

UNIVERSITE PARIS 1 PANTHEON – SORBONNE
ECOLE DE MANAGEMENT / DEPARTMENT DES LANGUES
LICENCE DE GESTION ET ECONOMIE D'ENTREPRISE, Semestre 3
BI-LICENCE DROIT/GESTION, Semestre 3

Partiel d'anglais appliqué à la gestion

Enseignant Responsable :

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Date : 16 janvier 2014

Durée : 2 heures

No documents allowed. Write your answers on the official answer sheets provided.

PART 1 : Reading

Read the text below, entitled *Google to Buy Nest Labs for \$3.2 Billion* and address the ensuing vocabulary and comprehension exercises.

Google to Buy Nest Labs for \$3.2 Billion

Google Inc. is on your desktop, in your pocket and now wants to be on your wall. The search giant said Monday it is paying \$3.2 billion to buy Nest Labs Inc., a closely held maker of "smart" thermostats and smoke alarms for homes. The deal would be Google's second largest, behind its 2012 acquisition of cellphone maker Motorola Mobility, and marks another expansion of the company's ambitions beyond its search advertising business, from robots to self-driving cars.

Little is known about Nest's finances, but the startup is a poster child for a technology movement known as the Internet of Things, which is adding sensors, computing and communications technology to make everyday objects more useful. The trend, a key focus of last week's Consumer Electronics Show in Las Vegas, is attracting investments from large companies like General Electric Co., Cisco Systems Inc. and Intel Corp. as well as a mob of startups. Google was an investor in Nest Labs through its venture-capital arm.

Forrester analyst Frank Gillett said Google paid handsomely for Nest to stay ahead of competitors to control the next generation of smart devices, including appliances and door locks. "This is about whose service—Google, Amazon, Apple, Microsoft and others—is going to coordinate your smart home for you," Mr. Gillett said. The deal also gives Google a high-profile technology executive in Tony Fadell, a former Apple Inc. employee who is Nest's co-founder and chief executive. Mr. Fadell, who helped develop the iPod and reported to Apple's former chief executive Steve Jobs, will continue to run Nest and report to Google Chief Executive Larry Page.

Mr. Fadell started Nest in 2010 with Matt Rogers, another former Apple engineer. They saw an opportunity to reimagine the so-called "unloved products" in the home by connecting the devices to the Internet and making them easier to use. The company's first product, introduced in late 2011, was a hockey-puck-shaped thermostat that programs itself based on how a user changes the temperature. It can also detect, using sensors, when there is no one in the home to lower energy use.

Mr. Fadell wrote in a blog post Monday that he showed Google co-founder Sergey Brin a video and early model of the thermostat in 2011. "He instantly got what we were doing," Mr. Fadell wrote. In an interview, Mr. Fadell said Google appealed to Nest because it had financial resources and an internal support network—functions like human resources, customer service and law—that would help Nest grow, and expand overseas.

Mr. Fadell said he sees Nest fitting in Google's vision of a connected world that spans from pocket devices to automobiles to homes. In a nod to concerns about Google's use of personal data, Nest said it would continue to adhere to its own policy, which limits the sharing of personal information with third parties, and requires the user's consent.

This isn't Google's first foray into helping homeowners understand their energy use. Previously the company had an energy monitoring tool called "PowerMeter" designed to help consumers visualize their hourly energy usage. The product was retired in 2011.

In an interview with Forbes last month, Mr. Fadell said the thermostat was in "almost 1% of U.S. homes," suggesting that the device had made its way into more than one million homes. Market researcher ABI Research estimates that 1.3 million smart thermostats were shipped world-wide in 2013. Nest also generates revenue by working with utility companies to lower energy use during peak usage periods. Last year, it introduced a second product, the Nest Protect smoke and carbon monoxide detector.

Nest products are sold in Apple's retail and online stores. Nest said it planned to continue supporting Apple's operating system so its devices can be controlled by an iPhone or iPad. An Apple spokesman declined to comment on whether Apple would continue to sell Nest products.

Google Ventures had previously invested in Nest via its venture capital arm, leading two rounds in financing for the startup in 2011 and 2012. Other investors include venture-capital firms Kleiner Perkins Caufield & Byers and Lightspeed Venture Partners. Kleiner will make a 20-fold return, according to a person familiar with the matter. "It's a fantastic return" for investors, said Peter Nieh, a Lightspeed partner.

Private company valuations have been rising along with stocks, and an influx of money from venture capitalists. Companies like Nest also have benefited from declining costs of hardware and components. Bluetooth device maker Jawbone was valued at \$1.5 billion in its 2011 funding led by Andreessen Horowitz; and Woodman Labs, maker of the GoPro video camera, was valued at \$2.25 billion in 2012 funding from Foxconn, according to Dow Jones VentureSource.

A. Vocabulary (5 points)

I. Write the following abbreviations in full (1 point)

1. Inc.
2. Corp.
3. Co.
4. Labs

II. Find the words in the text that the sentences below define. Give the paragraph and line references. (1.5 points)

1. Proposal for financing a business creation or expansion:
2. A computing concept referring to the integration of ordinary physical objects into the information network so that they can interact with each other and cooperate with humans:
3. Businesses that provide similar products or services to yours:
4. Points of sale of smaller quantities of products or services to the general public that are physical and over the Internet:
5. State or privately owned businesses which provide useful services to the public such supplies of water, electricity or gas to the home or public transport.:
6. Companies that invest shareholders' money in start-ups and other risky but potentially profitable enterprises:

III. Define the words below in English (2.5 points)

1. acquisition (paragraph 1, line 4)
2. expansion (paragraph 1, line 4)
3. startup (paragraph 2, line 1)
4. chief executive (paragraph 3, line 6)
5. stocks (last paragraph, line 1)

B. Comprehension (5 points)

Answer the following questions briefly

1. Why does Google want to acquire Nest Labs?
2. What type of company is Nest Labs and what products does it make?

3. What companies are the traditional trading partners of Nest and how is the deal with Google likely to affect their collaboration?
4. What mutual benefits will the deal bring to both Google and Nest?
5. What shows that Nest is likely to keep its identity within Google group?

PART 2. Grammar (5 points)

Choose the correct verb form that completes sentences in the text below.

Monsanto Quarterly Profit Climbs on Biotech Soybeans

Monsanto (1) *reports/ has reported/ reported* better-than-expected first quarter earnings Wednesday on higher sales of the company's biotech soybean seeds and its signature herbicide Roundup. Its earnings (2) *rise / have risen / rose* 8 percent, and its shares (3) *rise / have risen / rose* more than 2 percent in morning trading. The St. Louis-based company (4) *says / has said / said* it (5) *earns / has earned / earned* \$368 million, or 69 cents per share in the three months ended Nov. 30. That (6) *compares / has compared / compared* to earnings of \$339 million, or 63 cents per share, in last year's quarter.

Revenue (7) *climbs / has climbed / climbed* 7 percent to \$3.1 billion, driven by sales of its Intacta soybean seeds to farmers in Argentina and Brazil. The biotech engineered soybean, which (8) *is / has been / was* the company's first product designed for a non-U.S. market, (9) *repels / has repelled / repelled* caterpillars and (10) *withstands / has withstood / withstood* Monsanto's herbicide Roundup. Soybean sales (11) *grow / have grown / grew* 16 percent to \$267 million for the quarter.

The company's performance (12) *beats / has beaten / beat* the average estimate of analysts polled by FactSet. The consensus estimate (13) *is / has been / was* for earnings of 64 cents per share on sales of \$3.069 billion in revenue for the quarter. Monsanto (14) *reiterates / has reiterated / reiterated* previous expectations of earnings between \$5 and \$5.20 per share for fiscal 2014. Analysts (15) *expect / have expected / expected* earnings of \$5.25 for the year.

Monsanto, which (16) *dominates / has dominated / dominated* the bioengineered-seed business for more than a decade, (17) *expects / has expected / expected* earnings growth in the "mid-to-high teens" for fiscal 2014, based largely on international seed sales in Latin America, Asia and other emerging markets. Total seed and seed license revenue (18) *decline / has declined / declined* to \$1.68 billion from \$1.76 billion, due to lower sales of the company's best-selling product, biotech corn seeds. Lower seed sales (19) *are / have been / were* offset by higher sales for the company's herbicide division, which (20) *increase / have increased / increased* \$283 million to \$1.47 billion.

The associated Press, January 8th 2014

PART 3: Essay writing (5 points)

“ The deal would be Google’s second largest behind its 2012 acquisition of cell phone maker Motorola Mobility, and marks another expansion of the company’s ambitions beyond its search advertising business, from robots to self-driving cars.”

In a minimum of 200 words, discuss Google’s expansion strategy or strategies. Your discussion should include a definition of the concept, a distinction of the types of expansion strategies that exist and an assessment of the expansion strategy used by Google. Draw insights from your knowledge of the subjects studied in class and the information imparted in the text.

Provide a word count at the end of your essay.

Key to answers and guidelines for marking

Part 1: Reading

A. Vocabulary (5 points)

I. (1 point in this section)

1. Incorporated
2. Corporation
3. Company
4. Laboratories

Marking: quarter of a mark for a correct answer. Please make sure that all the words (especially the word *company*) are spelt correctly.

II. (1.5 points in this section)

1. deal (paragraph 1, line 3)
2. The Internet of things (paragraph 2, line 2)
3. competitors (paragraph 3, line 2)
4. retail and online stores (last but two paragraphs, line 1)
5. utility companies (paragraph 8, line 4)
6. venture-capital firms (last but one paragraph, line 2)

Marking: quarter of a mark for a correct answer

III. (2.5 points in this section)

1. situation in which one firm buys a controlling interest in another through the purchase of its shares; *takeover, buyout, absorption*
2. increase in the scale of business; *growth in size*
3. a company which is generally newly created and which is in a phase of development and research for markets, especially in the Internet sector of activity.
4. person with the ultimate responsibility for a business organisation and its operations; *chief executive officer, managing director*

5. parts or portions of the equity capital of a company; *shares*

Marking: half a mark for a correctly written definition coupled with synonyms, where necessary. Quarter of a mark for a correctly written definition without any synonym or synonyms provided. Award only a quarter of a mark if just a synonym is given instead of a definition. Quarter of a mark, too, if the definition is correct but written with spelling mistakes. Nothing to be awarded otherwise.

B. Comprehension

1. It wants to control the next generation of smart devices, including appliances and door locks and stay ahead of competitors in the process.

2. Nest Labs is a startup, i.e. a company which is generally newly created and which is in a phase of development and research for markets, especially in the Internet sector of activity. It makes 2 products: smart thermostats and smoke alarms or detectors for homes.

3. Its traditional trading partners are Apple, which sells its thermostats in its retail and online stores, given that the devices are controlled by an Iphone or Ipad, and utility companies, as its devices can be used to lower energy use during peak usage periods.

It is difficult to predict whether the collaboration between Nest and Apple, especially, will continue because Apple is a competitor to Google, the acquirer of Nest.

4. Google is going to offer the financial resources and support network, such human resources, customer service and law, that would help Nest grow and expand overseas.

Nest is providing a toehold to Google into the trendy field of the Internet of Things and comforts its vision of a connected world that spans from pocket devices to automobiles to homes.

5. Two symbols suggest that Nest is likely to keep its identity in Google group. First, Tony Fadell, the co-founder and chief executive officer of Nest will continue to run the company, though will naturally report to Larry Page, co-founder and chief executive of Google. Then, apparently Nest will stick to its policy of a limited sharing of personal information with third parties coupled with the user's consent unlike Google, according to Tony Fadell.

Marking: Up to one point for a correctly written sensible answer nearing the above. Please award, a quarter, half or three quarters of a mark if you are not fully satisfied with the answer or if there are spelling, lexical or grammatical mistakes in it. Nothing should be awarded for a wrong answer or a blank.

Part 2. Grammar (5 points)

1. reported 2. rose 3. rose 4. said 5. earned 6. compares 7. climbed 8. is
9. repels 10. withstands 11. grew 12. beat 13. was 14. reiterated 15.
expected 16. has dominated 17. expected 18. declined 19. were 20. Increased

Marking: quarter of a mark for a correct answer. Nothing to be awarded otherwise.

Part 3. Essay writing (5 points)

Marking:

1 point if the student manages to write the minimum requisite number of words (200). Nothing, if otherwise.

2 points for the substance and 2 other points for the standard of English.

- Substance: - satisfactory definition of expansion strategy (= growth in size): up to 0.5 point
- distinction drawn satisfactorily between internal and external growth or expansion strategies (up to 0.5 point)
 - identification of acquisition and diversification as Google's expansion strategies (up to 0.5 point)
 - provision of real life examples (up to 0.5 point)

Standard of English:

- grammatical accuracy (up to 0.5 point)
- lexical accuracy and appropriacy (up to 0.5 point)
- satisfactory cohesion, i.e. correct use of link words (0.5 point)
- Good coherence, i.e. a well structured essay with a clearly signposted beginning, development and conclusion (up to 0.5 point)