

Yahoo CEO to outline his strategy with 1Q results

April 13 2012, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Yahoo CEO Scott Thompson is expected to elaborate on his turnaround plans when the beleaguered Internet company releases its first-quarter results.

WHAT TO WATCH FOR: The report, scheduled to be released after the stock market closes Tuesday, is expected to show Yahoo Inc. remains in a malaise that has been hobbling its stock for years.

Unless there is a big surprise in the first-quarter numbers, investors are more likely to be focused on what Thompson says during a conference call that will be held shortly after the report comes out.

Thompson has promised to use the call as a forum for explaining his vision after laying off 2,000 employees, or about 14 percent of Yahoo's workforce, earlier this month. Most investors seemed to believe the cuts were long overdue, but now they want to know how Thompson intends to revive Yahoo's revenue growth with fewer resources.

Figuring out how to snap Yahoo out of its financial funk is a problem that three other CEOs haven't been able to figure out during the past five years. Yahoo lured Thompson away from [eBay Inc.](#)'s PayPal payment service three months ago in hopes that he would come up with a better plan.

Thompson has offered few concrete details so far. He has made it clear that Yahoo needs to do a better job of analyzing the data that the

company collects about its website's 700 million monthly visitors so it can sell more advertising. He also believes Yahoo needs to focus on improving its [mobile services](#) as people increasingly surf the Web on smartphones and [tablet computers](#) instead of desktop and [laptop computers](#).

In an effort to spur more rapid innovation, Thompson is streamlining Yahoo's management to minimize bureaucracy. He also is trying to sharpen the company's focus on his top priorities, a process that may lead to the sale of some Yahoo services. Thompson already has begun disposing of a Yahoo division that helps place ads around the Web.

Yahoo is in this situation largely because it hasn't been keeping pace with Internet search leader Google Inc. and social networking leader Facebook Inc. as more advertising shifted online. Google's annual revenue has increased from \$22 billion in 2008 to nearly \$38 billion last year while Facebook's annual revenue has soared from \$272 million to \$3.7 billion during the same period. Meanwhile, Yahoo's annual revenue has crumbled from \$7.2 billion in 2007 to \$5 billion last year.

Thompson may not have a lot of time to fix things. Tensions are already rising with one of Yahoo's major shareholders, activist investor Daniel Loeb, who has become increasingly antagonistic toward Thompson while waging a campaign to gain four seats on the company's board of directors.

If Yahoo's struggles continue, other shareholders may be more inclined to elect Loeb and three of his allies to the board later this summer instead of the candidates that Thompson is backing. A successful mutiny could put Thompson's job security in jeopardy, if Loeb isn't satisfied with the company's progress.

WHY IT MATTERS: If Yahoo can't bounce back, more people are

likely to lose their jobs and more services could be closed. In a more extreme scenario, the company could be sold in its entirety.

WHAT'S EXPECTED: Analysts polled by FactSet project earnings of 17 cents per share on revenue of \$1.06 billion, after subtracting Yahoo's ad commissions.

LAST YEAR'S QUARTER: Yahoo earned \$223 million, or 17 cents per share, on net revenue of \$1.06 billion a year ago. The results included a charge of \$26 million, or 2 cents per share, to account for the diminished value of the company's holdings in [Yahoo](#) Japan.

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