

Thompson brings tech background to Yahoo

January 4 2012, By BARBARA ORTUTAY , AP Technology Writer

Scott Thompson isn't an obvious pick to lead Yahoo, but he brings to the struggling Internet company expertise in technology and operations.

Whether that's enough will be determined in the coming weeks and months.

Thompson, the head of [eBay](#) Inc.'s PayPal online payments business, [was named Yahoo's CEO](#), effective next Monday. He replaces [Carol Bartz](#), who was fired in September after less than three years on the job.

Focused on technology and operations rather than marketing or media, Thompson is "the guy who helps build the clock as opposed to tell the time," said Gil B. Luria, an analyst at Wedbush.

Luria credits Thompson with building PayPal into a "large, fast-growing and predictable payments company."

"When he took over PayPal it was far smaller, much more like an emerging startup that eBay absorbed a couple years earlier," Luria said.

Yahoo will need that kind of growth to emerge from a lengthy financial funk. It has been losing ground to Google Inc. and Facebook in Internet advertising even as that market has expanded in the past few years. Yahoo's stock price has not traded above \$20 in more than three years. In that time Google's stock gained 49 percent.

Thompson, 54, will try to turn around the anemic [Internet pioneer](#) where

others have failed.

If he succeeds, "he will be a hero in [Silicon Valley](#)," said Colin Sebastian, an analyst with Baird Equity Research. If he fails? Well, "he'll just be another executive who didn't succeed in turning it around."

Thompson will be Yahoo's fourth CEO in less than five years. Tim Morse, the company's chief financial officer, has been leading the company on an interim basis since Yahoo's board ousted Bartz in September. Bartz got the job in January 2009, replacing co-founder [Jerry Yang](#), whose rocky reign was marked by Yang's refusal to sell the [Internet company](#) to Microsoft Corp. for \$47.5 billion - more than twice Yahoo's value today. Yang took over from Terry Semel in June 2007.

Before becoming PayPal's president in 2008, Thompson was its chief technology officer. He joined PayPal after working at Visa, where he was responsible for the development and maintenance of the company's global payments system.

Colin Gillis, an analyst with BGC Partners, called him a technologist and an executive who's had "a good run" at PayPal. That said, Thompson doesn't have media or restructuring skills, which might be expected for someone picked to lead Yahoo.

"We'll see," Gillis said, summing up the sentiment of many Yahoo watchers. "He's certainly going to have an opportunity to prove himself."

Yahoo had stepped outside the Internet industry with Bartz, a former CEO of design and engineering software company Autodesk Inc., and with Semel, who had come from Warner Bros.

Having a leader with a technology and Internet background could help.

Or at least it's something different.

"If you try to determine what makes for a successful Internet company, I think having a strong tech DNA is important," Sebastian said, pointing to the differences between tech-focused [Google](#) and media-oriented Yahoo.

"Companies that have more of a marketing foundation can't adapt as quickly," he added. "Competing online is a constantly moving target. You have to have a strong tech foundation to be successful."

Yahoo has been criticized for being slow to adapt to behavioral changes on the Internet. Its email service and sections devoted to general news, sports, finance and entertainment are still popular, but people using those services aren't sticking around as long as they once did.

In social networking, Yahoo has nothing comparable to Facebook or even Google's new Plus service. Its strategy has been to tie its services to [Facebook](#) rather than operate its own social-networking destination.

Thompson's leadership style will likely be a contrast to Bartz's. A self-described "straight shooter," Bartz vowed less than an hour after she was hired in 2009 to make sure the company gets some "friggin' breathing room" so it can "kick some butt."

Thompson, meanwhile, is more of a "collegial leader" who manages through consensus.

"Employees of [PayPal](#) liked working for him," Sebastian said. "From that perspective, (he's) something Yahoo could use a little bit of now."

©2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Thompson brings tech background to Yahoo (2012, January 4) retrieved 15 July 2024 from <https://phys.org/news/2012-01-thompson-tech-background-yahoo.html>

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.