

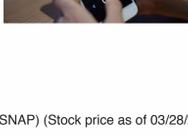
[View this email in your browser](#)

BOW Finance Newsletter

April 1st, 2021
Issue IX

M&A: Snap Acquired Fit Analytics

By Hannah Nguyen



Type of Deal: M&A

Industry: Social Media

Acquirer: Snap Inc. (Ticker: SNAP) (Stock price as of 03/28/21: US \$51.60)

Target: Fit Analytics (private)

Time Announced: 03/18/2021

Purchase Price: The companies did not disclose the size of the deal.

About Snap Inc.: Snap Inc. operates as a camera company in the United States and internationally. The company offers Snapchat: a camera application with several features that enable people to communicate through short videos and images. It also provides advertising products, including augmented reality (AR) and Snap ads.

About Fit Analytics: Fit Analytics is a Berlin-based start-up that lets people enter their measurements into a machine learning tool to find the right-sized apparel and footwear from online retailers. The company currently has more than **18,000** retailers and brands as users of its solutions.

Discussion:

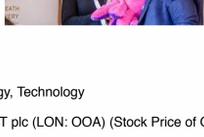
Product synergy: A big gap in the online shopping experience has been the inability to try something on. Fit Analytics and Snapchat's integrated AR filters would be a powerful tool to address that shortcoming. Fit Analytics combines the world's largest database of garment and fit information with hundreds of billions of dollars of purchasing records and consumer preferences, which is expected to enhance Snap's e-commerce technology business.

Reducing Snap's reliance on ad revenue: Snap's popularity, with **265 million** daily active users, provides the company with a competitive edge over competitors like Facebook and Twitter in attracting ad dollars. However, as Facebook and Apple enter the AR advertising business, Snap might lose its dominance in this space. Adding Fit Analytics will allow Snap to monetize through in-app purchases and reduce its reliance on ad dollars. It's a timely acquisition given the upcoming changes Apple is making to its privacy policies, which will make it harder for companies like Snap to track ad performance. Furthermore, Fit Analytics' existing relationships with several leading apparel brands and retailers such as North Face, Asos, Calvin Klein, Patagonia, and Puma, are also expected to attract ad dollars for the company in the future.

Targeting Gen-Z shoppers: Snap is helping advertisers reach millennials and Gen Z audiences, who are expected to become a dominant force in the workplace by 2030. In the United States, more than **75%** of the Gen Z population, comprising 13 to 24-year-olds, watch shows and publisher content on its mobile application. Thus, Snap's long-term push to bring more e-commerce and in-app purchases to its platform to serve a new generation of online shoppers seems to be a move in the right direction.

M&A: Octopus Energy Acquiring Octopus Renewables

By Aliya Kamran



Type of Deal: M&A

Industry: Renewable Energy, Technology

Acquirer: Octopus AIM VCT plc (LON: OOA) (Stock Price of OOA as of 3/27/21: 119.00 GBX)

Target: Octopus Renewables InfrastructureTrstPLC (LON: ORIT) (Stock Price of ORIT as of 3/27/21: 114.00 GBX)

Time Announced: March 26, 2021

Intended Closing: June, 2021

Purchase Price: Undisclosed

Industry Overview: Octopus Energy is a London, UK-based sustainable energy supplier that applies retail strategies to make energy service better with lower prices. It's market cap is £1.5 billion, and the double unicorn is the UK's fastest growing and 5th largest energy supplier with the goal to power 50 million homes by 2027. Octopus Renewables is Octopus Energy's sister company, with £3.4 billion in energy assets (mainly solar and onshore wind), and will retain its name, senior management and staff.

Acquisition Rationale & Analysis:

Octopus Energy Group founder and CEO Greg Jackson: "This move will allow us to create a business that is unrivaled on the global stage; by combining our tech and consumer-led approach with the fund management expertise of Octopus Renewables, we can change the entire energy lifecycle, make every green electron matter, and deliver the green energy transition faster and cheaper for everyone."

Portfolio Expansion: Octopus Energy Group will manage Octopus Renewables' impressive and specialized portfolio under a new branch called Octopus Energy Generation. The portfolio has 300 green projects, totaling 2.8 GW of capacity, saves 1.62 million tonnes of carbon annually, all while reaching 1.6 million homes. The synergy of the deal stems from the convergence of the investing expertise of Octopus Renewables with the service-orientation, scale and ambition of Octopus Energy. Octopus Energy has recently expanded into the American market at Silicon Valley, Germany and Japan.

Vertical Integration & Deregulation: Octopus Energy is capitalizing on the loosening of UK regulations of mergers within the energy industry. By combining the supply and generation of energy, it will be able become an end-to-end powerhouse, making it one of the largest renewables operators and investors in all of Europe. However, the deal is still waiting for regulatory approval.

Overall Analysis: With the recent efforts by the US to re-enter the Paris Agreement, the renewable energy industry is set to have a high growth year in 2021. Even with the economic recession due to the pandemic, the industry is a \$27 trillion opportunity to get to net-zero carbon emissions. This deal, as Chris Hulatt, Co-founder of Octopus Group and Chairman of Octopus Renewables, put it "is a huge opportunity here to unleash pent-up capital that can help deliver the green energy transition faster than anyone ever imagined. While existing funds will see no material changes to the activities under Octopus Renewables, we are hoping to enhance returns even more over time as we increase efficiencies along the energy supply chain and unlock a multitude of new investment opportunities."

<https://octopus.energy/press/octopus-energy-group-to-become-one-of-europes-largest-green-generation-operators-with-acquisition-of-octopus-renewables/>

<https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/renewable-energy-outlook.html>

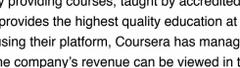
<https://www.theguardian.com/business/2021/mar/26/uk-startup-octopus-energy-becomes-renewable-giant-in-3bn-deal>

<https://www.reuters.com/article/britain-octopus-energy/uks-octopus-energy-to-acquire-sister-renewables-company-idUSL1N2LOED>

https://www.solarpowerportal.co.uk/news/octopus_renewables_to_be_acquired_by_supplier_octopus_energy

IPO: Coursera

By Alexandra Medow



Type of Deal: IPO

Industry: Ed-Tech

Day of IPO Filing: March 2021

Underwriters: Morgan Stanley, Goldman Sachs, Citi, UBS

About the Company: By providing courses, taught by accredited educational professionals, Coursera provides the highest quality education at little to no cost. With 77 million people currently using their platform, Coursera has managed to obtain an incredibly substantial user base. The company's revenue can be viewed in three distinct segments: consumer, enterprise, and university/degree. The consumer segment, denoting the individual users who participate in Coursera courses, contributed 192.9 million dollars to 2020 revenue. The enterprise segment, which consists of businesses that use the platform to train employees, added 70.8 million dollars of revenue. Lastly the university/degree segment, was responsible for 29.9 million dollars of revenue. Coursera already provides more than 4,000 courses from 150 colleges.

Valuation: \$2.4 billion-5 billion USD

Potential Growth Factors

- **Permanent Effects of The Pandemic:** The pandemic has ultimately forced our society to rely more heavily on digitalization. Over the course of the last year, technology, in general, has proven itself to be a cost effective, time saving mechanism for accomplishing the same goals that once took significantly longer and took a large toll on bank accounts. As careers become increasingly more technologically dependent, the skills necessary for success will continue to change. This will drive demand for online learning platforms that can efficiently teach these necessary, new skills on a flexible schedule.
- **Vast User Base of "Freemium" Users:** Out of the 77 million current users mentioned above, many are engaging on the platform for free or at extremely low cost rather than paying a regular subscription. Additionally, many of the 77 million are taking individual courses rather than a more intensive degree program. If Coursera can transfer some of their freemium users to one of these more revenue-generating alternatives, this would tremendously improve their overall financials. Their 2020 financials provide evidence for such an opportunity. In 2020, about 50% of newly designated "degree students" were already on the platform in a less intense capacity.

Potential "Drawbacks":

- Some may argue that the abundance of Ed-Tech resources available to Khan Academy, competitors won't let Coursera's entrance into the public market easy by any means. But, will they be able to entirely inhibit Coursera's growth? Probably not. With strategic branding, Coursera differentiates itself from competition quite well. Rather than providing their own content, Coursera merely gathers and displays coursework from a variety of brilliant educated people from high caliber institutions. This setup maintains an incredibly high degree of credibility associated with a Coursera certificate or degree. On average, the price of obtaining an additional user was less than \$2,000, which is reported to be lower than that of a typical company in the Ed-Tech industry. In the specific case of EdX, a competitor of Coursera's, one can compare Coursera's 77 million users to the 500,000 currently using EdX.

<https://www.insidehighered.com/news/2021/03/09/coursera-ipo-filing-reveals-company-successfully-merging-moocs>

<https://www.protocol.com/coursera-ipo?rebellitem=2#rebellitem2>

<https://www.cnbc.com/2021/03/05/coursera-files-for-ipo-amid-online-learning-boom.html>

<https://www.edsurge.com/news/2021-03-05-coursera-s-ipo-filing-shows-growing-revenue-and-loss-during-a-pandemic>

Market Updates

By Emma Swill

Market Updates and Trends: Stock futures were boosted Thursday thanks to bank stocks, which rose after the Fed announced that banks could resume buybacks and raise dividends starting at the end of June. The central bank originally said it would lift pandemic era restrictions in the first quarter, but even the delayed move gives investors more clarity. We've been in a bull market and continue to see it surge. The S&P and DOW both hit records this month. The Nasdaq, which is the tech heavy index, is only up 2% proving investors' movement away from tech. There has been a shift to investments in travel, construction, retail and banking, which are heavily represented in the DOW. Perhaps we will continue to see this trend in the coming months as the economy recovers and interest rates rise.

Stimulus Checks: The economy shrank by 3.5 percent in 2020, the largest single year decline since the end of **World War II**. COVID-19 has detrimentally affected our economy and there are efforts such as stimulus packages to minimize the effects. President Biden passed the \$1.9 Trillion Stimulus Package and the checks are each \$1,400 adding up to \$422 billion. This is meant to increase spending and spur the economy.

Bitcoin: On Saturday March 13th, 2021 Bitcoin hit a high of \$60,000. Other companies such as Tesla **\$1.5 billion** in Bitcoin and plans to accept it as payment. Tesla Inc as Square and Mastercard also have invested in bitcoin. These investments contribute to the positive trend Bitcoin and other crypto currencies are experiencing.

Market Event: Suez Canal

The Suez Canal serves as the most important shortcut in a global shipping as it provides a link between the Mediterranean and Asia. Rather than going around Africa, ships can go from Saudi Arabia straight to Europe. On March 23rd, a giant container ship was stuck in the canal for five days preventing access to this shortcut. It drastically affected trade and the economy. After the first few days, there were evident market effects. Oil prices soared as roughly 10% of all oil trade passes through the Suez Canal. 12% of total trade uses the Suez which translates to about \$9 billion worth of goods that were affected each day the ship was blocked.

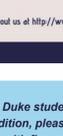
Although the blockage will only have an impact on global trade for a few weeks to a month, it serves as a wake-up call for companies who don't leave enough room for error in their supply chains. Some companies will be drastically affected by this five-day delay leading to production shut downs. A professor of Political Science at Northeastern University believes it will take "at least 60 days before things appear back to normal." Some global trade effects we will see will include congestion at ports and vessels not being arriving on time for their next journey. This situation only added to the pressures that COVID has put on the container shortage among the buying boom. Evidently, the Suez Canal blockage has had and continues to have a great effect on global trade.

Advice Column: What I Wish I Knew

Advice from upperclass(women) who have been through the finance recruitment process:
Interested in learning more about the details of investment banking? Trying to understand what investment banking *even is*? Trying to stay up-to-date on deals and trends for internship interviews?

Here's a list of three different podcasts focused on investment banking and finance in general... perfect for listening to on a walk or when getting ready in the morning!

1. **M&A Science with Kison Patel.**
2. **The Wall Street Lab.**
3. **The Flip Side.**
4. **Slate Money.**



DUKE BUSINESS ORIENTED WOMEN

Tying Women In Business Together

Learn more about us at <http://www.duke-bow.com/>

Disclaimer: These articles are written by Duke students and only represents the opinions and understandings of the writers. In addition, please do not all talk about the same transactions and news when conversing with firm representatives visiting campus - this is designed as an overview of the industry and to help you think more in depth about finance.

Want to sign-up to the Newsletter? Click [here!](#)

Click [here](#) to give feedback to the newsletter

Writers: Caroline Kincaid, Taylor Shabani, Emma Swill, Alexandra Medow, Hannah Nguyen, Ivy Zhang, Kendall Dees, Christine Yang
Special thanks to Professor Emma Fassel



Duke Association for Business Oriented Women · Duke University · Durham, NC 27705 · USA

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).

This email was sent to EmailAddress@
[why did I get this?](#) [unsubscribe from this list](#) [update subscription preferences](#)

Duke Association for Business Oriented Women · Duke University · Durham, NC 27708-0001 · USA

