



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