Due Diligence Case Study
Microsoft Announces Acquisition Of Nuance

Deal Date: April 13th, 2021
Analyzed in the end of April, 2021
Microsoft To Buy Speech Recognition Firm Nuance in $19.7B Deal
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Why Nuance?
How Will Microsoft Benefit?

Analysis Scope: IPC=G10 (Speech Analysis) + Full text keyword: Health
## Winning Facts and Benefits

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<th>Winning Facts</th>
<th>Benefit for MS</th>
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<td>1. One of the top 5 companies in the Speech Analysis in Health field</td>
<td>Acquirable size</td>
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<td>2. Better Quality and Value rankings compared to its peers</td>
<td>Good Value and Quality</td>
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<td>3. There are still 36 pending patents to deploy in PCT</td>
<td>Positive future deployment</td>
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<td>4. Well-established development of Speech Analysis and Recognition</td>
<td>Technology mastery</td>
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<td>5. Large amount of its patents cited by tech giants</td>
<td>Technology pioneer; enforcement opportunities</td>
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<td>6. Microsoft is the top 3 company citing Nuance’s patents</td>
<td>Risk avoidance</td>
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<td>7. Nuance’s connection with notable medical organizations.</td>
<td>Good total addressable market (TAM)</td>
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<td>8. Expertise and relationships with Electronic Health Records (EHRs) systems providers.</td>
<td>Expertise and relationship</td>
</tr>
<tr>
<td>9. Microsoft had already co-worked with Nuance on an important product.</td>
<td>Co-working experience</td>
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Nuance belongs to the TOP 5 COMPANIES in this technological field (health & speech analysis), with applications trending in a similar fashion to the giant companies.
Market Comparison

Nuance has more high-value* patents compared to its peers in the same technological field.

*Monetization potential
Nuance’s patent families rank higher in value—even those that are widely deployed—compared with all of the other players combined.
Looking at both the quality and value*, Nuance’s portfolio occupies a healthier section—where its average ranks are B and above. The rest of the players in this field are in the opposite corner—where the quality and value rankings are below B.

Whichever enforcement strategy Microsoft is engineering with this new portfolio in hand, the other players in the industry may not fare very well.

*Quality: Threat of invalidation / Value: Monetization potential
Taking a Closer Look at the Nuance Portfolio
Patent Portfolio Overview

Applications: 3,896
Family: 1,288

The US has a healthier portion of active patents compared to other jurisdictions.
Patent Portfolio Overview

HK will be the first to expire in 2028.

A drop in 2029—the active patents begin to expire.
There are 36 pending patents still within the time limit for PCT applications.

Nuance has left multiple applications pending. Microsoft will have to go through this pending portfolio and consider its options—to keep or abandon.
Speech Analysis/Recognition development over the last 25 years
5 of its top 10 inventors are regularly applying for patents under Nuance. If Microsoft wants to continue this invention trend, retaining these inventors within the organization will be critical.
Viewing Microsoft's citation volume by family size, it can be said that Microsoft is a key follower of Nuance's "speech analysis + health" portfolio.
Potential Targets of the Nuance Portfolio

Judging by the recency of citations, Microsoft—along with tech giants like IBM and Google—are still working to develop this technological field. Nuance may easily be the main first-mover in this field.
Patents Against the Potential Targets

Who cited this portfolio the most
Patents Against the Potential Targets

Heavily cited families in this portfolio
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