Introduction to Google

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Lessons of the Google Case

• Late-mover advantages:
  – Avoid other players errors: “clean, white page”
  – Reverse engineer / improve upon pioneer’s offerings: Overture’s ad ranking...
  – $0 advertising dollars to build market

• Licensing partnerships:
  – Important in networked markets...
    • Create Value: network effects (RPS)
    • Capture Value: Deter competition

• Threaten other platforms (MSFT, Ebay, Amazon) at your own risk:
  – Envelop these other platforms with yours
  – Avoid competitor responses...stay under the radar, or offer them value
Google mini-update

• Financial performance remains strong:
  – Google share of US search traffic is 55% in July 2007...and rises...
  – 2007 revenue ~$12B vs. $4 in 2005

• Pace of new product development slows somewhat:
  – Web Calendar in 2006
  – Docs & Spreadsheets in 2006/07
  – Checkout in early 2006 rival to PayPal
  – Targeted advertising

• Two Key Acquisitions:
  – YouTube...$1.6B in 2006
  – Doubleclick $3.1B in 2007

• More about Google Phone later...
Looking forward

• Next session: Platforms and the Evolution of Value Chains

• Paragraph describing Industry/Firm, Team, and Topic of interest for Final Project due next session.