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Microsoft Yahoo  
Microsoft

## [Microsoft Switches Yahoo Strategy for Organic Pipe-Dream](#)

### *In its race to catch up with Google*

From the start of February and until the debut of May, Microsoft's new strategy on the search engine and online advertising markets seemed focused on the acquisition and integration of Yahoo as a key component. Microsoft insisted all along that the Sunnyvale Internet giant was just an aspect of its evolution, and not the sole solution to throw against Google, and that it had additional aces up its sleeve. With Chief Executive Steve Ballmer announcing Microsoft's decision to completely [withdraw its unsolicited acquisition bid for Yahoo](#), the company is now moving to plan B. And officially, plan B is nothing more than an organic pipe-dream for Microsoft. According to a letter Steve Ballmer sent to Microsoft employees at the end of the past week, as cited by [SeattlePI](#), the Redmond company's strategy going forward contains three components: "Deliver on the basics - we will continue to improve search relevance and build out our ad platform. Change the game through innovation - we will expand investments in engineering and deliver transformative tools and Web experiences. Expand our global scale and focus - we will pursue partnerships and investments to realize the competitive advantages that come with scale." In a recent interview with [Fox Business Network](#), Microsoft Chairman Bill Gates revealed that the Redmond company will embark on a self-sufficient course in the race against Google. In this manner, Gates infirmed speculations that Microsoft would try to acquire additional players on the search engine and online advertising markets in order to artificially boost its shares. "Well, we -- Steve Ballmer, the CEO, announced on Saturday in his letter that we had walked away and we were pursuing an independent strategy. And so that's where the focus is. And, you know, obviously we have a strong competitor in that category, and so we need to do breakthrough software," Gates revealed, taking Microsoft back on its traditional trajectory: software. Asked whether Microsoft would reconsider its position in the eventuality that Yahoo has a change of heart in the future, Gates showed a complete disinterest in the Sunnyvale company: "Well, that's not the focus. We spent time with them, and we're going to start to make some investments that are based on the great work our people are doing in gaining share organically." Windows Live General Manager [Brian Hall](#), speaking with investors on May 6 at a Merrill Lynch technology conference, also confirmed the organic strategy for Microsoft. At the same time, Hall took it one step further and commented that AOL is not a target for the Redmond company due to its search partnership with [Google](#) and its lack of an advertising platform. However, Microsoft has so far been running out of "organic" breath in its race to catch up with Google, and there is no guarantee that the company will get an influx of fresh air into its sales without a third-party heavyweight on the search and advertising markets.