

Google



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Google Inc In 2004 Google became a public corporation. Its debut price was \$85 and within a year it rose to \$300. The more than 300% growth in its first year is unprecedented to say the least. Google's main competitor in the search engine business is Yahoo. But in spite of Yahoo's longer presence in the internet services market, its market capitalization still falls below that of Google (a much later entrant to the market). This figure stood at an impressive 80 billion dollars toward the end of 2005.

One reason for Google's success is its emphasis on innovation and its reputation of being the torch-bearer of search engine technology. In this key segment of its business operations, Google garners nearly 60% of the market share. Its closest competitor Yahoo can only manage a 28% share of the market. At a distant third is MSN, with 6%. Google's domination of the search engine market is comprehensive. So much so that "google" finds entry in the latest edition of Oxford dictionary. It is used in contemporary English as both a noun and a verb (Tischler, p. 52).

Google Inc.'s revenues have risen from half a million dollars in 2002 to more than 10 million dollars in 2006. During the same period, the net income rose from 99, 656 dollars to 1, 002, 162 dollars, a whopping 90% increase. This growth outclasses its competitors in volume as well as proportion. The internet search engine industry is expected to scale \$13 billion mark by 2010, which places Google in a good position industry-wise. Nevertheless it has to confront new competition from InterActiveCorp, which, by virtue of acquiring Ask Jeeves Inc. recently, had transformed into a formidable player and in the industry ([www. marketresearch. com](http://www.marketresearch.com)).

Google's competitive advantage also lies in its simple, uncluttered and intuitive user interface. The home page offers only a few essential services

to its users. In comparison, Yahoo's homepage is a collage of 60 services competing for the attention of the user. The MSN's homepage is not too dissimilar to that of Yahoo's. However, attributing Google's leadership to its interface alone would be unjust. After all, every search deals with a database of astronomical number of web pages, to pick and order the results on the basis of relevance. To be able to do this in a fraction of a second and with no errors requires a sophisticated coordination across different technologies. And no business enterprise has mastered this art better than Google. Its Adsense program is a classic example of innovative successful. By utilizing all the features offered by the program, advertisers can always reach their target audience. Google's recent forays into electronic book and scholarship/research services make its search engine a truly comprehensive tool for gathering authentic and reliable information (Tischler, p. 52). To state that Google's work culture is a key to its success might sound clichéd. But Google's work culture is an integral part of the company's identity and brand image. Its office spaces display the management's compassion for its employees. The most informal of atmospheres brings about the most impressive results, contradictory as it might sound. It seems the exponential growth seen by Google is not to abate any time soon. The following is a comparison of some key numbers. However, these are absolute values. Hence, while google's values fade in comparison with its competitors in some areas, it has to be seen in the following light - that MSN is only a small part of Microsoft's software empire and that Google's much later entry into the market, etc.

Current share price

Forward P/E ratio

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Total Revenue

(fiscal 2006)

Google Inc.

\$ 666. 00

32. 22

10, 604, 917

Yahoo Inc.

\$ 25. 22

46. 7

6, 840, 000

MSN

\$ 32. 97

18. 9

44, 282, 000

The following is the market share chart:

Legend: 1-Google; 2-Yahoo; 3-MSN

Works Cited:

Linda Tischler, The Beauty of Simplicity, FastCompany. com, November 2005, Issue 100, Page 52

Company Valuation Report, New York Stock Exchange, retrieved on 25th November, 2007 from