

# Alibaba expands beyond e-commerce

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China's Alibaba Group, which is readying for a big U.S. initial public offering, is known as an e-commerce titan but it's been busily expanding into other rising industries. Here's a closer look at those businesses, which include cloud computing, mobile messaging, and investments in online video, social media as well as bricks and mortar retail and delivery networks.

## —BUYING AND SELLING

Three retail e-commerce sites account for four-fifths of Alibaba's revenue. Taobao, which means "digging for treasure," is a cross between eBay and Amazon for China. Sellers pay nothing to list on Taobao, but Alibaba charges for advertising services. Tmall, which in Chinese is known as Tian Mao, or Sky Cat, is for brands selling directly to consumers while Juhuasuan is a group buying marketplace akin to Groupon. Last year these three sites had a combined 8 million sellers and 231 million buyers and handled 1.54 trillion yuan (\$247 billion) worth of merchandise. Alibaba also operates three sites to connect manufacturers with buyers, which was its original mission. Alibaba.com is for sellers of industrial quantities of everything from underwear to cement to toilets and beyond. It has 117,000 paying members. AliExpress is for international consumers buying directly from Chinese wholesalers and suppliers while 1688.com, which has 690,000 members, is for the China market. Alibaba also bought a stake in U.S. online shopping site ShopRunner last year.

## — CLOUD

Alibaba Cloud Computing launched in 2009 and now has more than 980,000 customers. The service, similar to Amazon Web Services, uses Alibaba infrastructure to provide services to Taobao and Tmall sellers as well as clients ranging from Internet gaming startups to companies in the financial services, healthcare and digital entertainment industries. Users are charged a fee based on time and usage. Alibaba has also developed a mobile operating system, Aliyun OS, aimed at challenging Google's Android, which it plans to integrate with its cloud services.

## — PAYMENTS

Alipay, launched in 2004, is China's largest online third-party payment services provider, according to iResearch. It was also the source of one of Alibaba founder Jack Ma's biggest boardroom controversies. Ma transferred ownership of Alipay, which runs PayPal style services, in 2011 to a company he controlled to comply with Chinese government regulations but Alibaba shareholder Yahoo complained it wasn't fully informed. Alibaba said in its filing that "we continue to participate in some of the economic benefits of Alipay through contractual arrangements."

## — MOBILE AND SOCIAL

Alibaba has developed a smartphone messaging app, Laiwang, to compete with Tencent Holding's WeChat, which is a wildly popular instant messaging service in China. To get the app off the ground when it launched in September, Ma encouraged employees to sign up 100 friends or relatives. The company also has stakes in several mobile Internet and [social media](#) companies, notably Weibo Corp., which operates a microblog site that is China's version of Twitter. Other investments include Chinese mobile Web browser developer UCWeb Inc. and U.S. messaging company TangoMe Inc. It acquired Beijing-based digital mapmaker and navigation service firm AutoNavi Holdings

Ltd. this year, giving it control of another service to attract mobile users.

## — DIGITAL MEDIA

Alibaba bought stakes this year in Internet TV site Youku Tudou Inc., TV and film producer ChinaVision Media Group Ltd. and cable TV firm Wasu Media Holding Co. The investments, combined with the launch last year of a smart TV set-top box, kickstart the company's digital entertainment strategy at a time when China's Internet companies are fiercely competing for smartphone, tablet and Web TV users—and their advertising revenue.

## — BRICKS AND MORTAR

Alibaba also has investments in a department store operator, a logistics network and a product ID and tracking systems company. In March it took a stake in an appliance maker and its logistics business to provide improved delivery and installation services for buyers.

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