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Strategic Process of Mergers and Acquisitions Market Plans

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Abstract - Merger and acquisition activity in India is booming, the percentage of cross-border transactions has risen significantly. Flow of FDI's is greatly encouraged with enactment of new laws and tweaking of existing policies. In the IT sector phenomenal growth of cross-border transactions is recorded. Foreign online firms are focusing on companies in the digital space to gain access to skilled talent and a burgeoning market. However there are factors that need to be ascertained in order to fine-tune the ecosystem to be more attractive to the investor community. What emerges from these facts is that the country's regulatory regime has to be thoroughly reviewed in order to devise measures to fine-tune it optimally for the growth and prosperity of the country's IT sector. The two biggest obstacles in the way of completing a merger or an amalgamation remains the often long drawn procedure required for the sanction of a scheme of arrangement and achieving a culture synergy between the combining entities.

Keywords - Mergers, acquisitions, IT industry, and market plans.

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INTRODUCTION

The world's business community is now at the center of such trends as fast technical advances. We've seen the launch of innovative brands on the market over the last couple of years. The over-capacity problem here, in reality, seems to have been neglected completely because of the very fundamental law of supply & demand. Against this backdrop, companies need to reinvent ways to deal with the industry's harsh reality. Should development be reduced or completely discontinued and depend entirely on vigorous branding, or should the new rivalry arise as the "last person?" The name of the game is economic benefit and competitive edge. The business mix is one strategy that businesses choose to expand and absorb a greater market share that is tried and checked.[1]

Merger involves the merger of two or more companies through acquisition, whereby one company's name persists while the others are disbanded. The key factors for the acquisition deals are market position, strategic benefit, improved sales, uncertainties and product diversification. It is clear that the global financial downturn has contributed to a large rise in fusions and acquisitions. Companies used this mix to establish a strong presence in the market and not just for competition purposes. This has caused the industry environment to change significantly.

The story revealed five phases in which fusions and acquisitions took place. The first movement in fusions took place in the beginning from 1897 to 1904. And at this point, there was a fusion of industries who want a monopoly on their production lines, such as railway, energy, etc. This wave took place in the shape of horizontal fusions which took place in heavy industries. Much of the fusions visualized in this process fail since the optimal output could not be achieved. In the next step of fusions, the emphasis was on the unification of market sectors for the oligopolies rather than monopolies between 1916 and 192 9. Technological growth, as in the context of the obligatory facilities needed for such merger or takeover, takes place as development of railway and transport vehicles.[2] the second wave of fusions was the principal horizontal or natural conglomerate. The main suppliers of metals, food, petroleum goods, transport machinery and chemical products are those sectors that have merged at this stage. Fusions and purchases have been facilitated by investment banks. The second round of fusions led to the financial market crash of 1929 and the Great Depression. The tax advantages granted in 1940 prompted the merger. During (1965-69), on the other side, the fusions were mainly conglomerated. Fusions have been funded by equities, investment banks have little further substantial position to perform. With the breakup of conglomerates in 1968 the third round of mergers is done. This occurred as a result of the conglomerate's poor growth. In comparison to the third wave of fusions, a fourth wave of fusions, which started in 1981 and concluded in 1989, marked by a target acquisition, the wren. The fusion of the petroleum and gas sector, the pharmacy, the banking and airline industries took effect. The 4th round of variations against rules against absorption. The Fifth Wave of Fusions (1992-2000) inspired globalization, and a wave of fusions led to deregulation. This fusion wave was primarily in the banking and telecommunications industries. Any of them is financed by capital instead of debt funding.[3]

Concept of Mergers and Acquisitions

Mergers and acquisitions are a way to get to 30 by adding together 10 and 10. One coin has two faces: mergers and acquisitions. There are two types of mergers and acquisitions: those in which two or more firms merge into one, and those in which one buys another. As a result, the terms and conditions of a merger or acquisition might be favorable or unfriendly. In the end, just one business is formed in any scenario. Both mergers and acquisitions are geared toward development, expansion, and profit generating. The assets, shares, or both can be purchased or allocated as part of M&A.[4]

Types of Strategic Alliances

Companies now have a variety of alliance options at their disposal. Based on their goals, companies can choose from among these options. There are four distinct sorts of strategic alliances listed in the table below, each with its own unique set of characteristics. Strategic and financial considerations were examined in a number of academic fields as part of the research. The worth of fusions to a company is a major consideration for many researchers. These analysts have attempted to explain the link between M&A and corporate success by evaluating the variations in shareholder valuation. For the most part, researchers focused on the reasons why businesses purchase research into the impact of acquisitions on results. Company procurement may be broken down into four distinct categories: profit formation; management self interest; environmental factors; and firm features.

Acquirers are expanding their financial resources into new markets while also strengthening capital in developed regions. Research and development is becoming increasingly important in high-tech businesses due to rising pricing, increased competition, and rapid technological advancements. Companies will then form a network of M&A acquisitions to gain access to external technology sources. Also considered by strategic managers was the interplay between purchasing motivations and the environmental circumstances of industry. However, Folta shows that environmental instability increases the risk of collaboration over acquisition, which is contrary to Schilling and Steensma's findings. A further investigation has looked into how environmental circumstances impact the chances for businesses to purchase goods and services. Using environmental data, scientists have discovered that external governance systems have an impact on the acquisition probability.[5]

Companies use M&A strategies to grow and maintain their market share. Technology can also have an impact on a company's acquisition strategy. Managers should utilize acquisitions as a creative tool since they provide them the opportunity to expand their present capital while also tackling new business sectors. Companies in the offline world employ acquisitions to increase their profits by acquiring the restricted Internet-based services of other enterprises. There are a number of ways in which a company might utilize inventive capital from a target firm. Thus, M&A is viewed as a key component of an integrated partnership portfolio. Consideration is given to the variables that should guide procurement operations while utilizing global technology procurements.[6]

It's important to note that the RBV places more importance on a company's unique productive capital than it does its single market position. With the concept of "technical positioning," Stuart showed how organizations' relative technological capital and capabilities impact their ability to form beneficial strategic alliances, as well as when and how much they may do so. Alternative acquisition methods and collaborative procedures, according to Hoffmann and Schaper-Rinkel, were influenced by three categories of variables: environmental factors, transactional characteristics, and organization characteristics. To better understand M&A plans at the company level, an integrative framework that takes into account the firm's placement in the sector, its technological positioning, and the business world is needed.[7]

Stages of Mergers and Acquisitions

The process of Mergers and Acquisitions go through following stages.

Table 1: Stages of Mergers and Acquisitions

S No	Stages	Features
1	**Review**	This stage includes the setting up of the intent of Mergers andAcquisitions, looking for opportunities, looking for synergies,finding the gaps and analyzing the market.
2	**Hunting**	This stage includes the hunting of right partners and right agenciesthat will assist across the process of amalgamation.
3	**Valuation**	This stage includes the proper valuation in terms of culture,technology, philosophy, finance and political environment.
4	**Intercession**	This stage calls for all the parties to sit together and share the intentand expectation and hence measuring the cost and looking for mutual benefits.
5	**Final Verdict**	Once everything is finalized the amalgamation takes place. In this stage the specific mangers need to communicate the objectives andnecessary action should be taken in terms of training and development.

M&A Strategies: Technological Positions and Industry Environment

The study centered on strategic and financial choices involved in acquisition measures in many academic areas. Many researchers based on whether fusions bring value to a business. These analysts have aimed at analyzing the shifts in shareholder valuation to explain the connection between M&A and company performance.[8] Researchers concentrated mainly on the why

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businesses chose to purchase research into the impact of acquisitions on results. Whereas there are diverse explanations for company procurement, the following can be divided into four different categories: profit formation, management self-interest, environmental considerations and firm characteristics.

In addition to strongly reinforcing capital in developed regions, acquirers are extending resources to new areas. Rising prices, business speed and dynamic technical advances in high-tech industries are pushing the energies and strategic capabilities of individual companies toward internal research and development. Companies will then form an accessible innovation network to obtain external technology sources by means of M&A. The interaction between the motives of organizations purchasing and the environmental conditions of industry was also discussed by strategic managers. Schilling and Steensma report that environmental insecurity broadened the chance of licensed acquisitions, but Folta shows that the risk of cooperation over acquisition improved through environmental insecurity. Further study has examined how environmental conditions affect the opportunities for business procurement. In analyzing environmental conditions, scientists find data regarding the effect on acquisition probability of external governance systems.[9]

Companies pursue M&A tactics to enhance and sustain their presence on the industry. Companies can also affect their acquisition behavior, depending on technologies. Managers should use acquisitions as creativity, as they allow managers to tackle new areas of business while extending their current capital. Offline companies use acquisitions to achieve positive returns by acquisition of limited Internet organizations services from resource-driven and corporate learning perspectives. Increased companies should use innovative capital from target businesses by combining innovative resources or exploiting innovative capacity. This work therefore considers M&A as an important mode in an interconnected partnership portfolio. This paper reflects on what constitutes the guiding factors of procurement operation using global technology procurement.

The emphasis of the RBV is on a company's distinctive productive capital while the market place review stresses the focusing company's single market position. Stuart used the idea of technical positioning to demonstrate relative technology capital and capacity which affect whether companies have opportunities to build favorable strategic links[10] when and to what degree. Hoffmann and Schaper-Rinkel proposed that the choice between alternate acquisition methods and collaborative techniques had been affected by three types of variables environmental characteristics, transactional features, and organization characteristics. An integrative structure that takes into consideration the firm location on the sector, the technical positioning and the business world would be needed to better grasp M&A strategies at the firm level.

MERGER AND ACQUISITION STRATEGY

Firm Diversification

Companies usually combine and acquire with companies that are typically linked to a company then to diversify it and join companies with no expertise. Companies which combine with diversified companies will discover different advantages which with undiversified companies are not present. Diversification is a method that operates in multiple markets and diversifies in a manner that helps affect the valuation of the business and raises shareholder value. The justification for companies to use diversification as a tactic is to distribute the danger around the markets where it works.[11] Secondly, the markets in capital will welcome the company's multilevel operations along the diversification route leading to development and profitability in the company. However, there is a danger of fusions and acquisitions because it needs to evaluate itself for power and fatigue until it explores its wings in other sectors and markets.

Cross-Border Merger and Acquisitions

Internationalization is still one of the key tactics businesses are taking to spread their activities in foreign countries on today's sector. Cross-border deals are created in one region and combine in various countries through parent entity with its headquarters. Domestic fusions are simpler to carry out owing to their familiarization with all the companies concerned, rules, protocols and other considerations, but different complications are involved with foreign fusions. The rationale for companies to decide on cross-border fusions and acquisitions is that the decision to join and implement activities in a foreign nation is a time consuming one. In developing its own networks and supply chain a great deal of time and cost is saved. Different analyses have shown that cross-border deals have led to positive shareholder returns. published a US analysis demonstrating that cross-border transactions have produced tremendous wealth for shareholder acquisitions.

Market Positions: Leaders, Challengers, and Other Niche Players

The theory of the business structure, company strategic behavior and firm engagement is examined by industry organizers. Intriguing phenomenon, which has drawn the interest of both academics and parishioners are the apparently different trends of strategic tactics that business participants, rivals and others take in order to match their market positions and resources. Kotlerand Porter has used principles of market positioning techniques for players in different market roles, which have become common instructional materials for courses in competition and strategy management. Competitive tactics vary due to the competitive status of companies. This analysis line is focused on the premise that

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businesses can have separate market share strategies.

Industry executives, challenger businesses and small share companies typically explain how various competitive options are. There are three different categories of market positions.[12]Take the competitive steps in a focused sector through three categories of positioning strategic positions industry pioneer, market competitor and small shareholders. "Leader of the industry" is the company with the highest share of the competition in the sector in question. Usually, the chief leads other companies to change prices, introduce new products, and invest on promotions and other strategic steps. Businesses with a big market share are more likely than those with a limited market share to be profitable. A business with a strong, though not powerful, market share is referred to as the "market challenger." A tactic to beat the business leader is also an offensive one that the business competitor utilizes. The niche player is normally an independent business that doesn't deal with the major players but relies instead on a niche sector. Their products/services are tailored to unique consumer demands that the conventional industry cannot satisfy.

Mergers and Acquisitions in USA IT Sector

For the longest period, Mergers and Acquisitions in industrialized countries, especially the United States, have existed. Because of its favorable climate, geographic location, abundance of venture capitalists, startup platforms, and other factors, Silicon Valley, the headquarters of many Fortune 100 businesses, has experienced a high volume of mergers and acquisitions. Because of the importance of information technology in many industries, firms across the board are looking for the right partners to join forces with in order to get a competitive advantage in the marketplace. In addition to the ever-changing numerous trends, mergers and acquisitions are also affected. In any business, the future of the industry is decided by trends, which encourages enterprises in that sector to adapt their tactics to those trends. Because of factors such as climate, accessibility, business savvy, and access to necessary platforms, the physical location of organizations is important when discussing information technology. Silicon Valley, according to the findings, is far ahead of the rest of the country in terms of integrating various businesses from the IT sector. More deals are being done in Silicon Valley, but the price per acquisition is higher in other cities. Mergers and acquisitions in the banking and finance sector are more lucrative on the east coast since New York is the retail and banking capital of the world. Mergers and acquisitions in the technology sector are another significant development in the US information business. Mobile technologies, e-commerce technologies, Big Data, software & application development, and internet services follow closely behind in terms of the number of mergers and acquisitions taking place in the IT industry.[13]

Mergers and Acquisitions in Indian IT Sector

Even while M&A has long been an important phenomenon in the United States and Europe, it has only just emerged as a significant influence on Indian business in the twenty-first century. When firms seek to lower the numerous risks associated with their operations, improve or adjust their portfolios, or move their operations to the next level, it is clear from various sources that they should take advantage of emerging markets and cheaper labor and skills.[14] After the deregulation of LPG in 1993, mergers and acquisitions began to take place in the Indian setting. Over the years, Indian enterprises have made every effort to expand their presence in Western markets. Many of India's leading IT firms, such as Infosys, have bought Lodestone; Wipro has acquired Promax to strengthen its cloud footprint; and Emphasis, which was previously owned by HP, has acquitted numerous companies in the IT risk management sector. Hindustan Computers, Instruments, Reprographic and Software Limited (HCIL) are a conglomeration of four Indian companies. Because the Company's Act does not define the term "merger," the term "amalgamation" is chosen in the Indian context.[15]

CONCLUSION

Most IT companies state that the acquirer / resultant company can scale up post-merger / acquisition, most practicing lawyers / practicing company secretaries and practicing finance professionals emphasize that the acquirer can acquire prime customer relationships. Precisely because the acquire can expand its market reach following the merger or acquisition, a growing number of practicing attorneys, practicing company secretaries, and practicing financial experts are emphasizing it. Aside from that, no IT business respondents mentioned this issue. Mergers and acquisitions, as well as other forms of business restructuring, are affected by economic conditions in every region. The country's political system, its cultural profile, and the actions of the current administration are among the most important factors. For mergers to occur, several variables must be favorable. As soon as India's economy improves, it will once again be a popular location for mergers and acquisitions International mergers and acquisitions have a significant impact on foreign investment. International mergers and acquisitions provide many benefits, but they also have certain drawbacks.

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