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Google: An Analysis

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Google: An Analysis

Once upon a time in the infancy of the Internet two Stanford University graduate students began discussing ways to approach data searches. The common method for early search engines was to scan pages for content and words. At the time, the term “search engine” wasn't being used, it was “the portals” like Yahoo! and Netscape that controlled access to the Internet. The two students hypothesized it was the relation between websites, the linking amongst themselves, which revealed the most information in order to produce an accurate search result. It was 1995 and the students were Larry Page and Sergey Brin. They began to develop a Search Engine based off their hypothesis called BackRub referring to the “back links” to the searched website. Being astute computer engineers, they devised ways to use multiple low-end, inexpensive computers in Larry's dorm room to perform the searches rather than using expensive proprietary systems.

(Google, Milestones)

In 1998 Page and Brin acquired \$100,000 from Andy Bechtolsheim, one of the founders of Sun Microsystems. The gift was an impetus for the two to incorporate as Google Inc. and acquire more funding, ultimately raising almost \$1million from family and friends. The name Google comes from misspelling the word “googol” which means 10 to the 100th power. Sergey and Larry moved into an office in Menlo Park and hired their first employee Craig Silverstein, currently Director of Technology. At this time it was answering about 10,000 search queries a day. (Google, Milestones)

By 1999 it was answering 500,000 queries a day and relocated to Palo Alto with eight employees. It was able to raise \$25 million in funding from Sequoia Capital and Kleiner Perkins Caufield & Byers, two funding competitors who both saw value in Google's product. When

AOL/Netscape began using Google's search on their portal the search levels went up to 3 million queries a day. (Google, Milestones)

The meteoric rise continued in 2000 with both revenue and services. It introduced AdWords allowing users to pay for a high search result for their websites by purchasing key words. AdWords created a revenue stream and alleviated the need for more funding. It also introduced a tool bar to add on browsers to make it unnecessary to go to Google's home page and also began working setting up wireless search technology for WAP phones and handheld devices. At the end of 2000 it was receiving 100 million search queries a day. (Google, Milestones)

In 2001 Google continued to grow with broadening its reach into other countries and languages with 26 languages searchable. It also added search features for Catalog searches for online shopping sites and image searches as well. It began the Google Zeitgeist which tracks global and national search trends. It also reached 3 billion searchable web documents. (Google, Milestones)

In 2002 Google furthered positioned itself as a progressive and innovative tech company by sponsoring multiple development contests, and extending its search technology to corporations and businesses, essentially opening up their technology. This was the year it rolled out Google Labs which is a space where the company's engineers and developers share, collaborate, and reveal side projects they are working on. This was the year Google News also launched which aggregates multiple news feeds and Froogle, a way to search for products for purchase online. (Google, Milestones)

2003 saw the acquisition of Blogger from Pyra Labs which had developed an online software for weblogs. It also saw the implementation of the AdSense program which is a way for

websites to post ads next to their web site's key words that pop up in search queries. In 2004 it extended search features with local searches and the ability to personalize and customize search results based off of personal preferences. It also acquired Picasa, an online digital photo management company. 2004 was also the year it had its IPO on the NASDAQ as GOOG and raised \$2.7 billion. Other key developments in this year was the acquirement of Keyhole Corp, a digital satellite image and mapping company which paved the way for Google Earth. Google Print began this year which is an affiliation with multiple Universities to scan printed libraries and make it searchable. Google Groups was also launched which streamlined the primitive Usenet groups which allowed users to set up email and discussion groups. (Google, Milestones)

Google continued growth in 2005 with acquiring SketchUp, a 3D drawing system, Writely, a collaborative word processor, dMark, an advertising system for the radio industry and Urchin software, a web analytics company. It is with the Urchin Software that Google was able to develop its web analytics service that enables websites to track site usage and click-through. Launching this year was Google Sitemaps, Google Talk, Google Desktop, and Google Blog Search. It opened offices in Beijing, Scandinavia, Sao Paulo, Brazil, and Mexico City. Of significant strategic importance in 2005, Google signed a Memorandum of Understanding with NASA to help in data management, bio-info-nano convergence, and plans to setup office space in NASA's research facility. It also formed an alliance with AOL/TimeWarner to invest \$1billion for a 5% stake and installing their search services on AOL's platform. (Google, Milestones)

Growth continued in 2006 with offices in Delhi and Mumbai and further growth in the China mobile market. It also arranged search alliances with Fox Interactive Media, ebay, MTV Networks, Warner Music Group Corporation and Sony BMG. This was also the year it acquired

YouTube in stock for \$1.6 billion. Google Docs and Spreadsheets also came out this year. By December of 2006 Google had employed 10,674 employees. (Datamonitor, 10)

Alliances and partnerships in 2007 continued with EchoStar Communications (Dish Network), DoubleClick, Clear Channel Radio, and Salesforce.com. Mobile applications and arrangements were also of priority by expanding further in China's mobile market and partnering with LG Electronics and Samsung. (Datamonitor 10)

By 2008 Google introduced Google Gears, a platform to produce offline web applications and Google Chrome, an open-source browser that has numerous updates and architecture changes from other browsers like Explorer, Firefox, and Safari. (Google, Milestones)

SWOT

One of Google's greatest assets is its high brand recognition and market position. In March 05 2007 it had captured 48.3% of the US Search Market while its competitors Yahoo! had 27.5%, Microsoft 10.9%, Ask Network 5.2%, and Time Warner Network 5%. Google is also the leading search engine internationally in Argentina, Australia, Belgium, Brazil, Canada, Denmark, France, Germany, India, Italy, Mexico, Spain, Sweden, Switzerland, and the UK. It is available in over 100 languages and 158 domains. According to Milward Brown, a market research brand, it is the world's top ranked brand even over notables like Coca-Cola and Wal-Mart. (Datamonitor 23)

The backbone of the company is its technology. It is believed to have 450,000 servers, with major centers throughout the United States and one in Dublin, Ireland. These servers run Google's proprietary PageRank technology, the technology that began in Page's and Brin's dorm room a decade ago and the Googlebots that crawl the Internet searching and indexing pages. In

2006 it had indexed 16 billion web pages. This data is the company's greatest asset. (Datamonitor 24)

As Google is the world's leading search engine it has been able to capitalize off this position with the AdWords and AdSense programs. In a September 4, 2008 Wall Street Journal article titled "Gap Widens in Online Advertising", comment is made that search ads, like AdSense and AdWords, are growing at more of rapid rate than banner ads. In 2008 it is believed search ads will be 42% of US overall ad spending compared to flat banner advertising at 21%. (Vascellaro B1)

The larger companies in Google's Network or users of their technology are AOL, Netscape, Earthlink, CompuServe, AT&T Worldnet, and Ask.com. These relationships are vital for their sustainability and growth, not to mention revenue through AdWords and AdSense. If one of these companies were to terminate the relationship Google would be severely hurt. The AOL relationship was 7% of Google's revenue in 2006 for example. This delicate balance is a weakness.

As the Internet matures, social media and "Web 2.0" has become the strongest growing paradigm. Websites like Myspace and Facebook draw increasing numbers of users which translates to lost ad revenue for Google. Google's social media site Orkut.com is way behind with these two competitors especially in its blogging and video features. When Google launched Blogger in 2003 it was the leader in the blogging space but has recently been surpassed by Myspace and Wordpress is gaining market share. (Datamonitor 25)

Another weakness is subtler and on the surface may be seen as a strength. Google has a large product base and offering. However, the problem is there is not a lot of synergy and

integration among these products which prevents its site from being its own unifying force- the key to bringing the most traffic to a website. Oftentimes there are so many products and services available that these are buried on the site so user's aren't aware of their offerings.

Google has done an exemplary job in expanding its market and the growth of the Internet by itself is continuing to increase exponentially. Google was originally a part of this opportunity and should continue especially in Africa, Latin America, the Middle East and China. At the moment only 10% of China's population is online. As it's presence expands in these markets the ad revenues will increase. It will also increase as advertisers are moving away from traditional media and moving to the Internet with their marketing dollars, and whence they get there they are investing in search spending instead of flat banner ads. (Datamonitor 25)

Google's acquisition of YouTube was also a great strategic move as video on the Internet will grow with increasing broadband connection globally. The worldwide online market for online content is forecasted to be 131 million households by 2010.

The threats to Google are Microsoft and Yahoo!, as they host and maintain similar services that Google offers. As these two companies succeed and grow their user base, Google loses part of its share. The other threat to Google is in the underground and dark regions of the Internet particularly scams which attempt to use Google's structures for its base. These can take on the forms of click frauds with its AdWords programs or data scams which target sponsor links and tricks users into releasing sensitive information. (Datamonitor 28)

Another threat to Google is government regulation both domestic and foreign. As it expands worldwide, it is finding itself in legal battles with content served up on its platforms like blogger.com where companies in India are suing Google for blog postings criticizing the

company or China where it can display search results of questionable political angles like “free Tibet” or “Tiananmen Square massacre”. (BBC) It also has to be aware of its intellectual property and patents on its search technology. At the moment the patent on its search technology developed by Page and Brin becomes non-exclusive in 2011 and expires in 2017. It is likely when these expire competition could become greatly empowered.

Internal Environment

In 2007 Google was ranked the best place to work by Fortune Magazine. (Fortune) It employs 17,000 individuals in 20 countries. (Google, Founder's Letter) Its brand and logo is indicative of its simple, clean, and eloquent atmosphere, similar to its central headquarters, the Googleplex in Mountain View, California. The offices, even those beyond Mountain View, are stocked with video games, foosball, fitness areas, snack rooms, and other additions like pianos and lava lamps. Dogs are welcome to come to work as are bikes... inside. Its website is also adamant of its inclusion of diversity in the workplace for anyone from all walks of life. It supports groups within the company like Google Women Engineers, the Hispanic Googler Network, the Black Googlers Network. It claims not only is it important from a moral and ethical ground, but from a strategic level because it is the intellect and performance of its employees that is of utmost performance.

Google subscribes to the mantra of “don't be evil”. This phrase is the backbone of the company. It strives for transparency not only with its employees but the public. Its entire code of conduct is online. Google has positioned itself as “The” company to work out and is a benchmark and paradigm for new and developing companies. It begins in the preamble, “The Google Code of Conduct is one of the ways we put "Don't be evil" into practice. It's built around

the recognition that everything we do in connection with our work at Google will be, and should be, measured against the highest possible standards of ethical business conduct. We set the bar that high for practical as well as aspirational reasons: We hire great people who work hard to build great products, and it's essential that we build an environment of trust – among ourselves and with our users. That trust and mutual respect underlie our success, and we need to earn it every day.” (Google, Conduct)

In addition to its Code of Conduct it has the “Ten Things Google Has Found To Be True”. These are:

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There's always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough. (Google, Conduct)

There also appears to be a successful initiative to place the technology and service of Google at a higher standard than pure economic profit. In 2006 on CnnMoney.com it was revealed in 2004 after Google's IPO, CEO Eric Schmidt and co-founders Larry Page and Sergey Brin turned down large salaries and chose to be paid \$1. According to the company report they

turned it down because ““their primary compensation continues to come from returns on their ownership stakes in Google. As significant stockholders, their personal wealth is tied directly to sustained stock price appreciation and performance, which provides direct alignment with stockholder interests.” (La Monica) It may be only a symbol as their stock portfolios are in the billions but it does demonstrate they put the company first and “aren't evil”.

The company actively encourages employees to take risks and experiment through the “20% project”. This policy allows engineers to use 20% of active work time to focus on projects they're passionate about. Outcomes of projects built with this policy are Gmail and Google News. Some employees choose to turn to more humanistic pursuits like mentoring and tutoring. (Goolge, Founder's Letter)

As Google is a publicly traded company it has a Board of Directors and an Executive Management Group. Executives oversee departments broken into Engineering, Products, Sales, Legal, Finance, Business Operations, and Google.org. According to their website employees wear many different hats and work on a multitude of projects. One example is a software engineer who headed a project but also did Korean translation as well. Holistically as a company one third of its resources is focused on search and one third on Advertising. Then in terms of focus it subscribes to the 70-20-10 rule with its initiatives. 70% is focused on search and advertising. 20% is related to services for businesses like its applications Gmail and Docs. The remaining 10% is devoted to those projects in the future, those that are reaching for the stars. At the moment the 10% project is Android which is an open-source OS for mobile devices. The rumor is this will be released before the end of the year 2008. These 10% are the areas that receive the most press and publicity. (Goolge, Founder's Letter)

As the computers that run Google's search engine and advertising program are its lifeline much of the technical information surrounding it is undisclosed. It has an estimated 450,000 servers around the globe. With so many computers and servers their energy use is under much scrutiny both internally and externally. For this reason, both economic and PR, it has been investing in environmentally efficient power programs, most notably solar. (Datamonitor 24)

Google.com is Google's core competency which offers a number of ways to search and browse the web with text, video, and images. In the communication area it offers Google Docs, Spreadsheets, Calendar, Gmail, Groups, orkut and Blogger. For applications it has Google Desktop, Google Pack, Google Toolbar. For areas surrounding the earth it has Google Earth, Google Maps, Google Sketchup, and Google Checkout. It also has mobile versions of its applications and offerings. Rounding out its core competencies and of strong revenue importance is Google AdWords and AdSense.

External Environment

Google's skyrocketing growth has impacted global culture on so many levels- both socioeconomic and geographic. With any company that gets so influential and profitable quickly, the scrutiny intensifies exponentially. Google's main issue of scrutiny is privacy. It has been repeatedly challenged on it through the years. Google knows both what we search for and think about both individually and collectively. With its technologies it is able to use cookies and track individual IP addresses. Until the first week of September 2008 it kept information on user's search queries for 18months. It is changing it to 9 months. Many Privacy advocates in the US, but primarily in the EU, have pursued reigning in Google's data collection policies. (WSJ D4) Another issue is the search engine is essentially a gatekeeper of information and could plausibly

be manipulated to give out specific information or withhold certain information based on a search query. This comes into play as it forms close economic relationships and alliances with companies like the Associated Press. Google has the power to manipulate how their content, both the Associated Press' and Google's is served up.

Google Earth has also come under scrutiny for its unique ability to publicly show high res imagery of just about anywhere in the world. Governments are extremely vigilant of this capability. In 2005 Indian President A.P.J. Abdul Kalam issued a statement Google Earth posed a real security threat in developing countries by providing geographic information to aid terrorist attacks. Other countries like South Korea and the Netherlands have proclaimed similar complaints. (Cnet.com Sharma) While surfing or using Google Earth it is not uncommon for areas around military bases and those of strategic importance to be blocked off and not viewable. Technology and information such as this can be quite sensitive and can easily aggravate governments.

In 2006 Google was called on it's motto "don't be evil" by its agreement with the Chinese government to censor it's search engine. Critics called it the "Great Firewall of China". Google's defense was it had no choice, it could comply with the government's demands or leave the country altogether. Topics like Taiwan independence, Tibet, Tiananmen Square Massacre, and Falun Gong and the like would all be removed from search results. (BBC) Following such a decision caused a great public backlash against the company and in 2007 Sergey Brin made a statement in Washing claiming to regret making the move into China. Among some of the accusations was Google was no different than Microsoft in its monopoly and culpability with totalitarian foreign governments. Brin took such statements very negatively. (Guardian) Like so

many other industries China is of critical importance as the world's fastest growing economy. It is estimated the online population in China will grow from 100 million to 187 million in two years time. (BBC) Google is also facing increasing competition from Baidu.com, a local search engine.

The China situation is extremely delicate. In 2006 it went up against The US Justice Department who was inquiring Google what Chinese citizens were searching for. It also wanted to know what its own Americans were searching for and claimed other search engines like Microsoft and Yahoo! had already voluntarily handed over information. Google was claiming to be different especially with the motto "don't be evil". At the moment it is possible to attain search information history from an IP address with a subpoena. (BBC)

Other privacy issues arise beyond Google's search engine. The blogging platform of blogger.com is also a source of privacy investigation especially with foreign governments, most notably India recently. In February of 2008, The Bombay High Court through an Indian construction company sued Google's Indian subsidiary. The suit arose from a person who used blogger.com to criticize the company. The High Court ordered Google to reveal the identity of the blogger but it has yet to do so. (Wall Street Journal)The case is still pending at this moment but illustrates the privacy issues Google is in. A tactic of totalitarian foreign governments seems to be if Google won't reveal identities of it's users it will then go after the company itself or shut it out via firewalls or even helping competition.

Offsetting this big brother feel due to Google's size and scope in the world's private lives is Google.org that was rolled out in January of 2008 after two years of planning and led by Dr. Larry Brilliant, a former doctor for the Grateful Dead and leader in the World Health

Organization. Google.org will focus on three areas- climate change, economic development, and building an early-warning system for pandemics and other natural disasters. (Economist) Over \$30 million in grants and investments is planned for Google.org, the largest for any in-house corporate foundation in the US. The strategy of Google.org appears to be the beginning of a separate entity for Google. Google.org has the ability to invest and run its own operations, lobby in politics, and award grants. Among the announcements in January was the investment of \$10million in eSolar Inc., a solar power company. It also plans to work and invest in developing countries like Africa. (Wall Stree Journal)

Google.org's foray into developing nations is of significant strategic importance and indicative of Google's wise business practices. It is a win win situation. On an extremely superficial level it is a PR coup to levy all the criticism and scrutiny it receives by privacy advocates. It is doing good for the planet by investing in people and places and working on environmental initiatives...not to mention the good deeds by itself. However, strategically by investing in infrastructure in developing countries it is developing infrastructure for a new market that can use its very own products and services. In the process it also develops significant brand recognition and loyalty by those empowered by the built infrastructures and Google services brought to them. This business is extremely astute and wise and will be studied for decades. It has attributed to their success in ten years time and ensures their long term growth in a world of shrinking borders and rapid development.

Competitively Google faces Microsoft and Yahoo! at the top of the chain with others like ebay, Looksmart, Time Warner, and IAC Search and Media following. Google's recent announcement of its new Chrome browser offering an Open Source framework and an attempt to

revise and reconfigure the Internet browser is setting itself up for a serious showdown with Microsoft and its browser Internet Explorer. Over the past year there has been a lot of talk of a buyout/takeover/strategic alliance of Yahoo! by Microsoft but has not materialized into anything beyond talk. Google has a substantial competitive advantage over Yahoo! with its AdWords and AdSense programs. In June of 2008 they reached an agreement where Yahoo! would outsource some of its online advertising space to Google, in a sense putting Google run ads on Yahoo!. The deal was expected to generate \$800 million for Yahoo! annually. However, according to TheStreet.com, the deal would give Yahoo!! and Google 90% of the search advertising market with the possibility of raising prices for advertises. The deal went into a four month review while the US Justice Department investigated if the deal is a possible Monopoly or Trust Violation. At the moment the deal is on hold while they investigate with the help of former Walt Disney Vice Chairman Sanford Litvack, and former antitrust chief under President Carter. (TheStreet.com) The ruling that will arise out of this will have large repercussions for the advertising world and the longevity of Yahoo!!. If the deal falls through Yahoo!! may be in serious jeopardy in relation to keeping up with Google's advertising dollars.

Stakeholder Environment

The ruling to come out from the US Justice Department with the Yahoo! deal will identify the role Yahoo!, and even Microsoft, plays with Google. On one hand they are the fiercest of competitors with their search engines or browsers but they also use each other's resources be it their search engines or browsers, or ad technologies, or hardware. Not only do they push one another, they facilitate the growth and potential of their markets. Their technologies combined are empowering and complement one another. For this reason Google's competitors are

stakeholders in Google's growth. It is also interesting to note Yahoo! owns 1,480,602 shares of Google stock of 314.45 million shares outstanding.

It is also noteworthy these three major players are US based companies. The United States is a major stakeholder in Google. As the country and world face recession and a re-leveling and re-evaluation of the corporate and manufacturing bases, particularly the auto industry, tech companies like Google, Microsoft and Yahoo! are an asset. These companies are ambassadors to the word of our core values, business practices, and technological mind.

Obviously as Google has its world headquarters in California it is an asset for the country and the state of California. It brings jobs, taxes, and prestige. With an office in Ann Arbor and Birmingham, Michigan it also brings jobs and tax revenue to an economically depressed state. The state of Michigan is a major stakeholder in Google's success. Also in Ann Arbor is the University of Michigan which is a partner with Google in its digitalization of its entire library collection. Partnerships such as this solidify Google as being a base of the academic and cultural framework of our society.

As Google has created a noteworthy brand and aura surrounding itself employee retention and loyalty is firmly rooted. Google seems to have become the benchmark for new companies especially those in the tech sector. Having a foosball table has become the requirement for any tech startup. This attitude started at the Googleplex almost ten years ago. Getting a job at Google with its 19,604 employees is highly competitive and highly coveted. Attitudes such as this start at the top down and the loyalty is portrayed by Larry Page and Sergey Brin's decision with other Executives to only receive \$1 annual compensation. It has done an excellent job of walking the line of being a publicly traded company while still maintaining the excitement and energy of an

entrepreneurial endeavor. By no means do the Board of Directors appear to want to sell Google to the highest bidder but instead remain passionate about the company and services it offers.

Google.org is a strong indicator of the mentality of what it sees as its global vision.

Finally, the uniqueness of Google is that almost anyone on the planet is a stakeholder in Google. So much so that “google” is in the Merriam-Webster dictionary. How often do we say “google it” or “I googled it.”. What a powerful and profound brand it is to have a word be implemented into the English Language. Coke, Pepsi, GE, IBM, Wal-mart aren't in the dictionary. The reasons are deep and go to the root of language and how we categorize words and phrases. Google is now at the forefront of this post-modernistic alignment of languages. For this the world is a stakeholder and affected by their growth, both positive and negative.

Financial Assessment

<i>in millions \$</i>	2007	2006
Total Revenue	16,593.99	10,604.92
Gross Profit	9,944.9	6,379.89
Operating Income	5,084.4	3,550.00
Net Income	4,203.72	3,077.45
Total Assets	25,335.81	18,473.35
Total Liabilities	2,646.13	1,433.51
Total Equity	22,689.68	17,039.84
Net Profit Margin	25.33%	24.63%
Operating Margin	30.64%	30.00%
Return on Average Assets	19.19%	19.09%

In the second quarter of 2008 Google reported revenue of \$5.37 billion, an increase of

39% compared to the second quarter of 2007 which was \$3.87 billion. The largest growth from revenue was from outside the US- \$2.8 billion in the second quarter, representing 52% of total revenue compared to 48% in the second quarter of 2007. Looking at these favorable figures for this year's second quarter and the table above, Google's financial situation is healthy. Net income increased from \$3,077.45 million in 2006 to \$4,203.72 million in 2007. (Google, Financial)

Since its inception in 1996 it has continued to grow and grow. It has also been conservative in its internal growth. There does not seem to be a lot of waste or unnecessary subsidiaries that are unrelated to one another.

In this era of global recession it is noteworthy and positive that Google is continuing to grow and is not constricted by large suppliers or manufacturing. Its major input is its own research and development which it invests heavily and wisely in. For this reason its success is not so heavily dependent on the global economy. Similar to its ability to work its way into language it is almost as ubiquitous as a resource like water. The Internet is vital for communication and business and Google has been able to position itself in this space and reap the financial fruits. As companies downsize and shift they will still use the internet and arguably use online advertising even more compared to traditional media. This year Internet advertising is expected to increase by 20%. (Vascallearo) It is simply explained that putting key words and using Search Engine Optimization, SEO, is a lot more economically efficient than a whole ad campaign revolving around television production. As companies become lean on their advertising campaigns Google will benefit.

In Google's 2007 annual report it is noted that 99% of Google's revenue comes from advertising- the AdWords and AdSense program. AdWords is the largest share of profits, which

is when a customer pays Google to put an advertisement on the Google website and those in the Google Network. The Google Network are those websites that use the AdSense program which post Google created ads from the AdWords program. Ultimately in a financial sense Google profits the longer a user stays on their site. There is increasing competition from Microsoft and Yahoo! and smaller startups in this advertising paradigm, often called affiliate marketing. If Google loses market share, and the annual report points this is a strong possibility, then Google's financial health will not be as successful as it has been in year's past.

In response to this threat on advertising dollars, Google has also done a wise move this year with Google.org to diversify its income. As this channel grows it will be another source of income coming in. It is a wise strategic move that complements its search related business and will help the overall financial growth of the company.

Strategic Issues

The major strategic issue is with the new “Big 3”, or the other two from Google's reference point. Earlier in the year 2008 Yahoo! and Microsoft were in a much publicized buyout deal with Microsoft attempting to acquire Yahoo!. Strategically it was an advance by Microsoft to go head-to-head with Google by obtaining Yahoo!'s search technology. According to the Wall Street Journal one of the deal breakers could have been Yahoo!'s alliance with Google by placing its search advertising on its site. According to the article Google has won the search engine war. (Stewart) This is no time to rest and remain comfortable. Microsoft is a powerful, well established robust company and Google need be aware of its attempts to creep in on its business both search and advertising. All this maneuvering also raises the likelihood of Anti-trust legislation in the near future for these players . The fact Google has such a dominant share of the

market and continues to grow in market share and revenue brings with it the possibility the government may step in. It needs to be vigilant of these forces both internally and externally.

Google's recently leaked Chrome browser is also of strategic significance as it battles with Microsoft. Microsoft dominates the browser market with three-quarter of the share. However, browser technology hasn't gone under major restructuring in the last decade. Google took the initiative to come up with new technology so that it would run better with online applications and crash less with memory intensive functions prevalent on the Internet today. The browsers on the market today were basically designed when text and still images were the norm. Today there is an abundance of video and online apps. Google is betting that Chrome will work better with these features and gain market share. The online apps field is an area Google controls with Google Docs and its blogging software. All of this is Open Source which is turning out to be a competitive advantage against Microsoft which the bulk of its software is proprietary. It is a wise strategic move to create online applications and then create a tool which runs these online apps in a more efficient way than the competition. (Green)

Perhaps the greatest strategic battle on Google's immediate horizon is the mobile space with its mobile operating Android which is yet to be released. The main players in this field are Microsoft Windows Mobile and Symbian, another royalty free software. Of major concern for Google is that Nokia, the largest phone manufacturer, has agreed to use the Symbian software. Android is also a way for Google to take on Apple's iPhone. The iPhone's meteoric rise is not only its elegant physical design but the elegance of its operating system. The rumor is Android will have some of the touch or touch-like features that the iPhone has. Google's strategy is yet again an Open Source platform that it is giving away free to wireless carriers and manufacturers

for free. The strategy is by empowering its users, something it has continually done with its search service, it will turn them into ardent users who then can be fed ads on these devices which will be a source of revenue for Google. (Oon)

A final area of strategic significance is the ability of hackers to use the google platform for their nefarious deeds. There are all sorts of advanced google query terms to use in the search engine, the most common one being "link:". Typing "link: www.google.com" will reveal all pages that have a page link to google. This is only the start. With advanced query search algorithms input into google, hackers can discover all sorts of hidden information and databases supposedly kept private. There is the possibility they could uncover areas that store usernames and passwords and with such data unlock information on customer credit cards. (Lloyd's List). Google obviously has a moral and ethical position to combat such misuse of their website but walks a fine line with being transparent at the same time. In a sense they have allowed the public to use the search engine they have developed, in the same way they are able to use it. It has contributed to its popularity and rise. However, it is conceivable in the future issues may arise where someone will hack Google to conduct a financially devastating act on an unsuspecting company and the fact Google's tools were used, they may be held accountable much in the same fashion the Indian government is going after Google because bloggers are using their platform.

Hackers have also been able to fool Google users by placing high in their AdSense programs which has the possibility of giving an air of credibility to the novice user. When these users clicked on through to the website they were duped into entering sensitive personal data and fraudulently charged on their credit cards. The Internet encompasses the breadth of humanity, there is both good and evil, and as Google's mantra states- "don't be evil". However it finds itself

in a very delicate situation in that its tools can contribute to “evil” being committed. Google's strength of its size and market share is a strategic asset but also a hinderance as hackers use it for their plans and public perception in seeing Google as part of the problem.

Finally, another strategic issue is a hypothetical, but should be considered because of the infinite possibilities on the Internet- the likelihood of a technology arising which would block out all advertising on the Internet. Tivo, for example, has had severe negative impact on advertising as users can fast forward through commercials on television that has been recorded. What if a technology came out that obliterated all Google's advertising from displaying. The results could be crippling for the company.

Grand Strategy

In the end, Google has been and continues to be an innovative company that is the benchmark for Internet start-ups. Eleven years ago it didn't exist. Ten years ago it was in a Stanford dorm room. The reason Google has succeeded is that it filled a void that desperately needed filling, namely how to categorize and search the Internet. It became the card catalog almost overnight and has placed itself in the world's lexicon. In filling this void it empowered users and individuals to go about their life and business through the Internet. What then happened is genius in that Google was able to monetize the business with AdWords and AdSense. Monetizing the Internet has been a very difficult task for Internet start-ups. Most of them have failed.

99% of revenue for Google comes from advertising dollars. Ironically it needs to stay focused on where it came from which is not the advertising dollar but the User, the “you” in tube and the “i” in phone. There is a subversive and strong desire in the depths of the Internet for

freedom and democracy, some may even say anarchy. Companies and governments that try to reign in and control what is on the Internet, like China and Microsoft respectively, face severe public repercussions and even attacks and protest from the depths of the Internet. Google must be vigilant of not falling into this side.

A strategy to prevent such a slide is to stay true to the spirit of Open Source frameworks which empowers the User to see and manipulate code for their own customized use. Google Chrome is an Internet Browser that is Open Source compared to Microsoft's Internet Explorer whose source code is private and unadaptable to users' specific needs. Open Source programs on the Internet are even greater still. They provide a space for users to use free programs and store them on the Web which gives them great mobility and depth. Google's strategy in applying these technologies on Google.com is crucial to its long term growth and branding. The functionality and usability of these projects is the foundation of Google, not merely as vehicles to display more advertising. This fact can never be lost in sight.

The idea of a computer has and continues to change. Now all the mobile devices out there be it iPhones, Blackberrys, or Palms are in a sense small laptops with access to the Internet. As the technology advances, this access will continue to scale down and be accessible to the typical user. In the developing world it is likely an early adapter won't access the Internet through a desktop computer because these are still too expensive to afford, but will be able to do so with an inexpensive cellphone. This is not only empowering to the developing world but empowering to Google to be able to interact and be the force that brings these populations online. Working hand in hand with its mobile operations in Android, its foreign presence in the developing world, and now Google.org doing philanthropic work, Google is in a keen position to brand itself globally as

a benevolent company bringing growth and power to its users. By reaching out to the developing world it can create and guide new markets. By wealth being an offshoot of its technology it also wins in a positive public relations aspect- it becomes a valuable tool, almost like the Internet itself. It has and will continue to change the world within which we live.

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