

Case Prompt

It is 6:00 AM on **Tuesday, August 8th, 2023**. PayPal CEO Dan Schulman, announced last week that the company's adjusted operating margins have declined as low-margin businesses like Braintree have shown strong growth and higher-margin businesses such as the PayPal-branded checkout platform have seen slower growth. As a result, Intuit CEO Sasan Goodarzi seeing the long-term potential and uncertain leadership plan of PayPal, determined it was in an ideal position to be acquired. In conducting his analysis, Goodarzi had realized that with PayPal shares down 40% from its 52-week high, PayPal could be an attractive buying opportunity.

CEO of Intuit, Sasan Goodarzi immediately calls you and your team. He asks for **your team to deliver a presentation** to him and Intuit executives this evening on the group's thoughts about the acquisition idea. His concerns are as follows:

- Does it make sense for Intuit to acquire PayPal?
- At what price could Intuit justify an acquisition to shareholders?
- How would this acquisition set up Intuit for growth and innovation within the FinTech industry?
- Is this deal worth pursuing given the regulatory concerns and potential negative publicity?

You and your team must put together a presentation for this evening's discussion that should include as much of the following that you feel is relevant:

- ✓ An executive summary of your recommendation
- ✓ A situation overview
- ✓ An industry overview
- ✓ Any relevant M&A trends, deals, or cases
- ✓ A thorough business analysis of PayPal
- ✓ How PayPal fits (or doesn't) with Intuit
- ✓ Any synergies that can be realized by a potential merger
- ✓ A Valuation of PayPal
 - Comparable Companies
 - DCF
 - Precedent Transactions
 - DCF with synergies
 - Others?
- ✓ How a potential deal would be financed, and how the merger would impact pro forma earnings
- ✓ Any relevant integration concerns (i.e. antitrust, pro forma management and operations, etc.)
- ✓ Risks associated with your recommendation that Intuit should be aware of
- ✓ A conclusion summarizing your analysis and recommendation
- ✓ An appendix that includes backups of your analysis and support for any questions you may be asked