

## **Yahoo's Bid for Inktomi Comes as No Surprise**

**Portal provider Yahoo announced its intent to acquire search engine provider Inktomi. The deal would reunite once-former business partners and gives Inktomi a nice way out of the business.**

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**Analyst Comments:** Yahoo's 23 December 2002 announcement of its intent to acquire Inktomi for \$235 million in cash is no surprise. Yahoo was becoming concerned that Google — which Yahoo chose in 2000 to replace Inktomi, its original search engine provider — was looking more like a competitor than a technology partner providing a commodity product.

Inktomi was struggling financially. It shut its network caching business earlier in July 2002, then sold its enterprise search business to Verity in November 2002, so this move represents a nice close to its exit strategy (see "Inktomi Enterprise Search Customers Face Uncertainty").

### **Gartner**