

Ask.com laying off 130 workers in search retreat

November 9 2010, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Ask.com is laying off about 130 engineers as it abandons its own technology for indexing and recommending websites.

The retreat announced Tuesday is aimed at cutting Ask.com's costs while sharpening its focus on finding answers to search requests posed in the form of a question.

As part of that shift, Ask.com is closing its offices in Edison, N.J., and Hangzhou, China. That will reduce Ask.com's work force of about 400 employees by nearly one-third and concentrate its remaining offices in the San Francisco Bay area.

Ask.com will rely on formulas developed by another search engine to process general-purpose requests that aren't posed as questions. It didn't disclose the identity of its new search provider, citing a confidentiality agreement.

Google Inc. has been delivering ads alongside Ask's search results for nearly year.

Despite that business partnership, Ask.com had still been trying to build a better search engine than Google. That crusade intensified after IAC/InterActiveCorp bought Ask.com and its affiliated websites for \$2.3 billion five years ago.

InterActiveCorp CEO Barry Diller was so impressed with Ask.com's

innovations in search that he believed it would be able to steadily whittle away at Google's dominance of the lucrative search market.

But Ask.com has lost ground instead, leaving it with less than a 4 percent share of the U.S. search market.

Google became so adept and so popular that it's difficult to justify pouring so much money into indexing tens of billions of Web pages and developing formulas into sifting through all the information, said Ask.com CEO Doug Leeds.

"Web search has turned into a commodity," he said in an interview. "When we looked at what we were getting for all the money we were spending, we realized we could get the same thing from a third party for a lot less."

A similar conclusion drove Yahoo Inc. to hire Microsoft Corp. to power its Web search results for the next decade. Under that agreement, Yahoo will keep 88 percent of the ad revenue generated from search results while shifting most of its search expenses to Microsoft.

The capitulation of Yahoo and Ask.com leaves Google and Microsoft as the only two companies still investing in all-purpose search engines. A wide array of other providers are pursuing specialty niches in search.

Ask.com is betting its exit from Web search will enable it to do a better job of answering simple questions. The question-and-answer format inspired Ask.com's creation in 1996, giving it a slight head start on the now 12-year-old Google.

But the search engine, then known as AskJeeves, frequently misinterpreted requests and produced nonsensical answers. Those problems inspired Ask.com to get into general-purpose search,

eventually introducing some ideas that Google copied.

Leeds said Ask.com has seen its search requests steadily rise since it returned to its Q&A roots.

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