

Strategic Analysis

Google (GOOG)

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*“To organize the world’s
information, and make it
universally accessible and useful.”*

1998 September, Google opened its door in Menlo Park, CA.

2000 Google officially became the world's largest search engine with its introduction of a billion-page index

June 26, Google and Yahoo! announced a partnership that solidified the company's reputation — not just as a provider of great technology, but as a substantial business answering 18 million user queries every day.

2001 August, Dr. Eric Schmidt joined Google as CEO

2003 Google acquired Pyra Labs and became the home for Blogger, a leading provider of services for those inclined to share their thoughts with the world through online journals.

2004 July, Google acquired Picasa, a digital photo management company helps users to organize, manage and share their digital photos.

October, Google acquired Keyhole, a digital and satellite image mapping company based in Google's own headquarter town, Mountain View, CA.

2005 Google acquired web analytics firm Urchin Software.

Corporate Culture



“If we don’t have any of these mistakes we’re just not taking enough risks”.



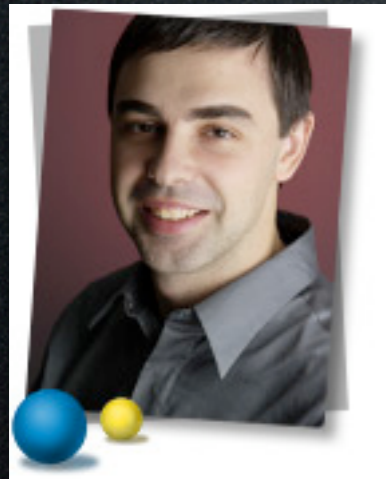
“Crazy definitely triumphs comfy at Google”

Get Uncomfy: That means never settle into an equilibrium (a.k.a. "rut"), but don't fall apart either (a.k.a. the "chaos trap")

Pace Yourself: The goal should be creating an internal rhythm, not just moving fast for the sake of speed.

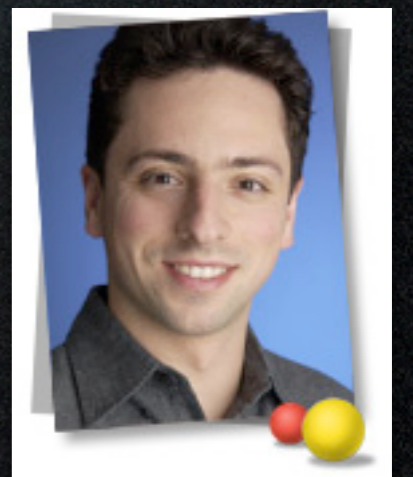
Organizational Structure

Chairman & CEO
Dr. Eric Schmidt



President of Products
Larry Page

President of Technology
Sergey Brin



Senior VP of Business Operations
Shona Brown

9378 employees as of Sep 30, 2006



Core Competencies

- Google "people" and environment/culture
 - People have to be extremely intelligent and usually have doctorates; people come into Google with forward thinking, innovative and "out-of-the box" strategies.
- Search
 - Quality, popularity, overwhelming awareness of name and what the company is and does.
- Brand equity
 - "Google" is now a verb in Webster's dictionary.

1. Froogle
2. Google Finance
3. Google Blog search
4. Search engine – maps, images, keywords
5. YouTube
6. Google Checkout
7. Spreadsheets and applications
8. Gmail
9. Google Toolbar
10. AdWords and AdSense
11. Google Earth – maps
12. Page Creator – creating web pages
13. Orkut – social networking site; big in Brazil

Business Level Strategies

- Should we compete? Yes AdWords?
AdSense?
- What are we good at? Search engines,
advertising
- How do we compete? By signing
contracts with big internet sites that
people will 99% of time see an
advertisement for Google.

Corporate Strategies

- What ARE we in? Search/Information and Advertising
- Where do they make \$\$? Advertising
- What SHOULD they be in? Should stay in current business, but expand and improve key products and continue to innovate new products.

PESTEL Analysis

1. Political
2. Economical
 1. stock market growth
3. Sociocultural
 1. Google tends to not have a "face" for customers.
4. Technological
 1. set trends in search, internet direct advertising, and portable applications
 2. innovative web applications
5. Environmental
6. Legal
 1. Click Fraud with AdWords

 1. Google "Bombing"
 2. Government asked for search history of consumers; Google went to court.
 3. Comcast - In governmental battle with Google on "Net Neutrality"

 News Corporation

\$900 million deal – Google has exclusive search rights

VIACOM



WPP

Ad Agency Holding Company
(represent 20% of world media)

3rd largest customer of Google

YAHOO!

PayPal®

comcast.



Competitors



SWOT MATRIX

<p style="text-align: right;">Strengths</p> <ul style="list-style-type: none">1: Brand Equity2: Innovative initiatives3: Comprehensive product mix4: "Surprise"	<p style="text-align: center;"><-- Match --></p> <p style="text-align: right;">Opportunities</p> <ul style="list-style-type: none">1: Expanding profit-making opportunities (pitching radio time to advertisers)
<p style="text-align: center;">↑ Convert</p> <p style="text-align: right;">Weaknesses</p> <ul style="list-style-type: none">1: Currently have products that customers don't even realize exist2: Not focusing on customer "Community" as core competency	<p style="text-align: right;">Threats</p> <ul style="list-style-type: none">1: Concerns from investors2: Possible peak or saturation of smaller and less-used product markets
<p>Minimize / Avoid</p>	<p>Minimize / Avoid</p>



Financial Information

- Two years after going public, stock is up four-fold
- \$10 billion/year in revenue
- \$125 billion worth
- Net income of \$733 million last quarter

- * Market share (Domestic, July 2005)
 - + Google 46.2%
 - + Yahoo 22.5%
 - + MSN 12.6%
 - + Others 18.7% <- AOL, Ask Jeeves, Dogpile, Netscape, etc
- * Quick Ratio (vs. industry) = 9.75 (5.07)
- * Net working capital (curr assets-curr liabilities) (vs. industry) = \$8.25 million
- * Sales to total assets (vs. industry) = 60%
- * Net profit/Sales (Percent changes year to year) = 14.26%
- * Long Term Debt = \$0
- * P/E ratio TTM (vs. industry) = 62.26 (47.69 = 130.41%)
- * Gross Margins TTM (vs. industry) = 60.08% (49.37%)
- * Profit Margin TTM = 25.96% (15.88%)
- * Stock Growth vs. Industry vs. DJ market

