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)


[S] = Stock Split
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: 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!


• 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.