



Yahoo has renewed its relationship to use Google's results as part of its search listings

After months of speculation, Yahoo announced early in October that it has renewed its relationship to use Google's results as part of its search listings. In addition, Yahoo made a substantial change to end its historic barrier between human-powered and crawler-based search results.

Since its birth, Yahoo has used its own human editors or "surfers" as it calls them to organize web sites into categories. However, recognizing that humans can't index everything, Yahoo also has for years partnered with a third-party "crawler-based" search engine to provide answers for when there are no matches within its own human-powered listings.

Historically, the third-party search providers have been paid by Yahoo for the queries they handled. Since Yahoo has consistently been one of the most popular search sites on the web, the amount of queries it generates translates into serious money. In 2001, Google was paid \$7.1 million by Yahoo for the search queries it handled, according to a Yahoo proxy statement filed in March 2002.

Fighting For Yahoo

Competition for the latest Yahoo contract was intense. In addition to Google, both Inktomi and FAST were also seeking the contract. However, Google has made history by being the first provider to win the Yahoo deal twice in a row.

Yahoo has been a fickle about its partners. Open Text was the company's first partner, and then AltaVista won the contract in mid-1996. It was then dumped for Inktomi in mid-1998, in particular because AltaVista was seen by Yahoo as competitor in the portal space while Inktomi ran a "behind-the-scenes" business model of powering but never competing with portals.

When Inktomi lost out to Google in 2000, this seemed both due to Google's growing reputation of having high quality search results and also what was widely assumed to be a better business proposition by Google to Yahoo.

In fact, it turned out later that as part of the deal, Yahoo gained a small investment stake in privately-held Google.