

# Twitter in Transition - Social Media Platform Bought by Tesla Ceo Elon Musk

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## Abstracts

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### SUMMARY

Tech billionaire and Tesla CEO Elon Musk is close to completing his acquisition of Twitter for \$44Bn after acquiring funding from various banks, including Morgan Stanley and Barclays. It is thought that around \$20Bn will be provided in cash equity from Musk himself. The deal has attracted great media attention as it involves the purchase of a social media with over 215 million daily users and has prompted questions over whether large social media platforms that have become integral to modern society should be owned by one person, particularly as legislators consider implementing frameworks for content moderation.

### KEY HIGHLIGHTS

Elon Musk has reportedly had a bid for Twitter accepted in the region of \$44Bn, at \$54.20 per share. The deal is set to become the second-largest buyout in history after the Texas Energy buyout for \$45Bn in 2007. Unusually for a deal of this size, Musk is preparing to hand over around 75% of the fee in cash as opposed to the typical leveraged buyouts common at this price point. \$13Bn will be borrowed and transferred onto Twitter's books.

Musk insists the move to acquire Twitter is not financially motivated and emphasized that 'this is not a way to sort of make money.' Instead, Musk claims to be motivated by the public interest in the platform and the value of Twitter as a 'de facto town square.' To protect this setting, Musk says the

social media platform should be more transparent, particularly over its algorithm.

Musk insisted that the acquisition was motivated by a desire to ‘unlock Twitter’s potential’ rather than exploit the platform for profit. Musk has continued to emphasize that his ultimate goal for Twitter is for users to have ‘the reality and the perception that they’re able to speak freely within the bounds of the law.’ In order to achieve this, Musk believes Twitter should ‘open source the algorithm,’ in order to maximize trust and ensure continued availability of the platform.

Musk intends to decrease Twitter’s reliance on advertising revenue to generate cash flow. In order to supplement forgone revenue from this change, Musk proposes charging a fee when a third-party website quotes or embeds a tweet from verified individuals or organizations. Other proposals include reducing the price of Twitter Blue to increase adoption, the platform’s premium service, which currently costs \$2.99/month.

While many criticisms have been pointed at Musk’s proposals for Twitter and Musk’s opinions on free speech and content moderation, some have brought to light the hypocrisy of the takeover itself. Jack Dorsey, now former Twitter CEO and co-founder, tweeted soon after the deal was announced that ‘Twitter is the closest thing we have to a global consciousness.’ He continued, stating his regret over the advertisement model that the company had adopted under his leadership. Dorsey went on to state that he ‘doesn’t believe anyone should own or run Twitter.’

## **SCOPE**

Why is Musk trying to buy Twitter?

What might be the consequences of this?

Might he be stopped?

## **REASONS TO BUY**

What is the Musk Twitter Deal?

How serious is it?

Is it beneficial for Twitter to be taken over?

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