, **mergers and acquisitions** are a critical **growth strategy**. With the **personalities** and **egos** involved, takeovers keep the **news cycle buzzing**, as the drama at Twitter has shown. According to the Guardian:

Elon Musk's \$44 billion acquisition of Twitter in 2022 promised the biggest **shake-up** since the company was **founded**. The former world's richest man was keen to **take on** the project after becoming **disillusioned** by the site's **perceived biases** and **content moderation** policy. But Twitter's **revolution** became a **bloodbath** in the process, cutting staff by 80% to **hone in on** the new **direction**. Then they lost users and advertisers as a **lean team** struggled to manage **disinformation**, **trolling** and **impersonation** online.

Twitter is clearly a **high-profile** example of an individual **billionaire** purchasing a **pet project**. With a merger, on the other hand, it's the **integration** of two equals. And in many cases, it's about one company – rather than an **individual** - acquiring another. In every case, a new **entity emerges**. But why would companies choose this **route**? As the Small Business Chronicle explains:

The advantages of **taking over** companies through a merger or acquisition are **numerous**. Companies can **boost revenue streams** and **market share**, broaden their **product base** or increase their **international presence** by taking over companies. Three **conditions** put a company in a good position to **buy out** another company. First, they have extra cash. Second, they have a **balance sheet** that has reached **maximum revenue potential**. Third, they need to make a **strategic** change in order to grow.

It's this drive for growth that has led to the **massive** size and power of the **behemoths** of the tech sector. Apple, Microsoft, Alphabet, and Amazon, and Meta **dominate** the tech world, running empires they've **cobbled together** through **wheeling and dealing**. But according to the Washington Post, it's not just the big deals that matter:

You may recognize many **acquired** companies, like Zappos, IMDb and Goodreads - all owned by Amazon. You may also have heard about the bigger **transactions**, like Apple **procuring** Beats Electronics. But the **majority** of acquisitions involve small **startups** with valuable **patents** or **talented** engineers. Many of these takeovers have led to products **ubiquitous** today, like Google Docs and iTunes. Some resulted in multibillion-dollar **ventures**, while others **fizzled** and resulted in products being **sold off** or **shuttered** entirely.

Success certainly can't be **taken for granted**. In fact, research tells us that over 70% of mergers and acquisitions failed to increase the value of the company. This means that the companies are getting deals **across the finish line**, but it's what happens after the big **announcement** that is most important. As Investopedia describes, there are numerous obstacles to success:

**Time and again**, executives face major **stumbling blocks** after the deal is **consummated**. Cultural **clashes** and **turf wars** can prevent **post-integration** plans from being properly **executed**. Different systems and processes, **dilution** of a company's brand, **overestimation** of **synergies**, and a lack of understanding of the target firm's business can all occur. This tends to **destroy shareholder value** and decrease the company's stock price.

Takeovers **gone wrong** – like Microsoft's famous \$7 billion **blunder** with Nokia - are **legendary**. But for every big failure, there's a success. Think about Facebook's purchase of Instagram, or Google's **masterful** takeover of YouTube. Even if we've seen some **slowing** in the **M&A** world in recent years, the strategy isn't likely to disappear as a **modus operandi** in the tech world. As Christopher Auld, head of finance at Stifel Financial Corp, points out:

Mergers and acquisitions slowed **substantially** in 2022 as companies **faced** a mix of financing challenges, including rising **interest rates**, a **pullback** in **leveraged finance**, bond-market **jitters** and the possibility of a **recession**. But many companies adapted, **structuring deals** to **sidestep market volatility** and minimize financing costs. In doing so, they provided a **glimpse** of what's likely ahead for deal making this year, bankers and advisers said. "The M&A market is not going to stop. It just doesn't work that way. What it does is it **evolves**."

## **Vocabulary**

**Takeover:** The acquisition of one company by another. "The big tech company initiated a takeover of the small startup business to control their technology."

**Hostile:** Aggressive and unwelcoming, often in gaining control of a company. "After rejecting their attempts to buy us, our competitor launched a hostile bid to take us over."

**Entrepreneur:** An individual who starts and operates a new business venture. "She's a tech entrepreneur who founded a successful healthcare startup company."

**Niche:** A specialized market segment with a targeted audience. "The company succeeded by finding a niche for eco-friendly packaging."

**Mergers and Acquisitions / M&A:** Combining companies through mergers or acquisitions. "The CEO announced an aggressive M&A strategy to grow the company by acquiring others."

**Growth strategy:** A plan to expand market presence. "Our growth strategy involves opening international offices."

**Personality:** The unique aspects of a person or their approach. "Her assertive personality made her ideal for leading projects."

**Ego:** A sense of one's own importance. "My manager's big ego makes it hard to work with him."

**News cycle:** Duration of news events in the media. "Did everyone forget about yesterday's big news already? Wow, the news cycle moves so fast."

**To buzz:** To be very lively or active. "Social media is buzzing since Taylor Swift announced her new worldwide tour."

**Shake-up:** A significant reorganization or major changes within a company or organization. "Recent financial losses led to a management shake-up, resulting in the appointment of a new CEO."

**To found:** To establish and create a new enterprise or company. "They founded the startup with a vision to totally change the e-commerce industry."

**To take on:** To undertake or accept a challenge or responsibility. "The marketing team took on the ambitious project to expand into new markets."

**Disillusioned:** Feeling disappointed or dissatisfied after having high expectations. "Employees became disillusioned when they saw little progress in implementing their new ideas."

**Perceived:** Seen in a certain way. "The perceived problems with the management team aren't nearly as serious as people think they are."

**Bias:** Prejudice or favoritism towards or against a person, group, or idea. "The team worked to remove any potential bias from their advertising campaigns."

**Content moderation:** The process of monitoring and managing user-generated content on online platforms to ensure compliance with guidelines. "Social media platforms employ content moderation to remove harmful or inappropriate content posted by users."

**Revolution:** A significant and transformative change or development. "The invention of the internet brought about a digital revolution that impacted the way people communicate and conduct business."

**Bloodbath:** A situation marked by significant losses or a high number of casualties, especially in a competitive context. "When investors lost confidence, several banks experienced a bloodbath, with people pulling their money out suddenly."

**To hone in on:** To focus or concentrate on a specific target or objective. "The marketing team honed in on their core audience to deliver personalized advertising messages."

**Direction:** The path or course taken by a company or project. "Under the new leadership, the company shifted its strategic direction towards sustainability and innovation."

**Lean team:** A small, efficient, and cost-effective group of employees. "They operated with a lean team to maximize efficiency and reduce overhead costs."

**Disinformation:** False or misleading information spread intentionally to deceive. "We faced challenges fighting against the spread of disinformation about our products on social media."

**Trolling:** Deliberately upsetting people online by making comments you know will upset them. "Instead of trolling everyone you disagree with online, why don't you suggest some solutions to these problems?"

**Impersonation:** Pretending to be someone else, often online, with the intent to deceive. "Hackers have gotten into our social media accounts, and their impersonation of our staff is causing a lot of problems!"

**High-profile:** Receiving significant attention and visibility due to importance or public interest. "The high-profile product launch attracted media coverage and influential figures."

**Billionaire:** An individual with a net worth over one billion dollars. "James became a billionaire at a very young age when he sold the huge company he built."

**Pet project:** A personal project pursued for enjoyment or interest. "The CEO's pet project involved supporting local charities that work to help animals."

**Integration:** Combining different elements into a unified whole, often referring to technology systems or processes. "Our team is focused on the integration of the software across multiple devices."

**Individual:** A single person or entity. "Each individual customer's feedback was taken into consideration for product improvement."

**Entity:** A distinct and separate being, often referring to a company or organization. "Our little company functions as a separate legal entity from our parent company."

**To emerge:** To come into existence or become known. "The startup's innovative product quickly emerged as a powerful force in the market."

**Route:** A path or course taken to achieve a specific goal. "We are currently exploring different routes to enter international markets."

**To take over:** To gain control or possession of something, often referring to a company. "The large retail company announced plans to take over the struggling chain of shoestores."

**Numerous:** Many or a large quantity. "They attracted numerous attendees from various industries at the tech conference."

**To boost:** To increase or enhance something. "Our new marketing campaign helped boost online visibility and brand awareness."

**Revenue stream:** A source of income for a company. "We used to just sell products in-stores, but we've added new revenue streams, like online sales and a subscription service."

**Market share:** The portion of the total market that a company or product controls. "The new smartphone gained significant market share within a few months of its launch."

**Product base:** The range of products offered by a company. "We expanded our product base to cater to a wider range of customers."

**International presence:** The existence and activities of a company in multiple countries. "Our international presence has allowed us to serve multinational companies in all markets."

**Condition:** The state or situation of something. "They analyzed the market condition before launching their new product."

**To buy out:** To purchase a company or enough of it to control the company. "The competitor offered to buy out the struggling startup to gain access to its technology."

**Balance sheet:** A financial statement showing a company's assets, liabilities, and shareholders' equity. "The CFO reviewed their balance sheet to assess the company's financial health."

**Revenue potential:** The possibility of generating income or profits. "We analyzed the market to assess the revenue potential of our new product."

**Strategic:** Relating to carefully planned actions to achieve long-term goals. "The company made a strategic decision to enter the international market."

**Massive:** Extremely large in size or scale. "They launched a massive advertising campaign to promote their new flagship product."

**Behemoth:** An organization or company of huge size and influence. "The tech giant established itself as the industry behemoth through successful acquisitions."

**To dominate:** To have control or influence over a market or industry. "The company aimed to dominate the digital advertising space with its innovative platform."

**To cobble together:** To create or assemble something with various available resources. "The team cobbled together a prototype using existing components to meet the tight deadline."

**To wheel and deal:** To engage in smart and skillful negotiations or business activities. "In the competitive market, companies often wheel and deal to secure valuable partnerships."

**Acquired:** Purchased by another company. "We've promised all our acquired companies that we'll find a place for their best staff."

**Transaction:** The act of conducting business or a financial exchange. "The merger was a complex transaction that required careful planning."

**To procure:** To obtain or acquire something, often through official channels. "They procured the necessary licenses to operate in the new market."

**Majority:** The larger portion or greater number. "The majority of the shareholders voted in favor of the proposed merger."

**Startup:** A newly established and usually innovative business venture. "The startup secured funding to launch their innovative app."

**Patent:** Official legal protection given to an invention or intellectual property. "They filed a patent application to protect their groundbreaking technology."

**Talented:** Possessing exceptional skills or abilities. "The company recruited talented engineers to work on their cutting-edge projects."

**Ubiquitous:** Present or found everywhere. "Smartphones have become ubiquitous in today's society."

**Venture:** A business or project involving risk or uncertainty. "They embarked on a joint venture to explore new markets."

**To fizzle / To fizzle out:** To gradually lose momentum or interest and end without success. "The product launch initially showed promise but eventually fizzled out due to market competition."

**To sell off:** To dispose of assets or stocks, often for financial reasons. "They decided to sell off their non-core assets to focus on their primary business."

**To shutter:** To close down or cease operations, often referring to a business. "The company decided to shutter some of its underperforming stores."

**To take for granted:** To assume something will always be available without appreciating its value. "The team should not take their loyal customer base for granted."

**Across the finish line:** To successfully complete a project or task. "After months of hard work, they finally crossed the finish line and launched the new software."

**Announcement:** A formal statement or declaration, often made publicly. "The CEO made a significant product announcement during the press conference."

**"Time and again":** Repeatedly or frequently. "Time and again, they have demonstrated their ability to innovate."

**Stumbling block:** An obstacle or challenge that hinders progress. "The lack of funding proved to be a stumbling block in the project's development."

**To consummate:** To bring a deal or agreement to a successful conclusion. "They worked tirelessly to consummate the merger before the deadline."

**Clash:** A conflict or disagreement between individuals or groups. "The clash of opinions among team members delayed the decision-making process."

**Turf war:** A situation in which multiple parties compete for control over a specific area or domain. "The tech companies engaged in a turf war over market dominance."

**Post-integration:** Referring to activities or processes after combining different entities or systems. "Post-integration, the teams worked together seamlessly."

**To execute:** To carry out or implement a plan or strategy. "They executed the marketing campaign with precision and creativity."

**Dilution:** A decrease in the value or significance of something due to various factors. "The company experienced dilution of its brand identity after a controversial marketing campaign."

**Overestimation:** An act of estimating something to be larger or better than it actually is. "We are sitting on too much inventory as a result of our overestimation of consumer demand."

**Synergies:** The interaction or combination of multiple elements that produce a positive effect greater than the sum of individual parts. "The merger of the three companies created important synergies, leading to increased efficiency and reduced costs."

**To destroy:** To cause significant damage or harm. "The security problem had the potential to destroy the company's reputation."

**Shareholder value:** The value or worth of a company as perceived by its shareholders. "The management focused on strategies to increase shareholder value."

**Gone wrong:** When something doesn't proceed as expected and leads to negative outcomes. "The new product launch went wrong due to unforeseen technical issues."

**Blunder:** A serious mistake or error. "The marketing team made a blunder in the advertising campaign, leading to public outrage."

**Legendary:** Describing something with a remarkable or extraordinary reputation. "Their founder is considered a legendary figure in the industry."

**Masterful:** Skilled or accomplished in a particular area. "The CEO's masterful negotiation skills resulted in a favorable deal."

**To slow:** To reduce speed or progress. "We've slowed production of our Fontana line since materials have become more expensive."

**Modus operandi:** A particular way or method of operating or doing something. "Their modus operandi involved aggressive expansion and acquisitions."

**Substantially:** A lot, or to a great degree. "They increased their market share substantially within a year."

**To face:** To encounter or deal with a challenge or problem. "The company faced stiff competition from emerging startups."



**Interest rates:** The rates at which money is borrowed or lent, usually expressed as a percentage. "Fluctuating interest rates can impact borrowing costs for businesses."

**Pullback:** A decrease or reduction in activity or spending. "The company decided on a pullback in investments due to market uncertainty."

**Leveraged finance:** The use of borrowed money to finance business operations or investments. "They utilized leveraged finance to fund the purchase of the smaller company."

**Jitters:** Feelings of nervousness or unease, often related to uncertainty. "Investors experienced jitters when the market starting going up and down wildly."

**Recession:** A period of economic decline, typically characterized by reduced economic activity. "The company navigated through the challenges of the recession."

**To structure a deal:** To design or arrange the terms and conditions of a business agreement. "They collaborated to structure a deal that would benefit both parties."

**To sidestep:** To avoid or bypass something, typically a problem or obstacle. "They found a clever way to sidestep the regulatory hurdles and get the project done."

**Market volatility:** The degree of fluctuation and instability in financial markets. "Investors were very cautious due to the market volatility."

**Glimpse:** A brief or quick look at something. "The leaked images gave a glimpse of the upcoming changes to the new BMW."

**To evolve:** To develop, grow, or change over time. "We continually evolved our product offerings based on customer feedback and market trends."

## Language Review

### A. Collocations

Match words from each column to make collocations found in the article.

|                 |                    |  |
|-----------------|--------------------|--|
| 1. Turf         | a. for granted     |  |
| 2. Balance      | b. stream          |  |
| 3. Revenue      | c. rates           |  |
| 4. Interest     | d. war             |  |
| 5. Stumbling    | e. deal            |  |
| 6. Across       | f. block           |  |
| 7. To take      | g. the finish line |  |
| 8. To wheel and | h. sheet           |  |

### B. Vocabulary Quiz

- One approach to growing a company is through \_\_\_\_\_ and \_\_\_\_\_.
  - Disinformation and trolling
  - Entity and integration
  - Mergers and acquisitions
  - Entrepreneurs and giants
- Which of the following words does NOT refer to one company purchasing another company?
  - Buy out
  - Acquire
  - Hone in on
  - Procure
- Which of the following words means to bring a deal to a successful conclusion?
  - Consummate
  - Integrate
  - Overestimate
  - Leverage

4. To get a deal done, a person or company might try to \_\_\_\_\_ any \_\_\_\_\_.
- a. Structure / jitters
  - b. Sidestep / stumbling blocks
  - c. Shutter / transactions
  - d. Cobble together / market share
5. Which of the following is NOT something you want to avoid when merging two or more companies?
- a. Blunders
  - b. Culture clash
  - c. Turf war
  - d. Synergies
6. Which of the following words refers to a kind of change? [choose 2]
- a. Evolve
  - b. Revolution
  - c. Condition
  - d. Massive
7. If something can be found everywhere, then it is...
- a. legendary
  - b. masterful
  - c. ubiquitous
  - d. disillusioned
8. An entrepreneur is someone who \_\_\_\_\_ a company.
- a. Buys out
  - b. Finds
  - c. Shakes up
  - d. Sells off

## ***Answers***

### **A. Collocations**

**1/d, 2/h, 3/b, 4/c, 5/f, 6/g, 7/a, 8/e**

### **B. Vocabulary Quiz**

**1/c, 2/c, 3/a, 4/b, 5/d, 6/a, b, 7/c, 8/b**