

Eat and Be Eaten

Any company in geo-information technology that is **also** floated on the stock market has to be on its guard these days. A competitor can go chasing after shares in an attempt to obtain a majority. If it succeeds, buyer is boss, and calls the shots from now on! A scary scenario and one experienced by Leica Geosystems AG of Switzerland. Startled by a hostile take-over bid by Swedish technology conglomerate Hexagon AB, Leica rejected the offer saying that the combination would mean a huge backwards step for it. Conglomerate strategy rationale was based on a technology-driven division of the company (macro, micro, and nano-measurement). Leica had already been there, seen the lack of success of the strategy and abandoned it years ago. Another reason given by Leica for rejecting the take-over was that it would not serve the best interests of its shareholders because Hexagon's price offer failed to acknowledge the growth perspective of the Swiss company.

But it is not only strategy or shareholder value, I feel sure, but also emotions that are keeping Leica cool towards Hexagon. Over its more than two hundred years of existence Leica has built up a renowned reputation as a developer of techniques for measuring the earth. Today it is an undisputed market leader in the measuring and surveying business. The name Leica rings with familiarity and trustworthiness. A new name, a new strategy and new bosses in Sweden would bring commotion and therefore uncertainty in performance. And it's true, Leica is not a company that needs help: its performance is excellent, the outlook is great, and the company is positioned right at the forefront of geo-information technology. But of course, this is precisely why Hexagon wants it onboard: in current market value terms Leica is a thriving member of one of the most expanding fields of business.

For better or for worse, we are gradually waking up to the fact that geo-related companies who have swallowed up many smaller companies over recent years are now themselves popular prey for even bigger conglomerates demanding their own place under the geo-sun. The take-over campaign that raged through the surveying and GIS business during the late nineties involved big companies aiming to make themselves even bigger by buying up smaller competitors. The **new** campaign, beginning with the hostile Hexagon bid for Leica, shows signs of a new strategy: large technology or investor groups buying themselves into complementary but relatively unknown, niche technology.

From now on we will undoubtedly see more of these more or somewhat less hostile take-over bids. Traditional companies, especially the rich ones, are on the warpath, looking to buy up companies in the forefront of one of the world's most booming businesses. It's a simple and often successful strategy: if you don't have the knowledge yourself, buy it.

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