Zynga CEO Steps Down, Microsoft Exec to Take Post

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New York (AP) — He's not heading out to pasture, but the CEO of "FarmVille" maker Zynga Inc. is stepping aside as the troubled online game company looks to revive itself and lift its stalled stock price.

Mark Pincus will be replaced on Monday, July 8, by Don Mattrick, who was most recently head of Microsoft's Xbox division. Zynga said Monday that Pincus, who founded Zynga Inc. and named it after his American bulldog in 2007, will stay on as chairman and chief product officer.

Mattrick, 49, had served as the president of Microsoft's entertainment business, which includes the Xbox, since 2010. He had been with Microsoft for six years, helping to launch the Kinect motion controller. He also helped grow the Xbox Live online service from 6 million members to 48 million in roughly six years.

"Zynga is a great business that has yet to realize its full potential. I'm really proud to partner with a product focused founder like Mark and work with the executive team to grow the DNA of the company and lead this transition," Mattrick wrote in an email to Zynga staff that was posted on the company's website.
In a note to Zynga employees, Pincus said he's always told the company's board "that if I could find someone who could do a better job as our CEO I'd do all I could to recruit and bring that person in. I'm confident that Don is that leader."

Mattrick faces a difficult task. Zynga's stock is down almost 70 percent since the company's 2011 initial public offering at $10 per share. Its games have waned in popularity and in June, the company announced that it was cutting 520 jobs, or about 18 percent of its workforce to save money. It shuttered OMGPop, a mobile game company it paid $183 million to acquire last year. OMGPop made a mobile game called "Draw Something." It was popular for a brief period in early 2012, and then it tanked.

Zynga's own games have also fallen out of favor, too. "FarmVille" became a household name in 2009 as millions of Facebook users spent hours clicking on virtual cows and crops — and spent real money to get ahead in the game. Other "ville" games followed, with varying degrees of success, but Zynga has since been unseated as the maker of the No. 1 Facebook game by King.com, the company behind "Candy Crush Saga."

Besides rival Facebook diversions, Zynga also faces stiff competition from games played on mobile devices. Zynga has mobile games such as "Words With Friends" and various offshoots of the Scrabble-like game. But its mobile offerings haven't been enough to keep the company growing. In the first three months of this year, Zynga reported an 18 percent revenue decline to $263.6 million, from $321 million.

And the number of people who play Zynga games at least once a month fell 13 percent to 253 million, from 292 million a year earlier. The number of daily players dropped 21 percent to 52 million, from 65 million.

Pincus believes his successor is up to the job. In a statement, he praised Mattrick as "one of the top executives in the overall entertainment business." "He turned Xbox into the world's largest console-gaming network, growing its installed base from 10 (million) to 80 million and transformed that business from deep losses to substantial profits. And he has grown the Xbox Live player network from 6 (million) to 50 million active members in 41 countries," Pincus said.

Before Microsoft, Mattrick was president of worldwide studios at Electronic Arts Inc. He joined EA after it bought Distinctive Software, the company he created at age 17.
Microsoft did not name a replacement for Mattrick, whose departure comes as the company prepares to launch a new gaming console, the Xbox One, later this year. In an email to staff, Microsoft CEO Steve Ballmer called Mattrick's move a "great opportunity for Don." The executives who'd been reporting to Mattrick will now report to Ballmer he added, "and will continue to drive the day-to-day business as a team, particularly focused on shipping Xbox One this holiday (season)."

Zynga, along with online deals site Groupon Inc., was among the crop of promising Internet companies that went public in 2011 and 2012. The stocks of some of those companies, including Facebook, have so far disappointed investors.

Zynga's CEO switch comes five months after Groupon fired its co-founder and CEO, Andrew Mason. Unlike Mason, however, Pincus will stay involved with Zynga, reporting to its board of directors together with Mattrick in a newly formed executive committee.

San Francisco-based Zynga's stock jumped during Monday's session as rumors of Mattrick's appointment spread. The company's stock jumped 29 cents, or 10.4 percent, to close at $3.07. The stock added 16 cents in after-hours trading to hit $3.23.

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