

What People are Saying About the Google-Yahoo! Partnership

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Deal Likely to be Approved by U.S. Regulators

Danny Sullivan, Editor, Search Engine Land

"The deal is similar to Google's partnerships with companies such as Time Warner's (TWX) AOL Web portal and IAC/InterActiveCorp.'s (IACI) Ask Web search engine. Those pacts required no governmental review, [Sullivan said]. 'I find it hard to understand what the antitrust challenge is going to be,' he said. 'Yahoo has a nonexclusive deal to take ads from somebody. Google doesn't have any ownership in Yahoo.'" (Investors Business Daily, 6/30/2008)

Fortune

"Microsoft is pushing hard to stop Google from teaming up with Yahoo now that the software giant has given up on acquiring the tarnished Internet portal. But antitrust lawyers and technology analysts outside the case don't think Ballmer & Co. has much of a prayer at stopping the deal from going through." (Fortune.com, 6/26/08)

Glenn Manishin, Antitrust Attorney, Duane Morris

"Antitrust experts disagree with Microsoft's argument that Google's search ad pact with Yahoo will make Google too big and too powerful. 'I see [Microsoft] exercising political jargon here. It's surprising...,' says Manishin" (Fortune.com, 6/26/08)

Michael Learmonth, Silicon Alley Insider

"We don't see how the deal could possibly warrant government intervention...but that doesn't mean Microsoft's legal army won't be able to slow it down or scuttle it." (Silicon Alley Insider, 6/13/08)

Henry Blodget, Silicon Alley Insider

"[This is a] perfectly defensible deal structure that the regulators shouldn't have any real cause to block."

"...Yahoo can now focus almost all of its efforts on revitalizing its properties and display business, which is where its future lies." (Silicon Alley Insider, 6/12/08)

Stephen Axinn, Partner, Axin, Veltrop & Harkrider LLP

"'I can't visualize [the deal] being a problem,' said antitrust lawyer Stephen Axinn, of the firm Axinn, Veltrop & Harkrider LLP. "It seems to me not to be an anti-competitive contract on its face.' The main question antitrust officials will look at, Axinn said, is whether the arrangement would lock out competitors or eliminate competition. 'And I don't think it does either one,' he said." (Reuters, 6/12/08)

Henry Blodget and Dan Frommer, Silicon Alley Insider

"But if this test merely leads to a partnership in which Yahoo runs AdSense on its pages, it's hard to see why anti-trust folks would prevent such a deal...This isn't like previous anti-trust examples, where, say, Microsoft pointed a gun at Dell's head and said 'take IE or you don't get Windows.'" (Silicon Alley Insider, 4/9/08)

James B. Stewart, Columnist, Wall Street Journal / Smart Money

"Naturally, the antitrust police are already on the prowl, and you can expect Microsoft to be egging them on. But Yahoo and Google shouldn't be deterred. They will still compete vigorously for display advertising and in other areas. It isn't like they are merging. There is nothing in antitrust law that says a company has to pour money into an enterprise just to maintain the appearance of competition when someone else can do it more profitably and efficiently." (Wall Street Journal, 5/7/08)

New York Times

"These collaborative deals tend to be easily approved by American antitrust authorities, and Google presented the Yahoo plan as such a deal in response to initial inquiries by the Justice Department." (New York Times, 5/22/08)

Agreement Beneficial for Competition

Ed Black, President, Computer & Communications Industry Association (CCIA)

"Antitrust regulators look at the impact on competition and consumers. This is not a merger. It does not seem that either competition or consumers are harmed by a non-exclusive business deal, which does not eliminate Yahoo from any of the marketplaces it is active in. With no diminution of Yahoo's competitive ability, we don't see where competition gets harmed

and we don't see where consumers get harmed." (CCIA Press Statement, 6/13/08)

Glenn Manishin, Antitrust Attorney, Duane Morris

"Manishin...said he thought the deal would increase competition because advertisers would be able to get roughly the same service from Yahoo or Google." (San Jose Mercury News, 6/12/08)

Scott Kessler, Standard and Poor's

"Basically it will enable [Yahoo] to generate more associated revenues and earnings from search queries and it will make them more competitive from the perspective of doing better vis-a-vis search. The bottom line is a deal with Google, it won't enable them to gain share, it won't enable them to gain standing in the search market, but it will enable them to be more profitable and that's pretty important, too." (Nightly Business Report, PBS, 6/12/08)

Arrangement Good for Yahoo!

Jim Lanzone, former CEO of Ask.com

"Lanzone...said that the extra money Yahoo gains from the deal would be well spent building out its content network to increase its audience. Then, because of the deal's flexible structure, it will be able to shift its ad sales back to its own network if the numbers looked right." (Internetnews.com, 6/18/08)

U.S. News and World Report

"Yahoo will still have its own business in display ads, where it is bigger than Google. Yahoo emphasizes that search advertising is converging with Web display advertising. That's making for a much bigger overall market and should ease concerns about Google's dominance of search ads." (www.usnews.com, 6/13/08)

Jim Harper, Director of Information Policy Studies, CATO Institute

"Would Google/Yahoo! 'dominance' in search advertising make it harder for small firms to enter the market and differentiate themselves?...Whatever the case, the existence of a large search-ad network doesn't disable any of them from seeking their own customers." (techliberationfront.com, 6/13/08)

Hance Haney, Senior Fellow, Discovery Institute

"An outsourcing deal between Google and Yahoo could be profoundly pro-competitive because Yahoo makes less than it could in search ads. Using Google's technology may enable Yahoo to pocket an extra \$1 billion which could make Yahoo a stronger player in the search for the next big thing." (TechLiberationFront.com, 5/23/08)

"Straightforward Supplier Arrangement" with Parallels to Other Industries

dealReporter

"The approach the DoJ will take in evaluating a search-outsourcing deal will be different than evaluating a full-blown merger, an industry attorney said. Unlike mergers or business combinations where the acquirer is getting full operational control of an entity, this arrangement is likely to be reviewed as an original equipment manufacturing (OEM) relationship or a commercial one, he explained." (dealReporter, 5/16/08)

New York Times

"People involved in shaping Google's approach say the deal under consideration would be a straightforward supplier arrangement, similar to ones in the markets for computer printers, appliances and cell phone service.... The printer industry, they say, is a perfect example. Canon supplies printer engines to about 80 percent of the laser printer market, including its rival Hewlett-Packard. They point to many others, including Whirlpool making appliances for Sears, AT&T licensing its mobile network to Virgin and other small carriers, Toyota selling hybrid engines to General Motors and Microsoft tailoring its Office software for Apple computers." (New York Times, 5/22/08)

DOJ and FTC Have Endorsed "Co-opetition" Arrangements

New York Times

"In its antitrust guidelines for partnerships among competitors, issued in 2000, the Justice Department and Federal Trade Commission said: 'In order to compete in modern markets, competitors sometimes need to collaborate. ... Such collaborations are not only benign but pro-competitive.'" (New York Times, 5/22/08)

dealReporter

"...if one company has a more efficient technology than the other, with one wanting to outsource to the other, a deal can be structured that still leaves a lot of independent competition, the industry attorney explained." (dealReporter, 5/16/08)

IM Interoperability will be Beneficial to Users

Stephen Shankland, CNET News

"...people on Yahoo's IM network will be able to chat with those on Google's and vice-versa. That's a big step in the right direction." (CNETnews.com 6/14/08)

Neil McAllister, PCWorld

"...the IM market could certainly benefit from a little more interoperability. Despite the fact that IM use is on the rise among home users and businesses alike, each separate IM network remains a walled garden, independent of all the others. Getting them to work together -- similar to how e-mail works -- would benefit everyone." (pcworld.com, 6/15/08)

Deal Applauded by Advertisers and Website Publishers

Matt Greitzer, Vice President, AvenueA/Razorfish (an interactive advertising firm owned by Microsoft)

"What it will ultimately do is allow us to get broader distribution out of Google's ad platform...[The partnership] is going to be good news for advertisers." (Bloomberg, 6/20/08)

Maurice Levy, Chief Executive Officer, Publicis Groupe

"Levy...said that the search advertising deal between Yahoo and Google will be 'very positive' for advertisers and does not believe there is any competition threat that will raise marketing costs for clients. 'It is something that isn't threatening to clients, they are not merging, they are independent and they remain competitors,' [he said]" (The Guardian, 6/20/08)

David Kenny, Chief Executive Officer, Digitas Inc.

"We are happy with that agreement. It has been mis-communicated. It's not a lack of competition. It's actually they both agreed to work out on an open platform. We think that's okay because it means it's like all open markets, when you buy an equity, you can buy it anywhere and the more open and transparent it is, the more accurate the pricing is." (Reuters, 6/20/08)

Richard Lent, CEO, AgencyNet Interactive (online ad agency)

"[The deal...] does not ensure that [Yahoo and Google] will utilize that advantage to control pricing structures or gain an unfair market advantage. Until something is proven to the contrary, I would personally deem any governmental obstruction as premature. With today's economic state, America needs innovative and astute corporations to support a dynamic and fast changing global economy and to date, Google has proven to me that it will not rest on its laurels." (Prepared Testimony before House Small Business Committee, 6/25/08)

Geoff Atkinson, Vice President, Overstock.com Inc.

"The agreement between Yahoo and Google should help the relevancy of our advertising on Yahoo, which should actually make the dollars we spend more efficient." (Bloomberg, 6/20/08)

George Michie, Rimm-Kaufman Group

"Google doesn't set the prices any more than the New York Stock Exchange does. It simply presents a single marketplace in which advertisers can compete with each other for prominence." (searchengineland.com, 6/20/08)

Jim Lanzone, former CEO of Ask.com

"They get to continue to sell ads through (Yahoo's) Panama (ad platform), and backfill with Google when it will make more or additional money,' Lanzone said. 'In some senses, it's a 'why not?' deal.'" (MediaPost.com, 6/18/08)

Rob Snell, Co-Owner, GunDogSupply.com (online advertiser)

"My understanding of the Yahoo-Google deal...is that it's an inventory situation. When I do a search on Yahoo, Yahoo's going to check their own search marketing engine, Panama, to display those ads. But Yahoo will also be able to choose to display Google's inventory as well. I have a good analogy: If I went to Target and I needed a T-shirt, I'm going to need a double extra large tall. And if Target doesn't have my size, I sure hope that Wal-Mart or the Gap or somebody else is going

to be right there in the store. It would be so awesome if they could go, here's your T-shirt. And I think that's what the situation is. It's not a merger, they're not taking over their search engine. It's just a partnership on the advertising." (Oral Testimony before House Small Business Committee, 6/25/08)

Darrin Shamo, Manager of Search Advertising, Zappos.com

"Shamo...said he and his staff have concluded that prices won't change much because of a Google-Yahoo partnership. Zappos, whose ads run with queries for 'slingback pumps' and 'gladiator shoe,' pays about 40 cents on average each time a potential customer clicks on its ads, which are sold by Google and Yahoo in online auctions. There's a limited pool of bidders for the searches Zappos wants to appear next to, and the Google-Yahoo accord won't change that, he said." (Bloomberg, 6/20/08)