

MySpace co-founder DeWolfe to step down (Update)

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In this Jan. 24, 2009 file photo, Vanguard Award recipients MySpace Co-CEO's Chris DeWolfe and Tom Anderson, right, pose during the 20th Annual Producers Guild Awards in Los Angeles. MySpace co-founder DeWolfe will step down soon as the social networking site's chief executive, amid the site's stalled user growth and the rapid rise of Facebook, according to a report Wednesday April 22, 2009. (AP Photo/Gus Ruelas, File)

(AP) -- MySpace co-founder Chris DeWolfe will step down soon as the social networking site's chief executive, amid the site's stalled user growth and the rapid rise of rival Facebook.

MySpace owner [News Corp.](#) said Wednesday the decision was made by mutual agreement with former AOL [Chief Executive](#) Jonathan Miller, who was appointed News Corp.'s chief digital officer April 1.

DeWolfe, 43, helped launch the site in January 2004. He will remain on the board of MySpace China and be a strategic adviser to the company.

Co-founder Tom Anderson, 33, who is every account holder's first friend and acts as its glitch

fixer and president, is also in talks about taking a new role. Anderson is being considered for a creative product role that will take him away from his day-to-day responsibilities, said a person with knowledge of the situation.

The person spoke on condition of anonymity because the discussion was confidential.

"Chris and Tom are true pioneers," Miller said in a statement. "Thanks largely to their vision, MySpace has become a vibrant creative community with 130 million passionate followers worldwide."

He said a new management structure will be announced soon.

Wednesday's announcement was apparently rushed out after rumors began circulating online.

Facebook lapped MySpace a year ago in overall users worldwide, and now has 200 million to MySpace's 130 million.

MySpace is still the largest social network in the United States, but membership appears to have stagnated. It had 70 million users in March, down 4 percent from a year ago, according to tracking firm comScore Inc., despite the launch of the MySpace Music service in September.

Meanwhile, Facebook's users in the U.S. rose 72 percent in March to 61 million.

DeWolfe is expected to move onto a new startup, following the path of several executives who left MySpace last month including former Chief Operating Officer Amit Kapur.

"It's been one of the best experiences of my life," DeWolfe said in a statement.

Anderson said in a statement he looks forward to working with Miller. "I love this business, and look

forward to its next chapter."

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Both men had contracts worth \$15 million over two years, according to the person familiar with the situation. DeWolfe's contract, which he will not renew, is to expire in October.

The pair helped grow the company from seven employees to 1,600 today, launched operations in 30 locations worldwide, and proved social networks could attract advertising and be profitable. But they never managed to meet the lofty goals set by News Corp., the media conglomerate controlled by billionaire Rupert Murdoch that bought the site for \$580 million in 2005.

Murdoch predicted in August 2007 that Fox Interactive Media - which houses sites such as MySpace, AskMen and Photobucket - would exceed \$1 billion in annual revenue. So far, it has come up short, taking in \$881 million in the year ended in December.

MySpace's U.S. ad revenue made up the bulk of that, with \$585 million in 2008, according to an estimate by research firm eMarketer. The firm said that was nearly three times the estimated \$210 million in U.S. ad revenue taken in by Facebook. Neither company divulges such numbers officially.

A substantial amount of MySpace's revenue comes from a \$900 million, three-year ad-sharing deal it began with Internet search leader Google Inc. in 2007. That deal expires in August 2010, although the company may move again to auction off its search partnership to the highest bidder.

"That's going to dry up and, as you can see, their (profit) margins are pretty thin," said Julia Angwin, author of "Stealing [MySpace](#)," which went on sale last month.

"They have to continue innovating. And they haven't done enough of that," she said. "They've focused a lot on the content, but not enough on the tools and features, which are really stale and need to be upgraded."

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