

Acqui-Hiring, The Next Step

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Abstract—This paper presents the Acqui-hiring or Acq-hiring, which is a relatively new phenomenon in tech industry which stands for purchasing companies to recruit and acquire its employees, while the product of the company becomes secondary.

Index Terms—Acqui-hiring

I. INTRODUCTION

A. What is Acqui-Hiring?

Acqui-hiring or Acq-hiring is a relatively new phenomenon in tech industry which stands for purchasing companies to recruit and acquire its employees, while the product of the company becomes secondary. It is a smart recruitment strategy as it saves time and money in acquiring new talent. It represents an effective shortcut to fast hire best talent in large number and is also an alternative to a shutdown for a company that is being acqui-hired. Companies which are being bought are often experiencing financial difficulties, so this type of business deal provides them with the kind of an exit and it allows investors to recover some or most of their money. The company that is acquired often shuts down after the purchase.

Thus, from the definition itself, we can immaculate that acqui-hiring is an evolving extension of management buy-outs. In a way, it solves the problems a lot of small scale industries face, breaking into the market. However, the company acquired usually undergoes a shut down or liquidation which might not turn out to be pleasant for all the employees and staff of the firm.

Such phenomenon is introduced by creative minds, but they can never predict their widespread or the rate at which the practice would be adopted. With the ever evolving and curious technology, along with our dependency on the same, such trends gain global application in relatively short periods of time. Big market players such as Facebook and Google specialize in this method of acqui-hiring.

They understand that however forward technology leaps, the gifts of a human mind will always supersede them. They understand that human effort and skill is what makes a company 'click'. More than products, the staff that puts the product on the market is recognized as more valuable in today's scenario.

Manufacturing labor was only the beginning. Rapid developments in communication technologies opened opportunities for the cost-saving outsourcing of labor-intensive services with easily scripted routines: telemarketing, customer service, technical support, and debt collection. In turn, the

technological advancements required enormous amounts of programming and web designing, creating a window of opportunity for utilization of foreign high-tech services. Then followed large-volume billing processing, bookkeeping, and so on. Today, a virtual-company scenario with an idea-generating entrepreneur managing all his outsourced operational and overhead labor from his home office is a conceivable reality.

This is something that can be achieved by the way we are progressing. Acqui-hiring is a stepping stone in the progress to achieve that goal.

B. Acqui-Hiring in India

Aloke Bajpai, CEO & Co-Founder, ixigo believes that the idea of acqui-hiring an existing organization is to combine expertise from another set of smart entrepreneurs with our own. This mutually benefits both organizations by building on their existing knowledge, enabling them to work towards a common goal.

Last year, ixigo had acqui-hired mobile content sharing app Reach. "When we onboarded the Reach team, we took our vision of empowering every Indian traveler with trustworthy & personalized travel recommendations a step further. Our main aim has always been to simplify the lives of travelers. With their technical prowess and innovative thinking, together we wanted to churn out a lot of smart offerings for our users," shared Bajpai adding that Reach brought oodles of enthusiasm along with assuring users some awesome developments.

Media reports state that e-commerce companies like Flipkart, Snapdeal and Jabong are looking to acqui-hire and strengthen their teams, ideas and technology. Some of the acqui-hires in the Indian start-up space include:

- Flipkart acqui-hired Mallas Inc., a digital media distribution firm, in 2011, Flyte was the service launched after the acquihire. Flyte, was the music service it launched which shut down in 2013. Flipkart is also looking at mobile app marketing start-up DSYN Technologies Pvt. Ltd as part of its acqui-hire strategy this year.
- Furniture e-tailor Urban Ladder acqui-hired BuynBrag (Social Scientist E-commerce Pvt. Ltd), furniture marketplace, in November 2014.
- Online doctor Discovery Company Practo Technologies Pvt. Ltd bought Mumbai-based product outsourcing firm Genii in 2015.
- Travel information portal Holiday IQ (Lifestlye Information Services Pvt. Ltd.) acqui-hired mobile app

company SourceN India Pvt. Ltd. in 2015.

- Online real estate classifieds company CommonFloor (MaxHeap Technologies Pvt. Ltd) acqui-hired Bangalore-based messaging startup Bakfy in 2015.
- Home design and furnishing portal BedBathMore (Encompass Design India Pvt. Ltd), has acqui-hired Crude Area India Pvt. Ltd in 2015.
- Myntra (acquired by Flipkart) acqui-hired Native 5 in 2015.
- News in local languages app Newshunt (Verse Innovation Pvt. Ltd) acqui-hired big data start-up Vauntz India Pvt Ltd 2015

Most of the companies that are acqui-hired are founded by early-stage teams of people in their 20s. These teams, a majority of them engineers, have attempted to build innovative product using the latest technology, frameworks and stacks.

India has seen been one of the countries who have accepted and adopted the methods of acqui-hiring. This is mostly predominant in startups being brought up by the youth of our country. Today, our country is no short of the most brilliant, innovative and creative minds, with the hunger and urge to create something new or exceed themselves every day. These entrepreneurs are the sole objective of acqui-hiring. Companies and products these days prove to be a sort of a 'test', or basically a method to establish themselves and make a name so that the better opportunities come by where they can apply their minds with greater resources backing them.

"Instead of individually looking out for talent and hand holding the same, acqui-hiring brings the advantage of smooth amalgamation of talent and skills. RailYatri in its recent acqui-hire almost instantly added deep ground level experience of YatraChef-a technology start-up in the transit food delivery space. Our company can now look forward to delivering outstanding user experience and spanning their reach in a very short time." said Rathi.

C. *How it's The Next Step*

"You get people with relevant skill sets, their body of work and role laid out cleanly for you, and you get a fully functional team. They're unlikely to require training, and the team comes readymade so there are no concerns about the fit. These employees can help you hit the ground running for your expansion and offer exceptional value and saving of time and effort," said Avula.

If your startup is entering a new market or is looking to expand for any other reason, it will need to hire new resources. In the ordinary course of affairs, this would involve putting out a word in the market and on hiring platforms that you're looking for someone with these skills. Startups will spend massive resources on finding the right candidates, interviewing them, and testing them. If the companies are not meticulous, they will end up spending extra time and money anyway when the employees aren't always up to the mark. After that, these employees will have to go through training period as well, and

their fit with the team while hiring other people to work around these individuals will just new levels of complexity and expense.

The fact that the human mind is the pinnacle of resources is something to be proud of. The world has evolved from understanding volume and technology as the superpowers, to reaching to a conclusion, or maybe not a conclusion as to the human mind itself is a gift beyond our imagination beliefs and abilities.

With the surging significance of mergers and acquisitions, and the base of experience expanding, it may seem reasonable to assume that they are more likely to succeed than fail in these types of combinations.

D. *How it could be Something Never to be heard of again*

Acqui-hiring is a great step in the evolution of mergers and acquisitions; however, it does not always pan out the way you would want it to. The transition proves to be fatal to the careers of several employees who for various reasons cannot perform as well as they did earlier. For example, a production house based in Houston, Texas kills all it' objectives and makes a profit worth being proud of, as they work where they were born and have lived all their lives. The next quarter, they are acqui-hired by a firm to improve their production and the whole working line is moved across the country, and suddenly the returns do not seem to be the same any longer.

There is more to humans than just their smartness and abilities. We are a fluctuating mixture of egos, cultures, traditions, perceptions, attitudes, etc. Seeing eye to eye is not always as easy as it was perceived to be, in many cases, directors do not even leave a thought aside for dealing with such problems because they feel the acquisition is sufficient to get them the goals they want.

Another downside to this method is that there is no definite structure that can be provided to give the idea a picture or something imaginable. The framework needs to re-organized after acqui-hiring and this is a serious step that needs to be addressed. If the new members hired do not gel with the currently employed, then efficiency will be missed out on. People problems are something that we learn about every day. They are complex, evolving and hard to define as well. Therefore these problems need to be addressed in a sufficient and wholesome manner to avoid friction as much as possible.

II. CONCLUSION

Acqui-hiring is a good step for the evolution of mergers and acquisitions because firstly, it is a step forward, which is better than staying still or going backwards. More importantly, even if it does turn out to be the next big thing, or does not end up amounting to anything, because it is something new to the world, or at least a modified perception of something already existing, both of which show progress and resourcefulness.

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