CS155a: E-Commerce

Lecture 21: November 29, 2001
Portals
Today's Class

• Course-evaluation forms
• Continue discussion of Google
• Portals
• End-of-term announcements
Yahoo: An Internet Portal

- Full Name: Yahoo!, Inc.
- Employees: 3,256 (worldwide, as of 9/30/2001)
- Stock Price (YHOO):
  - $16.26 (at open 11/29/2001)
  - 52-week range: $8.02 to $44.00
- Earnings Per Share: -$0.04
- A global Internet communications, commerce, and media company. “The only place anyone needs to go to find anything, communicate with anyone, or buy anything.”
Yahoo! Overview

• Founded by David Filo and Jerry Yang, two Stanford Ph.D. students, in 1994.
• Started as “Jerry’s Guide to the WWW.”
• First million-day hit in Fall 1994 from over 100,000 unique users.
• Incorporated in 1995 and funded by Sequoia Capital in 4/95 with an initial investment of nearly $2 million.
Yahoo! Overview (continued)

- Second round of funding in Fall 1995 from Reuters Ltd. and Softbank.
- IPO: 4/12/1996 at $1.08/share (adjusted for 3 stock splits). 49 employees.
- Today: Yahoo! serves over 200 million individuals each month. Yahoo! claims to be the No. 1 Internet brand globally.
Yahoo!, Inc.
Stock Quotes (YHOO)
Source: Quicken.com (11/29/2001)

[S] = Stock Split

Yahoo! Quarterly Revenues

Source: SEC Filings
Main Sources of Revenue

- **Advertising:**
  - Banner advertising
  - Sponsorships and Key Words

- **Business Services:**
  - Extra mail storage for Yahoo! Mail customers
  - Yahoo! Bill Pay
  - Yahoo! Auctions
  - Yahoo! Photos
  - Corporate Yahoo! services
Global Expansion

Launches of Yahoo! global sites:
• 1995: Yahoo! is incorporated.
• 1996: Japan, France, Germany, UK
• 1997: Singapore, Korea, Denmark, Norway, Sweden
• 1998: Italy, China, Spain
• 1999: Taiwan, Hong Kong, Brazil, Mexico
• 2000: India, Argentina, Canada
Feature Expansion

• 1995: Launches as web directory and search engine; starts serving ads.
• 1996: Yahooligans!, children’s website
• 1997: Chat, Mail, Travel, and Sports
• 1998:
  - Specialized Sites: Computers, Movies, Games, Small Business, Clubs
  - Portal Consumer Services: Auctions, Calendar, Employment, Real Estate, Shopping
Feature Expansion (continued)

• 1999:
  - Specialized Sites: Health, Entertainment, Pets, Radio
  - Services: Messenger, Greetings, Companion (Browser plug-in), Briefcase (Internet storage), Corporate Yahoo!

• 2000-01: Invites, Groups, Photos, FinanceVision, PayDirect, Education
Important Partnerships

- **Web Searching**: Searches on Yahoo! first go through its own human-maintained directory and then go to Google. Adds Google’s index to Yahoo!

- **Internet Services**: Provides co-branded DSL service with SBC communications. Yahoo! already partners with ISPs to provide start pages and with computer manufacturers to have Yahoo! shortcuts and browser plug-ins installed on machines.
The Yahoo! “Portal”

- Started as “the bookmarks of Filo and Yang,” who wanted “a single place to find useful web sites.”
- Launched commercially as an advertiser-supported “comprehensive, hand-built directory.”
- Now, it is
  - “A comprehensive branded network of consumer services”
    - content delivery
    - commerce (shopping, auctions, bill paying, etc.)
    - communications (mail, messenger, photos, clubs, etc.)
  - Provider of online-business and enterprise services and tools
    - Corporate-Yahoo!
    - Portal Builder
The MSN Portal

• Started by Microsoft as an alternative to AOL. These were then called “online services.”

• Now best known as a network of branded consumer services
  - Hotmail
  - classmates.com
  - .net Messenger services
  - encarta online
  - Slate

Discussion Point: What exactly is a “portal”? Is there something analogous in the offline world?
Evolution of Business Model

• Pre-“portal”: Speculation about “online services,” “pay-per-click,” and other fee models.
• Original Yahoo: Purely advertiser-supported, focused on content for individual users
• Current: Advertiser-supported “comprehensive services” for individual users and tools, customized portals, and services for businesses. (Note similarity to Google’s business model.)
• Next: ?
End-of-Term Announcements

• Tuesday, 12/4/01 office hours cancelled
• Homework 4 due in class 12/4/01
• Missed Homework or Hour Exam
  - Should have received email from Ms. Paige
  - Schedule make-up and bring in Dean’s excuse ASAP!
• Final Exam, 12/18/01, 2 p.m., DL 220
• Graded 2nd Hour Exam will be returned next week
• Solution sets for Homework 4 and Hour Exam 2 will be posted next week
• Professor and TA will hold office hours during reading week.