# Business Combinations Analysis Project

Team 1

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***Overview of the Acquisition***

On December 1, 2020 Salesforce acquired Slack Technologies in a cash and stock transaction for an amount of $27.7 billion. The motives for this acquisition were that Salesforce wanted to diversify its strategy, accelerate its digital transformation, and ease some competitive pressure from Microsoft. The deal integrated slacks interface into Salesforce's Customer 360 platform. This created a new operating system that leverages Slack's ability to integrate with over 2,400 apps. This transaction looks to disrupt the market by horizontally integrating CRM data with company collaboration as well as target a software services industry that is growing at 37% year-on year according to Gartner Inc. From the agreement, Slack shareholders are entitled to $26.79 in cash and 0.0776 shares of Salesforce common stock per share. Ultimately, the acquisition looks for future growth through the combination of the Salesforce ecosystem with Slack's "all digital" corporate world.

***Stock Market Reaction***

The market's reaction to the Salesforce acquisition of Slack unfolded in 2 phases: the initial rumor and the official announcement date. The news was first reported on November 25, 2020, and the official announcement was on December 1, 2020. The $27.7 billion deal was structured as a cash and stock swap where Slack shareholders would receive $26.79 in cash and .0776 shares of Salesforce common stock for each Slack share. As news of the acquisition unfolded, the market had different reactions for the different stocks. For Slack, there was a surge in stock price from $28 to $40, as investors anticipated an upcoming buyout. Salesforce's stock saw a decrease from $260 to $246. At this time, the movement in the S&P 500 was a growth of 3550 to 3592. These movements are illustrated in Appendix B. This makes it clear that the potential decrease in Salesforce's price is instead due to the acquisition rumors rather than due to market changes. When the deal was officially announced on December 1, 2020 the market's focus shifted. After the stock had been priced in, there were analyst concerns expressed over the high integration costs of Slack, as well as additional bidder pressure that caused Salesforce to rush the deal and pay more than is aligned with the potential synergies valuations. There was a 55% premium that Salesforce paid to Slack, including borrowing 10 billion in order to finance this deal. In addition to the bidder pressure of another potential acquirer, Salesforce's growing competition with Microsoft in the customer relationship management software market also led to an increase in the premium paid. This consequently caused Salesforce's stock to drop from $241 to $220. The acquisition was closed on July 20, 2021 at which point Slack's stock was no longer listed on the stock exchange. In the months following the close of the transactions, Salesforce stock rallied to a record high of $300 in November 2021. However, this didn't last long as high inflation and high interest rates in 2022 pushed the stock to a low of $130 in December. However, this decline in value of the stock was driven by macroeconomic trends rather than a poor decision in the acquisition of slack. In response to the low stock price in 2022, the company initiated large-scale layoffs in 2023 as well as investment into the new and popular artificial intelligence. This propelled the stock to prices higher than in 2022 but still not quite as high as pre-2022 times. Appendix A shows the price of Salesforce compared to the price of the Nasdaq Index, where it is visible that Salesforce followed in a similar direction (Nasdaq is used to show a better comparison to other tech companies).

***Accounting Analysis***

Salesforce.com, Inc. ("Salesforce") acquired Slack Technologies, Inc. ("Slack") in July 2021 using a two-step merger structure. Salesforce formed two wholly-owned subsidiaries, Skyline Strategies I, Inc. (a Delaware corporation) and Skyline Strategies II, LLC (a Delaware LLC). First, Skyline Strategies I, Inc. merged into Slack, with Slack surviving as a wholly-owned subsidiary of Salesforce; immediately thereafter, Slack merged into Skyline Strategies II, LLC, which was renamed Slack Technologies, LLC. This structure made Slack an indirect, wholly-owned subsidiary of Salesforce upon closing. The deal was accounted for as a business combination under ASC 805, so Salesforce recognized Slack's identifiable assets and liabilities at fair value as of the acquisition date and produced consolidated statements.

Under the merger agreement, Slack stockholders received a mix of cash and stock: $26.79 in cash plus 0.0776 shares of Salesforce common stock per Slack share, valuing the deal at approximately $27.7 billion in enterprise value based on Salesforce's share price just before announcement. The consideration breakdown is provided in Appendix E below. Salesforce funded the cash portion with cash on hand and new debt, including $8.0 billion of bonds issued in June 2021, and arranged a $10 billion 364-day bridge loan facility that was ultimately not fully utilized due to the bond issuance (Bloomberg). The stock portion was funded through issuance of new Salesforce shares to Slack shareholders. After closing, Slack became an operating unit of Salesforce and continued to be led by Slack's existing CEO, maintaining Slack's management and operations.

The acquisition materially affected Salesforce's financial statements through purchase price allocation. As of July 21, 2021, Salesforce recorded Slack's identifiable assets and liabilities at fair value; the excess of consideration over the fair value of Slack's net identifiable assets was recorded as goodwill. Appendix C summarizes Slack's book value versus fair value at acquisition. Salesforce recognized new identifiable intangible assets of $6.35 billion (breakdown in Appendix D) and made other fair value adjustments, including increasing the liability for Slack's convertible notes, adjusting deferred revenue, and recognizing related deferred tax effects. Overall, total acquisition accounting premium was $26.18 billion, including $21.41 billion of goodwill.

From a balance sheet perspective, Salesforce added Slack's assets like cash, accounts receivable, right-of-use lease assets and liabilities like deferred revenue and debt at fair value. For instance, Slack's convertible senior notes were carried at about $662 million on Slack's books but recorded at approximately $1.34 billion fair value by Salesforce. On the income statement, the $6.3 billion of identified intangibles are amortized over their useful lives, increasing future amortization expense. Goodwill is not amortized but must be tested for impairment annually or upon triggering events, and any impairment would be a one-time loss if Slack underperforms. Salesforce also expensed direct transaction costs, including banker and legal fees, with approximately $54 million recorded in FY2022 Q2 within general and administrative expense. Slack's revenue and operating income were included from closing onward. Salesforce expected Slack to contribute about $1.5B of revenue in FY2023. This revenue is included in "Platform and Other" on Salesforce's income statement.

Management has discretion in areas that could distort reporting, particularly the allocation of purchase price between finite-lived intangibles and goodwill and the useful lives assigned to amortizable intangibles. Higher goodwill allocations avoid amortization expense and management may be incentivized to over-allocate to goodwill to improve short-term post-acquisition earnings. Harvard Law School research notes that CEOs with earnings-tied bonuses or performance targets may have incentives to record a larger share of purchase price as goodwill (Harvard Article). Similarly, if Slack underperforms, management could face pressure to delay goodwill impairment recognition to avoid additional expense.

***Financial Performance***

Analysis of financial performance evaluates Salesforce's financial performance before and after acquiring Slack. The goal is to determine whether the acquisition aligned with management's expectations for the deal. The analysis will include a time horizon of two years on either side of the acquisition with some contextualization of long-term effects. The analysis will be primarily based on the publicly available financial statements and management commentary.

First, profitability ratios must be analyzed to consider how Slack's integration into Salesforce impacted revenue and cost. Salesforce's gross margin (Appendix H: Gross Margin Trend) declined around 5% after the acquisition (S&P Capital IQ). This was to be expected given the higher hosting and support costs in Slack's business model. While gross margin grew back up in 2024, the recovery was slower than anticipated (S&P Capital IQ). Although management initially predicted synergies would drive efficiency, the data suggests 2024 recovery relied on cost cutting initiatives rather than deal synergies.  Next, operating margin declined post-acquisition (Appendix I: Operating Margin Trend). The declining rate was not helped by the acquisition. The deal created special operating costs that made the operating margin plummet in the year of the deal and recovered slightly in the following years. Although there may have been some revenue synergies offered by the deal, the overall cost of restructuring negatively affects operating income. Finally, the profit margin fell in the years after the acquisition as well (S&P Capital IQ). The additional amortization of Slack's assets and honoring of pre-acquisition compensation plans for Slack employees suppressed profitability despite a rise in revenue.

Revenue growth rate indicates how Slack's acquisition impacted growth metrics aligned with the purpose of the deal. The revenue growth rate held constant in the year following the acquisition however, the few years following the acquisition experienced a fall in revenue growth (Appendix K: Revenue Growth Rate Trend). The acquisition was not the main factor impacting the growth rates as the pandemic caused a slowdown in enterprise spending. Although the spending halt was the major cause of declining growth, the cross-selling prospect of the acquisition was not as strong as management expected it to be.

Next, efficiency ratios will be analyzed to determine how efficiently Salesforce used its assets which increased significantly after the acquisition due to goodwill and intangibles (Appendix F: ROA and ROE). The acquisition initially deflated the return on assets ratio because of the dilution due to the goodwill and intangibles. The ROA did not return to pre-acquisition levels until 2024 when Salesforce restructured and implemented a cost driven strategy (S&P Capital IQ). Return on equity behaved in a similar manner due to the issuance of new equity by Salesforce. This deflated the ratio significantly and did not recover until 2024 with the restructuring (S&P Capital IQ). The asset turnover ratio initially declined due to non-productive goodwill; however, it gradually improved in the following years as Slack integrated into Salesforce (Appendix L: Asset Turnover).

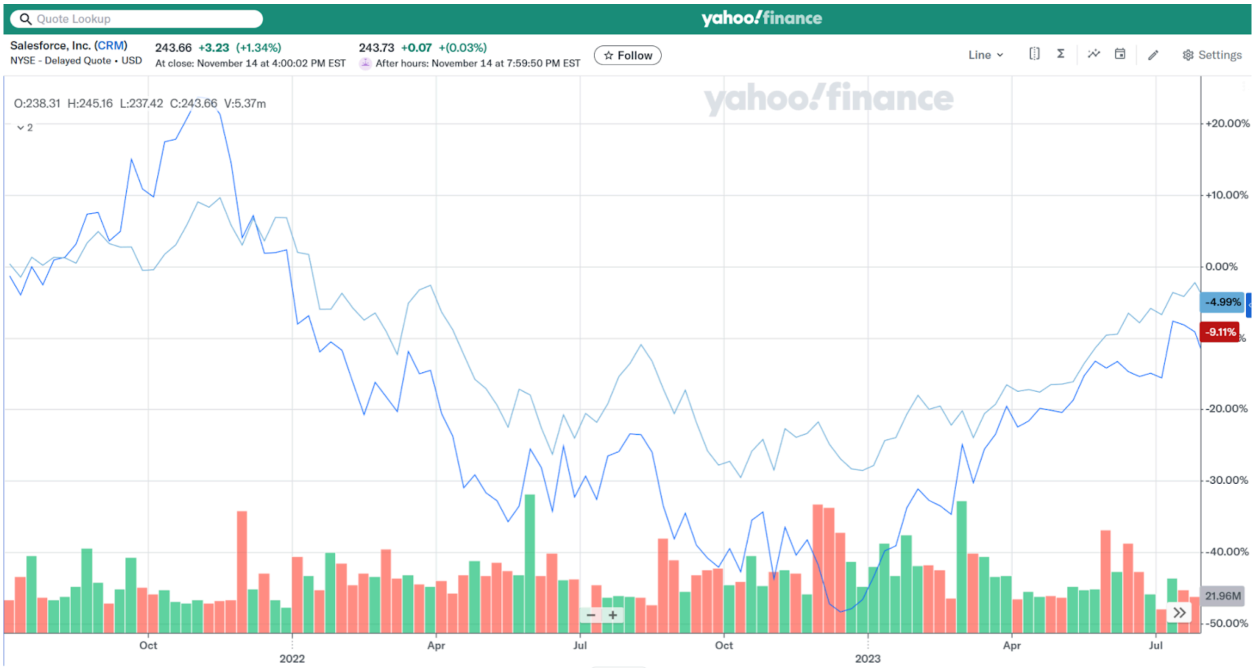
Looking holistically at the acquisition against its objectives, there were two primary objectives: drive revenue synergies through cross selling and achieving long term scale. Through the analysis above we can see there was a disconnect between expectations and outcomes. The integration of Slack into Salesforce was intended to accelerate growth through cross-selling; however the revenue growth rate was short of management's expectations. Similarly regarding long term scale, the transaction had more short-term economic burdens than expected. The infrastructure costs of Slack as well as potential goodwill dilution outweighed the immediate gains. Therefore, while the acquisition of Slack initially boosted gross revenue, key financial ratios declined. Salesforce was able to recover and grow in 2024 however this was led through internal restructuring/cost savings program and not the synergies through the acquisition.

***Conclusion***

After the conducted report of the Salesforce acquisition of Slack, we believe that the acquisition has shown mixed results. On the one hand it has successfully expanded Salesforce's product ecosystem through integrating Slack however the company has struggled to justify the $27.7 billion acquisition and the high premium paid. Through our stock market reaction we saw the stock drop due to investor skepticism of this acquisition and while the price did recover in the future it was heavily driven by the beginning of the AI boom. In the financial performance analysis we saw that while gross revenue had increased the deal had a negative effect on the key financial metrics (such as gross margin, ROA, and ROE) due to significant amortization expenses and stock market dilution. In the end, the integration of the target was not what Salesforce had anticipated and the integration cost outweighed the financial benefits. The limitations of our analysis are mostly from macroeconomic trends. During the post acquisition period there was extreme macroeconomic volatility which included slow down from the pandemic, high inflation, and the beginning of the AI boom. These factors made it slightly difficult to isolate the impact of the deal on Salesforce. Nonetheless through our analysis we believe that the integration costs outweighed the financial benefits from the acquisition.

*Appendices*

Appendix A




Appendix B

| Dates | Salesforce (CRM) | Slack | S&P 500 (^GSPC) |
|---|---|---|---|
| 2020-11-10 | 258 | 28 | 3550 |
| 2020-11-24 | 260 | 29 | 3592 |
| 2020-11-25 | 246 | 33 | 3627 |
| 2020-12-01 | 241 | 43 | 3662 |
| 2020-12-01 | 220 | 42 | 3670 |
| 2020-12-10 | 222 | 42 | 3691 |

## Appendix C

| Assets | Slack book value ($m) | Fair value ($m) | FV adjustment ($m) | |
|---|---|---|---|---|
| Cash and cash equivalents | $ 1,332.60 | $ 1,508.00 | $ 175.40 | |
| Accounts receivable | $ 141.50 | $ 97.00 | $ (44.50) | |
| Acquired customer contract asset | $ - | $ 70.00 | $ 70.00 | |
| Operating lease right-of-use assets | $ 212.50 | $ 208.00 | $ (4.50) | |
| Intangible assets | $ 16.20 | $ 6,350.00 | $ 6,333.80 | |
| Goodwill (purchase accounting) | $ - | $ 21,161.00 | $ 21,161.00 | |
| Other assets | $ 719.50 | $ 405.00 | $ (314.50) | |
| **Total assets** | **$ 2,422.30** | **$ 29,799.00** | **$ 27,376.70** | |
| **Liabilities** | | | | |
| Accounts payable, accrued expenses and other liabilities | $ 100.00 | $ 186.00 | $ 86.00 | |
| Unearned revenue | $ 515.80 | $ 382.00 | $ (133.80) | |
| Operating lease liabilities | $ 255.50 | $ 283.00 | $ 27.50 | |
| Slack Convertible Notes | $ 662.20 | $ 1,339.00 | $ 676.80 | |
| Deferred tax liability | $ - | $ 541.00 | $ 541.00 | |
| **Total liabilities** | **$ 1,533.50** | **$ 2,731.00** | **$ 1,197.50** | |
| **Net Assets** | **$ 888.80** | **$ 27,068.00** | **$ 26,179.20** | AAP |

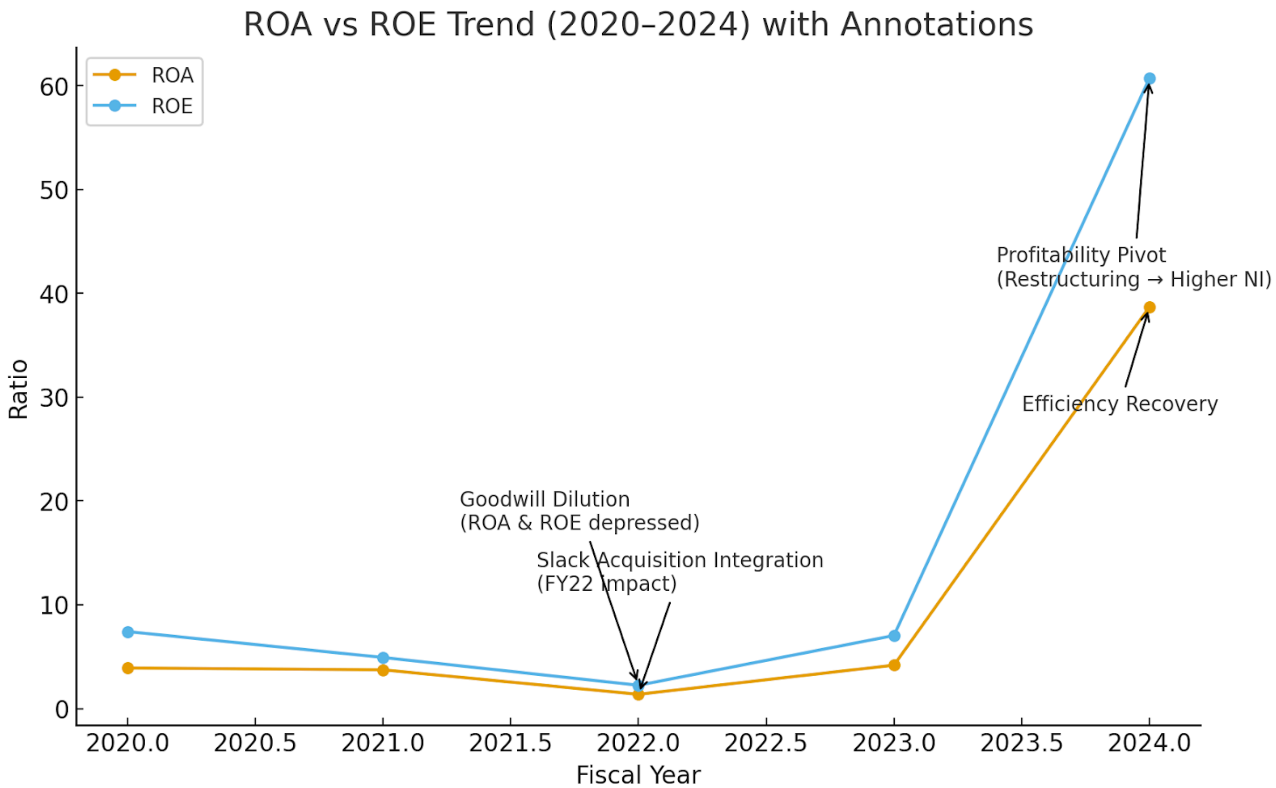
## Appendix D

| Asset | FV Allocated | Useful life |
|---|---|---|
| Developed technology | $ 2,360.00 | 5 years |
| Customer relationships | $ 3,690.00 | 8 years |
| Other purchased intangible assets | $ 300.00 | 6 years |
| **Total** | **$ 6,350.00** | |

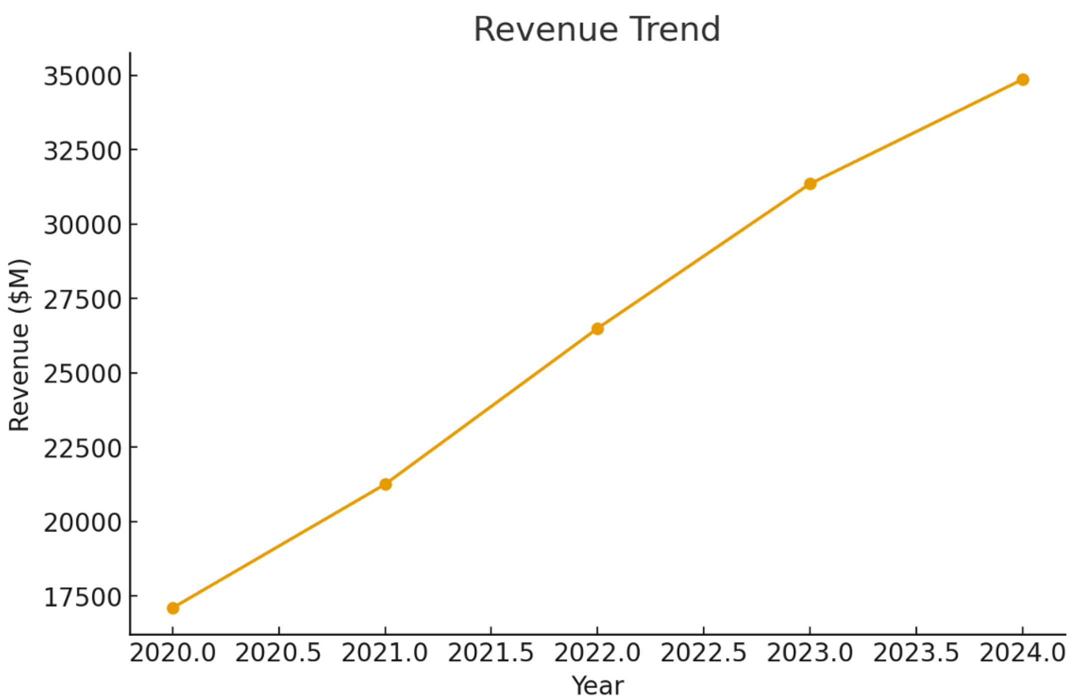
## Appendix E

| Item | FV |
|---|---|
| Cash | $ 15,799.00 |
| Common stock | $ 11,064.00 |
| Fair value of stock options, restricted stock units and restricted stock awards assumed | $ 205.00 |
| **Total** | **$ 27,068.00** |

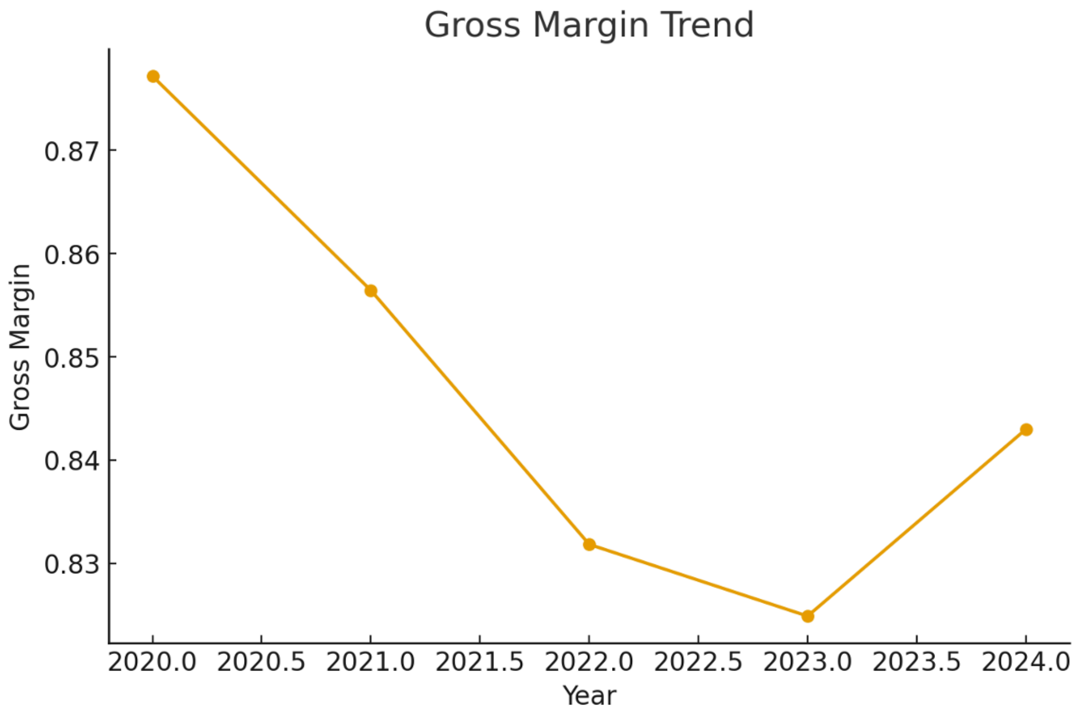
Appendix F




Appendix G

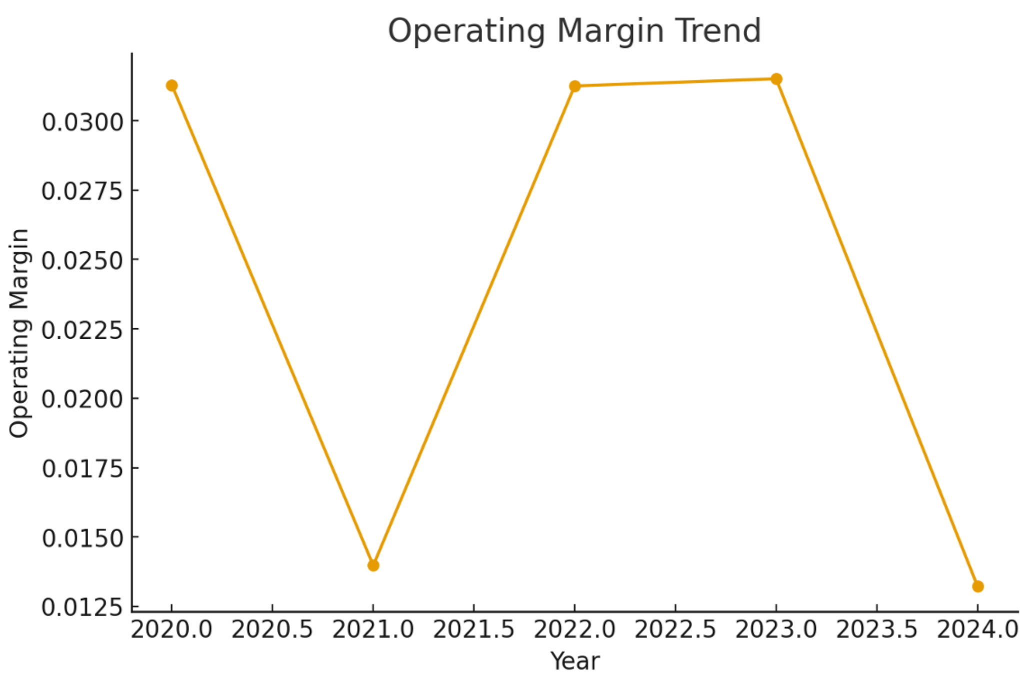


Appendix H



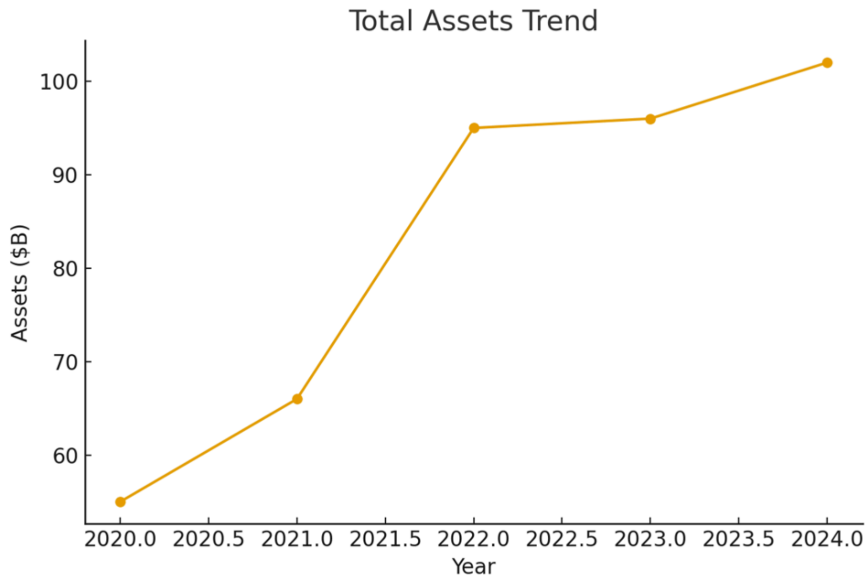

Gross margin is calculated by revenue minus COGS and then divided by revenue.

Appendix I

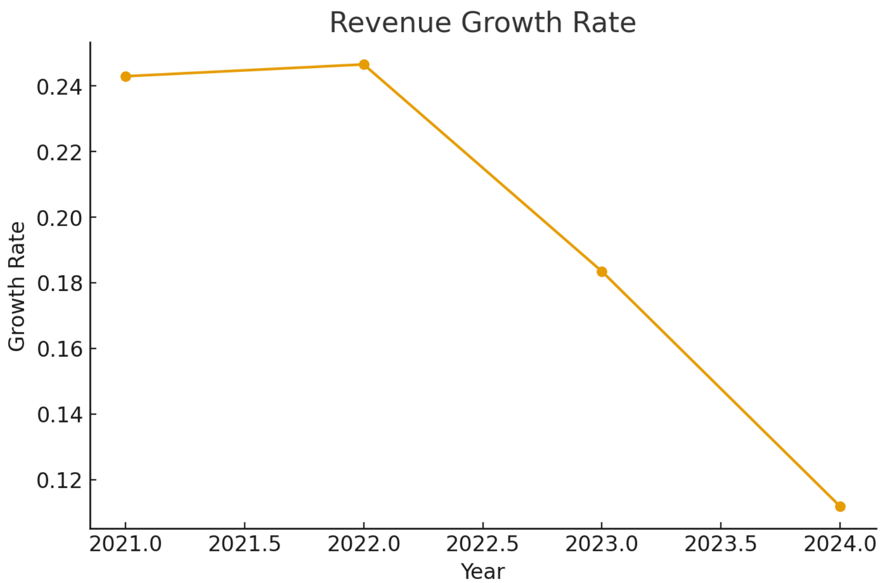



Operating margin is calculated by operating income (EBIT) divided by revenue.

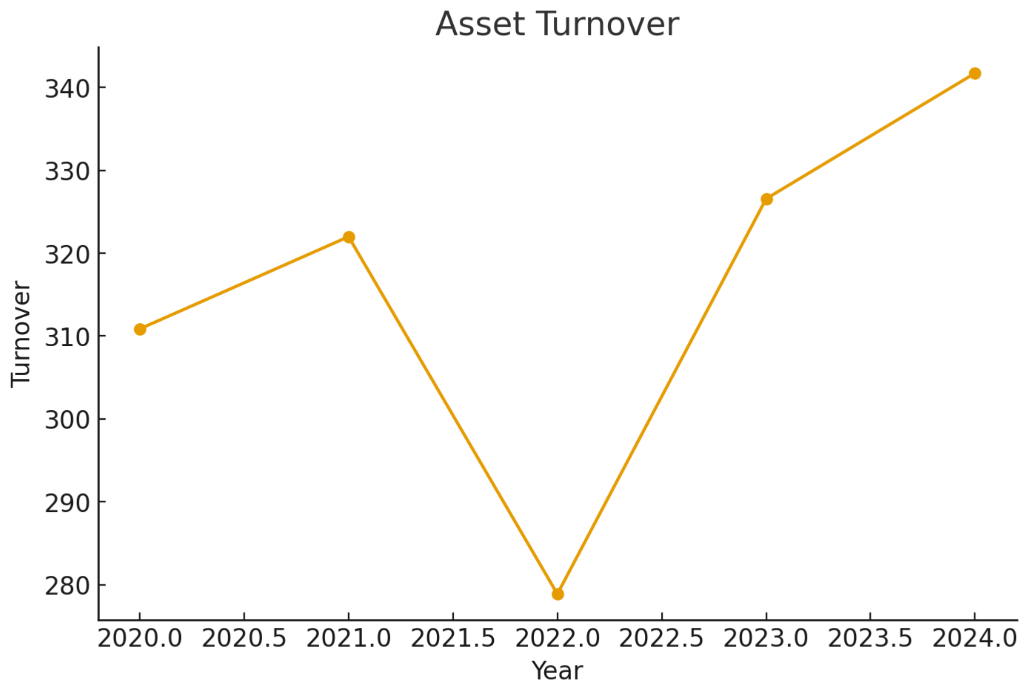
## Appendix J




## Appendix K



Appendix L




Asset turnover is calculated by net sales divided by average total assets.

# Appendix M: Financial Statements of Acquiring Company

**PART I.**

**ITEM 1. FINANCIAL STATEMENTS**

**salesforce.com, inc.**
**Condensed Consolidated Balance Sheets**
(in millions)

| | July 31, 2021 | January 31, 2021 |
|---|---|---|
| **Assets** | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | $ 6,299 | $ 6,195 |
| Marketable securities | 3,351 | 5,771 |
| Accounts receivable, net | 4,074 | 7,786 |
| Costs capitalized to obtain revenue contracts, net | 1,211 | 1,146 |
| Prepaid expenses and other current assets | 1,321 | 991 |
| Total current assets | 16,256 | 21,889 |
| Property and equipment, net | 2,711 | 2,459 |
| Operating lease right-of-use assets, net | 3,123 | 3,204 |
| Noncurrent costs capitalized to obtain revenue contracts, net | 1,820 | 1,715 |
| Strategic investments | 4,105 | 3,909 |
| Goodwill | 48,103 | 26,318 |
| Intangible assets acquired through business combinations, net | 9,746 | 4,114 |
| Deferred tax assets and other assets, net | 2,794 | 2,693 |
| Total assets | $ 88,658 | $ 66,301 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable, accrued expenses and other liabilities | $ 4,274 | $ 4,355 |
| Operating lease liabilities, current | 713 | 766 |
| Unearned revenue | 11,067 | 12,607 |
| Slack Convertible Notes | 1,339 | 0 |
| Total current liabilities | 17,393 | 17,728 |
| Noncurrent debt | 10,589 | 2,673 |
| Noncurrent operating lease liabilities | 2,878 | 2,842 |
| Other noncurrent liabilities | 2,278 | 1,565 |
| Total liabilities | 33,138 | 24,808 |
| Stockholders' equity: | | |
| Common stock | 1 | 1 |
| Additional paid-in capital | 48,666 | 35,601 |
| Accumulated other comprehensive loss | (84) | (42) |
| Retained earnings | 6,937 | 5,933 |
| Total stockholders' equity | 55,520 | 41,493 |
| Total liabilities and stockholders' equity | $ 88,658 | $ 66,301 |

**salesforce.com, inc.**
**Condensed Consolidated Statements of Operations**
(in millions, except per share data)
(unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Subscription and support | $ 5,914 | $ 4,840 | $ 11,450 | $ 9,415 |
| Professional services and other | 426 | 311 | 853 | 601 |
| Total revenues | 6,340 | 5,151 | 12,303 | 10,016 |
| Cost of revenues (1)(2): | | | | |
| Subscription and support | 1,146 | 1,013 | 2,268 | 1,979 |
| Professional services and other | 467 | 298 | 900 | 586 |
| Total cost of revenues | 1,613 | 1,311 | 3,168 | 2,565 |
| Gross profit | 4,727 | 3,840 | 9,135 | 7,451 |
| Operating expenses (1)(2): | | | | |
| Research and development | 1,020 | 898 | 1,971 | 1,757 |
| Marketing and sales | 2,736 | 2,275 | 5,280 | 4,665 |
| General and administrative | 639 | 489 | 1,198 | 991 |
| Total operating expenses | 4,395 | 3,662 | 8,449 | 7,413 |
| Income from operations | 332 | 178 | 686 | 38 |
| Gains on strategic investments, net | 526 | 682 | 814 | 874 |
| Other expense | (32) | (21) | (70) | (26) |
| Income before benefit from (provision for) income taxes | 826 | 839 | 1,430 | 886 |
| Benefit from (provision for) income taxes (3) | (291) | 1,786 | (426) | 1,838 |
| Net income | $ 535 | $ 2,625 | $ 1,004 | $ 2,724 |
| Basic net income per share | $ 0.57 | $ 2.90 | $ 1.08 | $ 3.02 |
| Diluted net income per share | $ 0.56 | $ 2.85 | $ 1.06 | $ 2.96 |
| Shares used in computing basic net income per share | 933 | 904 | 927 | 901 |
| Shares used in computing diluted net income per share | 950 | 922 | 945 | 919 |

(1) Amounts include amortization of intangible assets acquired through business combinations, as follows:

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of revenues | $ 184 | $ 166 | $ 352 | $ 325 |
| Marketing and sales | 135 | 118 | 255 | 230 |

(2) Amounts include stock-based expense, as follows:

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of revenues | $ 95 | $ 63 | $ 177 | $ 115 |
| Research and development | 197 | 184 | 370 | 350 |
| Marketing and sales | 263 | 253 | 501 | 476 |
| General and administrative | 85 | 78 | 156 | 141 |

(3) During the three months ended July 31, 2020, the Company recorded an approximately $2.0 billion one-time benefit from discrete tax item related to the recognition of deferred tax assets resulting from an intra-entity transfer of intangible property.

Table of Contents

**salesforce.com, inc.**
**Condensed Consolidated Statements of Comprehensive Income**
(in millions)
(unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net income | $ 535 | $ 2,625 | $ 1,004 | $ 2,724 |
| Other comprehensive income (loss), net of reclassification adjustments: | | | | |
| Foreign currency translation and other gains (losses) | (9) | 28 | (25) | 5 |
| Unrealized gains (losses) on marketable securities and privately held debt securities | (8) | 49 | (21) | 24 |
| Other comprehensive income (loss), before tax | (17) | 77 | (46) | 29 |
| Tax effect | 1 | (10) | 4 | (4) |
| Other comprehensive income (loss), net | (16) | 67 | (42) | 25 |
| Comprehensive income | $ 519 | $ 2,692 | $ 962 | $ 2,749 |

**salesforce.com, inc.**
**Condensed Consolidated Statements of Cash Flows**
(in millions)
(unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Operating activities:** | | | | |
| Net income | $ 535 | $ 2,625 | $ 1,004 | $ 2,724 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 719 | 649 | 1,404 | 1,307 |
| Amortization of costs capitalized to obtain revenue contracts, net | 334 | 250 | 648 | 497 |
| Stock-based expense | 640 | 578 | 1,204 | 1,082 |
| Gains on strategic investments, net | (526) | (682) | (814) | (874) |
| Tax benefit from intra-entity transfer of intangible property | 0 | (2,003) | 0 | (2,003) |
| Changes in assets and liabilities, net of business combinations: | | | | |
| Accounts receivable, net | (812) | (349) | 3,804 | 2,745 |
| Costs capitalized to obtain revenue contracts, net | (463) | (455) | (818) | (480) |
| Prepaid expenses and other current assets and other assets | (173) | (203) | (190) | (214) |
| Accounts payable and accrued expenses and other liabilities | 805 | 693 | (288) | (64) |
| Operating lease liabilities | (200) | (209) | (416) | (412) |
| Unearned revenue | (473) | (465) | (1,924) | (2,020) |
| Net cash provided by operating activities | 386 | 429 | 3,614 | 2,288 |
| **Investing activities:** | | | | |
| Business combinations, net of cash acquired | (14,356) | (1,154) | (14,781) | (1,257) |
| Purchases of strategic investments | (509) | (232) | (786) | (574) |
| Sales of strategic investments | 913 | 51 | 1,469 | 652 |
| Purchases of marketable securities | (507) | (1,681) | (2,316) | (2,515) |
| Sales of marketable securities | 2,464 | 207 | 3,045 | 544 |
| Maturities of marketable securities | 1,154 | 330 | 1,652 | 557 |
| Capital expenditures | (213) | (114) | (384) | (437) |
| Net cash used in investing activities | (11,054) | (2,593) | (12,101) | (3,030) |
| **Financing activities:** | | | | |
| Proceeds from issuance of debt, net of issuance costs | 7,922 | 0 | 7,912 | 0 |
| Repayments of Slack Convertible Notes, net of capped call proceeds | 168 | 0 | 168 | 0 |
| Proceeds from employee stock plans | 375 | 466 | 600 | 724 |
| Principal payments on financing obligations | (24) | (24) | (73) | (72) |
| Repayments of debt | (1) | (1) | (2) | (2) |
| Net cash provided by financing activities | 8,440 | 441 | 8,605 | 650 |
| **Effect of exchange rate changes** | (17) | 3 | (14) | (1) |
| **Net increase (decrease) in cash and cash equivalents** | (2,245) | (1,720) | 104 | (93) |
| **Cash and cash equivalents, beginning of period** | 8,544 | 5,772 | 6,195 | 4,145 |
| **Cash and cash equivalents, end of period** | $ 6,299 | $ 4,052 | $ 6,299 | $ 4,052 |

See accompanying Notes.

**6. Business Combinations**

***Slack Technologies, Inc.***

On July 21, 2021, the Company acquired all outstanding stock of Slack, a leading channel-based messaging platform. The Company has included the financial results of Slack in the condensed consolidated financial statements from the date of acquisition, which for the three and six months ended July 31, 2021 were not material. The transaction costs associated with the acquisition were approximately $54 million and were recorded in general and administrative expense during the six months ended July 31, 2021. The preliminary acquisition date fair value of the consideration transferred for Slack was approximately $27.1 billion, which consisted of the following (in millions):

| | Fair Value |
|---|---|
| Cash | $ 15,799 |
| Common stock issued | 11,064 |
| Fair value of stock options, restricted stock units and restricted stock awards assumed | 205 |
| Total | $ 27,068 |

The fair value of the stock options assumed by the Company was determined using the Black-Scholes option pricing model. A share conversion ratio of 0.1885 and 0.1804 was applied to convert Slack's outstanding (i) stock options and restricted stock units and (ii) restricted stock awards, respectively, into equity awards for shares of the Company's common stock.

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed as of the date of acquisition (in millions):

| | Fair Value |
|---|---|
| Cash and cash equivalents | $ 1,508 |
| Accounts receivable | 97 |
| Acquired customer contract asset | 70 |
| Operating lease right-of-use assets | 208 |
| Other assets | 323 |
| Goodwill | 21,453 |
| Intangible assets | 6,140 |
| Accounts payable, accrued expenses and other liabilities | (183) |
| Unearned revenue | (382) |
| Slack Convertible Notes (see Note 8) | (1,339) |
| Operating lease liabilities | (283) |
| Deferred tax liability | (544) |
| Net assets acquired | $ 27,068 |

The excess of purchase consideration over the fair value of other assets acquired and liabilities assumed was recorded as goodwill. The resulting goodwill is primarily attributed to the assembled workforce and expanded market opportunities, including integrating Slack product offering with existing Company service offerings in a digital-first, work anywhere world. The goodwill has no basis for U.S. income tax purposes. The fair values assigned to tangible assets acquired and liabilities assumed are preliminary based on management's estimates and assumptions and may be subject to change as additional information is received and certain tax matters are finalized. The primary areas that remain preliminary relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, legal and other contingencies as of the acquisition date, income and non-income-based taxes and residual goodwill. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (in millions):

| | Fair Value | | Useful Life |
|---|---|---|---|
| Developed technology | $ | 2,360 | 5 years |
| Customer relationships | | 3,480 | 8 years |
| Other purchased intangible assets | | 300 | 6 years |
| Total intangible assets subject to amortization | $ | 6,140 | |

Developed technology represents the preliminary estimated fair value of Slack's data analysis technologies. Customer relationships represent the preliminary estimated fair values of the underlying relationships with Slack customers.

The Company assumed unvested stock options, restricted stock units and restricted stock awards with a preliminary estimated fair value of $1.7 billion. Of the total consideration, $205 million was preliminarily allocated to the purchase consideration and $1.5 billion was preliminarily allocated to future services and will be expensed over the remaining service periods on a straight-line basis.

The following pro forma financial information summarizes the combined results of operations for the Company and Slack, as though the companies were combined as of the beginning of the Company's fiscal 2021. The unaudited pro forma financial information was as follows (in millions):

| | Three Months Ended July 31, | | | | Six Months Ended July 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| Total revenues | $ | 6,557 | $ | 5,327 | $ | 12,743 | $ | 10,358 |
| Pretax income (loss) | | 544 | | 373 | | 764 | | (126) |
| Net income | | 369 | | 2,253 | | 563 | | 1,942 |

The pro forma financial information for all periods presented above has been calculated after adjusting the results of Slack to reflect the business combination accounting effects resulting from this acquisition, including the fair value adjustment to revenue contracts, the amortization expense from acquired intangible assets and the stock-based compensation expense for unvested stock options, restricted stock units and restricted stock awards assumed as though the acquisition occurred as of the beginning of the Company's fiscal year 2021. The historical consolidated financial statements have been adjusted in the pro forma combined financial statements to give effect to pro forma events that are directly attributable to the business combination and factually supportable. The pro forma financial information is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the Company's fiscal 2021.

***Acumen Solutions, Inc.***

In February 2021, the Company acquired all outstanding stock of Acumen Solutions, Inc. ("Acumen"), a professional services firm that provides innovative and critical solutions to clients using the Company's service offerings and other advanced cloud technologies. The acquisition date fair value of the consideration transferred for Acumen was approximately $433 million, in cash. The Company recorded approximately $99 million for customer relationships with estimated useful lives of eight years. The Company recorded approximately $337 million of goodwill which is primarily attributed to the assembled workforce. For the goodwill balance there is no basis for U.S. income tax purposes. The fair values assigned to tangible assets acquired and liabilities assumed are based on management's estimates and assumptions and may be subject to change as additional information is received and certain tax returns are finalized. The primary areas that remain preliminary relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, legal and other contingencies as of the acquisition date, income and non-income-based taxes and residual goodwill. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

The Company has included the financial results of Acumen in its condensed consolidated financial statements from the date of acquisition, which were not material. The transaction costs associated with the acquisition were not material.

# Appendix N: Financial Statements of the Target Company

**SLACK TECHNOLOGIES, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
*(In thousands)*
*(Unaudited)*

| | As of | | | |
|---|---|---|---|---|
| | April 30, 2021 | | January 31, 2021 | |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | 1,332,649 | $ | 1,081,357 |
| Marketable securities | | 308,464 | | 505,895 |
| Accounts receivable, net | | 141,543 | | 237,439 |
| Prepaid expenses and other current assets | | 58,446 | | 59,702 |
| Total current assets | | 1,841,102 | | 1,884,393 |
| Restricted cash | | 38,490 | | 38,490 |
| Strategic investments | | 114,026 | | 68,161 |
| Property and equipment, net | | 82,136 | | 87,908 |
| Operating lease right-of-use assets | | 212,479 | | 219,195 |
| Intangible assets, net | | 16,173 | | 17,885 |
| Goodwill | | 76,204 | | 76,204 |
| Other assets | | 41,720 | | 41,464 |
| Total assets | $ | 2,422,330 | $ | 2,433,700 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ | 15,149 | $ | 13,145 |
| Accrued compensation and benefits | | 57,261 | | 108,868 |
| Accrued expenses and other current liabilities | | 25,401 | | 29,864 |
| Operating lease liability | | 36,023 | | 34,930 |
| Deferred revenue | | 515,573 | | 510,311 |
| Total current liabilities | | 649,407 | | 697,118 |
| Convertible senior notes, net | | 662,224 | | 651,398 |
| Operating lease liability, noncurrent | | 219,486 | | 225,266 |
| Deferred revenue, noncurrent | | 198 | | 294 |
| Other liabilities | | 2,145 | | 2,183 |
| Total liabilities | | 1,533,460 | | 1,576,259 |
| Commitments and contingencies (Note 7) | | | | |
| Stockholders' equity: | | | | |
| Common stock | | 59 | | 58 |
| Additional paid-in-capital | | 2,453,908 | | 2,371,676 |
| Accumulated other comprehensive income (loss) | | (109) | | 102 |
| Accumulated deficit | | (1,564,988) | | (1,537,043) |
| Total Slack Technologies, Inc. stockholders' equity | | 888,870 | | 834,793 |
| Noncontrolling interest | | — | | 22,648 |
| Total stockholders' equity | | 888,870 | | 857,441 |
| Total liabilities and stockholders' equity | $ | 2,422,330 | $ | 2,433,700 |

See accompanying notes to condensed consolidated financial statements.

**SLACK TECHNOLOGIES, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
*(In thousands, except per share amounts)*
*(Unaudited)*

| | Three Months Ended April 30, | |
|---|---|---|
| | 2021 | 2020 |
| Revenue | $ 273,357 | $ 201,650 |
| Cost of revenue | 39,237 | 25,602 |
| Gross profit | 234,120 | 176,048 |
| Operating expenses: | | |
| Research and development | 103,602 | 91,225 |
| Sales and marketing | 123,947 | 110,320 |
| General and administrative | 61,848 | 50,654 |
| Total operating expenses | 289,397 | 252,199 |
| Loss from operations | (55,277) | (76,151) |
| Interest expense | (12,029) | (2,842) |
| Interest income and other income, net | 40,426 | 4,708 |
| Loss before income taxes | (26,880) | (74,285) |
| Provision for income taxes | 1,065 | 142 |
| Net loss | (27,945) | (74,427) |
| Net income attributable to noncontrolling interest | — | 784 |
| Net loss attributable to Slack | (27,945) | (75,211) |
| Basic and diluted net loss per share: | | |
| Net loss per share attributable to Slack common stockholders, basic and diluted | $ (0.05) | $ (0.13) |
| Weighted-average shares used in computing net loss per share attributable to Slack common stockholders, basic and diluted | 581,550 | 557,414 |

See accompanying notes to condensed consolidated financial statements.

4

**SLACK TECHNOLOGIES, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
*(In thousands)*
*(Unaudited)*

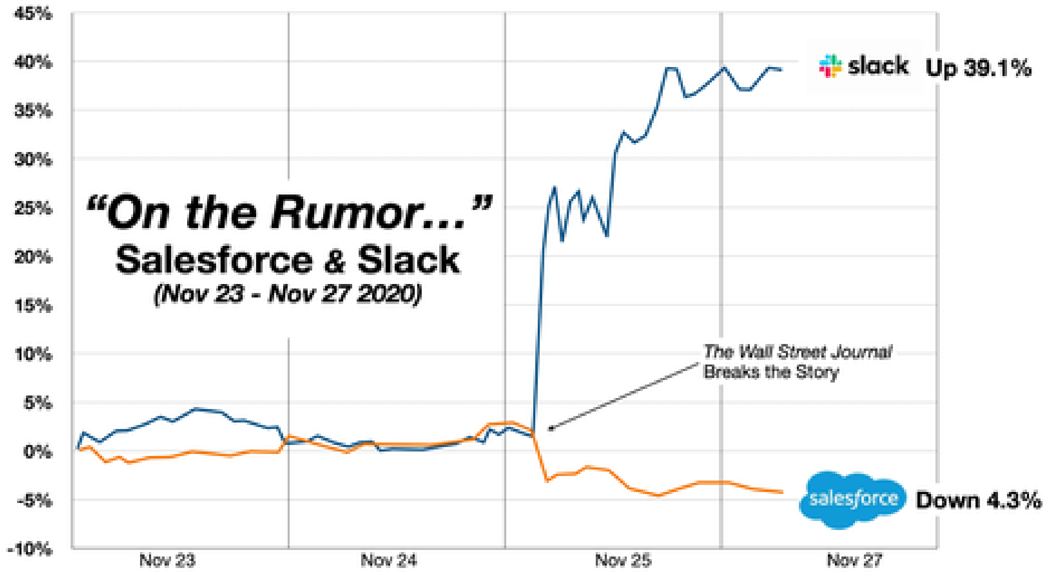
| | Three Months Ended April 30, | |
|---|---|---|
| | 2021 | 2020 |
| Net loss | $ (27,945) | $ (74,427) |
| Other comprehensive income (loss), net of tax: | | |
| Change in unrealized gain or loss on marketable securities | (211) | 925 |
| Other comprehensive income (loss), net of tax | (211) | 925 |
| Comprehensive loss | (28,156) | (73,502) |
| Comprehensive income attributable to noncontrolling interest | — | 784 |
| Comprehensive loss attributable to Slack | $ (28,156) | $ (74,286) |

**SLACK TECHNOLOGIES, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(In thousands)*
*(Unaudited)*

| | Three Months Ended April 30, | |
|---|---|---|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Net loss | $ (27,945) | $ (74,427) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 7,480 | 6,700 |
| Stock-based compensation | 59,017 | 53,711 |
| Amortization of debt discount and issuance costs | 10,825 | 2,366 |
| Non-cash operating lease expense | 10,339 | 8,732 |
| Amortization of deferred contract acquisition costs | 5,060 | 3,143 |
| Net amortization of bond premium on debt securities available for sale | 1,001 | 171 |
| Change in fair value of strategic investments | (39,893) | (1,638) |
| Other non-cash adjustments | 676 | 592 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 95,627 | 39,470 |
| Prepaid expenses and other assets | (4,069) | (6,561) |
| Accounts payable | 2,004 | (3,746) |
| Operating lease liabilities | (8,310) | (8,671) |
| Accrued compensation and benefits | (51,607) | (13,328) |
| Deferred revenue | 5,167 | 4,359 |
| Other current and long-term liabilities | (2,617) | (2,144) |
| Net cash provided by operating activities | 62,755 | 8,729 |
| Cash flows from investing activities: | | |
| Purchases of marketable securities | — | (100,302) |
| Maturities of marketable securities | 196,220 | 69,613 |
| Sales of marketable securities | — | 4,289 |
| Purchases of property and equipment | (50) | (5,046) |
| Purchase of strategic investments | (5,972) | (4,018) |
| Net cash provided by (used in) investing activities | 190,198 | (35,464) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of convertible senior notes, net of issuance costs | — | 842,016 |
| Purchases of capped calls related to convertible senior notes | — | (105,570) |
| Purchase of noncontrolling interest | (22,648) | — |
| Proceeds from exercise of stock options | 1,328 | 2,905 |
| Payments of contingent consideration for acquisitions | (800) | — |
| Issuance of common stock for employee stock purchase plan | 20,459 | 16,610 |
| Net cash provided by (used in) financing activities | (1,661) | 755,961 |
| Net increase in cash, cash equivalents and restricted cash | 251,292 | 729,226 |
| Cash, cash equivalents and restricted cash at beginning of period | 1,119,847 | 537,489 |
| Cash, cash equivalents and restricted cash at end of period | $ 1,371,139 | $ 1,266,715 |

| | | |
|---|---|---|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for income taxes | $ 494 | $ 990 |
| Cash paid for interest | $ 2,156 | $ — |
| Non-cash investing and financing activities: | | |
| Increase (decrease) in purchases of property and equipment included in liabilities | $ 142 | $ (177) |
| Debt issuance costs, accrued but not yet paid | $ — | $ 687 |
| Vesting of early exercised stock options | $ 1,424 | $ 2 |
| Unrealized short-term gain (loss) on marketable securities | $ (211) | $ 910 |

Appendix O




Articles

Salesforce Signs Definitive Agreement to Acquire Slack

SAN FRANCISCO, Dec. 1, 2020 – Salesforce (NYSE: CRM), the global leader in CRM, and Slack Technologies, Inc. (NYSE: WORK), the most innovative enterprise communications platform, have entered into a definitive agreement under which Salesforce will acquire Slack. Under the terms of the agreement, Slack shareholders will receive $26.79 in cash and 0.0776 shares of Salesforce common stock for each Slack share, representing an enterprise value of approximately $27.7 billion based on the closing price of Salesforce's common stock on November 30, 2020.

Combining Slack with Salesforce Customer 360 will be transformative for customers and the industry. The combination will create the operating system for the new way to work, uniquely enabling companies to grow and succeed in the all-digital world.

"Stewart and his team have built one of the most beloved platforms in enterprise software history, with an incredible ecosystem around it," said Marc Benioff, Chair and CEO, Salesforce. "This is a match made in heaven. Together, Salesforce and Slack will shape the future of enterprise software and transform the way everyone works in the all-digital, work-from-anywhere world. I'm thrilled to welcome Slack to the Salesforce Ohana once the transaction closes."

"Salesforce started the cloud revolution, and two decades later, we are still tapping into all the possibilities it offers to transform the way we work. The opportunity we see together is massive," said Stewart Butterfield, Slack CEO and Co-Founder. "As software plays a more and more critical role in the performance of every organization, we share a vision of reduced complexity, increased power and flexibility, and ultimately a greater degree of alignment and organizational agility. Personally, I believe this is the most strategic combination in the history of software, and I can't wait to get going."

Slack to Become the New Interface for Salesforce Customer 360

Salesforce is the #1 CRM that enables companies to sell, service, market and conduct commerce, from anywhere. Slack brings people, data and tools together so teams can collaborate and get work done, from anywhere. Slack Connect extends the benefits of Slack to enable communication and collaboration between a company's employees and all its external partners, from vendors to customers.

Slack will be deeply integrated into every Salesforce Cloud. As the new interface for Salesforce Customer 360, Slack will transform how people communicate, collaborate and take action on customer information across Salesforce as well as information from all of their other business apps and systems to be more productive, make smarter, faster decisions and create connected customer experiences.

Slack To Expand Enterprise Footprint as Part of the World's #1 CRM

Slack serves leading organizations in every industry around the world, from the fastest growing startups  to Fortune 500 companies, such as Starbucks, Target and TD Ameritrade, along with leading academic institutions, non-profits, and governments in more than 150 countries.

As part of the world's #1 CRM, Slack will be able to expand its presence in the enterprise, not just among Salesforce customers, but for any company undergoing digital transformation. Upon the close of the transaction, Slack will become an operating unit of Salesforce and will continue to be led by CEO Stewart Butterfield.

Combination to Form the Largest Open Ecosystem of Apps and Workflows for Business

Connecting people and data across systems, apps and devices is one of the biggest challenges companies face in today's all-digital world.

Slack's open platform seamlessly integrates with more than 2,400 apps that people use to collaborate, communicate and get work done. With the largest enterprise app ecosystem, the Salesforce platform is the easiest way to build and deliver apps to connect with customers in a whole new way.

Together, Salesforce and Slack will create the most extensive open ecosystem of apps and workflows for business and empower millions of developers to build the next generation of apps, with clicks not code.

Details on the Proposed Transaction

The board of directors of each of Salesforce and Slack have approved the transaction and the Slack board recommends that Slack stockholders approve the transaction and adopt the merger agreement. The transaction is anticipated to close in the second quarter of Salesforce's fiscal year 2022, subject to approval by the Slack stockholders, the receipt of required regulatory approvals and other customary closing conditions.

Salesforce has also entered into a voting agreement with certain stockholders of Slack common stock, under which each such stockholder has agreed to vote all of their Slack shares in favor of the transaction at the special meeting of Slack stockholders to be held in connection with the transaction, subject to certain terms and conditions. The Slack shares subject to the agreement represent approximately 55% of the current outstanding voting power of the Slack common stock.

Salesforce expects to fund the cash portion of the transaction consideration with a combination of new debt and cash on Salesforce's balance sheet. Salesforce has obtained a commitment from Citigroup Global Markets Inc., Bank of America, N.A. and JPMorgan Chase Bank, N.A. for a $10.0 billion senior unsecured 364-day bridge loan facility, subject to customary conditions.

About Slack

Slack has transformed business communication. It's the leading channel-based messaging platform, used by millions to align their teams, unify their systems, and drive their businesses forward. Only Slack offers a secure, enterprise-grade environment that can scale with the largest companies in the world. It is a new layer of the business technology stack where people can work together more effectively, connect all their other software tools and services, and find the information they need to do their best work. Slack is where work happens.



Advisors

BofA Securities, Inc. is serving as exclusive financial advisor to Salesforce and Wachtell, Lipton, Rosen & Katz and Morrison & Foerster LLP are serving as legal counsel to Salesforce. Qatalyst Partners LP and Goldman Sachs & Co LLC are serving as financial advisors to Slack. Latham & Watkins LLP and Goodwin Procter LLP are serving as legal counsel to Slack.

Forward-Looking Statements

This communication relates to a proposed business combination transaction between Salesforce.com, Inc. ("Salesforce") and Slack Technologies, Inc. ("Slack"). This communication includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements relate to future events and anticipated results of operations, business strategies, the anticipated benefits of the proposed transaction, the anticipated impact of the proposed transaction on the combined company's business and future financial and operating results, the expected amount and timing of synergies from the proposed transaction, the anticipated closing date for the proposed transaction and other aspects of our operations or operating results. These forward-looking statements generally can be identified by phrases such as "will," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. It is uncertain whether any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on the results of operations and financial condition of the combined companies or the price of Salesforce or Slack stock. These forward-looking statements involve certain risks and uncertainties, many of which are beyond the parties' control, that could cause actual results to differ materially from those indicated in such forward-looking statements, including but not limited to: the impact of public health crises, such as pandemics (including coronavirus (COVID-19)) and epidemics and any related company or government policies and actions to protect the health and safety of individuals or government policies or actions to maintain the functioning of national or global economies and markets; the effect of the announcement of the merger on the ability of Salesforce or Slack to retain and hire key personnel and maintain relationships with customers, suppliers and others with whom Salesforce or Slack do business, or on Salesforce's or Slack's operating results and business generally; risks that the merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger; the outcome of any legal proceedings related to the merger; the ability of the parties to consummate the proposed transaction on a timely basis or at all; the satisfaction of the conditions precedent to consummation of the proposed transaction, including the ability to secure regulatory approvals on the terms expected, at all or in a timely manner; the ability of Salesforce to successfully integrate Slack's operations; the ability of Salesforce to implement its plans, forecasts and other expectations with respect to Salesforce's business after the completion of the transaction and realize expected synergies; and business disruption following the merger. These risks, as well as other risks related to the proposed transaction, will be included in the registration statement on Form S-4 and proxy statement/prospectus that will be filed with the Securities and Exchange Commission ("SEC") in connection with the proposed transaction. While the list of factors presented here is, and the list of factors to be presented in the registration statement on Form S-4 are, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. For additional information about other factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to Salesforce's and Slack's respective periodic reports and other filings with the SEC, including the risk factors identified in Salesforce's and Slack's most recent Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. The forward-looking statements included in this communication are made only as of the date hereof. Neither Salesforce nor Slack undertakes any obligation to update any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made, except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Additional Information about the Merger and Where to Find It

In connection with the proposed transaction, Salesforce intends to file with the SEC a registration statement on Form S-4 that will include a proxy statement of Slack and that also constitutes a prospectus of Salesforce. Each of Salesforce and Slack may also file other relevant documents with the SEC regarding the proposed transaction. This document is not a substitute for the proxy statement/prospectus or registration statement or any other document that Salesforce or Slack may file with the SEC. The definitive proxy statement/prospectus (if and when available) will be mailed to stockholders of Salesforce and Slack. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN

THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of the registration statement and proxy statement/prospectus (if and when available) and other documents containing important information about Salesforce, Slack and the proposed transaction, once such documents are filed with the SEC through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Salesforce will be available free of charge on Salesforce's website at www.salesforce.com/investor or by contacting Salesforce's Investor Relations department at investor@salesforce.com. Copies of the documents filed with the SEC by Slack will be available free of charge on Slack's website at investor.slackhq.com or by contacting Slack's Investor Relations department at ir@slack.com.

Participants in the Solicitation

Salesforce, Slack and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about the directors and executive officers of Salesforce, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Salesforce's proxy statement for its 2020 Annual Meeting of Stockholders, which was filed with the SEC on May 1, 2020, and Salesforce's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, which was filed with the SEC on March 5, 2020, as well as in a Form 8-K filed by Salesforce with the SEC on June 1, 2020. Information about the directors and executive officers of Slack, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Slack's proxy statement for its 2020 Annual Meeting of Stockholders, which was filed with the SEC on May 5, 2020, and Slack's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, which was filed with the SEC on March 12, 2020. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transaction when such materials become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from Salesforce or Slack using the sources indicated above.

Article 2

Slack stock hits record highs as traders buy the Salesforce rumor

Slack stock closed at a fresh all-time high on Monday as traders continued to buy ahead of cloud kingpin Salesforce's rumored acquisition.

Wind of the deal has now boosted Slack's share price more than 45% in just three days of trade.

Slack stock even set a new record intraday high of $43.69 early Tuesday morning; in the green over 90% year-to-date, but only up roughly 12% since its IPO in June 2019.

Its previous intraday and closing records were $42 (June 20, 2019) and $40.70 (November 25, 2020).

That's far behind benchmark indices like the S&P 500 and the NASDAQ 100, which have returned 22% and 59% since Slack's initial New York Stock Exchange listing.

But what's been a stellar year for 'stay-at-home' tech stocks like Zoom and Amazon hasn't converted quite so well for workplace comms darling Slack.

[Read: Square stock on fire: Jack Dorsey's beard sets 3 share price records in 3 days]

In September, the company's stock fell up to 20% after posting earnings that showed quarterly revenues growing 50% year-on-year — which sounds great but pales in comparison to Zoom's revenue, which reportedly jumped 355% throughout the pandemic.

On the other hand, traders pumped Salesforce stock nearly 30% after it posted healthy revenue growth in August. However, the company's share price has fallen a few points since the Slack rumors began.

The market waits for more details on Salesforce's Slack buyout

There's currently no word on how much Salesforce is prepared to pay for Slack. CNBC cited sources familiar with the matter who said the deal could value Slack at a premium, and might be made half in cash and half in stock.

Slack's market value is now a touch under $25 billion. If Salesforce is willing to pay more, it could push the company's stock price higher.

But, the opposite could occur if traders have already 'priced in' Salesforce's potential valuation, considering its share price has already risen 45% in the past few days.

Analysts say Salesforce's acquisition of Slack would help the San Francisco SaaS-lord reimagine itself as a hip, young, and relevant brand for tech-savvy workplaces.

More details are expected to drop after Tuesday's trading session has ended.

## Sources

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