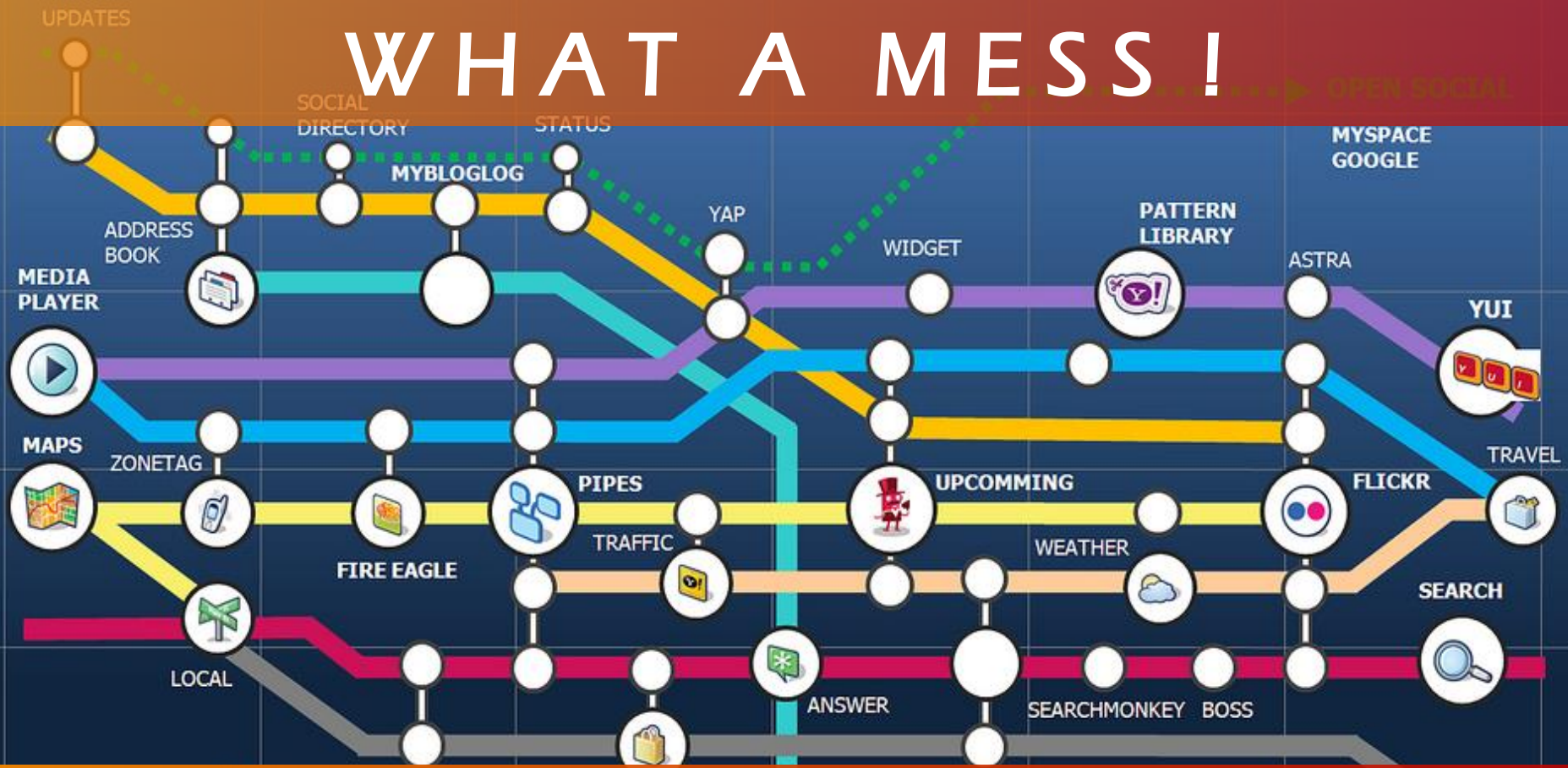


Yahoo: Failures

Jonathan | Naveen | Durga | Saloni



WHAT A MESS!



“ I just try to ship products that I’m not ashamed of ” – Jeff Bonforte, Senior Vice President, Communication Products, Yahoo. (Dec. 1, 2015, New York Times)

What is Yahoo's business model today?

Value Proposition

“ Portal for customer's needs (search engine, email, news, weather, etc.)

Creates value for advertisers with a streamlined, simple advertising technology ”

Revenue Model

Revenues come from display and search advertising (pay-per-click and banner ads)

Why is Yahoo failing?

1. Lack of Strategic Focus

- **No business line focus**
Search vs advertising vs media vs investments
- **No market segment focus**
attempted to serve all demographics
- **Didn't play to win**
in a winners-take-all market

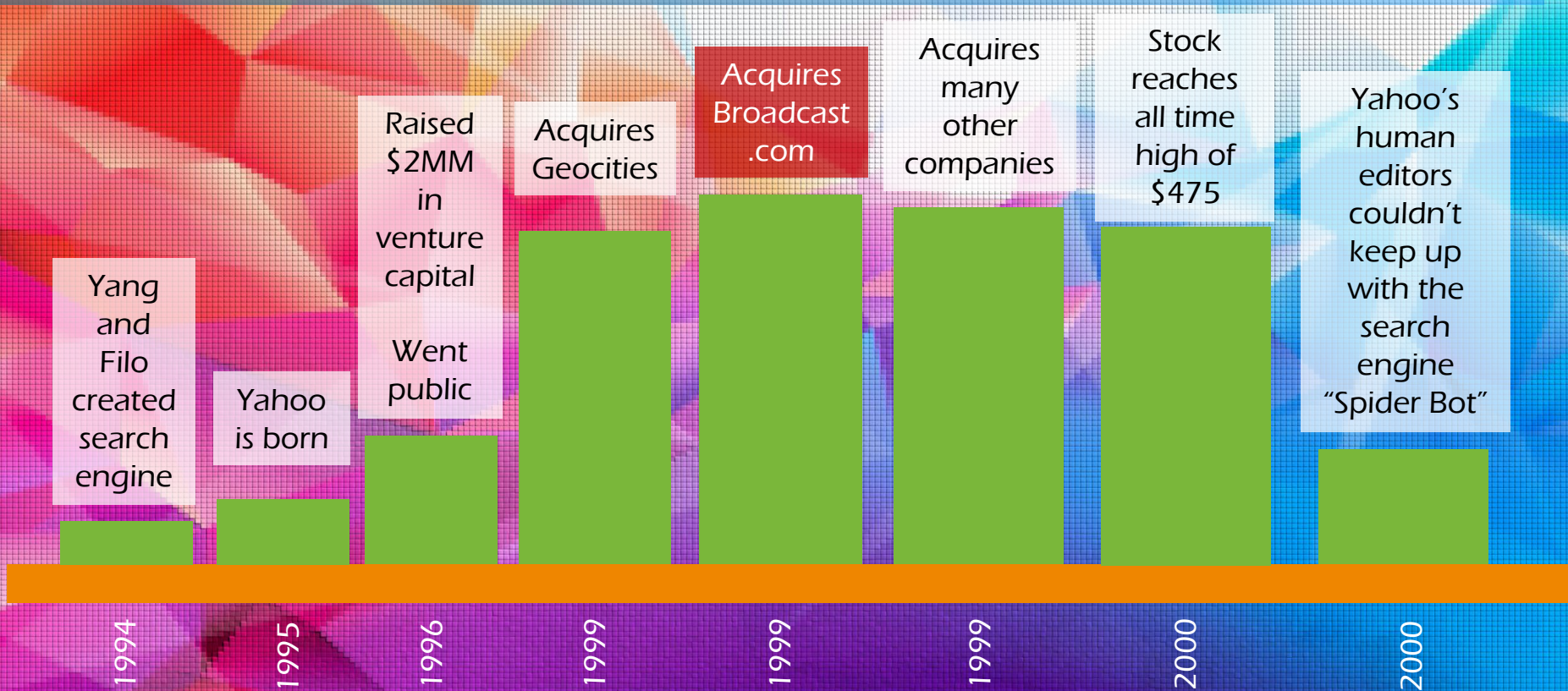
2. Poor acquisitions and deals

- **Excessive reliance on acquisitions**
instead of organic growth
- **Poor Acquisition Decisions**
lack of synergies, integration, and strategic fit + paid too much
- **Poor Deals**
Partnerships failed to maximize Yahoo's interests (eg. Alipay, Mozilla)

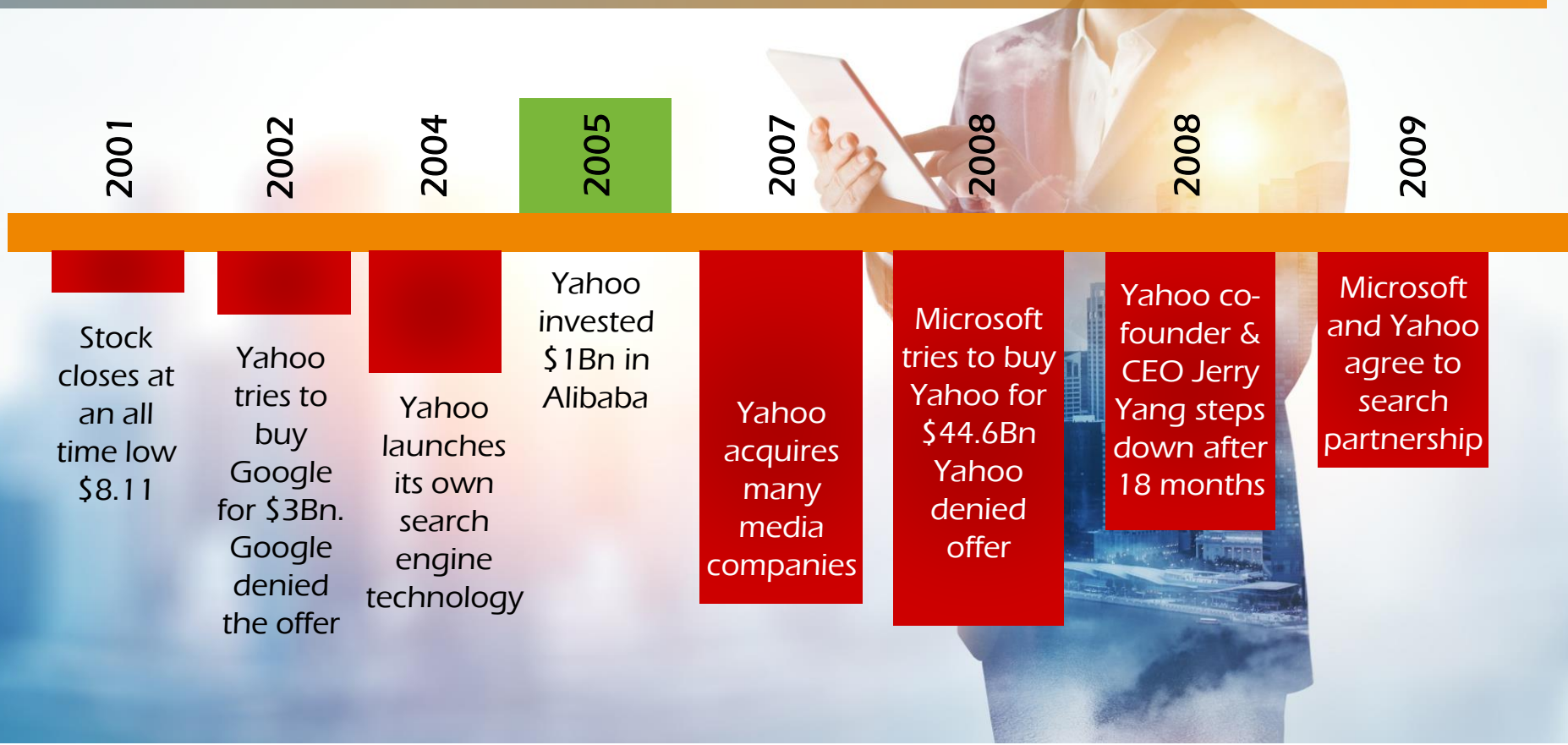
3. Poor Corporate Governance

- **Incompetent board**
as pointed out by activist shareholders
- **Excessive CEO changes**
8 CEOs in the past 10 years

Timeline: GROWTH (1994 – 2000)



Timeline: COMPLACENCY (2000 – 2010)



Timeline: FAILURE (2011 – 2016)

2012

Scott Thompson appointed as CEO following dismissal of Carol Bartz

2012

Sells half of its Alibaba stake for \$7.1Bn

2012

Levinsohn (interim CEO) leaves; Marissa Mayer appointed as CEO

2013

Acquires Tumblr for \$1.1Bn, Summly, and others

2014

Acquired Wander (social diary website)

2014

Acquired Flurry (mobile ad company) for \$200MM

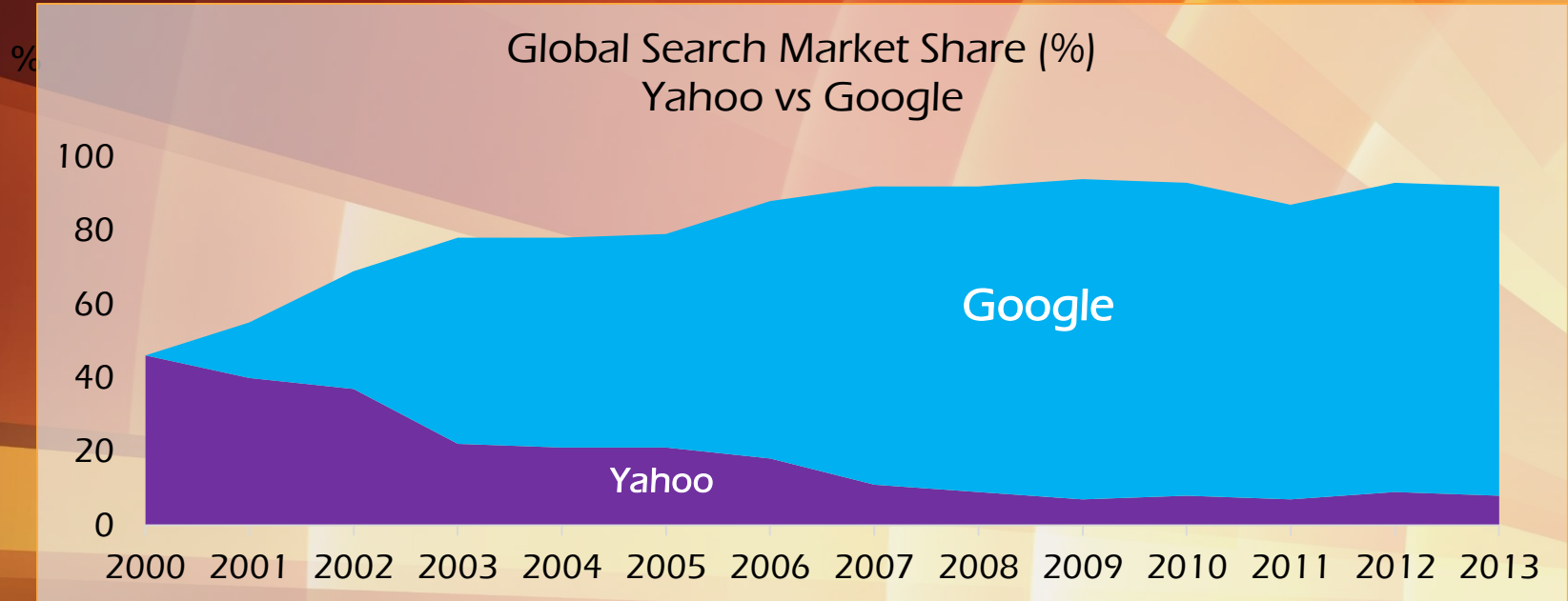
2015

Acquires Polyvore (online shopping site) for \$230MM

2016

States that current strategy is to focus on "Search, Mail, Tumbler"

The decline of Yahoo



“... the core Yahoo business is actually destroying value.
It's possible that Marissa Mayer (Yahoo's CEO) could increase her stock price by simply announcing that she was shutting down all of Yahoo's websites and laying off all of its employees.”

– VOX Technology analysis

Recommendations for the future

1. Focus only on key strengths

- **Decide on strategic focus:**
Technology vs media vs Venture Capital
- **Play to win**
Set goals, motivate people
- **Move into adjacent markets later**

2. Only make acquisitions that make strategic sense

- **Have discipline** when pursuing acquisitions
- **Don't overpay** for acquisitions
- **Ensure integration** of acquisitions
- **Make sure synergies** can be achieved through the acquisition

3. Improve Corporate Governance

- **Make Board fully accountable** for CEO appointments
- **Choose the right CEO** who has the necessary skills
- **Shareholder activism** serves as a check-and-balance against Board of Directors



Thank you!

Jonathan

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Naveen

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Durga

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Saloni

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