

CS155b: E-Commerce

Lecture 14: March 4, 2003

Portals

“Useful” Web-Based Services

- The average user sees the Internet as an easy, fast way to access and search for “useful” information.
- Web browsers created a standard method for providing information services.
- Several websites became known early-on for providing these “useful” services:
 - Blue Mountain for online greeting cards
 - Hotmail for web-based e-mail
 - MapQuest for driving directions
 - AltaVista for searching

(Note: These are only examples and may not have been your favorites.)

Making Sense of the Internet

- Users often start at the same websites to find services (search engines or directories). Why not provide direct, quick links to partner companies offering services?
- Cookies and user profiles can be used to personalize web pages.
- WWW-based services can be accessed from any Internet terminal, anywhere. Users can just sign in to identify themselves.
- **Solution:** Provide a simple, customized gateway for users to access the services they want.

The Development of Portals

- Popular websites began to add directory, search, or links sections to connect people to services.
 - AOL builds links into its welcome page.
 - Netscape puts links near its browser download pages.
 - Search engines provide customized searches for news, movie show times, etc.
 - New computers come with pre-loaded bookmarks and links.
- Companies began to partner with others that provided "useful" services.

Portals Today

- Internet directories grew into **Internet brand names** through partnerships with and acquisition and development of Internet service websites. **Archetype: Yahoo!**
- Internet-access companies either partner with a large Internet portal, e.g., Yahoo!, or provide a network of comprehensive services on their own (e.g., AOL, MSN).
- The goal: Users get both Internet access and information access with ease.

YAHOO!: An Internet Portal

- Full Name: Yahoo!, Inc.
- Employees: 3,587 (worldwide, as of 10/9/2002)
- Stock Price ([NASDAQ:YHOO](#)):
 - \$20.85 (at close 2/28/2003)
 - 52-week range: \$19.98 to \$20.95
- Earnings Per Share: **+0.186**
- 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 237 million individuals each month. Yahoo! claims to be the No. 1 Internet brand globally.

Yahoo!, Inc. Stock Quotes (YHOO)

Source: Quicken.com (2/28/2003)

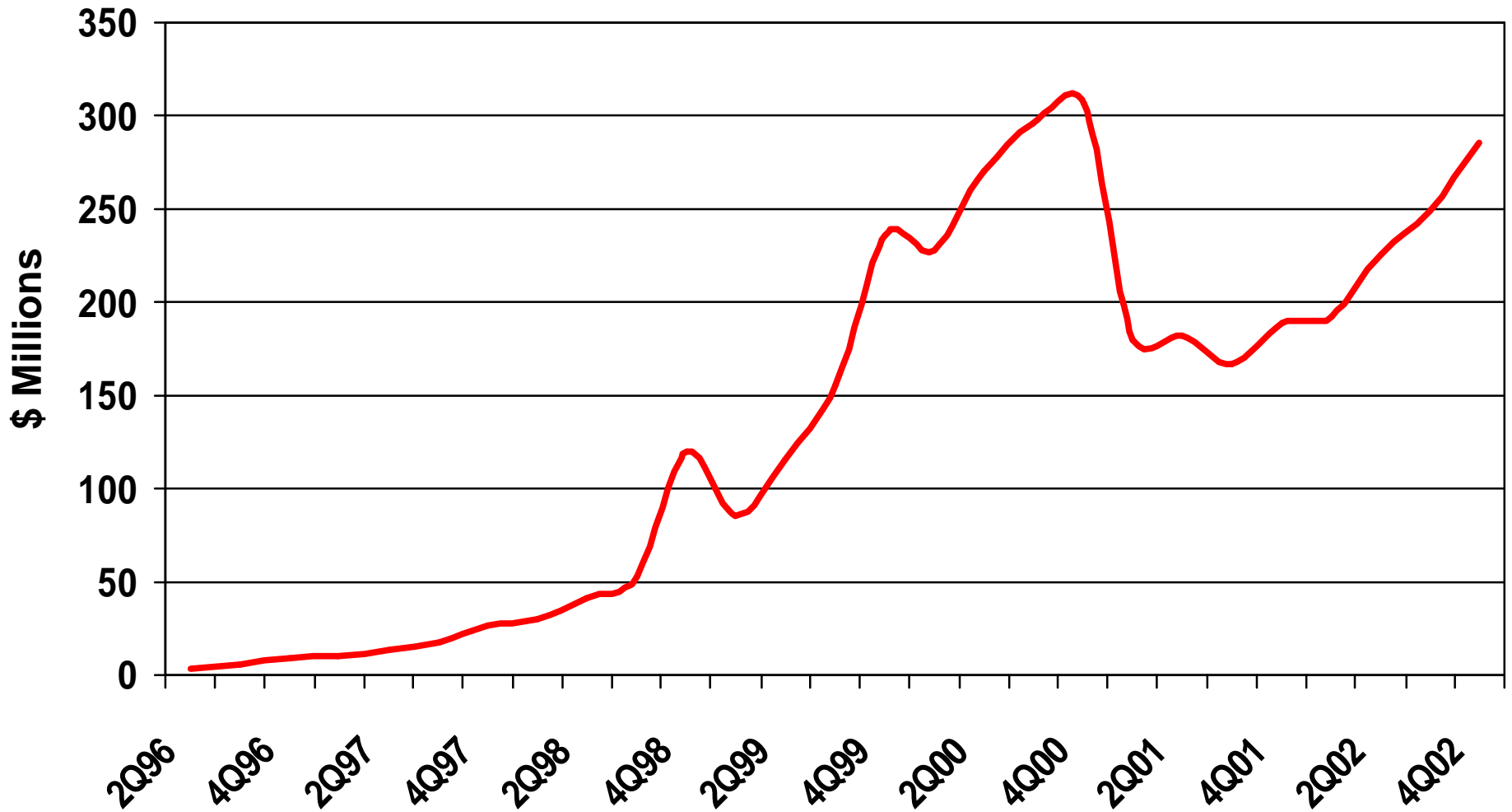


Period : Mar-2-1998 - Feb-28-2003

[S] = Stock Split

Yahoo! Quarterly Revenues

Source: SEC Filings and Yahoo! Website Financial Summary



Main Sources of Revenue

Source: Yahoo! Investors' FAQ

- **Advertising:**
 - Banner advertising
 - Sponsorships and Key Words
- **Business (Premium) 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: Yahoooligans!, 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, Shopping Network and Shopping Bargains
- 2002: Primarily, improvements in existing features (e.g., maps and small business site)

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.
- **HotJobs:** Acquired by Yahoo! in 12/2001. Online recruitment website for posting resumes and finding jobs; competitor to Monster.com.

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.
- Next: ?

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.)
 - ✓ internet access (through SBC partnership)
 - Provider of online-business and enterprise services and tools
 - ✓ Corporate-Yahoo!
 - ✓ Portal Builder

AOL/Netscape

- AOL was founded in 1985.
- "Flagship AOL," the ISP, has 35 million users.
- Now, AOL-Time Warner attempts to be the leading Internet-access company, offering not only a connection but also content:
 - News, video, audio from Time Warner
 - Broadband access through Time Warner cable
 - Browser, mail, and instant messaging software through Netscape, AIM, and ICQ
 - Music through Nullsoft (Winamp, Shoutcast)
 - Information services through Moviefone and MapQuest
- Marketing spin: Sign up with AOL, get easy access to all the information and content you want through easy-to-use software!

The MSN Portal

- Started by Microsoft as an alternative to AOL.
- Now best known as a network of branded consumer services: Hotmail, classmates.com, .net Messenger, Encarta online, Slate
- Customized services are accessible by signing into an "MSN Passport," Microsoft's online user profile system. Passport sign-in is built into Windows XP.
- Partnership with NBC: premium media content, MSNBC (news) and CNBC (financial) cable channels and websites, including money-management tools
- MSN's Internet-access service has gone through many marketing attempts. MSN now tries to compete as a comprehensive network of services.
- Microsoft can tie MSN services into its widely used software, giving it an advantage.

Similarities of the Major Portals

- Internet access
- Web-based mail
- Internet messaging
- Specialized searches and tools
- Advertising
- Partnerships for premium content

Discussion Point

What exactly is a "portal?"

Is there something analogous in the offline world?

Homework Assignment for March 6, 2003

- Google Reviewer's Guide, Company Overview, and linked pages
(<http://www.google.com/press>; see course website for direct links)
- "How Internet Search Engines Work," HowStuffWorks.com
(<http://www.howstuffworks.com/search-engine.htm>)
- Third written homework assignment must be submitted online by 5pm on Thursday, March 6, 2003.