

## Yahoo Moves To Make E-mail a Social Hub

Matthew W. Cain, Allen Weiner

Yahoo seeks to address a gap in its business strategy with the acquisition of Xoopit, which will enable Yahoo to transform its popular consumer e-mail service into a hub for diverse multivendor social interactions.

## NEWS ANALYSIS

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### Event

On 22 July 2009, Yahoo acquired Xoopit, a small Silicon Valley company that enables users to aggregate social media — photos, links, videos — from multiple social sites into their Gmail or Yahoo Mail inboxes and then easily share that content with friends. The core technology is a Hadoop-based indexing service that finds and collates media from e-mail-embedded URLs. Terms of the deal were not disclosed, but the purchase price has been widely reported to be in the \$20 million range.

### Analysis

With approximately 285 million active users, Yahoo Mail is the leading consumer e-mail service. For many of these users, e-mail has become the common repository for all social interactions from a variety of sites, such as YouTube, Facebook, Flickr and Shutterfly. But users are struggling to organize and share all the links and media flooding their inboxes — a problem not dissimilar to e-mail overload encountered in the business world. By enabling users to easily organize all social media, Yahoo intends not only to solve this user dilemma, but also to put itself at the center of users' social activities.

The Xoopit purchase underscores Yahoo's strategic endeavor to add a social component to each of its services. The commitment is evident in its newly redesigned homepage, which allows consumers to integrate social sites such as Facebook and Twitter with core Yahoo content and services. The ability to integrate Xoopit with other Yahoo elements moves the company closer to its goal of becoming a social portal — an area in which it has lagged. Gartner also expects Xoopit to be integrated into Yahoo's commercial Zimbra e-mail service.

The Yahoo acquisition demonstrates the continued primacy of e-mail as the communication vehicle of choice, despite rumors of its demise. E-mail is likely to become a point of aggregation for social media, rather than to be replaced by social media. The Xoopit buy also hints at the emergence of a next generation of collaboration services, which is characterized, among other aspects, by the integration of multiple forms of interactions from a variety of vendors — as exemplified by the recent Google Wave announcement.

### Recommendations

- **Social networks:** View this purchase as a major commitment toward transparent integration across Yahoo's ecosystem.
- **Enterprises:** Continuously look for ways to help users overcome e-mail overload issues.

### RECOMMENDED READING

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- "E-Mail Efficiency Client Add-Ins: Worth the Money?" — Plug-in software for e-mail clients promises to help solve e-mail overload and create in-box efficiencies by extending the functionality of the e-mail client. While they can offer benefits, deployment must be controlled. **By Matt Cain**
- "Vendor Rating: Yahoo" — Gartner rates Yahoo's abilities as a vendor of individual product and service lines. **By Allen Weiner and others**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

This research is part of a set of related research pieces. See "Roundup of E-Mail Research Through 3Q09" for an overview.

## **REGIONAL HEADQUARTERS**

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### **Corporate Headquarters**

56 Top Gallant Road  
Stamford, CT 06902-7700  
U.S.A.  
+1 203 964 0096

### **European Headquarters**

Tamesis  
The Glanty  
Egham  
Surrey, TW20 9AW  
UNITED KINGDOM  
+44 1784 431611

### **Asia/Pacific Headquarters**

Gartner Australasia Pty. Ltd.  
Level 9, 141 Walker Street  
North Sydney  
New South Wales 2060  
AUSTRALIA  
+61 2 9459 4600

### **Japan Headquarters**

Gartner Japan Ltd.  
Aobadai Hills, 6F  
7-7, Aobadai, 4-chome  
Meguro-ku, Tokyo 153-0042  
JAPAN  
+81 3 3481 3670

### **Latin America Headquarters**

Gartner do Brazil  
Av. das Nações Unidas, 12551  
9º andar—World Trade Center  
04578-903—São Paulo SP  
BRAZIL  
+55 11 3443 1509