

MERGERS AND ACQUISITIONS MARKET ANALYSIS

Apple & Disney



Introduction

In this report, I have taken the mergers and acquisitions dataset from Kaggle (refer GitHub for the link to the same) and have attempted to derive key insights from the data presented. I used Python and the code is available in a Google Colab notebook link to which can also be found in GitHub.

More importantly, I have connected these insights to real world developments that prove the consistency and significance of these figures. I believe that such analysis would be useful to understand the previous trends and what went right/wrong for these companies during different stages.

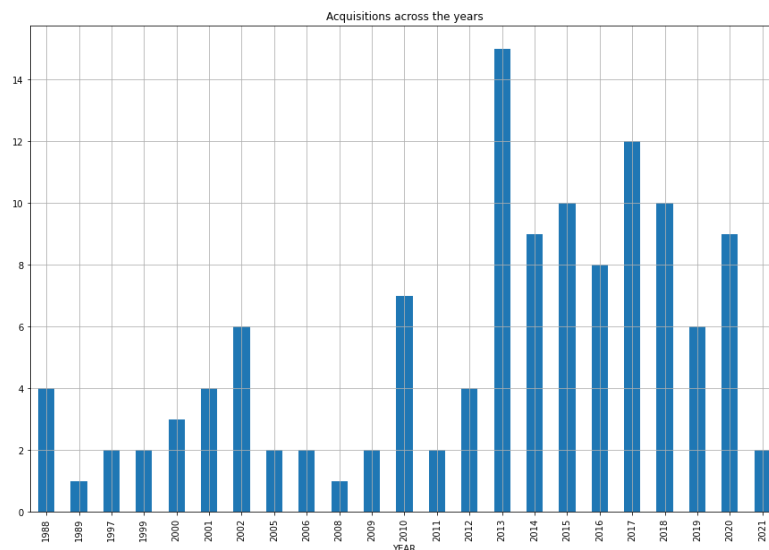
I have consolidated these findings in a concise manner in the following report. Given that any large dataset is prone to small inaccuracies like missing values, I have tried my best to account for the same. The report is organised in the form of key topics and side by side comparisons for both Apple and Disney.

Shootup in number of yearly acquisitions

Apple

Apple has displayed fluctuating patterns of acquisitions over the past few decades. However, in the year of 2013 there seems to have been a disproportionately large increase in the number of acquisitions. Apple made 15 acquisitions in that year, 7 of which remain undisclosed. This was the year Apple ousted tech giant Google in their acquisitions. One look at the backgrounds of the companies they acquire reveals their simple and tested strategy - capture smaller companies that create technology that fit into Apple's product line.

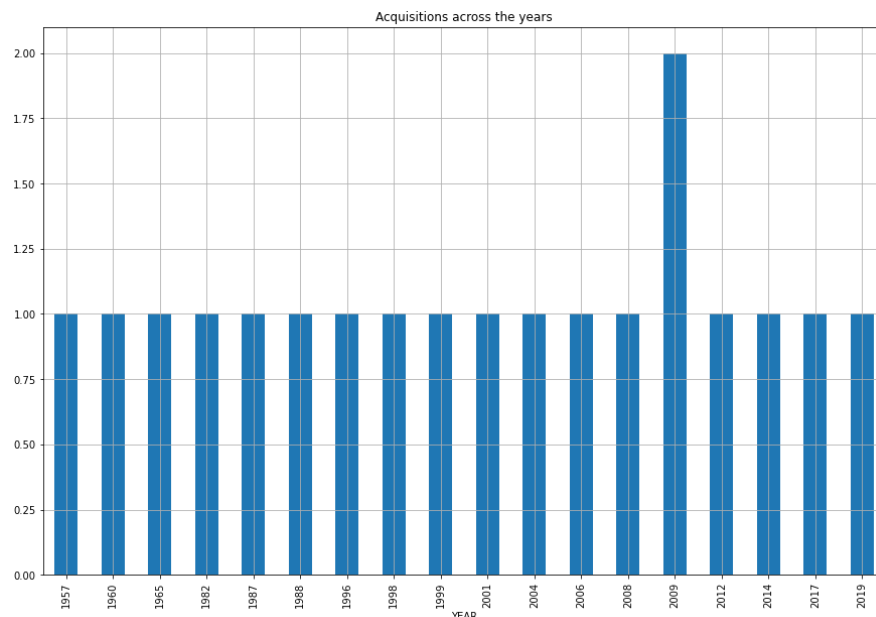
It is interesting to note that Apple Maps was released in 2012 and went on to replace Google Maps as the default maps service. Apple went even as far as temporarily removing Google Maps from their App Store to get more users onboard. Their acquisition of WiFiSlam, a Silicon Valley Startup which develops ways to detect a phone's locations indoors using WiFi signals in the subsequent year of 2013 is very telling of their motives to displace Google Maps as the popular choice.



Disney

Disney seems to have followed a very regular pattern of acquiring one company every year. In 2009 alone, they acquired two companies that are not just ANY companies. They were Marvel and Hulu, two already famous and established companies. The Marvel Acquisition proved to be very expensive for Disney. They ended up pricing it at 37 times its estimated 2009 earnings. A lot of analysts have

stated that the move will help them connect with the young male demographic which was something they were lacking in recent years.



Acquisition Price numbers

Though Apple has made considerably more acquisitions, Disney seems to have made higher priced acquisitions with their mean price almost 60 times more that Apple' s.

Costliest Acquisitions

Apple

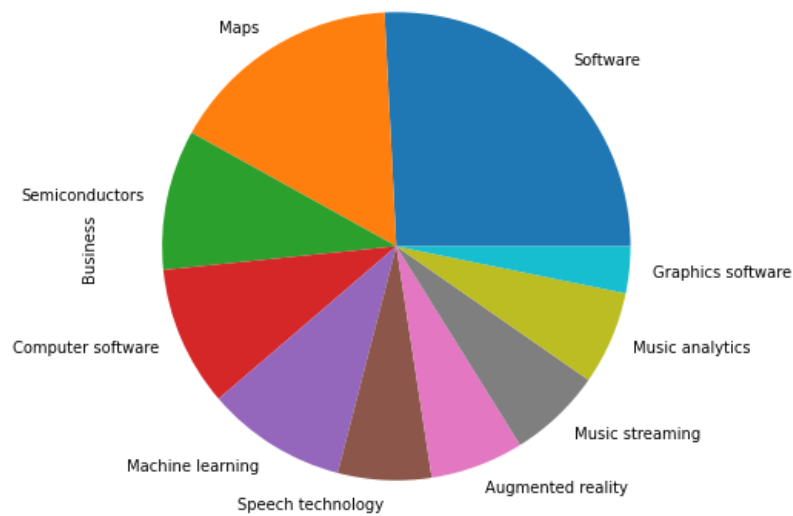
Beats Electronics, a headphones and music streaming company was acquired by Apple in 2014 for 3B USD.

Disney

Disney purchased 21st Century Fox, an American mass media company in 2019 for 71.3B USD.

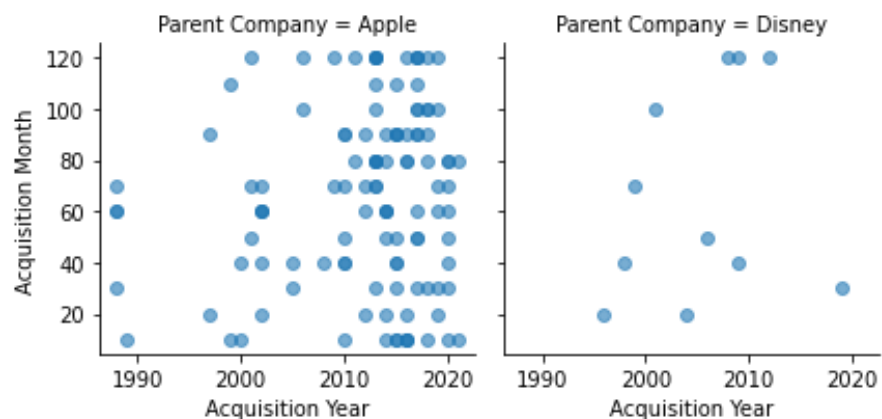
Business Categories

The pie chart depicts the top 10 categories Apple has shown an interest in when it comes to the kind of companies they acquire. The top 3 are Software, Maps and Semiconductors. Again, as we have observed earlier, they still lag behind Google maps technology despite them acquiring 11 maps tech companies till date.



One significant point of difference between Apple and Google's acquisition strategy is that Google allows the startups it acquires to remain as a standalone service while Apple does not allow them to do so, completely incorporating the company into its own. Take for instance Firebase, which is a part of Google's cloud story.

Monthly trends



The most lucrative months for Apple is during the year-end holiday season – October, November and December. During these months their priorities will mostly tend towards pushing for maximum sales and pricing strategies. The scatter chart depicting the frequency of monthly acquisitions over the years also stays consistent with that fact. As we can see, most of the acquisitions seem to be concentrated in the months before October.