

Yahoo! Turns 10

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Ten years ago today, co-founders Jerry Yang and David Filo took their 31,897 page Internet database known as "Jerry's Guide to the World Wide Web" and incorporated a web-directory named Yahoo. A decade after changing the world, Yang and Filo sit atop one of the most successful IT firms with one of the most recognizable brand names, Yahoo.

Yahoo is an acronym for "Yet Another Hierarchical Official Oracle". Filo and Yang settled on the name after consulting a dictionary to find the definition, "rude, unsophisticated, uncouth", suited the oft-earned reputation of Engineering students who, as anyone who attended a university knows, tend to party hard.

Yahoo actually hit the web a full year before the company was first incorporated. Starting it as a self-motivated project at Stanford University, Electrical Engineering PhD. students Filo and Yang borrowed a campus trailer, networked their workstations and started keeping track of web pages that interested them.

At first, Yahoo was housed entirely on the two students' personal computers, both of which were named after Sumo wrestlers. Yang's computer, named Akibono, held the growing directory. Filo's computer, named Konishiki held the software that made Yahoo run. They compiled long lists of sites, trying a number of ways to catalog their lists so they or their friends could easily find them without having to resort to using keywords. Eventually they broke their lists into categories and when the categories became too large, into sub-categories. The world's first easy to use search directory was thus born.

Yahoo was among the first Internet properties to grow solely by word of mouth. Within six months of its conception, over one hundred thousand unique users per day were visiting Yahoo. Filo and Yang found themselves spending more time working on Yahoo than they did on their studies. On March 2, 1995, Filo and Yang registered their name, incorporated a company and started visiting venture capitalists in the Silicon Valley. After meeting with dozens of potential backers, the duo came upon the offices of Sequoia Capital, a VC firm that had previously invested in Apple, Atari, Oracle and Cisco Systems. In April 1995, Sequoia invested \$2 million, fueling a chain of events that would have wide-reaching effects throughout the burgeoning computer industry.

Buoyed by Sequoia's initial investment, Filo and Yang started headhunting their management team. They first hired industry visionary and fellow Stanford engineering alumni Tim Koogle away from Motorola. Aside from defining what Yahoo is today, Koogle played a pivotal role in saving Yahoo from demise after the stock crash of 2000. After hiring Koogle, Yahoo snatched Jeffrey Mallett away from the very successful division of Novell he headed, WordPerfect. Novell was never able to recover from the loss of Mallett and WordPerfect lost the word-processor market to Microsoft's less functional Word.

The team of Filo, Yang, Koogle and Mallett would soon grow. Six months after receiving their initial investment from Sequoia, two other major investors, Reuters and Softbank came on board. Six months after that, Yahoo launched a very successful IPO which generated approximately \$33,800,000 and was supporting a staff of 49.

In June 1996, Yahoo changed its strategy by signing a deal to use Alta Vista as its primary search engine. Before this point, Yahoo had presented itself as a directory. When Alta Vista burst on to the scene as the first algorithmic search engine, the Yahoo management team decided that joining them was much wiser than trying to beat them thus forming the foundation for the type of cooperative competition that ran much of the search sector until early last year. Aside from providing users with a faster and larger database, the deal allowed Yahoo to offer advertisers the option to place ads beside the Alta Vista generated results appearing on its pages. This was the first search-advertising deal that formed another foundation for the growth of the industry.

Since then, Yahoo has ventured where few firms ever could. Being the first real search firm, Yahoo has a growing number of "firsts" it can brag about. For instance, it was the first to bring TV content to search-users (1996), first to develop Local Search (1996), first to offer direct market-finance content (1997), first to merge search and news aggregation (1997), and the first Internet firm to displace television as the main information source of the modern age (also 1997). These "firsts" came in Yahoo's first two years of operation. Since then, they have taken the lead more often than not in trying new ideas and introducing new initiatives. Until the rise of Google in 2001, Yahoo was the king of search content.

As a business, Yahoo has weathered several rough patches, the worst of which came in early 2000 when the bottom fell out of the tech-market virtually decimating neighboring firms in the Silicone Valley. At this time five years ago, Yahoo stock was trading at the astronomical price of \$237.50. Weeks later, the dot-com bubble burst and Yahoo eventually fell to an all time trading low of \$8.02! As of this hour, it sits at a comfortable \$32.30 though Yahoo had to fight and claw its way back to prominence in a dark period between 2000 and 2002 when the online advertising market regained momentum lost after the bubble burst.

Yahoo has grown very rapidly over the past two years since it acquired Inktomi in March 2003 and Overture, which then owned Alta Vista and AlltheWeb months later in July 2003. The purchase of Inktomi (along with the additions of Alta Vista and AlltheWeb), gave Yahoo the tools they needed to design their own algorithmic search engine that they released early last year. The purchase of Overture gave Yahoo the foothold they needed to challenge Google in the growing Pay-per-Click search-distribution market.

Today, Yahoo is the largest of the major search firms serving over 237-million unique users in 13 different languages. It has 25 regional offices based on every populated continent and is considered one of the leaders in Local search. It [announced yesterday](#) that it would merge all search services it currently offers under the brand-name Yahoo including the PPC services currently managed by its division, Overture.

Happy Birthday Grampa Yahoo. You've made the last ten years very interesting and look to make the next decade equally interesting.

Added note: Today, another important birthday is being celebrated. My mother is celebrating her umpteenth 39th birthday. Happy Birthday Ma. I love you. Thanks for teaching me to read.