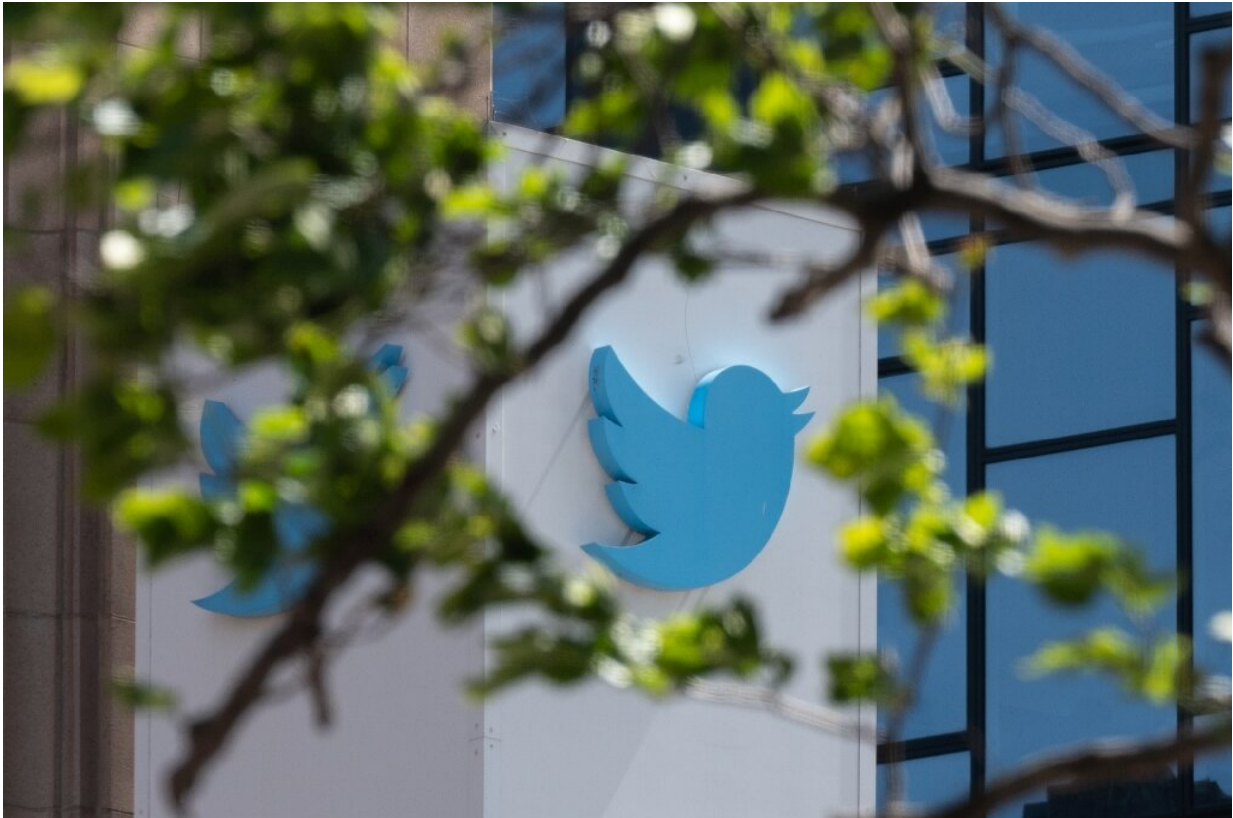


# What's next for the Musk-Twitter deal?

October 5 2022

---



Billionaire Elon Musk has done an about-face and said he will proceed with his purchase of Twitter.

With Twitter and Elon Musk edging towards finalizing a deal, here's what may come next in the billionaire's on-again, off-again bid to buy the influential social media platform.

## Where it stands

After seeking for months to back out of the purchase, Musk did an about-face and informed Twitter that he would proceed with the \$44 billion [deal](#) at the original \$54.20 [share price](#).

Twitter simply confirmed receipt of Musk's proposal, but if the company does manage to reach an agreement it would avert a bitterly contested trial that had been slated to begin in Delaware on October 17.

Some experts believe the level of mistrust between the parties is so high that Twitter will likely seek further legal assurances that Musk will really follow through this time before it agrees to call off the trial.

"They thought they had a deal before," said Adam Badawi, a law professor at the University of California, Berkeley. "So to actually accept something from him, it's going to have to be as ironclad as it possibly can.

"But if details (can be) worked out, litigation will be off."

"I imagine Twitter will want to put the \$44 billion in escrow, or a very large amount of money, to show his [good faith](#) and commitment to actually getting this done," Badawi said.

## Why the U-turn?

Expert consensus is that Musk realized he was unlikely to prevail in court and his claim that Twitter had not revealed enough about the number of bots on the platform would have been hard to prove.

"We continue to believe Musk saw the writing on the wall and knew his

chances of a victory in Delaware were slim to none with the best path accepting the current deal and move forward," said Daniel Ives, a technology analyst at Wedbush Securities.

Carl Tobias, a [law professor](#) at the University of Richmond, said "the standard Musk faced in court was proving a material adverse effect—it now looks like the bots were not enough to meet the standard."

"I think this deal will stick, mostly because walking away a second time could be very damaging," Tobias said. "What was to be gained in a trial that was an uphill fight?"

## **The state of Twitter**

Twitter's share price surged 22 percent on news of Musk's U-turn.

But the takeover saga has reportedly created a lot of uncertainty within the San Francisco-based company and damaged staff morale.

Twitter's brand has also recently been damaged by whistleblower testimony from a former security chief who delivered scathing criticism of privacy and security failures at the company.

Musk's original offer also coincided with a plunge in online advertising revenue.

"For Musk, the irony is the easy part of this deal was buying Twitter," said Wedbush's Ives. "The hard part will be fixing it with monetization and subscriber engagement."

## **Concern over a Musk-owned Twitter**

The likelihood that a deal will be reached has reignited strong concerns about what a Musk-owned Twitter would look like.

The initial deal announced in April sparked fears the platform would see a surge in abuse and disinformation after Musk—a self-proclaimed free speech absolutist—said he would largely let anyone say anything allowed by law on Twitter.

Progressive groups were particularly concerned that Musk may permit a return to the platform by former US president Donald Trump, who was banned from Twitter after last year's assault on the US Capitol by his supporters seeking to overturn the 2020 presidential election result.

© 2022 AFP

Citation: What's next for the Musk-Twitter deal? (2022, October 5) retrieved 9 April 2024 from <https://techxplore.com/news/2022-10-musk-twitter-1.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--