

Russia's Yandex invests \$15M in US search underdog

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Blekko, a Silicon Valley startup trying to build a spam-free search engine, is getting some love from Russia.

Yandex, the most popular [search engine](#) in Russia, is expressing its affinity with a \$15 million investment in Blekko and a commitment to share some of its [computing power](#) and other technology with its new U.S. partner. Blekko is getting an additional \$15 million from another group consisting mostly of its earlier investors - U.S. Venture Partners, CMEA Capital and PivotNorth Capital

The alliance announced Thursday marks the first time [Yandex](#) has invested in a U.S. [search service](#), according to Arkady Borkovsky, [chief technology officer](#) of Yandex's [Silicon Valley](#) lab. Yandex and its 3,000 employees hope to learn more about the nuances of U.S. [search requests](#) from Blekko.

"There could be a future for us here," Borkovsky said. "This is an interesting experiment for us and we are quite excited about it."

Yandex's investment in Blekko comes four months after the Russian company raised its profile in the U.S. with an [initial public offering](#) of stock that hasn't been a big hit on Wall Street so far.

Yandex's support is a coup for Blekko, a search engine on a crusade to remove the junk that can clutter the results of market leader, Google, and its two main rivals, Yahoo and Bing.

Blekko, which employs 27 people in Redwood Shores, Calif., tries to fight the search litter, or spam, by relying on humans to use hash tags to highlight the most useful results under frequently searched topics.

Just four months after Blekko hit the market late last year, Google unveiled sweeping changes to its [search algorithm](#) in an effort to reduce the rubbish showing up in its results from so-called "content farms" and other websites that had learned how to dupe Google's formula into giving a high ranking to largely irrelevant content.

Despite those changes, many of the results that Google delivers on frequently searched topics such as health remain a "train wreck," said Rich Skrenta, Blekko's CEO and founder.

Most Web surfers don't seem to have a problem with Google, which processes two out of three search requests in the U.S. Google's market dominance has held steady for years, despite challenges from Yahoo, Microsoft Corp.'s Bing and other startups, such as Cuil and Powerset, that have vowed to shake things up without leaving much of a dent.

Russia is one of the few countries where Google is a laggard. Yandex's share in Russia is almost as large as the one Google holds in the U.S., The advantage hasn't been as nearly as lucrative for Yandex, whose revenue this year is expected to be about \$650 million. Google's U.S. revenue this year is expected to be between \$17 billion and \$18 billion.

The disparity may be one reason investors haven't been too keen on Yandex's stock since it was priced at \$25 in a May IPO. The shares closed at \$22.90 Wednesday. The stock peaked at \$42.01 on its first day of trading.

Skrenta, though, believes Yandex can help Blekko broaden its reach and improve its results. Besides giving it more money, Yandex is letting

Blekko use some of its servers. That will give Blekko the means to more than double the size of its search index, which currently spans about 3 billion Web pages on 750 servers, Skrenta said. A larger index means Blekko should be able to do a better job responding to search requests on obscure topics that currently give its search engine problems.

If it works out like Skrenta hopes, more people will start coming to Blekko when they are looking for a [Google](#) alternative instead of Bing and Yahoo, which together have a roughly 30 percent share of the U.S. search market.

"People are rooting for the underdog in this space," Skrenta said.

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