

Nokia to run Yahoo's maps in global partnership (Update)

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Carol Bartz, left, CEO of Yahoo, and Olli-Pekka Kallasvuo, CEO of Nokia, talk following a news conference, Monday, May 24, 2010, in New York. The two companies announced a worldwide partnership Monday. Yahoo Inc. will provide e-mail and chat services on Nokia Corp. phones. The services will be co-branded. (AP Photo/Mark Lennihan)

(AP) -- Nokia Corp. will run mapping and navigation services for Yahoo Inc. in an acknowledgement that the slumping Internet company hasn't kept up with rival Google Inc. in the increasingly important area of location services.

Yahoo will, in turn, provide e-mail and instant messaging services on Nokia phones, as part of the worldwide partnership announced Monday.

Yahoo has been working to focus on its core businesses - creating and

licensing content, selling online ads and providing messaging services - while turning to partners to run some of its other offerings.

"It just allows us to deliver better experiences than everybody trying to do the same thing," Yahoo CEO Carol Bartz said in an interview.

Partnerships, she said, are increasingly becoming a part of Yahoo's DNA. Last year, the company entered a 10-year Internet search partnership with Microsoft Corp. in an effort to whittle away Google's leadership. On Monday, Yahoo said it will drop its Yahoo Personals brand for its dating service and partner with Match.com, a standalone dating website owned by IAC/InterActiveCorp.

The maps deal with Nokia, the world's No. 1 maker of mobile phones, covers both phones and computers.

Bartz said Yahoo has "chosen to invest in other areas" in recent years. That put the company's navigation services well behind Google, which has continued to innovate.

Google was the first, for example, to offer the now-common feature of letting users move their location on an online map by dragging it with a mouse, rather than repeatedly clicking arrows and waiting for the pages to refresh. More recently, it offered free software that provides spoken-aloud, turn-by-turn directions on phones running its Android system.

Yahoo and Nokia wouldn't disclose financial details of the deal, but they both stand to benefit from the other's reach and expertise.

The services will be co-branded, with Yahoo's navigation services and maps "powered by" Ovi, Nokia's brand of software and services. Nokia's Ovi Mail and Ovi Chat will likewise be "powered by" Yahoo. The services will start to become available later this year and will be offered

worldwide in 2011.

Bartz said location is becoming increasingly important as people want to know where they are, where their friends are and what is around.

"It's sort of the anchor for all services," she said.

While advertising was not part of Monday's announcement - both Nokia and Yahoo said their ad strategies haven't changed - by upping the ante on its location services, Yahoo should benefit from advertising based on it.

"On the PC side, any of the mapping services by definition give us, especially in the local arena . a good platform for advertising," Bartz said. "And as mobile increasingly becomes important for advertising, the same thing will happen in the mobile application."

Nokia CEO Olli-Pekka Kallasvuo said the deal brings Yahoo's services to more people around the world, including those whose first Internet experience is through mobile.

And it increases the Finland-based company's visibility in the U.S., where its phones are not as popular as they are in the rest of the world. Although Nokia devices dominate worldwide, it's overshadowed in the U.S. by Apple Inc.'s iPhone and Research In Motion Ltd.'s BlackBerry.

Standard and Poor's analyst Scott Kessler believes the Nokia and Match.com deals will help Yahoo expand its mail and messenger footprints, enhance its offerings and improve the profitability of its dating services.

"We are a little disappointed there is no pact to sell Personals ... but think these deals will add value," he said in a note to investors.

Shares of Yahoo rose 22 cents to \$15.70 in afternoon trading.
U.S.-traded shares of Nokia slid a penny to \$10.06.

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