

# Twitter's year of turmoil and unpredictable future

## Article

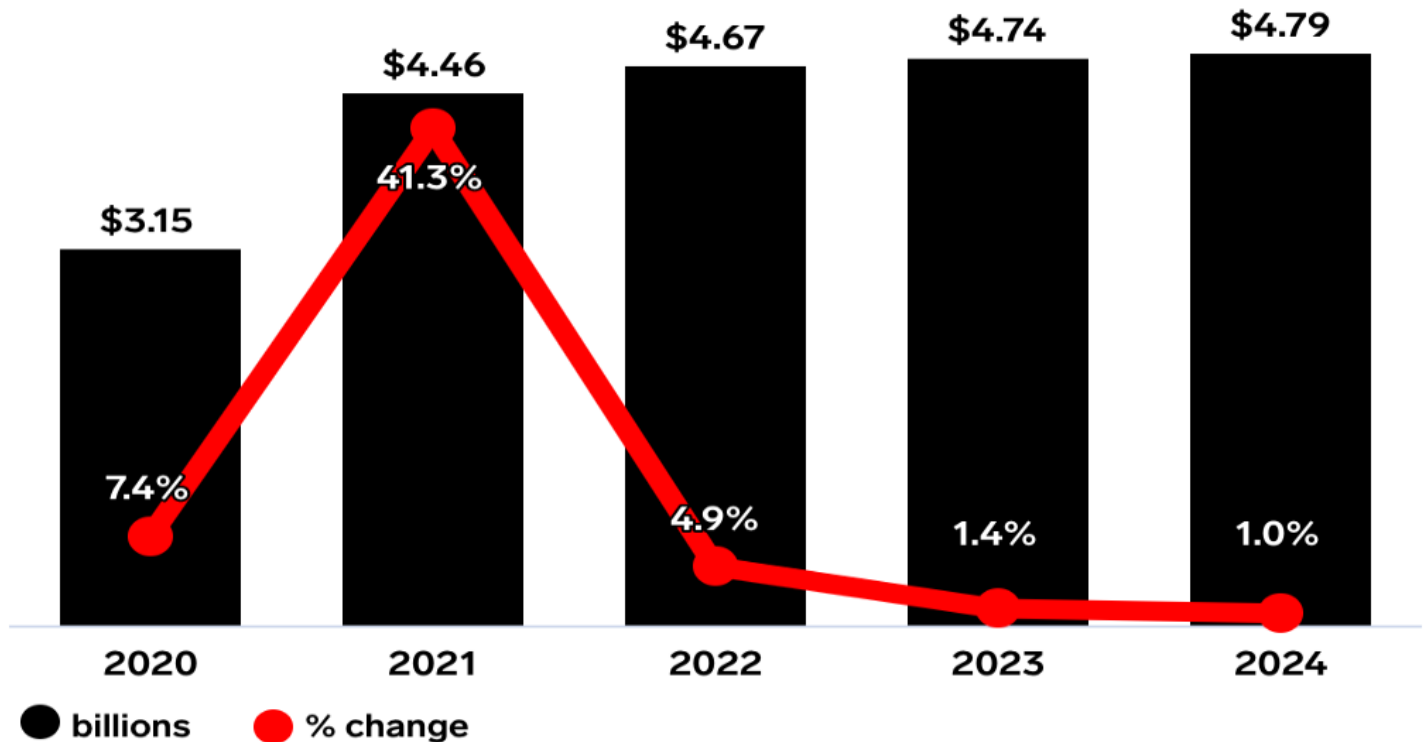
**The biggest news in tech:** Drama began brewing at the beginning of 2022, when **Tesla CEO Elon Musk** started buying **Twitter** stocks, eventually hitting a 9% share of the social network at the beginning of April. [Musk made an offer to buy Twitter](#) outright for **\$43 billion** on April 14.

- Musk obtained [\\$25.5 billion in debt financing](#) from a bank group including **Morgan Stanley, Bank of America, Barclays, MUFG, Societe Generale, Mizuho Bank, and BNP Paribas**. The remaining funds would come from equity, including **\$12 billion** in margin loans against Musk's Tesla stock.

- Musk attempted to back out of the deal in July.
- His public dispute with Twitter and its leadership in the months since the initial offer [negatively affected its personnel](#) and advertising ambitions.
- **Twitter filed a lawsuit against Musk.** The trial was slated to start on October 17.
- **Musk avoided the trial and bought Twitter** on October 27.
- In early November, [Twitter cut 3,700 of its global staff](#), or roughly half of its employees, via email.
- Musk justified the firings as necessary. “Unfortunately there is no choice when the company is losing over \$4M/day. Everyone exited was offered 3 months of severance, which is 50% more than legally required,” [Musk said in a tweet](#).

## Twitter Ad Revenues

Worldwide, 2020-2024



Note: Exchange Rate; paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Twitter presence; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; ad spending on tablets is included; excludes SMS, MMS and P2P messaging-based advertising; data for 2014 is based on company reports  
Source: eMarketer, October 2022

eMarketer | InsiderIntelligence.com

**Citizen Musk:** Altruistic free speech aspirations aside, purchasing Twitter gave Musk political leverage similar to **Rupert Murdoch's** purchases of the **New York Post** in 1976 and **The Wall Street Journal** in 2007. And **Jeff Bezos** bought **The Washington Post** for \$250 million in 2013.

- Musk's rationale for buying Twitter: He wanted to make it a private company and **allow people to speak more freely on the service**. "Twitter has extraordinary potential. I'll unlock it," Musk wrote in a letter to the board.

- In the case of Musk, he fired key executives, dissolved Twitter's board of directors, and became the sole authority, making executive decisions on a whim.
- Despite initial claims to restore free speech on the platform, **Twitter under Musk has deplatformed detractors, [banning journalists](#) and [competitors](#).**

**A rocky start as Musk sinks in:** Once the world's wealthiest person, Musk now owns one of the world's largest megaphones and has imposed his will on how it operates, essentially giving him the ultimate bully pulpit, which he has exercised with impunity.

- While Musk tried to reassure Twitter's advertisers that he wouldn't loosen content moderation policies, reports that [sexist and racist slurs exploded](#) on the platform by 500% over the first weekend had advertisers worried.
- [Mass firings, rehiring, an advertiser exodus](#), and ad-hoc user bans have punctuated Musk's ownership of Twitter.
- Earlier this month, Twitter abruptly [fired](#) its **Trust and Safety Council**, established in 2016 to make the platform more civil and safe, while reinstating tens of thousands of [previously banned accounts](#).
- Attempts to [win back advertisers](#) did little to stop [50 of Twitter's top 100 advertisers](#) from leaving the platform.
- Regulators in the **EU, France, and Germany** [voiced concern](#) over journalist account bans and could push forward with investigations on **Media Freedom Act** violations.
- Musk [ran another of his Twitter polls](#) asking followers "Should I step down as head of Twitter?" The voting concluded with 57.5% voting yes, 42.5% voting no. Musk said he is seeking a suitable CEO as he steps back in the near future.

**Twitter stumbles, Tesla suffers:** Recent SEC filings revealed **Musk sold 22 million more shares of Tesla, valued at \$3.6 billion.** That brings the total amount of Tesla stock that Musk has sold this year to \$23 billion, per [Insider](#).

- Twitter's [failure to pay office rent](#) and other bills makes imminent bankruptcy more likely. And Musk leveraging Tesla stock to keep Twitter afloat could tank the EV company's value.
- "Elon abandoned Tesla and Tesla has no working CEO," said **Leo Koguan**, Tesla's third-largest individual shareholder. "Tesla needs and deserves to have a full-time CEO."

**Predictions for 2023:** Investors prefer stability and control over drama and unpredictability. Musk's tenure at the helm of Twitter has been chaotic and could erase value of two companies in the coming year.

- **A reckoning is inevitable, and Elon Musk will have to divert his attention back to Tesla,** which is by far the more profitable business. There's no telling how much damage has been done to Tesla's value and how long it could take to restore it.

**Twitter will continue to lose users at the bottom and advertisers at the top.** While it still retains some influence, there is an opportunity for alternative social media apps to offer a safe haven for fleeing users.