

After Yahoo, who's next?

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Now that Yahoo Inc. is being sold, what other struggling tech companies might soon find themselves on the auction block?

Several other technology firms would seem to be candidates because their businesses are faltering and their stock prices have tumbled in recent years.

That's how Yahoo ended up agreeing last week to sell its internet assets to Verizon Communications Inc. for \$4.83 billion.

Tech mergers also are in full swing at the moment. So far this year, there have been more than 5,000 deals announced worldwide valued at \$355 billion, by far the most merger activity of any industry, according to the research firm Dealogic.

One reason: Many [tech companies](#) have struggled with execution, unforeseen competition, management turnover and other woes. That's prompted disaffected investors to keep pushing share prices lower, leaving the companies with market values that are well below their highs and luring buyers.

"These companies often come to market with more hope than financial wherewithal," said Rob Enderle, president of the technology strategy firm Enderle Group Inc. "Then there's an adjustment when expectations and reality don't match up."

That's especially true for firms that initially "were internet darlings" such as Yahoo, "but that's been a problematic sector ever since we had the dot-com collapse" in 2000, Enderle said.

So what companies might end up following Yahoo into the sales aisle? Here are five possibilities - after all, anything is for sale at the right price. But none of these is involved in any announced transaction.

Only one of the companies, Yelp Inc., responded to requests for comment on whether it might be a merger candidate; Yelp said it does not comment on speculation or rumor.

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GoPro Inc.

Headquarters: San Mateo, Calif.

Employees: 1,539

2015 net income: \$36 million

2015 [revenue](#): \$1.62 billion

The once-highflying maker of action cameras is now trying to pull out of a slump with the help of new products planned for later this year.

GoPro is on track in 2016 to post its first annual loss and its first annual drop in sales, according to analysts polled by FactSet Research Systems Inc.

The company's stock closed Tuesday at \$12.55 a share after reaching \$90 a share in September 2014, giving GoPro a [market value](#) of \$1.8 billion.

GoPro last week said it lost nearly \$92 million in the second quarter compared with a year-earlier profit of \$35 million, and revenue dropped 47 percent to \$220.8 million.

But GoPro said it expects to be profitable again in the fourth quarter, when it launches a new version of its Hero line of cameras and a drone called Karma.

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Groupon Inc.

Headquarters: Chicago

Employees: 9,872

2015 [net loss](#): \$102 million

2015 revenue: \$3.1 billion

The provider of daily discount deals posted second-quarter results last week that topped Wall Street forecasts, but Groupon is losing money amid a restructuring.

The company lost nearly \$55 million in the quarter and is forecast to report a loss for all of 2016 after three consecutive years of profitability, according to FactSet.

Groupon is under pressure from competitors such as Amazon.com Inc. and Facebook Inc. Groupon reduced its global operations to focus more on the U.S. and Canadian markets.

The effort appeared to pay off in the latest quarter, with Groupon adding more than 1 million customers in North America. The company also revised its projected revenue for the year, to between \$3 billion and \$3.1 billion from the previous projection of \$2.75 billion to \$3.05 billion.

But analyst Mark Mahaney of RBC Capital Markets said in a note to clients that "we continue to question the sustainability of these results and still believe the company faces substantial challenges."

Groupon's stock traded above \$26 a share in late 2011 but has seldom been above \$10 since then. It closed Tuesday at \$5.10 a share, giving the company a market value of \$2.8 billion.

In a conference call with analysts last week, Groupon Chief Executive Rich Williams said he isn't trying to make the company an acquisition target.

"We're positioning ourselves to build a great business," Williams said. "Trying to build a business for acquisition is a massive distraction, and I think sells our shareholders short and sells the opportunity in local short. It's not what we're doing here at all."

In April, Groupon got a \$250 million infusion from an investment firm led by Michael Angelakis, a former Comcast Corp. chief financial officer.

The Chinese e-commerce giant Alibaba Group Holdings Ltd. owns a 5.7 percent stake in Groupon.

Zynga Inc.

Headquarters: San Francisco

Employees: 1,669

2015 net loss: \$122 million

2015 revenue: \$765 million

The video game developer is best known for titles such as "FarmVille" and "Words With Friends," but the company is struggling to achieve the same success on mobile devices that it initially had on desktop computers.

Zynga's stock, which traded above \$14 a share four years ago, closed Tuesday at \$2.85 a share, giving the company a market value of \$2.5 billion.

In this year's first quarter, Zynga managed to post a narrower loss, \$26.6 million, than a year earlier thanks to reduced expenses and higher advertising revenue.

But Zynga said its average daily active users dropped 21 percent from a

year ago, to 19 million.

Frank Gibeau, who earlier this year became Zynga's third [chief executive](#) in three years, said he was confident Zynga's fortunes could get better "with improved planning, more focused execution and cost control."

Yelp Inc.

Headquarters: San Francisco

Employees: 3,826

2015 net loss: \$33 million

2015 revenue: \$550 million

A year ago, media reports had Yelp exploring a sale and then taking itself off the market, although the online consumer-review company never confirmed either step.

In any case, Yelp is trying to find ways to increase revenue from advertising and return to profitability. It has lost money for five consecutive quarters.

Yelp's stock, which traded at nearly \$100 a share in early 2014, closed Tuesday at \$31.46 a share, giving Yelp a market valuation of \$2.4 billion.

The company's Yelp.com website provides consumers with search and review features for restaurants, retailers and other businesses. But Yelp

faces growing competition from the likes of Alphabet Inc.'s Google My Business in the market for advertising dollars.

Yelp remains a formidable player in its niche. The company said that on a monthly average basis, about 77 million unique visitors visited Yelp on desktop computers and 69 million on mobile devices in the first quarter.

Even so, analysts at Citigroup and Wells Fargo Securities cut their ratings on the stock last month, citing concerns about Yelp's ability to sustain its advertising revenue growth.

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Angie's List Inc.

Headquarters: Indianapolis

Employees: 1,730

2015 net income: \$10 million

2015 revenue: \$344 million

The online provider of reviews that help connect customers with home-services contractors recently began offering consumers free access to its services reviews in hopes of boosting its performance.

Angie's List also still sells paid memberships that include added features such as discounts and extra customer support.

In reporting second-quarter results last week, Angie's List Chief Executive Scott Durchslag said in a statement that the move to free access spawned "an extraordinary reacceleration in new member

registrations and user engagement on our site."

Citing lower operating costs, the [company](#) also swung to a second-quarter profit of \$4.8 million from a year-earlier loss of \$8.3 million.

But Angie's List, which derives 80 percent of its revenue from contractors' advertising, will need to show that its turnaround is lasting.

Although its stock is up, closing Tuesday at \$8.04 a share, from \$6.45 last month, it remains well below its high of nearly \$30 a [share](#) reached in mid-2013. That gives Angie's List a market value of about \$479 million.

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