

Apple Confirms Beats Buy

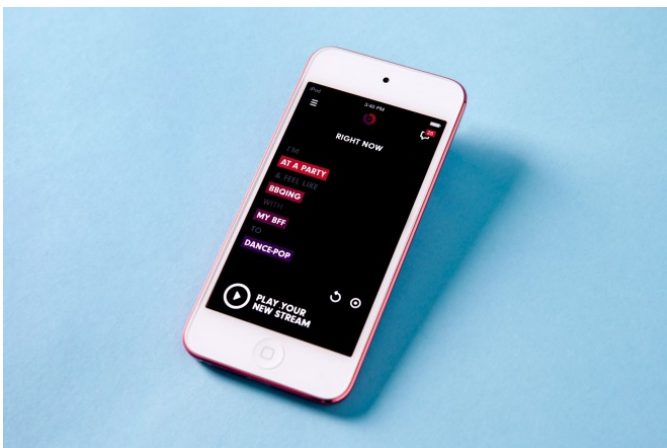
Written by Marco Attard
29 May 2014



After [weeks of speculation](#) Apple confirms its acquisition of Beats, shelling out \$3 billion for the headphone maker, music streaming platform and, perhaps most crucially, the services of co-founders Jimmy Iovine and Andre Romelle Young, aka "billionaire rapper" Dr. Dre.

"I've always known in my heart that Beats belonged with Apple," Iovine remarks. "The idea when we started the company was inspired by Apple's unmatched ability to marry culture and technology. Apple's deep commitment to music fans, artists, songwriters and the music industry is something special."

This is Apple's largest ever acquisition, and the first of such scale (\$2.6 billion in cash, \$400 million in stock). Historically the company shows a preference for deals of a much smaller and secretive nature.



But why would Apple even want to buy Beats? Headphones remain a high margin business, and the company will certainly want to bolster the iTunes offering with a curated music service,

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but the true reason might actually be "acquihire." After all CEO Tim Cook himself tells The New York Times, "[Irvine and Dr. Dre] are really unique... It's like finding the precise grain of sand on the beach. They're rare and very hard to find."

Thus Irvine and Dr. Dre get to join the likes of Angela Ahrendts (Burberry), Ari Partinen (Leica) and Paul Deneve (Yves St. Laurent) in the Apple All Star Exec Lineup, and will work directly under Apple head of internet services Eddy Cue.

Now the next step for Apple is find a way to integrate the Beats brand with its own. Little to nothing is known on that regard, other than that Beat headphones will be available globally via Apple Online Store, retail outlets and authorized resellers.

Apple expects the transaction to close by fiscal Q4 following regulatory approval.

Go [Apple to Acquire Beats](#)

Go [Apple to Pay \\$3 Billion to Buy Beats \(The New York Times\)](#)

Go [Meet the \\$3 Billion Dollar Man](#)