

## AOL has full dance card

October 18 2005

---

America Online, whose fortunes, had run from feast to famine, looks to once again have a full dance card with possible acquisition partners reading like a list of the dot-com titans.

Possible partners include Yahoo! Inc., News Corp., Google Inc., Comcast Corp. and Microsoft Corp.

Last week it was a combination of Google and Comcast mentioned as moving forward, while this week news reports say Microsoft has moved the furthest in discussions on buying a stake in AOL, which has regained business luster for the potential of its portal to play host to part of the burgeoning Internet advertising market.

The AOL of pre-suitor days had become the source of much criticism for acting as a drag on its parent, the old media giant Time Warner Inc., which had bought the then hot new media property at the beginning of 2002. It was supposed to be a new era.

Prior to the merger, both companies emphasized to the financial markets the various business synergies that would come from the marriage of technology (AOL) and content (Time Warner).

AOL based its value on its on millions of subscribers, many of whom spent then -- and spend now -- hours a day on the AOL service getting their news, chatting with friends and buying products from a myriad of AOL merchant partners.

The Time Warner division of the merged company was the world's

largest media company. Through its Time Entertainment unit, it owns Time Warner Cable as well as Warner Bros., owner of Looney Tunes. Through its TBS subsidiary it owns CNN, New Line Cinema and the Atlanta Braves. The publishing arm -- Time Inc. -- is one of the top publishers in the United States. The company's Warner Music Group has an array of record labels, including the famous Atlantic and Elektra.

The new name at the time of the merger was AOL Time Warner. The synergy, however, didn't happen.

Among other problems, the once highflying AOL has actually been losing subscribers to its ISP service in the last several years, dropping from over 30 million to a current estimate of around 20 million. This, though, it should be noted, still makes AOL one of the world's largest ISPs.

Time Warner now considers AOL a division of the larger company but has dumped the name from its overall title -- a move that was hailed by the market at the time.

In a large shift of strategy in June, AOL began putting more emphasis on the Internet at large -- and the possibility of gaining advertising from a Net portal -- vs. just the ads within its own subscriber-only domain.

The portal looks to be holding steady with the other titans. According to Nielsen/NetRatings, for September AOL had an online audience of slightly over 60 million, compared to Yahoo!'s around 95 million, MSN's 81.7 million and Google's around 79 million.

Among the assets that suitors are interested in getting access to is AOL's popular AIM instant-messaging service, which dominates the instant-messaging market against Yahoo! and Microsoft, which have said they will let their two services "talk" to each other in order to take on AOL.

Also, the AIM service has entered the telecom market by allowing users to call each other from computer to computer via headsets.

Other AOL properties that are attractive to outsiders are MapQuest and Moviefone for movie listings. Additionally, AOL Music proved itself a killer application this summer with the airing of the Live8 concert, which garnered millions of listeners.

The current price tag cited in news reports for a stake in AOL starts at \$10 billion.

Time Warner shares were up 9 cents to close at \$18.09 Monday on news of the possible purchase of a large stake in its AOL unit.

*Copyright 2005 by United Press International*

Citation: AOL has full dance card (2005, October 18) retrieved 5 June 2023 from <https://phys.org/news/2005-10-aol-full-card.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--