Fund argues for Yahoo job cuts, ouster of Mayer

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Investment fund SpringOwl distributed a presentation arguing that Yahoo should replace Marissa Mayer and slash costs by eliminating some 9,000 positions

An investment fund with a stake in Yahoo called Monday for the struggling Internet firm to slash more than 80 percent of its workforce and replace chief executive Marissa Mayer.

The call by investment fund SpringOwl, which did not disclose the size of its Yahoo stake, came amid unease among shareholders after the tech firm retreated from its plan to spin off its multibillion-dollar stake in Chinese online colossus Alibaba.

SpringOwl distributed a presentation arguing that the company should replace Mayer and slash costs by eliminating some 9,000 positions.

Job cuts of that magnitude would represent a huge hit based on employee numbers given by the California-based Internet pioneer at the end of September, when it reported having 10,700 full-time workers and nearly 800 contractors.

SpringOwl told AFP that it sent a copy of the 99-page presentation to Yahoo before making it public.

Getting rid of 9,000 employees along with "free food and other expensive sponsorships" such as parties could save the company at least $2 billion annually, the presentation said.

Yahoo management should be "re-cast," according to SpringOwl.

The investment fund also argued that Yahoo has frittered away billions of dollars during Mayer's tenure on research or acquisitions that have not paid off.

SpringOwl lobbied for Yahoo to draw on cash reserves, sell real estate, and even borrow money to buy back shares and push up the stock price.

The presentation recommended replacing some members of Yahoo's board, along with Mayer, and included a list of traits to seek in a new chief executive.

It also rejected the latest spinoff plan, endorsed by another investment fund, as "unattractive" to shareholders.

Yahoo flipped its reorganization plan last week, announcing it would keep its stake in China's Alibaba but spin off its core Internet business—creating new uncertainties for the struggling tech giant.

The decision marked a U-turn on a previous plan to spin off Yahoo's vast holdings in e-commerce giant Alibaba, which could have exposed it to a huge tax bill.

But the tech firm stuck by its intention to separate out its activities under the new structure, a move that could open the door to a sale of Yahoo's core online operations.