

Polycom to Merge with...Mitel?

Written by Bob Snyder
07 April 2016



This is not a secret and it's not even an exclusive story: Reuters has been running the story for months with little outside press attention.

Canada's **Mitel Networks** wants to merge with **Polycom** in a deal pushed forward by the hedge fund Elliott Management.

Activist investor **Elliott Management Corp.** has been calling for the two companies to merge since October 2015, when the \$23 billion hedge fund revealed its 6.6% stake in Polycom and 9.6% stake in Mitel.

Mitel, with its \$1.11 billion market value, made the initial approach to buy Polycom, worth \$1.43 billion

Elliott reported last October on a "collaborative dialogue with Mitel" and believes the company should pursue an all-stock merger with Polycom (which would save on taxes because Mitel is incorporated in Canada).

At this moment, Mitel's shares are down more than 30% over the past 12 months while Polycom shares are down about 17%.

Mitel, who sells business customers unified communications services mostly over landline phones, has recently been buying up smaller telecom services firms. Their goal: to be a global leader in real-time business, cloud and mobile communications. Year-over-year, Mitel's total

Polycom to Merge with...Mitel?

Written by Bob Snyder
07 April 2016

installed cloud seats were up 55% to 1,930,000 seats. Not bad...

Canada's Mitel is owned by Wales' only billionaire, **Sir Terry Matthews** who founded or funded more than 100 companies in the high tech communications field (most notably Mitel and Newbridge Networks). He also owns a number of hospitality venues, including the Celtic Manor Resort, home to Ryder Cup Golf competition.

These talks could proceed to a deal--or collapse at the last minute.

While Elliott Management has two good reasons (its twin stock position) to see this merger happen, we wonder if the synergy is more of a defensive strategy for Mitel than a path to substantial growth for Polycom. If Polycom could have free pick to choose any company in the world to merge with, would Mitel even be on the Top 10 list?

Under Mitel, would Polycom cease as a brand and end up being absorbed into the corporate product line? It starts off as "Mitel's Polycom" or "Polycom by Mitel" and eventually the Polycom is dropped, as the brand becomes unified into a unified communications company.

An ironic fate for any unified communications company-- blended into a blender of its own conviction.

Go [Polycom and Mitel Could Happen](#)