

What's next for Twitter?

Article

The news: Elon Musk, who has a **9.2% stake in Twitter**, made an [offer](#) to buy the social media app for **\$43 billion** last week. Twitter's board is now on the defensive, enacting a [poison pill](#) defense to keep Musk at bay, [per](#) Reuters.

How we got here: The Tesla and SpaceX CEO's unsolicited takeover bid came after he rejected a board seat and fired off a series of [controversial tweets](#) (which have since been deleted), including one [asking](#) "is Twitter dying?"

- The disruptive [bait-and-switch](#) tactics and incendiary statements have sent Twitter's stock price into a tailspin while increasing [pressure](#) on Twitter's board to respond.
- Despite the Vanguard Group turning into the [largest Twitter shareholder](#) with **10.3%** ownership, it is a conglomerate, not a single shareholder, making Musk the primary individual

shareholder.

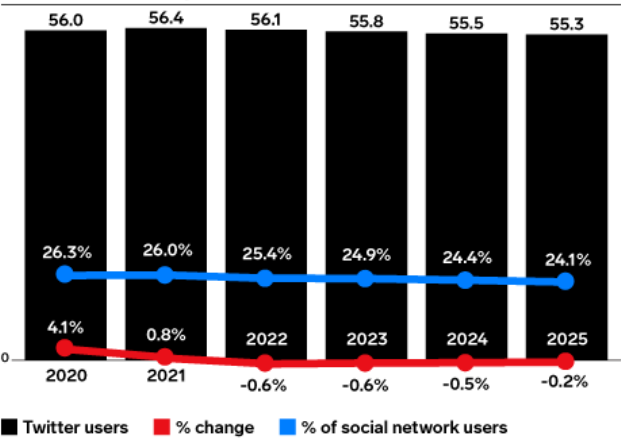
- “His buyout offer is **\$54.20 per share in cash**, well over the \$30 recommended sale price,” said **Baruch Labunski**, CEO at **Rank Secure**, a digital consultancy firm. “The only way to stave him off is to have another buyer offer more. That likely won't happen with Twitter losing users and ad revenue dollars.”
- Musk could also be shoring up support to improve his chances for a takeover bid. “A potential partner could be **Silver Lake co-CEO Egon Durban**,” Labunski said. “He already has \$1 billion invested in the social media platform. Durban and Musk are friends, and Durban even represented Musk in some business deals.”

What's next? The poison pill prevents Musk from owning more than 15% of the company without its consent, which buys Twitter some time but also risks losing Musk's interest and his shares.

- In context, the Tesla CEO said if his offer is rejected, he might “need to reconsider (his) position as a shareholder,” a palpable threat to dump his shares. The move could trigger other shareholders to cash out of Twitter, reducing its value.
- “Shareholders need to look to the fundamentals of the company such as continued monetizing of accounts, innovation delivered to advertisers, and the future of social media as a platform to see beyond the long shadow cast by Musk at this time,” said **Abe Kasbo**, CEO of **Verasoni Worldwide**, a marketing consultant to Fortune 500 companies.
- With Twitter seemingly under siege and scrambling to respond as its value fluctuates, there's an opportunity for other Big Tech companies, like **Oracle** or Microsoft, to swoop in and make a bid to acquire it, which could present a new set of challenges during a time of heightened M&A regulation.

US Twitter Users, 2020-2025

millions, % change, and % of social network users



Note: internet users of all ages who access their Twitter account via any device at least once per month
Source: eMarketer, Nov 2021
eMarketer | InsiderIntelligence.com