

L@@@K: eBay spinning off Skype, IPO coming in 2010

Having failed to realize the synergies it hoped for after buying Skype for \$2.6 billion in fall 2005, eBay has decided to spin it off via an IPO next year.

By [Eric Bangeman](#) | Last updated April 14, 2009 4:40 PM CT



Over the weekend, rumors surfaced that Skype's founders, Niklas Zennström and Janus Friis, were attempting to [buy the VoIP service back from eBay](#). It turns out that, yes, eBay is intent on getting rid of Skype, but it won't be sold right back to its founders. Instead, the online auction giant will spin off the VoIP service via an IPO some time in 2010.

When eBay [first purchased Skype](#) from Zennström and Friis in September 2005, we were skeptical of the synergies eBay hoped to realize from the purchase. With the spinoff announcement, it looks as though eBay has realized this as well. "Skype is a great stand-alone business with strong fundamentals and accelerating momentum," said eBay CEO, John Donahoe in a statement. "But it's clear that Skype has limited synergies with eBay and PayPal. We believe operating Skype as a stand-alone publicly traded company is the best path for maximizing its potential."

Last April, eBay announced it was undertaking a year-long evaluation of Skype's business and its fit within eBay. While the company is pleased with Skype's growth to 405 million users by the end of 2008 (it's now the world's [most popular international calling service](#)) and its recently released [iPhone app](#), the VoIP service has proven to be less than a great fit within eBay.

Back in 2005, the auctioneer held out the promise of a "click-to-call" feature that would connect buyers and sellers and other services that would be integrated into eBay's e-commerce activities. Those haven't materialized—eBay took a [\\$1.4 billion charge](#) on the \$2.6 billion purchase price in early 2007, and, while the Skype client has acquired a number of cool new features over the past three-and-a-half years, none of them have done much to boost eBay's bottom line.

There may also be some legal issues lurking in the background of eBay's decision to spin off Skype. A reader pointed Ars to a [report in Danish-language epn.dk](#) which indicates that Joltid, a company that holds patents on the P2P tech used by Skype, has

cancelled its licensing agreement with the online auctioneer. Zennström and Friis are two of Joltid's major shareholders.

eBay appears to be intent on slimming down and focusing on its core e-commerce business, having unloaded recommendation engine StumbleUpon on Monday for an undisclosed amount. The company has not disclosed how much it hopes to earn from the Skype IPO, but it does expect Skype to bring in over \$1 billion in annual revenues by 2012.