

Marriage of minds or just a shotgun wedding

Written by Garfield Lucas - Last Updated Sunday, 25 January 2009 01:17

Microsoft has been in trouble for some time - but has taken its executives quite a while to realise it. Vista has been a massive flop. And M\$ is becoming increasingly perceived as a company that has ruthlessly exploited its monopoly - fleecing its customers for vast sums of money whilst providing poor quality, insecure products.

Reading around the web there seems to be a growing feeling afoot that Microsoft has somehow "missed the boat"and is clinging to Yahoo in order to compete with its new arch-rival, Google. Indeed, BBC's Website Business Editor, Tim Weber describes itas, "Microsoft and Yahoo's shotgun marriage ".

- <http://news.bbc.co.uk/2/hi/business/7222199.stm>

But let's cast aside personal bias and feelings and look instead at the figures. Both M\$ and Yahoo's shares have been on a downward trajectory since before the beginning of the year. This trend pre-dates the current "sub-prime lending" gloom. Since 2007-11-01 Micro\$haft has seen its shares fall from over \$37.00 to around \$32.00. In the same period, Yahoo shares have tumbled by over 33% from around \$31.00 down to below \$20.00. Yet M\$'s offer for Yahoo of \$44.6 billion is 62% more than Thursday's closing price. Also Yahoo is in the process of shedding 1000 staff - hardly the act of a booming corporation methinks.

This suggests that either...

1. Yahoo has something bloody good stuff in the pipeline that it has carefully hidden from the rest of the world or
2. Micro\$oft is desperate.

I think all-in-all, I have to agree with Tim Weber. And whilst Microsoft is a huge company with a lot of resources at its disposal compared to its rivals, I seem to recall the similar things being said in the 1980's about the seemingly invincible "Big Blue" IBM.

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Sources for additional financial info...

- <http://news.bbc.co.uk/2/hi/business/7222114.stm>
- http://www.mercurynews.com/ci_8149194
- http://www.mercurynews.com/ci_8149204