

CEO Interview: Tim Armstrong on AOL's turnaround

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In this Friday, April 22 2011 photo, AOL CEO Tim Armstrong speaks during an interview with The Associated Press at AOL headquarters in New York. (AP Photo/Mary Altaffer)

(AP) -- A lot has changed at AOL as it tries to shed the vestiges of its '90s image: the iconic "You've got mail" greeting and the promotional CDs stuffed into mailboxes across the country.

The [company](#) has engaged in an artsy rebranding, rolled out hundreds of local news sites and bought the online news hub The [Huffington Post](#) for \$315 million.

At the helm is CEO Tim Armstrong, whom [AOL](#) hired from Google to stage a turnaround.

Armstrong has led AOL since April 2009. He oversaw its separation from [Time Warner Inc.](#) and debut as a publicly traded company eight months later.

All the while, he has tried to hone AOL's focus on online content and advertising - a tricky task for a company with roots as a dial-up [Internet access provider](#).

That transition began well before Armstrong's arrival. Yet despite Armstrong's experience as Google's advertising chief for North and South America, AOL still struggles. Its online ad revenue fell last year and so far this year, despite an improving market.

Still, by doing such things as cutting the number of employees, shedding less-profitable websites and purchasing new ones such as The Huffington Post, Armstrong is optimistic that AOL can succeed.

The Associated Press recently sat down with Armstrong, 40, at the company's headquarters in New York's East Village. He talked about why he wanted to lead AOL and how it's going so far.

Q: Why did you think it would be a good idea to leave Google for AOL?

A: AOL, I think, represented an opportunity for a few things. One is I'm a big believer in the AOL brand, and I think AOL as a brand has touched hundreds of millions of people around the world. Reigniting that brand is a very exciting challenge and a big opportunity. Two is I think the Internet is still in the early innings. Especially when we look at content or some things we're investing in, those models are still being figured out, so there's a big opportunity there. And then number three is, having spent a lot of time on search ads and other things, brand advertising (broad marketing campaigns by larger companies) is going to come online, so I think there's a really incredible business opportunity behind

brand advertising.

Q: Was part of the decision motivated by the desire to run a company? This is the first time you've been in that position.

A: I'm a person who likes to tackle challenges. [Google](#) was a challenge when I got there. I think AOL's a challenge. The way we run the company is a very team-focused environment. I like to think that this company is all 5,000 people working together. Part of my job is setting the vision and setting where we're going. One of the things that's best about AOL is we get to work in a team-focused environment.

Q: How has AOL's content business changed since the acquisition of the Huffington Post?

A: The Huffington Post has been a big front door to the Internet and is growing quickly as well, so it also gives us the ability to increase our distribution as a company across the board. And for advertisers, we have two of the most affluent audiences online. So I think bringing in The Huffington Post has allowed us to actually fuel where the future of the company is going in terms of content creation, content distribution and content monetization. And it has allowed us also, frankly, to continue to change the culture here. Probably the biggest thing I've been focused on the last two years is changing the culture here to a culture that's really of the future of the Internet. The Huffington Post is just helping accelerate that.

Q: A lot of people have long thought of AOL as the "You've Got Mail" company or as "that company that used to send me those CD-ROMs in the mail back in the '90s." How do you think people on the outside, consumers, think of AOL now?

A: That's actually been one of the most interesting things, just

personally. When I first got to the company, I heard a few pieces of feedback. One was a lot about the merger with Time Warner and people focused on that. The second thing was that they weren't really sure what AOL did anymore. They kind of knew AOL from the disc days.

Q: Yeah, when you mention a website AOL owns like tech blog Engadget some people say, "Oh, they own that?"

A: Right. I think a lot of it was just that old perception. If people used our services, they usually had a lot of complaints about them. When I was out and about, just doing things, people would stop me and say, "Oh, you're the AOL person, right? I have this issue with my account." I still get emails from people all the time, users, which I love getting.

But about six months ago, something started to change. The difference between the last six months and probably two years ago is when people stop me now, they say, "Oh, I'm addicted to the front page of AOL. I love it. I love the new way the email's been designed." I think if the average person that uses AOL can't physically see the changes in the company, we've failed. Forget about the financial industry and forget about our stock and all that other stuff. Our number-one lead indicator of this company being successful is the people who touch our products and services actually physically seeing the level we care about internally translated externally. I think that's starting to happen, and that's eventually what is going to change the AOL brand.

Q: What's one gadget you can't live without?

A: My BlackBerry. I've had it for years, but I think it's one of the things I've appreciated most because ... it gives me more time with my family and allows more communication to go around the company. Also, I just had hip surgery, and the other gadget I would suggest for people who have injuries from sports in their knees or hips is an aquatic running suit

and aquatic running shoes. I run now in the morning as therapy for my hip.

Q: You use this suit to run in a pool?

A: Yeah. It's not the most attractive running outfit, but it's pretty amazing for the results. I was a huge runner after college, did some marathons and stuff, but haven't been able to run because of my hip. Getting back into it is exciting. For a lot of the people I know who have joint problems, I've said, "go out and get the aquatic running suit."

Q: Maybe you could start a team?

A: (Laughs) Yeah!

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