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By: Vlad Constandes, SEO News Editor

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[Google and Microsoft Going at Each Other over Digg](#)

Bidding war foreseen

Digg is shopping itself around, and a purchase is really likely to happen any time soon, according to Michael Arrington of Tech Crunch. The user-generated news site has been working with investment bank Allen & Co., that I last mentioned was the one behind Bebo being sold.

An inside voice quoted by Arrington said that at the moment there are four companies interested in the acquisition, two major media / news companies and two Internet companies, namely Google and Microsoft. The latter two are really close to making the bids. According to the same source, Digg had a valuation last year at some \$300 million, but at the moment they're willing to take less.

Guess which of the two Internet giants will probably make the highest bid? Which has the cash flow and the stability to give away without blinking a ton of money? Google, of course, as it is believed to make a bid of \$200 - \$225 million, as opposed to Microsoft, which has a smaller number in mind.

Most of the user-generated news site's revenue comes from a three-year advertising deal it signed last year with the Redmond-based company, so the smaller bid would only make sense – it's difficult to pay for the revenue you supply. The deal will most likely be terminated, should Digg accept the Google bid, but that shouldn't be a problem for Brin and Page's company, as it has the means to provide the same thing as Microsoft.

Kevin Rose decided to sell, and that's all that matters at the moment for the two companies to start a bidding war. Whichever manages to get it, it would be a big slap in the other's face. Microsoft would be noted as a much-more-open presence on the Internet stage, while Google would be grinning from ear to ear in case it manages to swipe Digg from Gates' company's grasp.