

Yahoo CEO raids Google to hire top lieutenant (Update)

October 15 2012, by Michael Liedtke

(AP)—Yahoo CEO Marissa Mayer is mining her old advertising connections at Google to help her tackle the challenges facing her in her new job.

Henrique de Castro, one of Google's top advertising executives for the past two years, is leaving the Internet search leader to be Mayer's top lieutenant. Beginning early next year, de Castro will be Yahoo's chief operating officer.

The defection announced Tuesday is Mayer's highest-profile hiring since she left Google to run Yahoo three months ago. Since then, Mayer has brought in a new chief financial officer and chief marketing officer without raiding the ranks of her former employer.

Yahoo Inc. has been struggling to attract more advertising for several years, a problem that Mayer evidently thinks she can fix with the expertise of an executive who helped build Google Inc. into the Internet's most lucrative marketing network.

Through the first half of this year, Google's ad revenue totaled nearly \$21 billion, a 22 percent increase from 2011, while Yahoo generated about \$2 billion, unchanged from 2011.

De Castro, 47, has played a key role in Google's success since leaving Dell Inc. in 2006. He is currently a vice president who runs a division that manages Google's relationships with advertisers. Before that, he

managed Google's advertising expansion on smartphones and other mobile devices, another area believed to be high on Mayer's agenda.

De Castro will remain in his current job for a few more months. Yahoo, which is based in Sunnyvale, California, has given de Castro until Jan. 22 to wrap up his duties at Google, which is based just a few miles (kilometers) away in Mountain View.

In an indication of how much Mayer prizes de Castro's skills, Yahoo is giving him a compensation package valued at about \$58 million, according to a regulatory filing Monday.

Most of the pay consists of restricted stock and stock options that will vest over the next four years. De Castro is getting a restricted grant valued at \$20 million and a \$1 million cash bonus to make up for benefits he is relinquishing at Google.

Yahoo also is doling out stock options and additional restricted stock valued at \$36 million as an incentive for de Castro to remain at the company for the next four years while he works with Mayer to turn the company around. That's all on top of de Castro's \$600,000 annual salary and a potential annual bonus of up to \$540,000.

In a statement, Mayer hailed de Castro "as an incredibly accomplished and rigorous business leader" with the Internet advertising insights that "make him the perfect fit for Yahoo as we propel the business to its next phase of growth."

Mayer also left little doubt that she hopes to infuse Yahoo with much of the same philosophy that worked well for Google during her 13-year stint there. Although she hasn't yet shared her vision publicly, all indications point to Mayer de-emphasizing the company's recent focus on cost-cutting in favor of pouring more resources into developing

services that please Web surfers and advertisers alike.

More details about Mayer's strategy are expected to emerge Oct. 22 when she is scheduled to discuss Yahoo's third-quarter earnings.

Some analysts have speculated that Mayer might try to forge some sort of advertising partnership with Google. So far, Yahoo's 3-year-old alliance with Microsoft Corp. in Internet search hasn't paid off as well as Yahoo had hoped.

By raiding Google's ranks for talent, however, Mayer runs the risk of alienating her former employer.

Google, though, made it sound as if things remain amicable.

"We're grateful to Henrique for all of his contributions at Google and wish him all the best in his new role at Yahoo," Google said in a statement.

Yahoo shares added 8 cents to \$15.76 in extended trading after de Castro's hiring was announced. The stock price has barely budged since Mayer became CEO, while Google's has surged by 29 percent.

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

Citation: Yahoo CEO raids Google to hire top lieutenant (Update) (2012, October 15) retrieved 27 April 2024 from <https://phys.org/news/2012-10-yahoo-ceo-raids-google-hire.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.