

A CASE STUDY APPROACH ON STRATEGIC IMPERATIVES OF SOFTBANK: SYNERGY IN ACQUISITION OF ARM HOLDINGS

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ABSTRACT

This paper presents the strategic imperatives of cross border acquisitions and their synergy in the technology era. Technology has become the most intensive weapon to achieve strategic capabilities and gain core competencies to achieve ownership advantages as global company with huge investments all over the world. This case study is supported through a heuristic approach by taking the case of cyber keiretsu SoftBank group's acquisition of global technology licensing leader ARM holdings. The study also entails the synergies of the strategic intent perspective of two market leaders by looking at their micro and macro environments. The need for organization to maintain its stakeholders are addressed focusing on mission and goals. The importance of sustainability and how the vision of the participating companies can be achieved is clearly addressed by analyzing resources and capabilities. The drivers of strategic change is challenging to the stakeholders especially when there are chances of changes in organizational structure and design. The importance of strategic management in change awareness by the top management is more critical during acquisition as it addresses situations of resistance and conflict. This is clearly addressed by the organizational learning of the vision which can be made possible only with the help of analytics. The heuristic approach of the case study helps to have a clear understanding of the strategic imperatives of the acquisition of technology based companies which helps in achieving core competencies especially through the concept of Internet of Things(IOT).The heuristic case study approach has helped to address the key relationships of technology acquisition in a different level which helped the study to address the change implications and post-acquisition performance from the viewpoints of both the companies through key process indicators in the analysis and evaluation of gathered data and strategic report of both the companies. This study is a consolidated account of how technology acquisitions are the next era where strategic management is gaining significance for top level management for change awareness.

Key words—acquisition, synergy, change management, post-acquisition performance

1.INTRODUCTION

The 21st century has seen the most rapid evolution of management due to the continuous changes in technology. One of the most important issues in management is to adapt to these changes which is possible only by an effective strategic management which brings together the operations of product and process in line. It is very important to evaluate its importance on performance for business success (Hayes, Wheelwright, and Clark 1988). It is very essential to maintain a good strategic capacity to long-run a competitive position. The academics and practitioners are working hard to maintain the international technology management to its highest standards. Companies used to focus on financial and marketing factors based on their corporate strategy thereby neglecting technology which resulted in many of the fortune 500 companies to diminish from the list of those reputed companies. The last two decades have seen that companies have moved towards advancing their technological standards by giving importance to technology in building their strategic imperatives. This has helped many corporates in the modern world to stabilize their existence as market leaders in the industry which clearly states that repositioning technology as the strategic imperatives to the most ideal business planning process. Strategic management has become most important in integrating strategic planning into the business strategy especially when the capacity of technology and information is unimaginable.

The performance of business in the new era is highly dependent on its capacity to plan its product and process stages. The effective combination of product and process development will likely increase the output from both states Hayes, Wheelwright, and Clark (1988) along with Jelinek and Schoonhoven (1990). Acquisition in strategic management is unavoidable when it comes to technology. A study conducted by Kodama in 1992 argue that the risk of participation over non participation in technology is much higher. This clearly has an impact on the importance of short term strategy over long term strategy in the technology era. The presence of the research and development department in firms are of great importance, but they may not always give the strategic imperative which a company need when required. Therefore the impact of an external acquisition which firms can make is greater when two companies who are willing to align their long term strategy and vision together to work for the attaining their goal as market leaders in a globalized world. An acquisition of a market leader in technology is not always possible which means a superior value position has been created by the acquiring firm for its stakeholders.

2.COMPANY OVERVIEW & ACQUISITION STRATEGY

2.1.SOFTBANK GROUP

SoftBank group is a Japanese holding conglomerate that is well known as a global technology investor in artificial intelligence and technologies that are working towards the betterment of the society. The vision of the company itself states that it works towards the betterment of the humanity. The CEO of the company is Masayoshi son wo is well known for his betting on future technologies. He is a visionary leader who has proved in the last four decades in investment in the technology sector. He has always worked in efficient investment of technology and is a good marketer of technology starting from his first sales of pocket translator which he developed and sold to Sharp Inc in the 1980's. Under the leadership of Masayoshi Son, SoftBank group attained an aggressive growth through his focus on strategic imperatives through technology investments. The leaders visions to make the group the most needed by the people around the world was continuously focused by its eagle-eyed technology investments around the world. SoftBank group has pioneered on acquisition strategy through its leaders vision and have made timely investments in technology business and innovative business models using technology. The group has also brought up a long term vision for the next 300 years which will be attained by creating and co-creating partnerships with the technology leaders of the respective era. The vision of the group can be the benchmark of proactive approach towards a sustainable strategy in business by strategically forming synergy with the best in the market thereby evolve as sustain the position as market leaders. The CEO named it the 'cluster of number ones' strategy which will have the world's best artificial intelligence companies which can control the whole market from healthcare to transportation & logistics. The SoftBank group positions its strategic imperatives on investment and future potential. The groups approach is strategically simple which can be stated as "we know that you will grow ,but together we can grow aggressively and sustainably for long-term" which is not easy for anyone with a long term vision to stay away from synergy. As stated by Capon and Glazer (1987),the acquisition of technology from firms saves time and effort.

Table 1 History of SoftBank

Year	Main management topics
1981	SOFTBANK Corp. Japan established. Commenced operations as a distributor of PC packaged software.
1995	Invested in The Interface Group of the USA, which operates COMDEX, the world's largest PC fair.
1996	Established Yahoo Japan Corporation through joint investment with Yahoo! Inc. in the USA.
1996	Acquired Ziff-Davis Publishing Company, US publisher of PC Week magazine, providing leading-edge information on the PC industry.
1996	Became the principal shareholder of Yahoo! Inc. (USA).
1998	Listed on the first section of the Tokyo Stock Exchange.
2001	BB Technologies Corporation (currently SoftBank BB Corp.) launched commercial service of Yahoo! BB comprehensive broadband service.
2004	Acquired shares of JAPAN TELECOM CO., LTD. (currently SoftBank Telecom Corp.), made it a subsidiary and entered the fixed-line telecommunications business.
2005	Basic agreement reached with Alibaba.com Corporation (China) and Yahoo! Inc. (USA) to establish a strategic partnership in China.
2006	Acquired shares of Vodafone K.K. (currently SoftBank Mobile Corp.) through a public tender offer and made the company a subsidiary, thereby entering into the mobile communications business.
2007	SoftBank Mobile Corp. launched White Plan, a new price plan for mobile communications services.
2010	SoftBank Mobile Corp. announced the release of iPad.
2010	Unveiled 'SoftBank's Next 30-Year Vision'.
2012	Agreed with Sprint Nextel Corporation (USA) (currently Sprint Corporation) on strategic acquisition.
2016	Acquired English semiconductor design firm ARM

Source: Information compiled from the website of SoftBank group

During the acquisition of ARM holdings, the group of SoftBank was comprised of the holding company SoftBank corp. and the total number of subsidiaries was 739 until the financial year ending March 31, 2016. The group had always worked out on synergy looking at the future of the industry and invested. At the time of acquisition, SoftBank group who was concentrating on the telecom carrier business after the acquisition of the Vodafone Japan in 2006 was looking at cross-selling opportunities. The businesses connected with the telecom carrier were smartphone manufacturers and smart chip manufacturers which utilized the sole concept of IOT and artificial intelligence which are the core business of ARM holdings as chip designers who can bring the 'paradigm shift of human history' as believed by Masayoshi Son, CEO of SoftBank group.

2.2.ARM HOLDINGS

ARM Holdings is the leader of the semiconductor IP licensing technology. ARM has covered almost 95% of the telecom and internet industry with its semiconductor chip designs and have been an important part of the technology era. The chips licensed by ARM form the vital part of smartphones, sensors, servers or any intelligent devices functioned with the help of a chip. They have placed themselves as the best in the industry with their energy efficiency and industry best standards with their state-of-the-art facilities of IoT and Artificial intelligence. They have placed themselves in a niche where even the world's richest smartphone manufacturers who are their prime customers did not even dare to acquire them due to their wide customer base. These smartphone manufacturers include Apple, Samsung, Huawei who are the leaders in telecom and internet technology. ARM Holdings is based in Cambridge, UK and have started with the success of making of the BBC microcomputer in the 1980's. The company was a joint venture with the Apple computers for developing chips and have finally attained this position with its continuous development in the technology industry. ARM also has its US corporate office in the Silicon Valley and various countries around the world making timely investments for growing its business according to its client base all over the world.



Source: ARM strategic report 2019

The technology industry is a fast paced growing environment which goes through continuous changes. ARM has done its best to make sure that the business runs on a scale which needs to get ample revenue for its investment in Research and development to keep its competitive edge as market leaders. It is very necessary for a company to look at sustainability of its business on a long term especially in this technological era wherein we see the disappearance of pioneers in the industry who have failed to do the same. It is very difficult for a company to focus on the shareholders and R&D at the same time in a fluctuating market. ARM with its exposure to the chip designing and the amount of big data which flows through their chip designs are very well aware about how analytics can be used for functioning of their business in times of uncertainty. This was very well understood at the time when the then prime minister Theresa May was taking charge and Brexit uncertainties was shaking the company headquartered in Cambridge, UK.

3.SYNERGY IN ACQUISITION STRATEGY

A conceptual framework comparing Porters value chain analysis of both the companies developed by Payne in 1982 for acquisitions was used for effectively bring out the synergy in acquisition. With its performance in 2015,it was a sure bet for an investor to invest into the public offerings of ARM holdings. ARM at the same time had to take strategic decisions to make sure that its long term visions are protected even at times of uncertainty with Brexit and a potential economic slowdown. Working with market leaders in various fields of business has already made ARM one of the best in moving ahead with its strategic decisions to protect the interests of its stakeholders. In June 2016, Masayoshi Son of the great Japanese conglomerate SoftBank group approached ARM with its intention of Acquisition. This was a time when ARM has outperformed on its sales and the revenues have increased by 15% in the previous year and the earnings per share was good for its shareholders. The confidence of the board in its business was at its peak as they have approved the buyback of 9million shares from the market. The new strategy was to do a long term investment in its research and development of networking infrastructure, artificial intelligence and IOT.

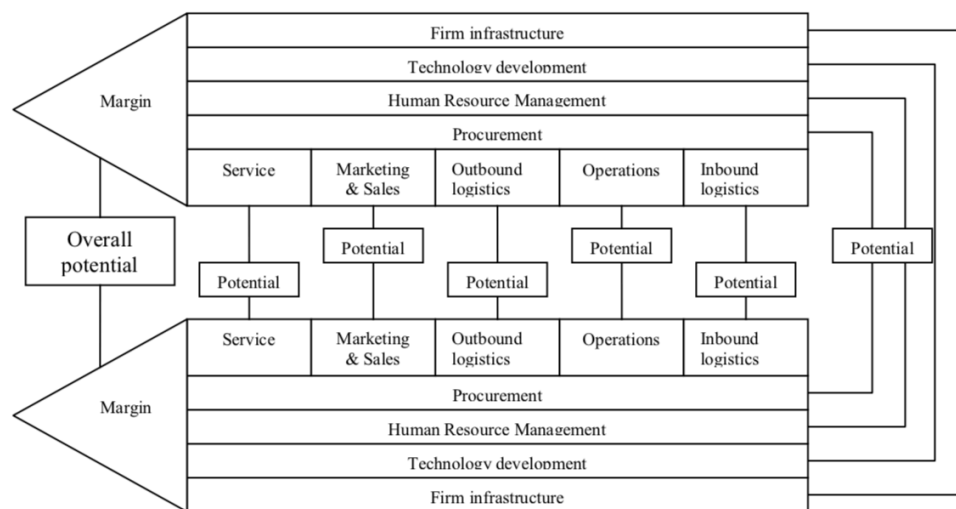


Figure: Conceptual framework for identifying potential synergies in Acquisition(Payne,1982). This idea is used to show the advantages of comparing porters value chain analysis for identifying synergies which can be used in mergers & acquisitions or any cases to find synergy where an association is necessary between two companies.

SoftBank group since its acquisition of Vodafone Japan in 2006 is working with the telecom carrier business which involved smartphone ,manufacturers and internet technology. The CEO at the time of acquisition, Mr. Simon Segars was in touch with Mr. Son from 2006 since the acquisition of Vodafone Japan by SoftBank group. In course of a decade ,both companies have grown so huge with a long term vision. Strategic management of acquisition of technology companies are very complicated especially when they are market leaders and its impact on shareholders needs to be considered. There was synergy in the long term vision of both the companies and the asking price was agreed by making the shareholders of ARM quiet with a premium of 43% on its shares which was analyzed overpriced by many financial analysts in the market and an added advantage of Brexit uncertainties. The CEO of SoftBank who is very well known for future betting in technology was behind the potential acquisition of IoT revolution researches which ARM could monetize on a long run. By this time ARM has covered almost 95% of the mobile and computing devices all over the world.

BUSINESS MODEL CANVAS : SOFTBANK

🔑 KEY PARTNERS	✓ KEY ACTIVITIES	💰 VALUE PROPOSITIONS	♥️ CUSTOMER RELATIONSHIPS	👥 CUSTOMER SEGMENTS
Subsidiaries Equipment manufacturers Network operators Content providers Entertainment industry Distribution Partners IT Capabilities developers and integrators Media Other telecom Regulatory agencies Devices manufacturers SoftBank co-designed Pepper a humanoid robot with Aldebaran Robotics Investments as a shareholder (Sprint Corporation, Supercell, OlaCabs, Snapdeal, Housing.com, Coupang, GungHo Online Entertainment, DramaFever, ARM Holdings, Paytm, Didi Chuxing Technology Co ...) Acquisition of Vodafone K.K. Yahoo Japan segment Developers	Marketing Customer service and support Content acquisition Creation and diffusion of content Anti-churn campaigns Deployment and maintenance of infrastructure IT capabilities development and maintenance Traffic management Network operation Billing R&D Investments Energy projects Manufacturing	To contribute to people's happiness through the Information Revolution and to become the corporate group needed most by people around the world An internet based innovator operating a wide range of sector-leading businesses Fixed line and mobile telephony Internet services Digital television Wi-Fi Multipack Diversified portfolio Communications oriented Pepper robot Renewable energy provider Distribution and ARM segments	Acquisition Retention Recommendation-based model SoftBank Wi-Fi Spots are available almost everywhere in Japan My SoftBank Online shopping Social Media Customer service Brand awareness Users community Quality	Personal and business users Mobile "prepaid" segment Mobile "postpaid" segment Large corporations Advertisers Manufacturers of devices (for Brightstar)
8	6	7	4	1
🔑 KEY PARTNERS	⊕ KEY RESOURCES	2	✂️ CHANNELS	3
	Network infrastructure and coverage IT capabilities Partnerships and alliances Employees Mega Solar Power Plants Wind Power Plants Financial capacity Base of customers Diversified structure Acquisitions Innovation and talent		Branches Call centers Websites Regional and local branches Retailers Digital and physical stores Regional offices Dedicated sales teams (Brightstar) News Events	
🔧 COST STRUCTURE	★ REVENUE STREAMS			
Procurement Copyrights Royalties and licenses Content acquisition Licenses Network investment Network deployment and maintenance IT capabilities development and maintenance Interconnection costs Energy	Advertisements fees Subscription fees Service fees Commissions (Alibaba) Sales of devices Sales of Pepper robots Return of start-ups investment Energy sales Distribution services Semiconductors sales			

source: compiled using vizologi business canvas website

With SoftBank having its investment all over the world in various fields which involve network infrastructure and internet, ARM was becoming the center of knowledge synthesis rather than

becoming a short term monetary gain. To achieve its vision, ARM had to heavily invest in research and development which is difficult when it is publicly listed company. SoftBank ideally synergized with the vision of ARM by withdrawing the company from its IPO and invested heavily in its R&D to focus more on its vision without stressing on operational margin .This was an added advantage for chip designing company to focus more on monetizing the future which was the main aim of SoftBank. At the same time , they agreed the business to be headquartered in Cambridge with increasing the number of employees to attain an aggressive growth which would not have been possible without a potential investor who envisages a long term gain. The parent group company did not disturb the organizational structure nor its culture and it was left independent as there was synergy in vision of the company and its new owner.

BUSINESS MODEL CANVAS : ARM LIMITED

🔗 KEY PARTNERS	✓ KEY ACTIVITIES	💡 VALUE PROPOSITIONS	♥️ CUSTOMER RELATIONSHIPS	👥 CUSTOMER SEGMENTS
Softbank (owner) Investors Acquisitions (Micrologic Solutions, Axy's design automation, Sensinode, Allinea Software ...) Research partnership with University of Michigan Service providers Suppliers Semiconductor vendors	IT creates and licenses its technology as intellectual property (IP) Designing and licensing GPUs CPUs SoCs Along with supplying tooling and various design and support services to their licensees 6	ARM offers several microprocessor core designs that have been "publicly licensed" 830 times including 249 times for their newer "application processors" (non-microcontroller) used in such applications as smartphones and tablets Companies often license these designs from ARM to manufacture and integrate into their own System on chip (SoC) ARM offers an "architectural license" for their instruction sets 2	Leadership Know-how Expertise High technology EDA and foundries 4	OEMs International electronics companies (AMD, Broadcom, Freescale, Huawei, IBM, Infineon Technologies, Intel, LG, Microsemi, NXP Semiconductors, Renesas, Rockchip, Samsung, STMicroelectronics, Texas Instruments, Nvidia, Microsoft and Apple) 1
	⚙️ KEY RESOURCES Intellectual Property Licenses Processor IP Physical IP System IP Software Development Systems Employees Internet of Things 7		📶 CHANNELS Website Offices Partners 3	
8				
💰 COST STRUCTURE	★ REVENUE STREAMS			
Engineering Product development Supplies Legal Patents Taxes Facilities Staff 9	Licensing 5			

source: compiled using vizologi business canvas website

With the entry of ARM under the umbrella of SoftBank marked a strategic shift for the Japanese group from telecom services to Internet of Things. The synergy could be greatly addressed with the speed and timing of introducing technology to the market which increased the positional advantage of both the firms. This is supported by Gold in 1987 that firms rely on external sources of technology for development of its product and process. This does not mean just because a firm acquire a technology rival company can solve the speed to market issue by producing new products immediately. This synergy was totally about a big foothold on sustainability as market leaders.

SoftBank group is expanded all over the world with their business which is similar to the chip designs which are distributed all over the world by ARM. Now it's an added advantage for supporting and accelerating the growth of the technology developed by ARM by just focusing on the R&D. This will definitely help in adopting the intellectual property across new global markets without any effort through the high expertise of the SoftBank group. Innovation is not always possible if funding and focus is diverted towards short term gains. SoftBank's synergy in its dedication towards innovation of ARM design will help them to sustain their focus on generating more licensing rights and royalties from its developed technologies especially in new growth sectors like 'enterprise and embedded intelligence'. A synergy may not identify an ideal acquisition when it comes to technology business which can become outdated anytime. Hence it needs continuous updating which sometimes end up in acquiring other technology firms to focus on continuity in technology innovation which can be disruptive in nature against emerging competitors. This was the main reason for keeping ARM as a non-listed company after its acquisition so as to avoid considering shareholders from the decision making process which involves investments on a long term which will be difficult to justify. Also the shared culture of both the companies who have invested in a technology oriented business, long term vision with focus on innovation and commitment to its stakeholders will be a commending strategic partnership which addresses one of the best synergies of technology companies of all time in finding future opportunities.

The long term vision of both companies can be achieved only through continuous investment in technology sector. SoftBank even though it is involved in huge businesses across the world will need a technical expert to invest in the right company which has a potential in the IoT era which is possible only through the expert advice of ARM. SoftBank which is one of the largest companies in the technology sector with its acquisition of ARM has worked out on its sustainability of its existence for future gains from the technology market. Sometimes synergy in strategic management of acquisition is highly regarded for timing of the product or service to be introduced to the market. The founder of SoftBank group with its almost 1000 subsidiaries is on its run to create a strategic portfolio of synergy which can be made possible with the help of IoT which can help them to quickly deploy capital which can help them to keep up a positional advantage and thereby avoiding time to market issue.

The long term strategy of withdrawing its IPO as a market leader and giving its ample space to develop its new technologies is a win-win situation for both the companies looking for a long term return. The withdrawal of IPO from UK trade market and uncertainties on where the company will be listed again will be one of the biggest events in the technology bull market where analysts have failed to find possible synergies during their acquisition in 2016. ARM reaped its profits as usual after acquisition thereby maintaining its existence as market leaders hence the offering will be widely addressed all over the world with the initial offering after its withdrawal in 2016 which can make Masayoshi Son to be the richest man like in 2000 before the dot com bubble where he lost almost 90% of his wealth. Strategic alliance with the 'cluster of number ones' is a speculation strategy which can be used to attract potential investors. The importance of Big data analytics in strategic management can be addressed through the acquisition of ARM holdings which will be used as the growth strategy in monitoring and regulating these huge number of subsidiaries with the help of IoT and Artificial Intelligence in chip designs distributed globally.

Sometimes it is very important to identify how country regulations and political scenario can be used as an advantage in acquisition strategies. This was a classic example showcasing the importance of acquisition and attaining synergy by utilizing the political environment. The acquisition took place during the uncertainty of Brexit and when the regulations were under EU law which could not have been possible after article 50 separation, as there are possibilities of investors and government opposing the decision of a UK based technology leader moving under the shade of a foreign ownership which is considered bad upon national interest.

Strategically liaising with the right financial & securities companies and legal advisers made this billion dollar acquisition to be one of the milestone achievements of the SoftBank strategy in creating a portfolio of synergy and thereby adding a market leader to the 'cluster of number ones' strategy. For ARM finding a strategic partnership may not be difficult, but a synergy of long term vision and commitment with multinational conglomerate with huge funding may not be possible when there are only very few companies around the world which can accommodate ARM holdings and its long term vision. Taking control of a technology giant who can control the future through IoT and its distributed chip designs all over the world will be looked forward as 'Winner takes all' strategy by SoftBank group which could be seen in our future starting with the first IPO and its progress through products and services offered.

4.EFFECTIVE CHANGE MANAGEMENT:POST-ACQUISITION STRATEGY

Technology acquisition especially for the new generation companies who are market leaders require highly effective change management which should not cause damage to any of the existing work culture post acquisition. Effective management of changes post acquisition is necessary for companies looking forward to a long term vision. While analysing the theory of changes during an acquisition, it is well noted that SoftBank has worked well on their change management approach before and after acquisition. In my analysis, Theory E and Theory O were identified for effectively managing the corporate changes in this acquisition. It should be addressed that no acquisition strategy runs by a unique effective change management strategy and firms have to widely address the critical issues for effective change management.

In this case, Theory E was used for increasing the shareholder value which they have successfully done with 43% premium on the shares. This made their shareholders happy with the strategic pricing strategy of SoftBank group. This led them to successfully completing the acquisition using the Brexit uncertainty and the complicated political scenario without disturbance from any shareholder and political interests. Financial analysts in the UK have tried their best through every possible media like internet, newspapers and magazines and every form of literature to bring this acquisition as no deal as it was against national interest and in the first look without any synergy as a wedding between telecom carrier and chip licensing company. In that short-time of a fast paced record acquisition of technology in Europe, analysts could identify only the tip of the iceberg. After the acquisition it was seen that the change management was tilting towards Theory O by withdrawing ARM from its status of a listed company to a non-listed company. This was the strategic introduction of change management Theory O, which was widely used by many successful technology companies like Microsoft, Intel, 3M in their post-acquisition era as the board of directors of ARM approved the acquisition mainly on the basis of Theory O which focused on improving the organizational capabilities. As a chip designer who focuses on licensing, they need to be working in a dynamic environment with continuous improvement in technology innovation and making sure they have funds to do the licensing on time. With the emergence of competitors every day in the technology market, it was very important for them to focus on their long term vision which should not be disturbed by shareholder interests. SoftBank approached this systematically through Theory O. This could be well addressed by focusing on change management through the following: *Strategic integration plan, Focus on vision, Managing cultural differences, Engaging employees, Client focused environment and Managing organizational structure.*

Strategic integration plan

SoftBank made sure that the acquisition goes on smoothly without disturbing the activities of both the groups. Even though it was a big value of money for SoftBank, it was not new for them as an investor company in technology markets. For ARM, it was totally new as they were shifting their management towards a cross-border ownership from a reputed UK market leader towards the guidance of a Japanese conglomerate. But the employees and the management was very well aware about the capacity of SoftBank in enhancing the organizational capabilities and to retain the headquarters in Cambridge, UK. Masayoshi Son, CEO of SoftBank group had a proven record for betting on technology investments had a positive impact in this acquisition and since then have welcomed Simon Segars, CEO of ARM into the board of directors giving ARM limited an independent segment in their business world.

Focus on vision

The board of directors of both the companies agreed towards this acquisition as there was synergy in their long term goals, vision and the policies followed in the long term technology investment in Internet of Things and Artificial Intelligence. Both CEO's were very effective in communicating their vision to their employees which helped them to reap profits without effecting each other as independent segment even after the huge acquisition in the financial years followed.

Managing cultural differences

Cultural difference are the main drawbacks of cross-border relationships in acquisition and it sometimes impacts in huge losses after changes in management. Hence the change management to be considered towards a technology investment for a cross-border acquisition was of high significance. SoftBank inspired the ARM segment by keep it an independent segment in its operations. Their involvement was mainly in funding its research & licensing operations and bringing them in contact with existing and new markets through their subsidiaries which was like a brilliant student studying in a top university under the best scholarship available to become the best in future. By doing this SoftBank has achieved the goodwill of its stakeholders.

Engaging employees

Sometimes the impact of cross-border acquisitions mostly impact the employees adversely. In the case of ARM ,Softbank gave them the best reliance by reducing the work pressure by assuring the promise of increasing its workforce aggressively. They have agreed on doubling the workforce across in its operations worldwide which made the employees more engaging and enthusiastic towards their job rather than towards their future. Within one year of its acquisition, they managed to increase more than 10% of workforce which helped the existing employees to engage more effectively with the vision of the company.

Client focused environment

With its promise on staying away from its operations and keeping it as an independent segment, Softbank was able to sustain the major clients of ARM who are competitors in their field to maintain good relations even after the acquisition. It would not have been possible without the decision of SoftBank to keep ARM limited as an independent segment. This has helped to reap profits even though they were not worried about an operating margin under the leadership of the Japanese group. The exposure of SoftBank with its nearly thousand subsidiaries and many of them into technology sector has helped both firms to work together and reap sustainable profits.

Managing organizational structure

Addressing the changes of organizational structure is one of the most important capabilities that firm should ensure post acquisition. This was clearly addressed before the acquisition to the board of directors of ARM that it will maintain its structure as it is with keeping its headquarters based in Cambridge ,UK. Raising the premium by 43% has silenced the need for a future concern as it is an exceptional return for its stakeholders who are inside the firm. As market leaders in their respective industries both of them have tried their best to retain talents and have been successful against the attrition even though emerging competitors are trying unfair and aggressive offers through talent pooling. Both firms have tried their best to achieve loyalty and commitment from their employees by working on the feeling of equality in their organizational culture.

5.POST-ACQUISITION PERFORMANCE

This has been studied over the years to understand the key issues of acquisition (Morosini and Singh 1994) and if the acquisition have helped to improve post-acquisition performance; (Schoenberg 2006; Tuch and O'Sullivan 2007).Completing a deal may be the beginning of managing the pre-acquisition expectations. The synergy found in their Vision around Artificial intelligence and Internet of Things is the future that every human being have to go through in daily lives from smartphones to cars. Softbank will become a part of every household through the technology of ARM which is going to be the brain of new technologies. This will create a competitive advantage for SoftBank which may control the world tomorrow through the billions of chips distributed throughout the world through ARM chip designs. The acquisition happened during the time of complexities of Brexit in the United kingdom when there was an economic and political unrest which in turn can impact with changes in regulations. Also the emergence of disruptive business models in technology sector made it very significant to understand the relevance of evaluating a post-acquisition performance. The evaluation was performed using data from news article, internet articles, journals ,annual reports and strategic reports of SoftBank group and ARM limited before and after the acquisition period with the data available from internet archives and the websites of both the companies.

The post-acquisition performance is measured by focusing on several indicators which can give a brief idea about the objective and subjective performance of the firms post-acquisition. Despite the advantages of the accounting-based measures as indicated by several authors there are several disadvantages, one of which it can focus more precisely only about the past performance(Chenhall and Langfield-Smith 2007; Sudarsanam 2003).Also difference in accounting performance measures followed by different studies is another factor for its avoidance. The stock market based approach can only indicate about the period of knowledge about the acquisition and during the completion stage. In this case the acquired company ARM was withdrawn and is now a non-listed company which focuses on a long term vision under Softbank. They have informed that the company will be listed again by 2023 which will have a great impact on the technology share trading environment. As it is a long term plan it is difficult to comment as the strategic and operational decisions can make changes in the share prices of both the firms (Tuch and O'Sullivan 2007).Therefore subjective performance measures were used for evaluation which allowed multidimensional measurement which helps to include financial and non-financial performance indicators(Papadakis and Thanos 2010).ARM's exposure in the chip design and licensing and its relationship with the market leaders in the industry combining with the Japanese giant has a huge impact on its post-acquisition performance. This impact of acquiring companys previous accumulated experience on post-acquisition performance was studied over years (Harding and Rovit 2004; Hayward 2002; Haleblan and Finkelstein 1999; Leshchinskii and Zollo 2004).The size of both companies are another factor which is also considered and can lead to better post-acquisition performance as Martynova et al. (2006) suggested that the likeliness of larger companies to attain better financial and operating synergies which leads to better operating performance.

Some identified indicators for evaluating the post-acquisition performance are addressed to identify their synergy in acquisition:

Competitive advantage has increased

ARM has a clear-cut competitive edge against the competitor Intel with this acquisition as they are now free from the concerns of shareholder interests and can focus well on its innovation funding and licensing safely under the banner for Softbank. For SoftBank who is in a wide range of telecom carrier and internet businesses all around the world have the clear cut advantage of fair play from its competitors who are customers to ARM holdings and vice-versa.

Sustainability in growth

ARM has outperformed the expectations under the holistic leadership of softback group without implications of funding or pressure from shareholder interests. SoftBank with its agility through the ARM analytics is focused on investing in technology and real estate around the world. This has led to ARM focusing on its existing and new clientele network which can reap profits in future.

Enhancing productivity measures

The acquisition has improved the productivity of ARM as they have increased the work force and with more exposure from SoftBank with new client network have found a synergy in increasing productivity from investment and new clients through its subsidiaries around the world. Doubling the workforce was one the promises offered by SoftBank at the time of acquisition and which have enhanced the operating performance.

Product & Process innovation

Both the companies have had positive impact in product and process innovation .this is a synergy situation for SoftBank who is involved in business wherein they have to deal directly with their end-to-end consumers and ARM who is not dealing end-to-end consumers directly. Having a highly skilled team specialized in Internet of Things and Artificial intelligence is an added advantage to use the big data analytics which can be gained from the direct consumers especially through its telecom and networking business around the world.

Increase in global customers

ARM already is a market leader in the industry which is working with the market leaders of the smartphones and technologies which involve the uses of chips and sensors. Joining hands with the global technology investor have given it an added advantage of increasing its existing clientele over its nearly 1000 subsidiaries of SoftBank which has the potential to gain more outsourced chip designing works from parent company alone.

Enhancing Workforce satisfaction

For ARM promise of doubling the workforce and the 43% premium in the buyback of shares gave a huge impact in ARM employee satisfaction regardless of sustaining their group headquarters in Cambridge, even though it had the capacity to transfer the headquarters to silicon valley of US or to Japan where the group is headquartered . For Softbank, the lottery was towards its subsidiaries involved directly into the technology business. This has helped them to increase the goodwill and loyalty of their employees thereby helping them to retain their best talents and reducing attrition which SoftBank was trying its best to work on.

6.CONCLUSION

As expressed in the viewpoint of academic scholars, the findings illustrate the importance of taking a broader perspective in a subjective performance measures rather than focusing only on the conventional methods of objectively analyzing the financial data alone while performing a technology acquisition. This will help to think beyond the need for relatedness and benefits of synergy which can be recognized on a larger scale rather than the conventional style of looking only to the data in annual reports. This thought has created a gap in the literature for many analysts who have written about the acquisition in 2016 who did not find much synergy in this acquisition and have concluded that the acquisition will not benefit each other as the acquirer and the acquired have no relatedness in finding synergy. The synergy in this deal can be negatively impacted if there is a reduction in the value of intellectual property which can happen with some disruptive innovation from emerging competitors. ARM has its presence in china with connections in significant revenue proportion towards semiconductor companies over there. The COVID-19 which was started in the Chinese market and the approach of Chinese government towards the containment of the virus has led to huge controversies in which china will have a negative impact in the global market. The world is looking for a substitute to china which will have to be taken care in due course of time before the company is listed back. The impact of COVID-19 on a company with huge subsidiaries will definitely have a negative impact which will take another year to get back to break-even. The revenue generation is widely dispersed especially with large amount of start-ups and the world's biggest vision fund under SoftBank will all have an adverse effect.

Both the companies have a huge number of customer base and enterprise products which can nullify the present conditions as most of the investments are oriented towards the future where Internet of things and Artificial intelligence are of key significance. A significant amount of damage in brand reputation can affect the SoftBank for damage of its vision fund through betting on start-Ups like UBER ,OYO &We Work which will have a negative impact in this Covid-19 emergency where all the real estate giants have crashed. This too shall pass for SoftBank who have cleverly identified the future and have created synergy with the best possible company who shares a long term vision and have some of the best performers through their 'cluster of number ones' strategy. The post-acquisition performance can be well studied and many of the synergy will come to limelight after the economic slowdown which will impact globally but with ARM as the center of technology will bring back SoftBank its glory on a long run .We cannot live in this world without getting connected through internet. This will be the impact when we start depending on the Internet of Things(IoT), Artificial Intelligence (AI) and connectivity era. The strategic imperatives of technology acquisition are well addressed through synergy in acquisition and the post-acquisition performance through subjective performance measures as it is the best possible way to highlight the relatedness of a synergy especially during a global emergency like COVID-19 when numbers are of less relevance.

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