

Corporate Profile Part 1: Buyer Profile

Yahoo! Inc.

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Introduction

What began as a hobby for two Stanford University students 23 years ago, Yahoo! has become one of the world's largest global search engine services. In 1994, Yahoo! co-founders, David Filo and Jerry Lang, set out to find an effective and efficient way to surf the world-wide web by designing a search engine. Their tool grew from a group full of happy friends up to a million users a day by 1998 (Entrepreneur). In 2015, Yahoo's search engine services generated 42% of their revenue (Hoovers). In addition to search engine services, which is shared with Microsoft's Bing, Yahoo's communication services include Yahoo mail and messenger services, which are based on a fee if users choose premium service. Services also include digital content products and services: Tumblr, Yahoo News, Yahoo Sports, Yahoo Finance, and Yahoo Lifestyle). Yahoo's advertising services include Gemini and BrightRoll products. Yahoo's global operations draws 22% of its revenue mostly from Asian assets (Yahoo! 2015 Annual Report). Today, Verizon is in the process of buying Yahoo's Internet business for approximately \$4.8 billion. An incident that occurred with 500 million Yahoo user accounts being compromised by a hacker didn't help Yahoo's image.

Company Overview

Yahoo! Inc (YHOO on the NASDAQ Global Market) is headquartered in Sunnyvale, California USA. Its key personnel include Eric Brandt, Chairman; Marissa Mayer, President and CEO; Kenneth Goldman, CFO; co-founder, David Filo; and CIO, Laurence Mann (Hoovers). Yahoo's main competitors are Google, AOL, and MSN. Google's competitive edge over Yahoo! is huge having gained almost 65% of the search market in America. Facebook and Twitter's rising communication services are also competition for Yahoo!. Hoovers reports Yahoo's 2015 annual revenue at \$4,968 billion.

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Mergers and Acquisitions

Yahoo! acquired Polyvore, Inc. in 2015 for \$161 million. Polyvore.com gives users the ability to shop for anything from home décor to clothing and beauty products with the latest fashion trends. They acquired Flurry, Inc. (a mobile analytics and advertising company) in 2014 for \$270 million. Yahoo's BrightRoll acquisition in 2014 made them the largest video advertising platform in America (Hoovers).

Requirements for Cybersecurity

Risk Factors

Yahoo's annual report states that search and display advertising generated 84% of its total revenue as of December 31, 2015, (Yahoo! 2015 Annual Report p. 13). A decrease in users could cause serious damage to the company. Yahoo's recent security breaches have not helped the company's credibility. In 2013 1 billion Yahoo Mail users' information was compromised; and again, in 2014, 500 million users' data had been stolen. This data includes names, birthdays, telephone numbers, email addresses, hashed passwords, and some encrypted (or unencrypted) security questions and answers (Trautman & Ormerod, 2017). This brings Yahoo's code of conduct into question. The 'what did they know and when did they know it?' is a legitimate one. Yahoo has yet to make that information available (Voltz, 2016). And did Yahoo default on their duty to monitor and their duty of care? Trautman & Ormerod's findings are that they fell short of their duty to monitor and the jury's still out on their duty of care. Jay Kaplan, chief executive of Synack, a data security company states the alarming fact that the 2013 breach occurred with not an inkling of knowledge (Trautman & Ormerod, 2017). With these unfortunate incidents comes uncertainty. That uncertainty deters consumers from signing up e-mail accounts or utilizing

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Yahoo's search engine. A decrease in consumers affects advertising which drives the bulk of Yahoo's sales.

Buying Forecast

In 2014, Yahoo! invested \$10 million for encryption enhancements in addition to offering to pay to have security holes identified in their system. This obviously wasn't enough, while their major competitor, Google, heavily invested in their security infrastructure for hundreds of millions of dollars (Perloth & Goel, 2016). According to the New York Times, Yahoo former and current staffers state that Alex Stamos, former CIO officer, set out to proactively accomplish: developing a more secure code, improving Yahoo's defenses, encrypting traffic between data centers, tracking cyber-criminal activity, and working with other organizations in sharing information about cyber threats. Data encryption tools can help address some of Yahoo's objectives for end-to-end encryption. Hewlett Packard Enterprise offers HPE SecureData to harden end-to-end data security which can be licensed up to \$5,000 (PC Business Software Index). Intrusion Detection Systems (IDS) which monitors malicious activity. According to ComputerWorld, Cisco Systems starts as low as \$8,000, and Intrusion.com can go up to \$40,000. Security Information and Event Management Tools (SIEM). SC Media gives LogRhythm a 5/5 rating for its powerful features, documentation, value, performance, support and ease of use. The cost starts at \$27,500.

Conclusion

With Yahoo! currently undergoing transitions, particularly with the Verizon Communications purchase of their Internet services, I believe we have not seen this company reach its highest potential. The company's healthy acquisition choices and global business investments, it is clear they have the ability to increase their revenue even more. The data

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breaches have barely been a set-back for this company, and the raised awareness gives them the opportunity to identify the holes in the framework and gain back trust from their consumers by keeping abreast of the cyber trends we face today. Yahoo! can learn a lot from its major competitor, Google by dedicating the same level of investments to address threats to their stakeholders and be able to say – “Never again.”

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