

# From dealing with Musk to fixing Twitter Blue: what's in the next CEO's in-tray?

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Elon Musk has described it as a “painful” job that anyone would be “foolish” to accept. But Twitter’s current chief executive has found a willing person to take his place. Musk announced on Friday that he had appointed the chairman of global advertising and partnerships at NBCUniversal, Linda Yaccarino, as CEO. Here are the most pressing items awaiting her when she takes up the post: Building a working relationship with Musk Musk is not going away. He owns Twitter and has put a considerable amount of money, as well as reputational capital, into a business he bought for \$44bn last October. He also confirmed on Thursday that he would become executive chair at Twitter and take responsibility for a number of areas including the platform’s IT infrastructure. Investors in Tesla, where Musk remains chief executive, want him to spend more time at the electric car business but he has made clear that Twitter will still command a significant degree of his attention. Yaccarino has been described by the WSJ as a “hard-nosed” negotiator as well as a “velvet hammer”. Building a working relationship with Musk will test those people management skills. Luring back advertisers Twitter needs a chief executive who can command respect with advertisers, so the appointment of someone with a background in the field makes sense. Advertising accounted for more than 90% of Twitter’s \$5.1bn revenue in 2021 and its contribution to the bottom line has plummeted since Musk’s takeover. Musk said in March he expected Twitter’s turnover to fall to less than \$3bn this year, reflecting the damage caused to its relationship with the ad community after the takeover. There have been concerns about inappropriate content on the platform, loss of key personnel and a botched relaunch of the Twitter Blue premium product that led to a rash of impersonations of well-known brands and public figures. Boosting subscriber numbers Musk has been clear that subscription revenues are key to Twitter’s financial future. Its relaunched Twitter Blue offers a verified account – boosting the visibility of your posts in conversations and search – plus other perks such as fewer adverts, for \$8 a month on the web, or \$11 on iOS or Android in the US (it is also available in the UK and Australia). So far, take-up seems low, with about 600,000-635,000 subscribers, according to one estimate, out of a user base of more than 250 million people. That represents monthly income of about \$5m a month – nowhere near enough to offset Twitter’s advertising slump. Preparing for “X, the everything app” The relaunch of Blue is part of a much bigger vision touted by Musk: shortly before buying Twitter, Musk tweeted that the platform would be “an accelerant to creating X, the everything app”. On Friday he said he looked forward to working with Yaccarino to transform Twitter into the all-encompassing app. In June, Musk reportedly told Twitter staff that he was an admirer of WeChat, the Chinese app that allows users to perform multiple functions from messaging to ordering a taxi and paying bills. “You basically live on WeChat in China. If we can recreate that with Twitter, we’ll be a great success,”

the Verge reported him saying. But it is a big ask to achieve this in highly competitive markets such as the US, where “everything apps” have not succeeded. Handling regulators Twitter is under pressure on multiple regulatory fronts. The EU’s executive arm, the European Commission, has warned Musk that Twitter is in danger of not complying with the bloc’s digital services act, which regulates social media platforms. It must also adhere to the forthcoming UK online safety bill, which requires tech firms to protect users from harmful content. The US Federal Trade Commission is also investigating the company amid concerns that Twitter’s ability to protect users, and comply with a 2022 deal with the FTC to maintain high data security standards, might have been affected by redundancies and cost cuts. If Yaccarino is to convince the FTC that Twitter is not cutting corners on data security, then she will need to seek assurances from Musk, who declared on Thursday that he would also be Twitter’s chief technology officer. Managing costs and debt The financial structure of Musk’s takeover bid for Twitter involved \$13bn of debt being placed on the company’s balance sheet. That is a lot of borrowing for a historically loss-making company. Musk warned in the early days of his ownership that Twitter was in danger of going bust, although he said in December that the company was “not on the fast lane to bankruptcy any more”. Annual costs have been reduced from \$4.5bn to \$1.5bn, according to Musk, but to make Twitter sustainable in the long term – and to make those \$300m-per-quarter debt payments – the business needs to be consistently profitable.