THE TICKER

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Starwood Hotels and Resorts' W Hotel in Barcelona, Spain, now part of the Marriott International family

MARRIOTT'S GROWTH SPURT

arriott International has been expanding its global footprint for years. But now the company is taking its acquisition strategy to new heights and purchasing Starwood Hotels and Resorts Worldwide. The strategic move is largely intended to help the traditional hotel chain compete against rapidly expanding home-sharing services. Airbnb now offers more rooms than Marriott or Hilton Worldwide Holdings Inc., and Expedia Inc. agreed in November to acquire Airbnb's rival HomeAway for $3.9 billion.

Marriott's acquisition will make it a global force to be reckoned with. When its $12.2 billion purchase of Starwood closes, the hotel company will become the world's largest, boasting more than 5,500 properties and 1.1 million rooms in more than 100 countries. It's the hotel industry's largest deal since The Blackstone Group purchased Hilton for $26 billion in 2007.

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Marriott CEO and President Arne Sorenson believes Starwood's international presence and appeal to young travelers will strengthen the company's position against home-sharing services.

"This is a transformative event for Marriott," Sorenson told investors in November. "Following the transaction, Marriott will be better able to compete in an evolving marketplace."

Marriott and Starwood executives are confident the deal to

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"To be successful in today's lodging space, a wide distribution of brands and hotels across price points is critical."

—Starwood CEO Adam Aron

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combine their companies will offer big benefits, particularly through the leveraging of larger marketing, technology spending and loyalty programs. The new organization's economies of scale will also make it more cost-effective to manage new and old hotels, Starwood CEO Adam Aron said.

"To be successful in today's lodging space, a wide distribution of brands and hotels across price points is critical," he told investors.

"And we became more convinced that strategically we could drive better value and compete better by being bigger," Sorenson added.

Marriott expects to drive strong earnings and cash flow by cutting at least $200 million in annual costs and raising $1.5 billion to $2 billion in asset sales by the end of 2017.

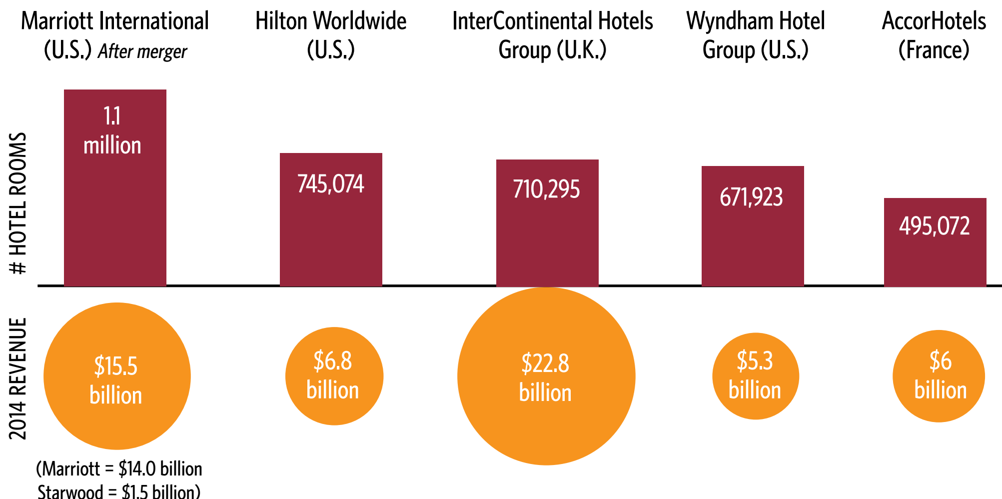
Still, challenges are likely to accompany the enterprise transformation as executives grapple with how to strengthen a portfolio of 30 brands involving many different hotel owners and franchisees. The lackluster performance of some Starwood brands, such as Sheraton, has caused some industry analysts to wonder whether Marriott will transform those brands or sell them off.

For now, Sorenson remains adamant about keeping all brands in the portfolio as he leads the integration of the two companies. "We expect to benefit from the best talent from both companies as we position ourselves for the future," he said.

A J.W. Marriott hotel in Los Angeles

PHOTO BY PATRICK FALLON/BLOOMBERG VIA GETTY IMAGES

PLENTY OF ROOMS: THE WORLD'S 5 LARGEST HOTEL COMPANIES



GE'S SKY-HIGH AMBITION

For the last half century, one engine has dominated the small turboprop aviation market: Pratt & Whitney Canada's PT6 engine. Now GE Aviation has teamed up with Textron Aviation to challenge PT6's reign with an all-new turboprop aircraft and engine. Its chief selling point? The new engine is slated to burn 20 percent less fuel than the PT6 while offering 10 percent higher thrust cruising power than competing products.

It's a big gambit. GE Aviation will invest up to $1 billion in this project, including $400 million for a new development and production center in Europe. That's where the company hopes to conduct a detailed design review of the new aircraft in 2017 and its first full engine test in 2018.

GE is confident the PT6 can be successfully challenged: It expects annual engine sales to reach $1 billion by around 2020. Textron, which manufactures Cessna airplanes and Bell helicopters, is the largest user of small turboprop engines. But GE sees sales potential beyond that company's products.

"Our plan is to create a family of engines like [United Technologies' subsidiary Pratt & Whitney] successfully did, and we're talking to other airframers now," said Brad Mottier, head of GE business and general aviation.

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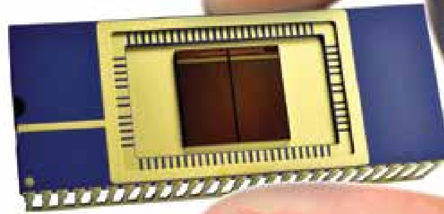
CHINA CHIPS AWAY AT THE COMPETITION



Samsung's NAND flash-memory chip

China's largest computer chip manufacturer doesn't lack for ambition. Late last year, the state-owned Tsinghua Unigroup announced it would invest $47 billion during the next five years to become the world's third-largest producer of NAND memory chips, which inhabit everything from flash drives to digital cameras to personal computers. That's almost as much as market leader Intel's annual revenue, which was $50 billion in 2014.

"If you can't be the top-three giant, it will be very hard to develop your business in the chip industry," Zhao Weiguo, the company's chairman, told Reuters.

Qualcomm Inc. is currently the third-largest chip manufacturer in the world, trailing Samsung Electronics and Intel. Tsinghua's aggressive expansion plan continues a campaign begun in 2013 to reduce China's dependency on Western chip manufacturers. (Both Qualcomm and Intel are based in California; Samsung is headquartered in Seoul, South Korea.) Since then the Beijing-based company has spent more than $9.4 billion in acquisitions and investments, including the acquisition of Spreadtrum Communications and RDA Microelectronics in 2013 and 2014, respectively, and buying a $600 million stake in Taiwan's Powertech Technology Inc. in 2015.

But the execution of Tsinghua's growth strategy, which supports China's national security goal of strengthening its semiconductor industry, hasn't been flawless. The company's $23 billion bid last year to acquire the only remaining U.S. chip manufacturer, Micron Technology, fell apart due to the low likelihood of regulatory approval. Still, Zhao remains determined to establish Tsinghua as a top-three player in the global chip industry.

"The next five years is key," Zhao said. "There is an enormous market out there."

"If you can't be the top-three giant, it will be very hard to develop your business in the chip industry."

—Zhao Weiguo, Tsinghua Unigroup

BIG DATA'S BIG CHALLENGES

Big data has become a strategic imperative. But although C-level executives are increasingly taking control of their organization's data strategy, they don't necessarily know what to do with all the data landing on their desks.

A 2015 global survey by the Economist Intelligence Unit found that 39 percent of CIOs are primarily responsible for all data initiatives, compared with 23 percent in 2011. Yet across the same period, more companies found it difficult to interpret and make use of all collected data. One in eight companies struggled with this issue in 2011, compared with one in four businesses last year. The more surprising stat: More than half of surveyed executives suspect they leverage only about half of the data they have.

What are the challenges relative to big data initiatives? Executives cite maintaining data quality, collecting and managing large amounts of data, and ensuring data security.

The task ahead of many CIOs and chief data officers now responsible for data strategy seems clear enough—turning lots of numbers into valuable and actionable insights.

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