

New report released on the impact of the Microsoft - Yahoo! deal vs Google

Submitted by: Scope eKnowledge Center
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Intellectual property support provider Scope eKnowledge Center announces the release of a comprehensive report that analyses the implications, from a market as well as from an intellectual property perspective, of the potential acquisition of Yahoo! by Microsoft vis-à-vis Google.

The preparation of this report, entitled "Microsoft + Yahoo! > = Google?", was prompted by an unsolicited offer by Microsoft to acquire Yahoo! Inc. in February 2008. Yahoo! rejected the bid on the grounds that it would undervalue the company. Microsoft, keen and optimistic on closing the acquisition by the middle of 2008, nevertheless extended its offer and contemplated a proxy fight if Yahoo! continued to oppose. While Microsoft has backed off since then, industry analysts don't preclude the possibility of a deal still happening. With Carl Icahn entering the fray, this mega deal gets more and more intriguing by the day.

Scope eKnowledge's CEO, Mr R. Sivadas, comments, "The global online advertising market is projected to grow from US\$45 billion in 2007 to about US\$80 billion by 2010. So the question of who shall emerge as a dominant player in this coveted marketplace is of tremendous significance. If the Microsoft-Yahoo! deal were to go through, the acquisition would have a significant impact in the online search space. This report discusses not only the business implications of the deal, but more importantly, a crucial aspect that has been overlooked: the intellectual property (IP) perspective."

Some key findings of the report include:

While Microsoft is undeniably the leader in terms of sheer number of patents/applications spread across over 100 IPCs (international patent classification codes), it has possibly lagged when compared to Yahoo! and Google in terms of innovation. Yahoo! emerges as a significant innovative player in this regard, probably more so than even Google. Given this scenario, Microsoft's potential acquisition of Yahoo! would definitely prop up its IP arsenal against its battle for technology supremacy against Google.

A merger between Microsoft and Yahoo! would create a more efficient company, with synergies in several areas including: combining the engineering talent of both companies, eliminating redundant infrastructure, focusing resources on emerging user areas such as video and mobile as well as economies of scale.

Aside from the business benefits, Microsoft has a lot to gain from Yahoo!'s intellectual property (IP) assets. The synergies obtained from the patent portfolios of these companies is rather high. Microsoft and Yahoo! have recorded consistent research and development (R&D) expenditures over the years, a key area that the combined entity will want and hope to leverage and optimize.

Google has smartly used the delay and uncertainty surrounding the merger to roll out certain strategies that will improve its operating position substantially in the near future and wipe out the weaknesses that Microsoft was looking to capitalize on. Notwithstanding Google's efforts, the stretched-out merger battle has eroded some value for all three companies.

Mr D.K. Ram, Head of Intellectual Property Practice at Scope concludes, "The comprehensiveness and depth of this report will make it of interest to industry analysts, technology professionals and IP experts."

Scope eKnowledge's report is available free of charge and be downloaded at <http://www.scopeknowledge.com/downloaddata.aspx>

Notes for editors:

Scope eKnowledge Center works with large corporate organizations (including several FTSE 100 companies), Thomson Scientific, the European Patent Office, global law firms and several of the largest technology transfer companies in the world, helping them to enhance their intellectual property (<http://www.scopeknowledge.com>) capabilities and achieve substantial cost savings, in the region of 40 to 60%

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