

BoomTown

Liveblogging the Yahoo Fourth-Quarter Earnings Call: Can You Say “Sequential”? (Also Homepage Hover Out!)

Published on January 26, 2010
by **Kara Swisher**

BoomTown, as usual, liveblogged Yahoo’s fourth quarter earnings call, which starred Yahoo CEO Carol Bartz. She was sick in the last quarter, with CFO Tim Morse filling in.

Tim tried, but could not channel Carol’s kinetic and sometimes caustic energy.

But she returned today, not with a bang, but not with a whimper either.

Yahoo (YHOO) reported results earlier today that [slightly exceeded expectations](#) in the fourth quarter, but it was no blowout.

Here we go:

2:01 pm PT: It begins! Bartz was on the horn, along with Morse, said the lady who always does all the legalese stuff at the start. I am oddly looking forward to this.

Bartz began by laying out the situation at the Silicon Valley icon, in an unusually sedate fashion for the normally ebullient exec.

“What a ride it’s been,” said Bartz about her first year at Yahoo, which she described as “bumpy.”

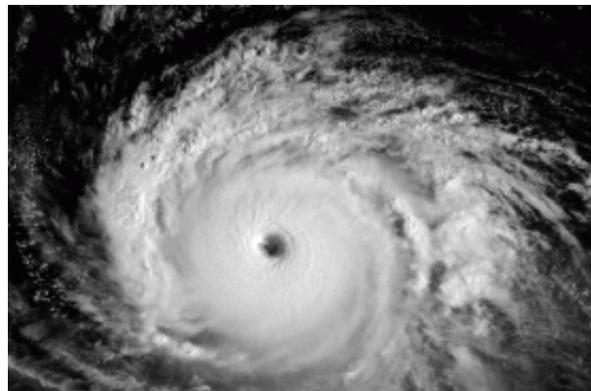
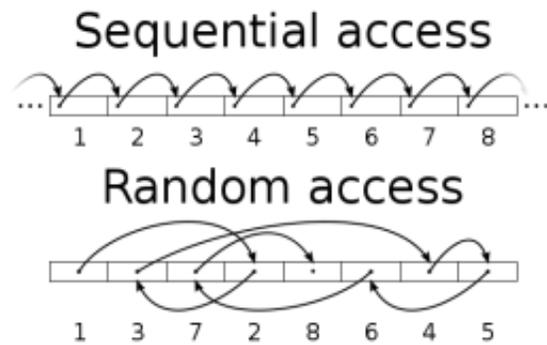
She talked about the phases she has been through: Improving products, improving advertising and improving “how we generate value.”

Bartz reminisced about all her accomplishments, sort of like a television highlights sports report. She *has* been busy!

Bartz noted that Yahoo revenue declines were not as bad as the decimation of traditional media. Not much of a comparison, really, since that’s like comparing the impact of a small storm to that of a major hurricane.

Plus: Other online companies are growing much faster than Yahoo.

2:09 pm: CFO Morse came on, noting that while search and display revenue was down (15 percent and one percent), it was up since the previous quarter. As I previously noted: Not-as-down is the new up!



It was all about “sequential” growth, said Morse, which appeared to be the buzzword of this call.



Morse had a jaunty tone of someone who feels a little better, but is smart enough not to crow too much.

Over the next year, though, he promised “we expect to grow revenue.”

Not from the Microsoft (MSFT) search and online advertising deal as yet in 2010, he noted, but it was coming.

Yahoo’s 2010 financial priorities: Investments in the business and simplification of the business (translation: sell off more dopey stuff and clean up the place more).

2:19 pm: Back to Bartz, who reminded folks that she predicted brand advertising would be back and it is now coming back!

She *TOLDJA!*

“We are now delivering relevant audiences at scale,” she said. Yahoo can indeed brag about display, and Bartz did, noting television was Yahoo’s true competition.

She mentioned the recent deal with Hollywood mogul Ben Silverman to make content for Yahoo, giving him props (which not everyone in the entertainment industry does).

But, said Bartz, Yahoo was not abandoning its search ad business. Once again, it’s up *sequentially!*

“Search is a top priority for us,” she said emphatically.

It better be.

Bartz also talked about mobile and what useless units Yahoo was selling.

“But 2010 is not about divestitures for Yahoo,” she promised, noting she was in a buying mood. Yahoo has about \$4.5 billion in the kitty, so that’s good.

Nonetheless, there would be no big deals, said Bartz, who correctly noted they never work.

And, said Bartz firmly: “We’re done looking inward.”

No more Yahoo navel-gazing? Now, that would be sequentially exciting!

2:30 pm: Question time!

The first is about display ad growth and whether publishers will be pulling inventory away from ad networks.

Morse and Bartz noted that all was well, so not so much.

Next question: What about the decline in page views and the impact of the \$100 million marketing campaign?

Bartz noted that people are increasingly looking at engagement over page views, as well as “good quality insights” to advertisers.

She also added that the “It’s Y!ou” ad campaign was going well, and would be moving to a product focus (as I [reported in December](#)).

Next question: On affiliate strength, and comScore search share numbers, which have not been so good.

Morse declined to comment. Search volume is up, he noted, “but clearly we want to do better and better.”

As I said, they *better* do better and better!

Next question: On costs and international efforts.



Morse noted Yahoo had been working on it, though it was going to reinvest.

On Yahoo's global performance, Bartz liked Asia and not so much with Germany, where the company needs to *macht schnell!*

Next question: Another question on the impact of marketing.

News alert! Bartz said [Yahoo is removing the hover feature](#) from the top of the homepage, which has been driving advertisers and ME crazy!

Everyone hated the hover, which covered up everything, even though it sought to help users see stuff better.

I am so excited that I miss the next questions, which were dull anyway about traffic acquisition costs and analytics.

Finally, one on the Microsoft deal and how it will be implemented. It will be done well, said Bartz.

More on international.

More news: Bartz, who admitted she has not been able to get a decent international head, revealed more new by announcing she will have three regions report into her, [restructuring the global set-up](#) a bit.



Gone will be Emerging Markets head, who will become a Global Initiatives SVP, with those regions being sucked up by the other three.

A question about Alibaba, which criticized Yahoo's backing of Google (GOOG) on the China battle recently, and how Yahoo and the Chinese Internet player are getting on. Yahoo owns a big piece of Alibaba.

Fine, said Bartz (though, I can tell you, it's actually a very tense relationship, since well before the recent spat).

More on engagement and other even more boring question.

Last question comes about video usage and relationships with content providers.

Bartz loves content! "I think we have been a good content partner," she said. "Trust me, we are doing a lot of thinking on this."

Indeed, she should, because for all its challenges, Yahoo should be the king of content.

3:06 pm: The call ended with a cordial goodbye from Bartz.

There have been no fireworks at all, as has often been the case with her. Instead, think sequential and you have a good idea about Yahoo's year ahead.

Return to: [Liveblogging the Yahoo Fourth-Quarter Earnings Call: Can You Say "Sequential"? \(Also Homepage Hover Out!\)](#)

URL: <http://kara.allthingsd.com/20100126/liveblogging-the-yahoo-fourth-quarter-earnings-call/>

BoomTown

Liveblogging Yahoo's First-Quarter Earnings Call: Yahoo Paints by the Numbers!

Published on April 20, 2010
by **Kara Swisher**

BoomTown liveblogged Yahoo's first-quarter earnings call with analysts today, which started at 2 pm PT.

Earlier today, Yahoo [said its net income spiked to \\$310 million, or 22 cents a share, in the period.](#)

Revenue, after subtracting what Yahoo (YHOO) pays in advertising commissions, was \$1.13 billion.

Wall Street was expecting earnings of nine cents per share and net revenue of \$1.17 billion.

Here we go:

2:02 pm PT: Investor lady said stuff. But, yay, Yahoo CEO Carol Bartz was on the call, so—not that I don't enjoy CFO Tim Morse, also on the call—it promised to be much livelier.

Bartz got on first and called it a "solid" quarter. Nothing fancy, but pretty accurate.

She quickly turned it over to Morse for the numbers.

It's [all in the charts and slides here](#), but Morse did stress the importance of the search and advertising partnership with moneybags Microsoft (MSFT).

It is like cost-savings manna from heaven—\$78 million in this quarter alone—for Yahoo. In fact, it's the gift that will keep on giving, noted Morse, although not in those words.

Also, advertising, especially display, is back! Search, not so much. Revenue per search down, share down—a true weakness for the No. 2 search player.

More numbers from Morse, who began to lull me into an afternoon nap, so there was joy on my part when he said: "On a final note..."

Overall, Morse said that things are looking up.

2:21 pm: Bartz is back, noting first that the ad market is looking up and that marketers are looking to get creative with Yahoo's "digital canvas."

"Science, art and scale," said Bartz.

I had no idea Yahoo was Rembrandt!

She used examples of work the Silicon Valley Internet



giant is doing with retail giant Walmart (WMT).

Search is not so pretty: “I don’t think it is any secret that we have had a hard row to hoe in search,” Bartz said.

The bad crops metaphor is right!

2:27 pm: Microsoft deal stuff, though Bartz gave few details.

Suddenly, she threw a bit of a tantrum about those who focus too much on Yahoo executive talent, or—actually—the departure of executive talent from the company, which she called “borderline” obsessive.

I think she just took a smack at my reporting and called me the Vincent Van Gogh of the Internet, since **All Things Digital** breaks most of those stories.

Memo to Carol: I have covered both goings *and* comings. Did you miss the [Blake Irving piece](#) just this week?

And, frankly, when you lose your [chief ad sales person](#) and [CTO](#) in a month, it’s kind of a big story.

I am a bit obsessed with Yahoo, it is true, but I still have *both* ears. (Unless Judy comes at me with some scissors for giving you a hard time!)

End of *my* tantrum.

Bartz then moved onto details about programming and other features at Yahoo—sports, mobile, Facebook integration—and the company’s recent content deal with Hollywood producer [Ben Silverman](#).

She called what he makes for Yahoo “video snacks.”

Smacks and snacks!

2:37 pm: Q&A time!

First up, a question about search and display.

Morse answered: Display great, search not.

Next: Flat page views and how do you increase engagement?

Bartz will “take a whack at that,” since she is clearly in a whacking mood.

Engagement is a big focus and Yahoo is working on it: More interactivity, social networking, better targeting.

Bartz said she has been getting a lot of diet recipes in that targeting, although she has no idea why. I think she looks great!

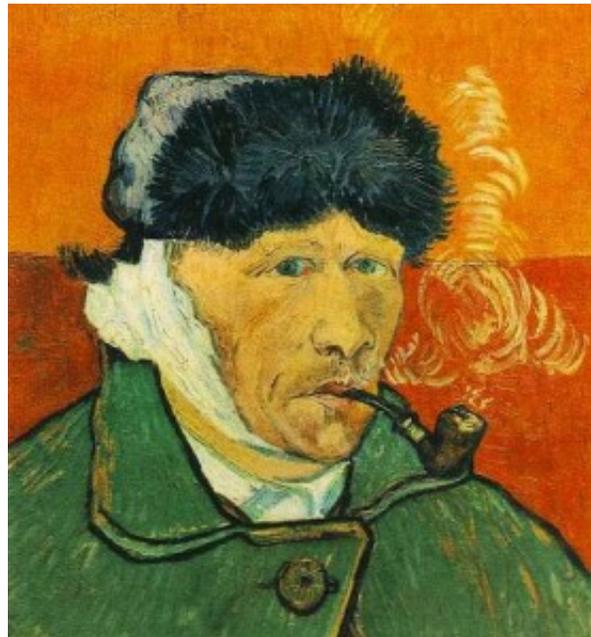
Next: What’s up with search declines again?

Morse: We are working on it!

Bartz: “We’re not a long-tail buy.”

Now, a tax guidance question (which means I headed to the bathroom at this point).

Next: What up with international? Also, another question about search decline trends—there *has* to be a morning after!



“We’re not fighting comScore (SCOR) on this,” said Bartz. Good idea.

“We have a lot of effort going into this,” she added. Stabilization is apparently the new up.

2:50 pm: I missed the last question because I had been looking at an OMG! story about actress Sandra Bullock not wearing her wedding ring. What can I say, except that Yahoo content is a lot more interesting than this earnings call.

But essentially, Bartz was talking about making Yahoo’s internal operations more consistent, which has been one of her favorite memes.

There was also a China question, but Yahoo is not running the show there.

More about the search alliance with Microsoft and its costs.

“There are a lot of moving pieces on this,” said Morse, which means he does not know yet.

He added that Yahoo might buy back some stock, but did not give specifics.

More search questions, this time about how Yahoo sells it. Bartz sounded weary of the questions about this key arena.

I can almost hear the internal dialogue in her head: “*WHY THE #@%*# ARE THEY SO BORDERLINE OBSESSED!?!*”

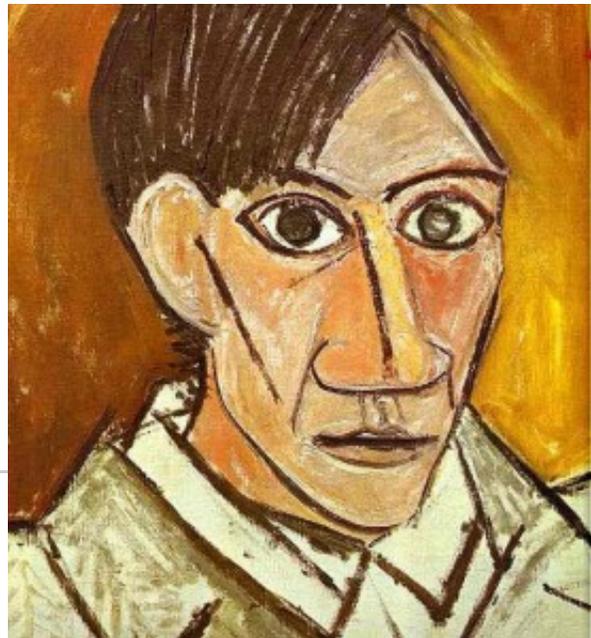
Face it, Carol, we can’t get enough of your search non-answers.

Bartz moved onto Yahoo’s strength in the content space. She is right about this, which is Yahoo’s major differentiation.

And again she stressed the artistic canvas metaphor, for both content and advertising.

Yahoo is the Da Vinci of Digital! The Michelangelo of Microchips! The Picasso of Pixels!

I am *borderline* choked up at the thought of it.



Return to: [Liveblogging Yahoo’s First-Quarter Earnings Call: Yahoo Paints by the Numbers!](http://kara.allthingsd.com/20100420/liveblogging-yahoos-first-quarter-earnings/)

URL: <http://kara.allthingsd.com/20100420/liveblogging-yahoos-first-quarter-earnings/>

BoomTown

Liveblogging Yahoo's Second-Quarter Earnings Call: How Do You Solve a Problem Like Flat Revenue?

Published on July 20, 2010
by **Kara Swisher**

After announcing its [second-quarter earnings this afternoon](#) after the markets closed, Yahoo (YHOO) CEO Carol Bartz and CFO Tim Morse held the usual conference call.

The results: Net income and margins were up at the Silicon Valley Internet giant, while revenue was *meh*. Display advertising growth was up, while search ad revenue was down.

Revenue and [worries about future direction](#) turned out to be the questions of the day.

2:03 pm PT: While she touted the improved margins with a confident tone, a nice accomplishment, Bartz quickly pointed out the obvious on revenue weakness.

She blamed a combo of issues, such as not monetizing search-share improvements.

"How do we measure our business?" asked Bartz, in her financial soliloquy. Another laundry list of stuff, such as engagement, editorial expertise and scale.

Then it was off to the races with updates on Yahoo's social, local, video and mobile improvements.

That would be things such as integration with social networking powerhouse Facebook and online gaming phenom Zynga, more video all over the site and other initiatives to spur consumer engagement.

Bartz's faves are the "Bikini 101" videos, she said, which apparently get you ready for the summer season.

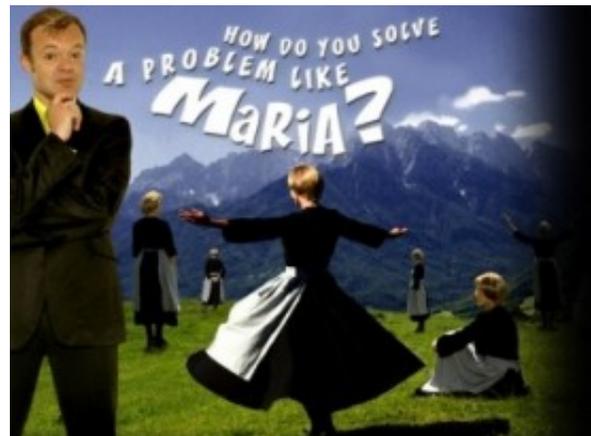
BoomTown last wore a bikini in 1974.

2:12 pm PT: Morse came on and started going over the numbers.

Yay on costs and margins. Not-so-yay on revenue growth.

You get the picture. Morse had some excuses, all of which seemed reasonable, including a pullback of advertisers in July.

More numbers on the savings from the Microsoft (MSFT) search and advertising alliance, tax issues,



guidance, cash status and more.

I like listening to Morse, who always sounds super-competent. But he completely bores my assistant, Ed, just like other CFOs he is subjected to in earnings season, since I blast these calls on my computer's speakers.

Sorry, Tim!

2:27 pm PT: Bartz was back and talking about display advertising and how Yahoo is working on all kinds of new schemes to improve advertiser experience, as well as to engage consumers more.

Onto search, which has long been Yahoo's Achilles heel, no matter how Bartz spins it. Revenue per search is down and has been, which is a problem.

"As for search, we remain focused on growing our search business," she said firmly. We'll see about that after a year into the deal with Microsoft.

She touched on the [controversy around contextual search](#) being counted on comScore (SCOR) and dismissed it—although we will see how that turns out!

Then Bartz gave an update on the Microsoft alliance transition. Nothing new here, and the hope is that it will begin to take place by the end of the year, but only if it can be done with "quality."

Bartz then touted Yahoo's performance related to delivering information on the World Cup soccer, which she should as the company's media arm did a bang-up job.

More on improvements in development and innovation, although it was a little light on deep examples.

Bartz summed up by again mentioning margin improvements, which was a good idea, and then moved onto Q&A.

2:38 pm PT: First question is about revenue lag, natch.

Bartz noted that customers' marketing budgets are "easy to turn on and off." The perils of the ad market! But, she said, she felt it was more of an overall market issues, rather than Yahoo-specific.

The next question was about page-view decline. Are these Wall Street analysts actually doing their job?

Morse answered that page views might not be all that anymore, since consumer use of Web technologies has changed.

"What we are trying to do is move toward a more holistic view," he said.

But he admitted, "It is honestly a bit of a surprise." *Say what?!?*

The next question was more on display advertising revenue drop-off and inquired about whether it impacted search.

Bartz said she thought it was because of those nagging on-off switches marketers can use!

The next question was about revenue pick-up on bucket tests of new system with Microsoft and, again, more on where the weakness in revenue is located.

"I will tell you we are pleased with it," said Bartz coyly about the Microsoft test results.

As to revenue slowdown: No specific category and it was those big knob-turning customers.

More on cost-cutting and advertising revenue, which were essentially the same question over and over.



It is the right question, too.

At one point, Bartz talked about redefining advertiser expectations and how targeting was a better way to get to consumers.



Actually, it is pretty much about that old sales mantra of ABC:
Always Be Closing!

More shuffling the papers about what was going on and what was coming next. Bartz noted that consumer confidence is “really weird now.”

Then there was a question about this “science, art and scale” motto that Yahoo has been using and calling SAS for short (internally, many move the letters around to make a naughty word).

The larger point, said Bartz, was that Yahoo is one of the new places that can deliver big results to advertisers in an unusual and engaging way.

True enough, which begs the question again: So what’s with these weak revenues? And, of course, what is Bartz going to do about it?

Return to: [Liveblogging Yahoo's Second-Quarter Earnings Call: How Do You Solve a Problem Like Flat Revenue?](#)

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BoomTown

Liveblogging Yahoo's 3Q Earnings: Busy, Busy, Busy (So Go Away, Tim Armstrong!)

Published on October 19, 2010
by **Kara Swisher**

Here we go with the Yahoo third-quarter earnings call starring CEO Carol Bartz, who has some—in the immortal words of Ricky Ricardo—*splaining* to do.

Yahoo turned in a [much-needed solid quarterly earnings report](#), with slightly better-than-expected earnings, although still weak revenue.

Of course, there are all the [takeover rumors](#), the [exec departures](#) and fights with partners such as [China's Alibaba Group](#).

2 pm PT: First on is the lovely investor relations lady, Marta, saying stuff I never pay attention to.

But Bartz came on right away and she sounded subdued and very much on script.

Good idea!

She began by explaining what she has been up to and—once again with feeling—exactly what Yahoo is.

“The key words are innovative, content, media and communications,” she stressed.

Technology is all well and good, but Yahoo is the “largest digital media, content and communications company.”

She also briefly addressed the departure of execs: “Some people leave, some get promoted and some good people arrive.”

Well, you could put such turmoil that matter-of-factly, I suppose.

Bartz then asked the question: “What have we done to re-engineer Yahoo?”

She reeled off a list she has repeated many times before, the point of which was to let us all know she has been mighty busy cleaning up the big mess she had to deal with on arrival.

So lay off, all you naysayers! It's kind of like what President Barack Obama is saying these days, as he looks forward to huge political losses in the upcoming election.

It's apparently a *disciplined* approach. “First you walk, then you run.” Then, she added, you FLY!

Don't look down, Carol!

She promised to talk about what's on all our minds—as in the takeover swirl related to AOL, News Corp. and a passel of private equity moneybags circling Yahoo.

2:15 pm: Time for the numbers from CFO Tim Morse, which [you can see here](#).

He was much jauntier than usual. I wonder if that was



in the script. Smile with your voice, Tim!



I mostly did not listen to this spiel, as it was a recount of the numbers I already read. But there are some nuggets.

Apparently, for example, revenue for owned and operated search is down because users are clicking on the really good new results from the Microsoft algorithmic search transition, so they are not clicking on paid search as much.

*Hmmm....*I wonder what happens when they get great.

Then it was on to earnings and stock repurchases, designed to goose the shares, which Yahoo considers undervalued.

So do investors.

Next, he moved on to the outlook, which was weak.

And Morse also noted the uncertainty that has to do with the search and online advertising alliance transition. "Caution is warranted," said Morse.

"We're pleased with our third-quarter results," summarized Morse, seemingly ignoring the revenue issue.

2:31 pm: Bartz was then back on discussing the search alliance and the rocky relationship with China's Alibaba Group. Rocky is my word and actually is also Alibaba's.



At least all is well with Microsoft, Yahoo's one-time nemesis.

It has been a big transition, of course, Bartz noted. Indeed.

Then Bartz went out of her way in praising Alibaba CEO Jack Ma, whom many sources said she has treated shabbily in the past.

It is "a good productive business relationship," said Bartz.

Other than that, she politely suggested we all butt out of what Yahoo is going to do with the asset, a 29 percent stake of Alibaba.com worth \$3.1 billion, according to the company.

Finally, Bartz said Yahoo had "potential" and promised a payoff to shareholders in the months ahead.

That would be nice.

2:38 pm: Time for Q&A.

The first question was about the search revenue growth. Soon!

The next was about search revenue and display advertising and a left-field query on engagement on smartphones.

Same answer, and also people will use Yahoo on any screen.

Next question was on display growth. Same answer.

Will any of these analysts ask the *good* questions about takeover rumors and other thorny management issues?

Wait, finally there came a sheepish request for clarification about the rumors—well, they are real, so *realmors*—about takeover plans by private equity folks, [along with AOL's Tim Armstrong](#).

"As tempting as it is to tell you what I really think, you know I can't comment," said Bartz, who really sounded like she wanted to comment.

Give in, Carol! In the words of Oscar Wilde, which is BoomTown's operating motto: "I can resist everything except temptation."

Nope, she will not utter a word about "hypothetical this and hypothetical that."

Instead, the boilerplate: "We like our strategy, we like our



progress, and that's what we're focused on."

Next, more questions about revenue weakness. Bartz blamed it all on the drag of search revenue. "The main drag on our growth has been search revenue," she noted.

She said it will get better once the whole transition kicks in.

Bartz did sound convincing, especially when she noted it was part of a six-year trend in decline in search. By the end of 2011, she promised, it will *all* be different.

But, in the immortal words of Clint Eastwood in "Dirty Harry": "You've got to ask yourself one question: Do I feel lucky? Well, do ya, punk?"

Now, a question about a "bloated" work force. Yahoo employee count is up seven percent, although costs are down 12 percent.

Morse: "No, we're not bloated."

Bartz took a question about competition in the display market, as in Yahoo is going to get smacked by rivals, such as Google.

"There is always competition and competition only makes us better," said Bartz. "We're running very fast and not going to give up this leadership in display very easily."

Given Google's inroads here, she better run faster than the Road Runner.

The last question was about monetization of mobile.

Lots of pretty, empty words from Bartz, especially since Yahoo does not have a really competitive offering compared to Google and Apple.

It should be added that both [Google](#) and [Apple](#) smoked it in terms of revenue growth in their quarterly earnings this week.

Also, I hear that Facebook social networking site is growing pretty quickly.

And it ended, with nary a decent question from Wall Street analysts about the clear turmoil at the long-troubled Silicon Valley icon and answers about what Bartz is going to do to address it.

The media is in listen-only mode for these calls, which is a shame, since I for one would love to listen to what Bartz has to say.

I know you're busy and all, Carol, but perhaps you can talk over dinner soon?



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