Twitter Thread by Mario ■



Mario ■
@mariodgabriele

Barry Diller has built one of the most unique businesses in the world.

IAC is an "anti-conglomerate" — a combination of companies meant to split apart. Over the years, that's included $EXPE, $MATCH, $TREE and others.

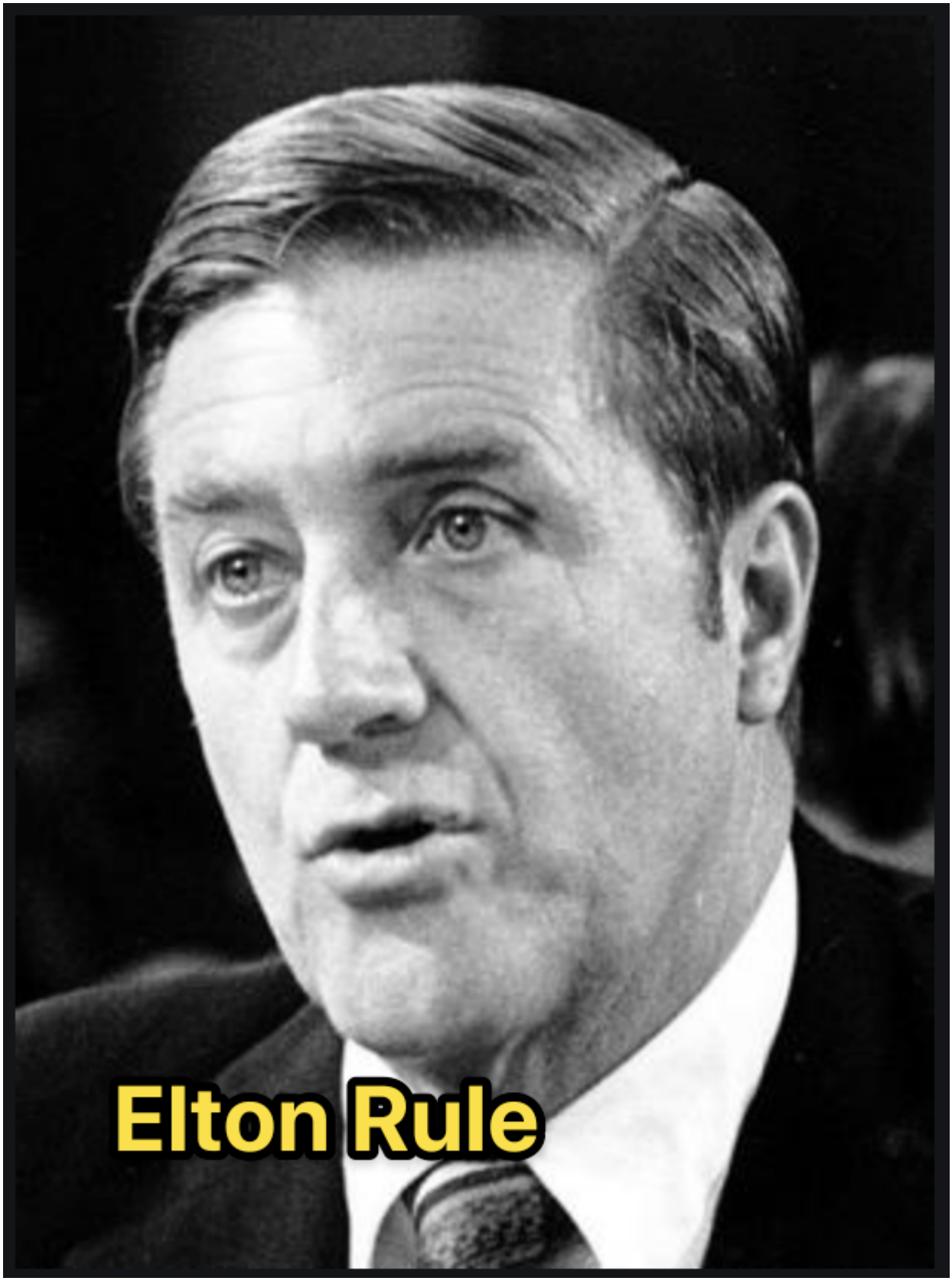
This is his playbook

1

First, a little history.

Diller started out in the mailroom of William Morris after dropping out of UCLA. He rose through the ranks, serving as the assistant to legendary exec Elton Rule.

One of Diller's innovations was the "ABC Movie of the Week," the made-for-TV movie.

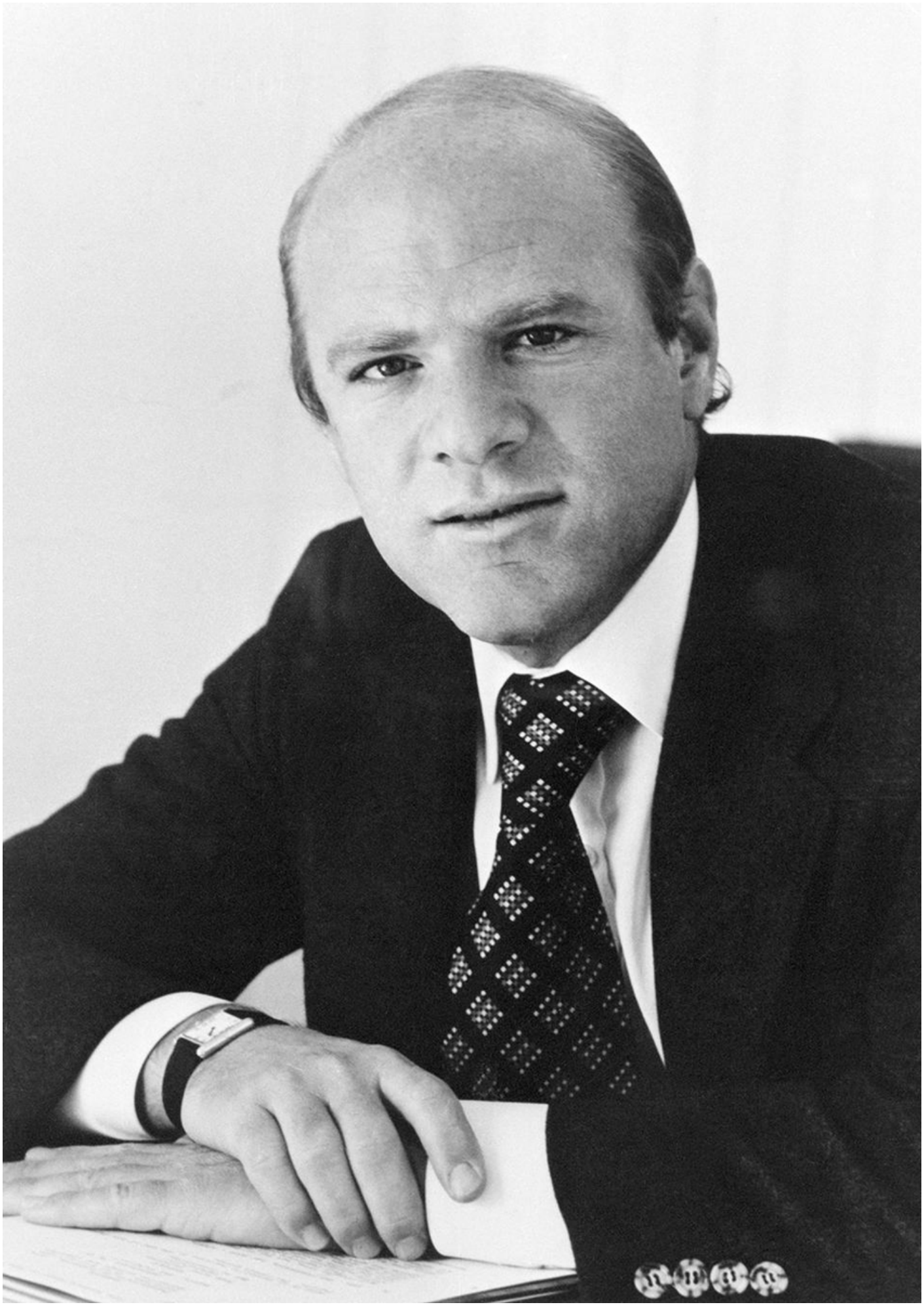


2

Over time, Diller established himself as a force in the traditional entertainment industry.

He served as CEO of Paramount, producing hits like 'Taxi,' 'Grease,' and 'Indiana Jones.'

As CEO of Fox, he greenlit 'The Simpsons.' Mr Burn's appearance was based on Diller.



3

In 1992, Diller decided it was time for a change. He knew the media industry was changing and wanted to be a part of its future.

Diller believed entertainment would be mediated by computer screens. h/t @modestproposal1

https://t.co/IsISjhA3AZ

> Fascinating New Yorker profile of Barry Diller from 1993. It's nominally about Diller's search for his next role after Fox, but really is Diller, Malone, Roberts, and others speculating on evolution of video and telecom. Interesting read 26 years later. https://t.co/XiDPKuY1Jz
>
> — modest proposal (@modestproposal1) January 22, 2019

4

His great revelation came thanks to future wife, Diane von Fustenberg.

She visited the headquarters of "Quality, Value, Convenience" in PA and watched as soap-opera star Susan Lucci sold $450K of haircare products in an hour.

She told Barry he had to see it for himself.



5

Diller was mesmerized. As he would later tell @reidhoffman on the @mastersofscale pod:

"Here, I saw a screen that was interactive. That screen was used for purposes other than narrative, and that was — wow! That whacked me."

> *[S]o I went to QVC, and I saw something that I had never seen before. It was this early convergence of telephones, televisions, and computers. But the most important thing was, I had only known about screens to tell stories. Here, I saw a screen that was interactive. That screen was used for purposes other than narrative, and that was — wow! That whacked me.*

6

Diller bought a $25 million stake in QVC. Three years later he sold it for $130 million.

That was the end of his involvement at QVC, but just the start of an obsession with interactive media.

7

The history of IAC is too incident-filled to share in full. It went a little like this:

- 1995: Diller buys Silver King, a group of TV stations
- 1996: Diller bundles in the Home Shopping Network
- 1997: Diller buys Ticketmaster
- 1998: Ticketmaster merges with CitySearch

8

Let's keep going.

- 1998: Ticketmaster-CitySearch goes public
- 1999: Diller snags https://t.co/RIzika0ut9
- 1999: Diller buys https://t.co/sYIkcCE3Rw for $50M
- 2001: Diller buys Expedia

Fun fact: Diller's head of M&A? Dara Khosrowshahi.

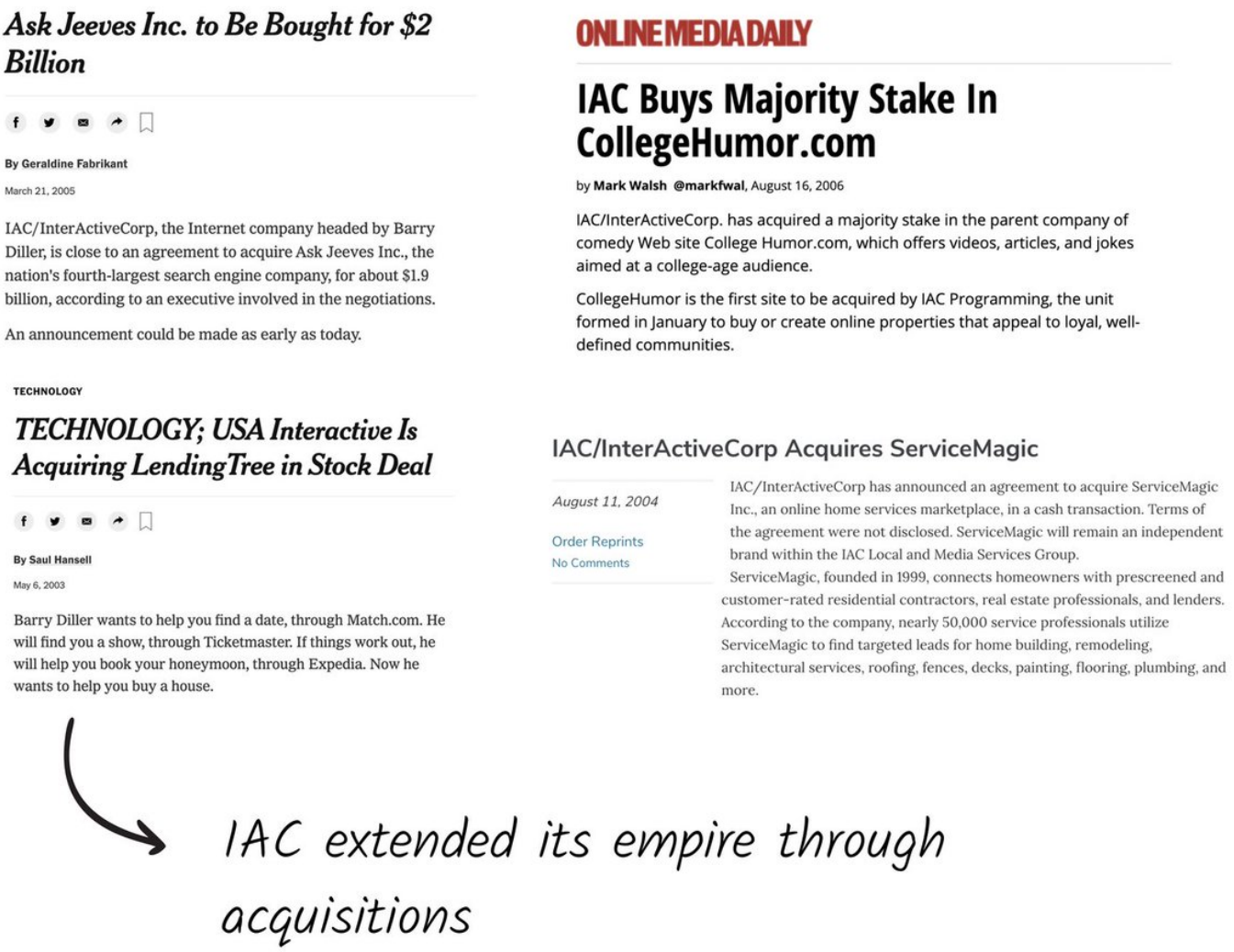
9

Insanely enough, this was just the start.

The acquisitions continued.

LendingTree. ServiceMagic. CollegeHumor. Vimeo. TripAdvisor. Lexico.

Often, new purchases were added to an existing property. For example, Match absorbed a dozen dating sites.



Ask Jeeves Inc. to Be Bought for $2 Billion

By Geraldine Fabrikant

March 21, 2005

IAC/InterActiveCorp, the Internet company headed by Barry Diller, is close to an agreement to acquire Ask Jeeves Inc., the nation's fourth-largest search engine company, for about $1.9 billion, according to an executive involved in the negotiations.

An announcement could be made as early as today.

ONLINE MEDIA DAILY

IAC Buys Majority Stake In CollegeHumor.com

by **Mark Walsh @markfwal**, August 16, 2006

IAC/InterActiveCorp. has acquired a majority stake in the parent company of comedy Web site College Humor.com, which offers videos, articles, and jokes aimed at a college-age audience.

CollegeHumor is the first site to be acquired by IAC Programming, the unit formed in January to buy or create online properties that appeal to loyal, well-defined communities.

TECHNOLOGY

TECHNOLOGY; USA Interactive Is Acquiring LendingTree in Stock Deal

By Saul Hansell

May 6, 2003

Barry Diller wants to help you find a date, through Match.com. He will find you a show, through Ticketmaster. If things work out, he will help you book your honeymoon, through Expedia. Now he wants to help you buy a house.

IAC/InterActiveCorp Acquires ServiceMagic

August 11, 2004

Order Reprints

No Comments

IAC/InterActiveCorp has announced an agreement to acquire ServiceMagic Inc., an online home services marketplace, in a cash transaction. Terms of the agreement were not disclosed. ServiceMagic will remain an independent brand within the IAC Local and Media Services Group.

ServiceMagic, founded in 1999, connects homeowners with prescreened and customer-rated residential contractors, real estate professionals, and lenders. According to the company, nearly 50,000 service professionals utilize ServiceMagic to find targeted leads for home building, remodeling, architectural services, roofing, fences, decks, painting, flooring, plumbing, and more.

IAC extended its empire through acquisitions

10

By all accounts, this process was instinctive. Von Furstenberg said of Diller:

"He has a vision, and he's not quite sure what it is, you know…[H]e kind of fakes it until he makes it."

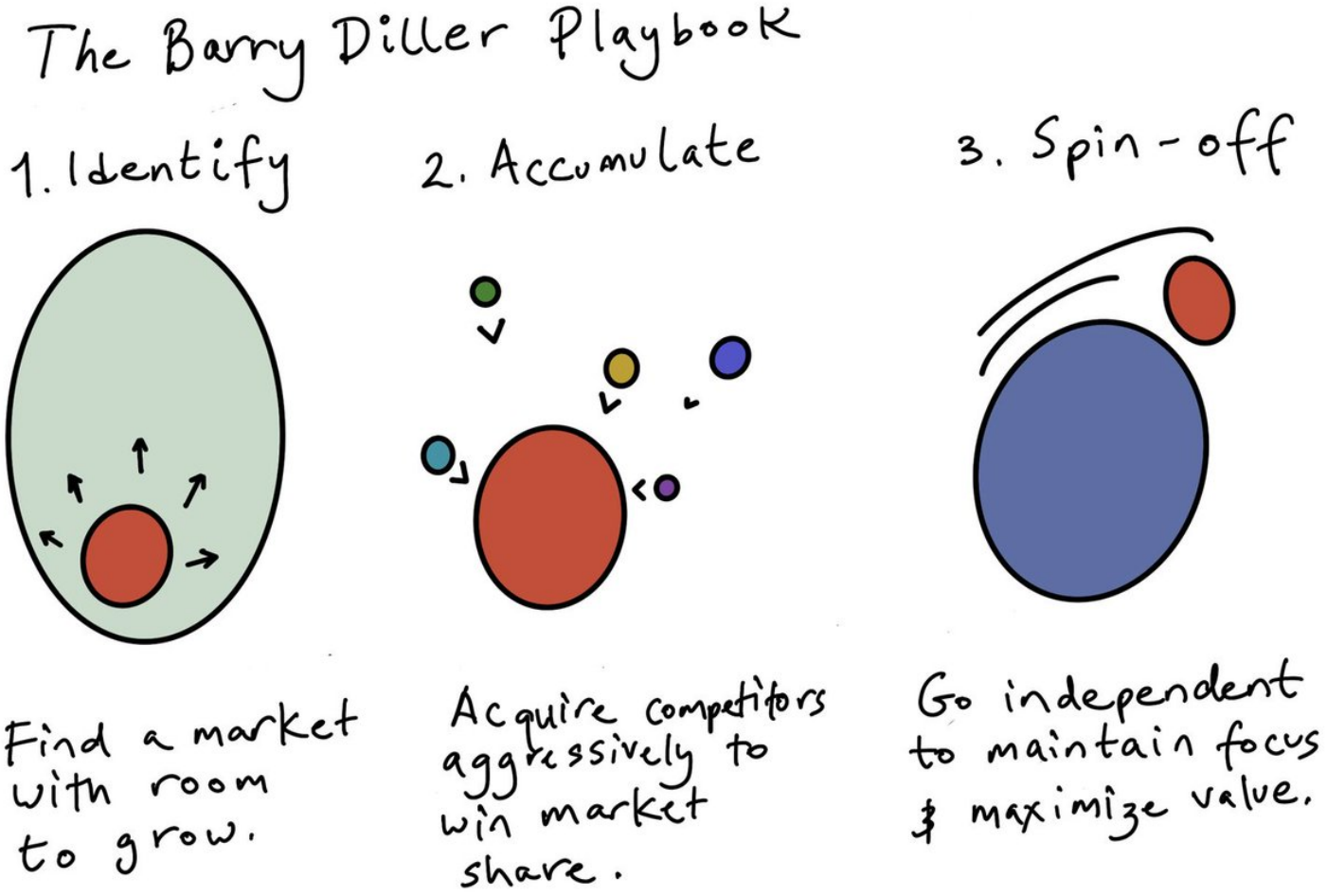
But there is a method to Diller's madness. A process. A playbook.



11

The playbook: identify, accumulate, spin-off. Simple to explain, but difficult to execute.

1. Find an offline market that can flourish online.
2. Grow share, especially through acquisition.
3. Spin-off the bulked up business to realize full value.



12

Diller and IAC have done this with travel, dating, and beyond.

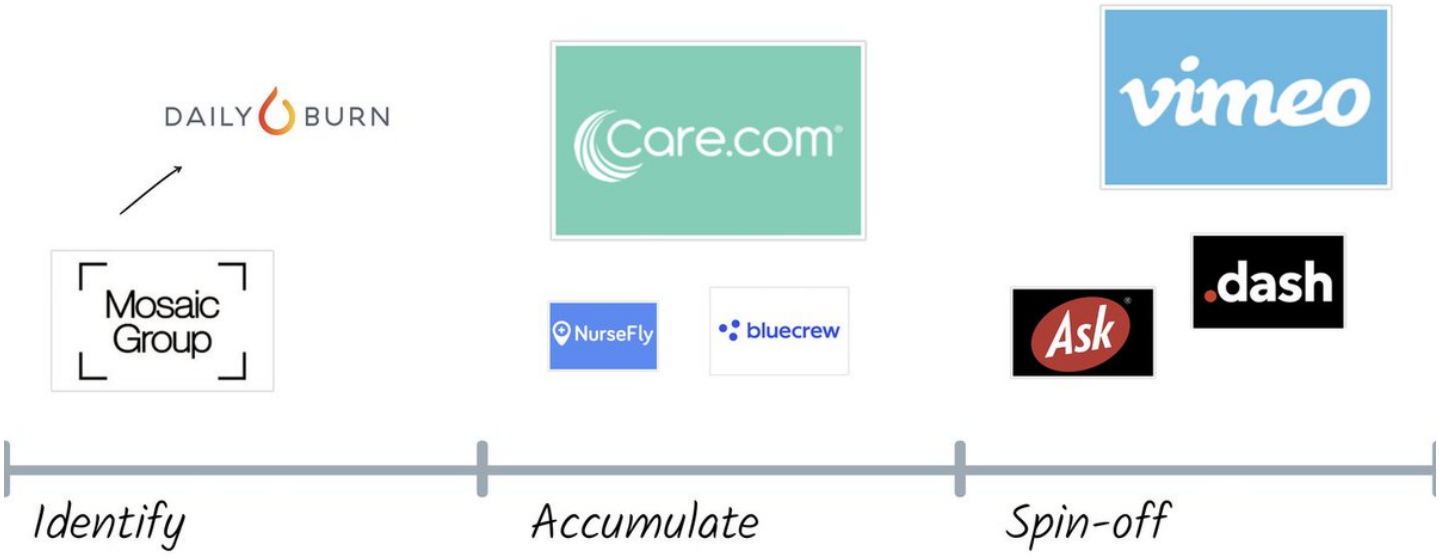
- Travel. An offline industry ready to move online. Buy Expedia, Hotels, etc. Then spin out as $EXPE.

- Dating. Low online penetration. Buy Match. Add OkCupid, PlentyofFist, etc. Then spin out as $MATCH.

13

To understand IAC's next moves, we can position its existing properties along a continuum that represents those stages.

- Vimeo. Ready to spin-out.
- Dotdash. Maybe in 2-3 years.
- Care. Time to bulk up.



14

Looking at IAC's current properties, it's hard not to feel its is undervalued at a $13B market cap.

- Vimeo could be valued at ~$9B
- It only contributes ~20% of revenue (excl. $ANGI)
- Care is on fire during the pandemic

The whole is not being valued by the sum of parts.

There may also be hidden gems among IAC's properties that are yet to be unlocked.

I discuss what they are in the article. Read on ■

https://t.co/3pD7FoY4XU