

# Yahoo seeking to harvest ad revenue from other mobile apps (Update)

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Yahoo President and CEO Marissa Mayer delivers the keynote address at the first-ever Yahoo Mobile Developer's Conference Thursday, Feb. 19, 2015, in San Francisco. (AP Photo/Eric Risberg)

Yahoo will try to harvest revenue from mobile applications outside its own crop of services as CEO Marissa Mayer scours the digital landscape

for more growth opportunities.

The expansion is being attempted through a set of free tools that Yahoo Inc. announced Thursday during the company's inaugural conference for the makers of mobile applications.

As part of the toolkit, Yahoo is offering to distribute ads in other mobile apps besides its own. Yahoo also is trying to plant its search engine inside other apps so it can display ads alongside the results.

Yahoo would take a cut from the ad sales on other apps, building on the \$768 million in mobile revenue that the company generated last year. That amount lags far behind mobile ad leaders Google and Facebook, both of whom already run wide-reaching mobile ad networks that deliver promotions to other digital services besides their own.

Powered by its dominant search engine, Google Inc. held a 37 percent share of the U.S. mobile ad market at the end of last year with social networking leader Facebook Inc. at 18 percent, according to the research firm eMarketer Inc. Yahoo's share stood at 3 percent, a gap that mirrors the same problems that the company has faced competing against Google and Facebook for digital ad sales on personal computers for the past eight years.

Mayer, who helped build Google into a powerhouse, pledged to turn things around when Yahoo hired her as its CEO two-and-a-half years ago. Since Mayer's arrival, Yahoo's stock has soared because of the company's lucrative stake in China's rapidly growing Alibaba Group. Meanwhile, Mayer has struggled to rejuvenate Yahoo's revenue growth, even though advertisers are pouring more money into digital advertising.

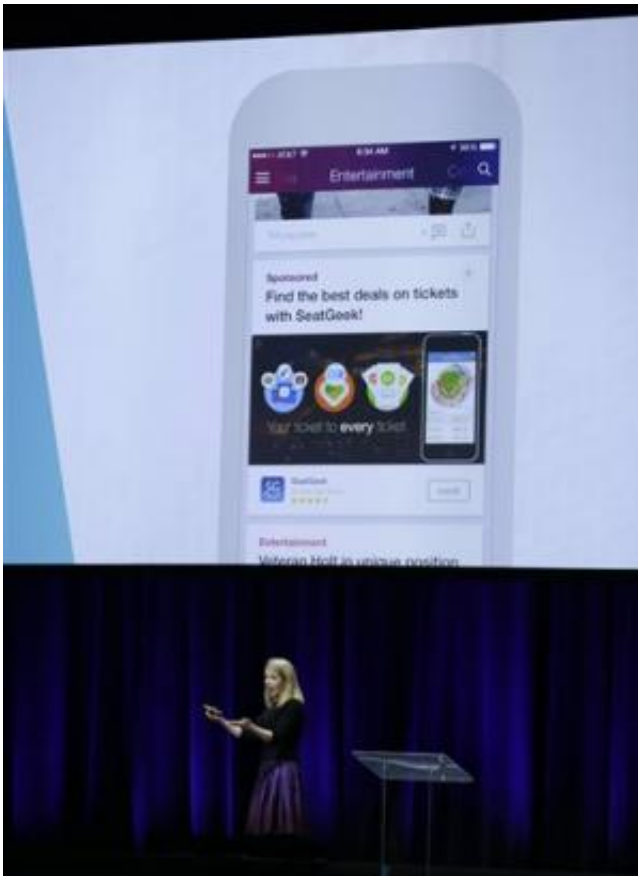


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Yahoo plans to spin off its remaining 15 percent stake in Alibaba into a separately run holding company by the end of the year, a decision that will deprive Mayer of her financial crutch and intensify the pressure on her to boost revenue to keep investors happy.

Mayer's biggest changes so far have been made in Yahoo's mobile lineup, which had been neglected under previous regimes. Under Mayer's leadership, Yahoo's mobile team has ballooned from just a few dozen employees to more than 500 workers, and the company's top apps have all been redesigned. Yahoo now says about 575 million people worldwide regularly visit its services on smartphones and tablets.

"It has been amazing to see how we transformed our business using mobile applications," Mayer said in her opening remarks Thursday.



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Much of Yahoo's newfound success in mobile computing has been imported through the more than 40 acquisitions that Mayer has engineered during her tenure. The deals included last year's \$270 million purchase of mobile analytics service Flurry, which is overseeing most of the technology behind Yahoo's new toolkit for developers.

Yahoo's stock gained 66 cents to \$44.31 in late afternoon trading.



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