

High-Tech Mergers and Acquisitions

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Overview

The course presents the opportunity to study in detail the process of high-technology mergers & acquisitions (M&A), by focusing on acquisitions of small, technology-based entrepreneurial firms, by established, large technology firms. We will study the sources of value creation in this type of acquisitions, and compare them against those of alternative strategies. Participants will gain insight into the various stages of the acquisition management process, building on the relevant strategic, financial and organizational aspects. Our analysis will cover the different perspectives of both the acquiring and the acquired parties, as well those of their various stakeholders (founders, employees, venture capital investors, and others). Additionally, attention will be focused on the difference between value creation and its capture by the various parties in M&A transactions. The course will also deepen the participants' understanding of high technology industries, their characteristics, and strategies for gaining and sustaining competitive advantage in such industries.

Course structure

The course will be taught using lectures, class discussions, reading materials, case studies and a final project. Since the course is based largely on in-class learning experiences, participants must attend class, be well prepared and participate in class discussions.

Course Texts

The course is based on the following textbooks:

- Course Pack - a compilation of articles, book chapters and case studies.
- Optional - Haspeslagh P, Jemison D. 1991. *Managing Acquisitions*. The Free Press, New York.

Grading

All students are required to read the relevant reading materials and case-studies for each class, hand in **all** case study analyses, and submit a final group project. Your grade is established as follows:

Participation/contribution	10%
Case write ups (groups of four)	30%
Final group project (groups of four)	60%

Class Participation

Students are expected not only to attend all classes, but also to actively participate by significantly contributing to in-class analysis of cases, as well as any other type of class discussion. To increase opportunities for effective participation, I will cold call a student either to open the class discussion or during one. Roll is taken at the beginning of each class.

Case Study Preparation

- Case write-ups should be sent via email to the Teaching Assistant and to me no later than **8pm on Tuesday, the evening before class** in which the case is discussed.
- The case write-ups should address the specific questions posted on the web. Analysis of financial and other data should be presented in appendices.
- The case write-up should not exceed 3 pages (font size 12, 1 inch margins on all sides, not including appendices). A paper longer than that will lose points. Short, accurate case write-ups are expected.
- References should be given accurately whenever you quote someone else's work.

Final Project

- The final project is a group assignment. Students should work in the same groups of four formed for the case studies.
- The group project is intended to be a hands-on experience of dealing with the managerial challenges involved in the various stages of the acquisition process. You will serve as consultants to the acquirer, propose a novel acquisition initiative and justify it.
- Every group will choose two firms in high-technology, an acquirer and an acquisition target. I expect both the acquirer and the target you choose to be publicly traded, so you may have access to data.
- Students are required to submit the names of participants in the group and the proposed project for approval. Please justify your choice and the strategic rationale behind the acquisition, and send your proposal by email before the second class.
- A week before the project presentation session you will be asked to send a short abstract containing the highlights of the presentation.
- The last class will be devoted to project presentations. Each group will make a short presentation (6 minutes, instructions will be provided in class) in which all group members will participate in describing the strategic rationale of the acquisition, the proposed price, and the planned post-merger integration. During that time the audience will serve as the top management team of the acquirer, evaluate the proposal and ask questions.
- After the last class you will be required to submit a report. Again, your report should take the perspective of advisors to the acquirer, and have two main parts:
 1. A detailed proposal prepared for the management of the potential acquirer, presenting the proposed acquisition, the strategic rationale for the selected opportunity, and the price range for this acquisition.
 2. Assuming the management of the acquirer has approved going forward with the merger, identify the approach to take in the implementation phase, and prepare a detailed integration plan.

Class Schedule (changes possible)

No.	Date	Subject	Readings
1	23.02.11 8:15-11:00	Introduction to M&A rationale.	<ol style="list-style-type: none"> 1. Bower JL. 2001. Not all M&As are alike – and that matters. <i>Harvard Business Review</i>, 79(3): 92-101. 2. Collis D, Montgomery C. 1998. Creating corporate advantage. <i>Harvard Business Review</i>, May-June: 71-83.
2	02.03.11 8:15-11:00	Target valuation. Value creation and value capture. Choice of governance mode. Case Study #1	<ol style="list-style-type: none"> 1. A note on “Valuation Techniques” (Stanford University Note, S-E-53). 2. Optional: Barney JB. 1988. Returns to value creation in acquisitions: a re-examination of performance issues. <i>Strategic Management Journal</i> 9: 71-78. 3. Reuer J. 2000. Collaborative strategy: the logic of alliances. <i>Mastering Strategy</i>, FT Prentice Hall. 4. Case Preparation* (Write-up required. Questions are posted on Virtual)
3	09.03.11 8:15-11:00	Post-merger Integration The HR side of Technology-grafting Acquisitions Case Study #2	<ol style="list-style-type: none"> 1. Haspeslagh P, Jemison D. 1991. <i>Managing Acquisitions</i>. Chapter 8. The Free Press, New York. 2. Puranam P, Singh H, Zollo M. 2003. A bird in the hand or two in the bush? Integration trade-offs in technology-grafting acquisitions. <i>European Management Journal</i> 21(2): 179-184. 3. Case Preparation* (Write-up required. Questions are posted on Virtual)
4	16.03.11 8:15-11:00	Commercialization of Technological Innovations. The Entrepreneur's and VC's Angles Case Study #3	<ol style="list-style-type: none"> 1. Chaudhuri S, Tabrizi B. 1999. Capturing the real value in high-tech acquisitions. <i>Harvard Business Review</i>, September-October: 123-130. 2. Teece DJ. 1986. Profiting from technological innovation: Implications for integration, collaboration, licensing, and public policy. <i>Research Policy</i> 15: 285-305. http://www.mbs.edu/home/jgans/tech/Teece-1986.pdf 3. Case Preparation* (Write-up required. Questions are posted on Virtual)
5	23.03.11 8:15-11:00	Commercialization of Technological Innovations. The Entrepreneur's and VC's Angles Case Study #4	<ol style="list-style-type: none"> 1. Chaudhuri S, Tabrizi B. 1999. Capturing the real value in high-tech acquisitions. <i>Harvard Business Review</i>, September-October: 123-130. 2. Teece DJ. 1986. Profiting from technological innovation: Implications for integration, collaboration, licensing, and public policy. <i>Research Policy</i> 15: 285-305. http://www.mbs.edu/home/jgans/tech/Teece-1986.pdf 3. Case Preparation* (No write-up required)
6+7	30.03.11	Double Session - Project Presentations	Presentation Abstracts