

Balanced Scorecard

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## Table of Contents

<b>Introduction</b> .....	<b>Error! Bookmark not defined.</b>
<b>Financial Perspective</b> .....	<b>Error! Bookmark not defined.</b>
Revenue Growth.....	<b>Error! Bookmark not defined.</b>
Profitability-Return on Equity.....	<b>Error! Bookmark not defined.</b>
Operation Costs .....	5
Stock Prices.....	6
<b>Customer Perspective</b> .....	7
Customers Satisfaction.....	8
Overall Company Feel .....	9
Keeping Up With Technology .....	12
Going Global.....	12
<b>Internal Business Perspective</b> .....	13
Innovation.....	13
Best Search Engine.....	14
Become Global.....	14
Recruiting Top People/Keeping Top People.....	15
<b>Innovation and Learning Perspective</b> .....	16
Value Chain.....	16
SWOT Analysis.....	19
Global Strategy.....	21
<b>Conclusion</b> .....	23
<b>Google’s Balanced Scorecard</b> .....	24
<b>Works Cited</b> .....	25

Google is a global technology leader focused on improving the ways people connect with information. They aspire to build products that improve the lives of billions of people globally. Their mission is to organize the world's information and make it universally accessible and useful. Their innovations in web search and advertising have made their website a top internet property and their brand one of the most recognized in the world.

A balanced scorecard is one of the primary measures used for corporate performance. The balanced scorecard we have created for Google will include four areas. These areas include the Financial Perspective (how do we appear to shareholders?), Customer Perspective (how do customers view us?), Internal Business Perspective (what must we excel at?) and the Innovation and Learning Perspective (can we continue to improve and create value?). These four areas are extremely important to many companies, including Google. Within these four areas we have established key performance measures to ensure that Google is able to measure their performance for each listed area.

## **Financial Perspective**

The first aspect of the Balanced Scorecard is the financial perspective, which is responsible for answering the following question: How do we appear to shareholders?

### **Revenue Growth**

Google has shown a steady revenue growth over the years. From 2006 to 2010 Google had an increase in revenue from \$10,605,000,000 to \$29,321,000,000.

	Year Ended December 31,				
	2006	2007	2008	2009	2010
	(in millions, except per share amounts)				
<b>Consolidated Statements of Income Data:</b>					
Revenues .....	\$10,605	\$ 16,594	\$ 21,796	\$ 23,651	\$ 29,321
Costs and expenses:					
Cost of revenues .....	4,225	6,649	8,622	8,844	10,417
Research and development .....	1,229	2,120	2,793	2,843	3,762
Sales and marketing .....	850	1,461	1,946	1,984	2,799
General and administrative .....	751	1,280	1,803	1,668	1,962
Total costs and expenses .....	<u>7,055</u>	<u>11,510</u>	<u>15,164</u>	<u>15,339</u>	<u>18,940</u>
Income from operations .....	3,550	5,084	6,632	8,312	10,381
Impairment of equity investments .....	0	0	(1,095)	0	0
Interest and other income, net .....	461	590	316	69	415
Income before income taxes .....	4,011	5,674	5,853	8,381	10,796
Provision for income taxes .....	934	1,470	1,626	1,861	2,291
Net income .....	<u>\$ 3,077</u>	<u>\$ 4,204</u>	<u>\$ 4,227</u>	<u>\$ 6,520</u>	<u>\$ 8,505</u>
Net income per share of Class A and Class B common stock					
Basic .....	<u>\$ 10.21</u>	<u>\$ 13.53</u>	<u>\$ 13.46</u>	<u>\$ 20.62</u>	<u>\$ 26.69</u>
Diluted .....	<u>\$ 9.94</u>	<u>\$ 13.29</u>	<u>\$ 13.31</u>	<u>\$ 20.41</u>	<u>\$ 26.31</u>

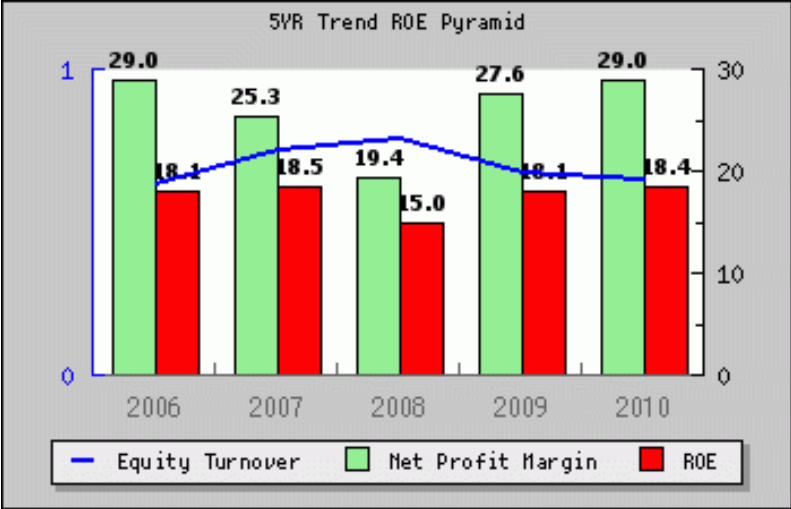
Advertising revenues made up 97% of Google's revenues in 2008 and 2009, and 96% of their revenues in 2010. They derive most of their additional revenues from offering display advertising management services to advertisers, ad agencies, and publishers, as well as licensing our enterprise products, search solutions, and web search technology.

Even with the steadily increasing revenues over the past years, Google believes that the future will result in dwindling revenues. They believe their revenue growth rate will generally decline as a result of a number of factors, including increasing competition, the inevitable decline in growth rates as their revenues increase to higher levels, and the increasing maturity of the online advertising market. They believe their operating margin will experience downward pressure as a result of increasing competition and increased expenditures for many aspects of their business. Their operating margin will also experience downward pressure if a greater percentage of our revenues comes from ads placed on their Google Network members' websites compared to revenues generated through ads placed on their own websites or if they spend a proportionately larger amount to promote the distribution of certain products, including Google Chrome. The margin on revenues they generate from their Google Network members is significantly less than the margin on revenues they generate from advertising on their websites. Additionally, the margin they earn on revenues generated from their Google Network members could decrease in the future if they pay an even larger percentage of advertising fees to their Google Network members.

#### Profitability-Return on Equity

The profitability of a company can be measured in many ways, but since we are looking at Google's financials from a Shareholders perspective we are going to examine their Return on Equity. A company's Return on Equity is the amount of net income returned as a percentage of shareholders equity. Return on equity is important to Shareholders because it measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

For Google, the Return on Equity for the last year was 18.4 which was an increase from 18.1 and 15.0 from the previous two years.



Operation Costs

Google, like any other company, has a cost of doing business. The revenue that Google takes in is offset by a series of expenses. The following is a percentage listing of the various expenses:

	<u>Year Ended December 31,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Consolidated Statements of Income Data:</b>			
Revenues .....	100.0%	100.0%	100.0%
Costs and expenses:			
Cost of revenues .....	39.6	37.4	35.5
Research and development .....	12.8	12.0	12.8
Sales and marketing .....	8.9	8.4	9.5
General and administrative .....	8.3	7.0	6.8
Total costs and expenses .....	<u>69.6</u>	<u>64.8</u>	<u>64.6</u>
Income from operations .....	30.4	35.2	35.4
Impairment of equity investments .....	(5.0)	0	0
Interest and other income, net .....	1.5	0.3	1.4
Income before income taxes .....	<u>26.9</u>	<u>35.5</u>	<u>36.8</u>
Provision for income taxes .....	7.5	7.9	7.8
Net income .....	<u>19.4%</u>	<u>27.6%</u>	<u>29.0%</u>

Cost of revenues consists primarily of traffic acquisition costs. Traffic acquisition costs consist of amounts ultimately paid to our Google Network members under AdSense arrangements and to certain other partners (our distribution partners) who distribute our toolbar

and other products (collectively referred to as access points) or otherwise direct search queries to our website (collectively referred to as distribution arrangements). These amounts are primarily based on the revenue share arrangements with our Google Network members and distribution partners.

Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. We expense research and development costs as they are incurred.

Sales and marketing expenses consist primarily of compensation and related costs for personnel engaged in customer service, sales, and sales support functions, as well as advertising and promotional expenditures.

General and administrative expenses consist primarily of compensation and related costs for personnel and facilities, and include costs related to our facilities, finance, human resources, information technology, and legal organizations, and fees for professional services. Professional services are principally comprised of outside legal, audit, information technology consulting, and outsourcing services.

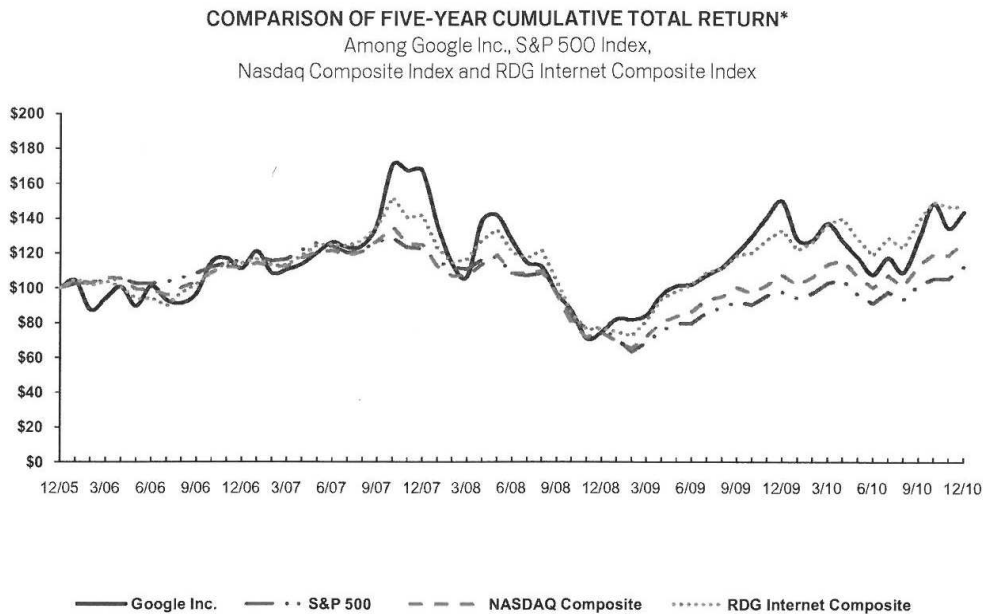
### Stock Prices

Google's Class A common stock has been listed on the Nasdaq Global Select Market under the symbol "GOOG" since August 19, 2004. Prior to that time, there was no public market for their stock. The following table sets forth for the indicated periods the high and low sales prices per share for their Class A common stock on the Nasdaq Global Select Market:

<b>Fiscal Year Quarters Ended</b>	<b>High Stock Price</b>	<b>Low Stock Price</b>
March 31, 2010	\$629.51	\$520.00
June30, 2010	\$597.84	\$444.72
September 30, 2010	\$536.85	\$433.63
December 31, 2010	\$630.85	\$518.85
March 31, 2009	\$381.00	\$282.75
June30, 2009	\$447.34	\$340.61
September 30, 2009	\$507.00	\$395.98
December 31, 2009	\$625.99	\$482.60

Over the past two years, Google's stock price has been sinusoidal, but it has typically followed the patterns of both the S&P 500 Index as well as the Nasdaq Composite Index.

The following graph shows a comparison from December 31, 2005 through December 31, 2010 of the cumulative total return for our Class A common stock, the S&P 500 Index, the Nasdaq Composite Index, and the RDG Internet Composite Index. Such returns are based on historical results and are not intended to suggest future performance. Data for the S&P 500 Index, the Nasdaq Composite Index, and the RDG Internet Composite Index assume reinvestment of dividends. We have never paid dividends on our Class A common stock and have no present plans to do so.



\*\$100 invested on December 31, 2005 in stock or index, including reinvestment of dividends.

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## Customer Perspective

The second area of the balanced scorecard which is important to look at is the customer perspective. The customer perspective is an essential part to almost all businesses and industries and Google is no different. The customer perspective helps Google analyze how customers view them as well as how they would like to be viewed by their customers. It is vital that the key performance measures line up with the common strategy of the business to ensure that

productivity and revenue growth improve. The key performance measures Google finds important under the customer perspective area are: customer satisfaction, overall company feel, keeping up with technology and going global.

### Customer Satisfaction

Customer Satisfaction is extremely important to Google because without customers they would not be as successful as they are today. Google understands the importance of satisfying their customers so that they continue to use their products and link their brand to success. It is important to Google that their customers rate them well. The American Customer Satisfaction Index is a rating system which Google can use to measure how they are ranked among others in their industry as well as how the customers rate them. The index is based on a scale from 0 to 100 with anything above 80 considered good. The data is retrieved from seventy thousand customers annually to measure the satisfaction with hundreds of companies, industries and economic sectors. In 2011 Google was up four percent from the previous year in the Customer Satisfaction Index. At a satisfaction index of 83 Google was the leader in the search engine and portals category (“Google Comes...”). In the previous year’s Google has also ranked among the top with a satisfaction index of 80 in 2010, 86 in 2009 and 2008 (Allen). Google is constantly improving their services and ensuring their customers are satisfied with all their products making them the industry leader for several years now and giving them the competitive advantage they need to continue to satisfy their customers through various new products.

Another measure Google finds important is becoming the largest search engine both in users and the information available. Google has grown a tremendous amount in a very small amount of time. Only a few years after starting Google it became the largest search engine in June 2000. In December 2001 Google had a URL Index of 3 billion and in 2004 that doubled to 6 billion, with 4.28 pages and 880 million images. The URL Index is the amount of pages that Google has in their system so that when their customers search items they are given more relevant results. Google ensures that their system is running proficiently so that the most relevant results are shown first and that the sites are safe and secure (Google Company).

The safety and security of their sites brings us to the importance of customers to Google. Google cares about their customers and in fact their philosophy states “you can make money without doing evil” (Google Company). This philosophy drives Google to provide searches with



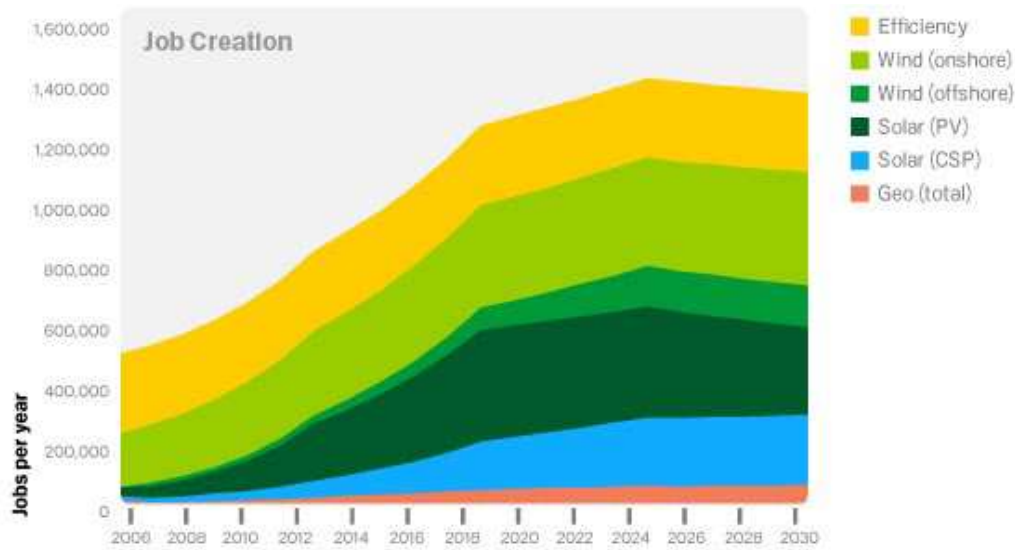
no pop-up, advertisements which may make them more money with advertisers. Instead they only advertise on things relevant to their customers searches giving customers and advertisers what they want. By advertising in this manner Google gives advertisers the consumers they intended to see their products and consumers are given information on potentially useful products and services. Google is constantly working on improving their security and privacy to ensure that their customers are protected and their site is running smoothly. Their recent Google Chrome browser is the fastest and safest internet browser currently available making them far ahead of their competition. Even though they are already ahead of their competition Google is still researching for what can be made faster, better, and more secure.

### Overall Company Feel

Another important aspect of the customer perspective is Google's overall company feel. It is important to Google that they treat their employees well and that they help the world that they are in. Customers are aware of how a company treats their employees and that does become a factor of how they perceive that company to be. Google is known for treating their employees very well. In fact Google has ranked top fifth the past four years in Forbes "100 Best Companies to Work For." Google provides excellent individually-tailored compensation packages for their employees as well as cool benefits such as a food café, gym, laundry services, and a fun and friendly environment. Google realizes the importance of their employees and even states "every employee is integral to our success" (Google Company). Google knows that without their employees they would not be where they are today, with such success in various new technology and services.

How a company treats the environment and community is also an important factor in how customers see Google. Google has done a lot to ensure that their business practices are reducing their carbon footprint to help with their Clean Energy 2030 proposal. Google is so dedicated in reducing their carbon footprint that when their Mountain View, CA office was surrounded by high grass which became a fire hazard instead of renting mowers to get rid of the grass they rented sheep to eat the grass and lower the fire hazard. The Clean Energy 2030 proposal is "a potential path to weaning the U.S. off of coal and oil for electricity generation by 2030 (with some remaining use of natural gas as well as nuclear, and cutting oil use for cars by 44%" (knoll). By increasing the use of wind and solar energy the U.S. can start to wean off energy that

produces a lot of carbon dioxide into our atmosphere. In addition Clean Energy 2030 relies on the hybrid and electric vehicles. It is important that as the technology of these vehicles is improved that people begin switching over to these vehicles to reduce the amount of crude oil needed. The plan states that by 2030 gas prices will double giving people a financial incentive to switch to electric vehicles before then. In addition to helping the environment Clean Energy 2030 will also help the local communities. Clean Energy 2030 is expected to create many jobs, about 9 million net.



These jobs will vary in wind energy (both onshore and offshore), solar energy and efficiency. The table below breaks down the type of jobs that will be available, as well as the increase in the jobs and how many jobs will be available.

**Job estimates.**

	Cumulative new jobs (2009-2030)	Average new jobs per year (2009-2030)	Construction jobs per TWh	Operations jobs per TWh	Job scaling factor in 2030*	Reference
<b>Efficiency</b>	5,750,000	261,000	4150	0	100%	<a href="#">ACEEE</a>
			<b>Construction jobs per GW</b>	<b>Operations jobs per GW</b>		
<b>Wind</b>	6,740,000	306,000	21,200	739	75%	<a href="#">US DOE</a>

	(onshore) 1,590,000 (offshore)	(onshore) 72,300 (offshore)			(onshore) 67% (offshore)	
<b>Solar PV</b>	5,480,000	249,000	66,140	0	34%	<a href="#">Navigant Consulting</a>
<b>Solar CSP</b>	2,870,000	130,000	40,720	1742	57%	<a href="#">NREL</a>
<b>Geothermal</b>	790,000	36,000	6400	740	100% (conventional) 70% (EGS)	<a href="#">Geothermal Energy Association</a>
<b>Subtotal</b>	23,210,000	1,055,000				
<b>Coal</b>	-9,020,000	-410,000	20,464	1681	100%	<a href="#">NREL</a>
<b>Natural gas</b>	-5,440,000	-247,000	5826	2278	100%	<a href="#">NREL</a>
<b>Net total</b>	<b>8,750,000</b>	<b>398,000</b>				

Clean Energy 2030 is a wonderful plan that Google has established which will create much needed jobs in addition to helping the U.S. wean off of crude oil from overseas sources. With the increase in natural energy and the increase in electric vehicles the US can lower their carbon dioxide emissions by 49% by 2030 (Greenblatt).

This is only one way Google has decided to help our communities and environment. Google also has other projects such as Green Initiatives and Google.org. Green Initiative is Google's way of lowering their carbon footprint. The Green Initiative talks about how they avoid the use of air conditioning in their buildings where it is not necessary, they have a biodiesel shuttle for their employees to get to work as well as encouraging bike riding and ride sharing among their employees. In addition they make sure to recycle as much as they can and use practical thinking to ensure they make the least environmental impact where they can. Google.org is a website that Google developed using their "strengths in information and technology to build products and advocate for policies that address global challenges." Among these projects is Google Earth Engine which uses satellite images to help find information about the world's forests. Google Crisis Response provides information to support disaster relief using satellite images.

Google has taken an initiative on many projects to help our communities and environment. These projects give Google a positive image to their customers and give the company an overall company feel that they strive for.

### Keep Up With Technology

Another measure that both Google and their customers find important is keeping up with technology. The 21st century is all about new and improving technology that changes at a fast pace. Google has been the leader in new technology in many aspects such as Google Maps, Orkut, Froogle, Picasa, YouTube, Google Chrome and various mobile services. Google Maps is a one of a kind service that Google developed. It provides its users with street level images of various places around the globe as well as accurate directions to various places they may want to drive. Google Map's satellite images are so clear and useful it has opened the door for Google's previously mentioned projects such as the Google Crisis Response. Froogle is Google's version of an auction site where customers can buy and sell products at lower prices. Orkut is Google's first attempt at a social networking site; which they now have improved and call Google+. Google has established such an excellent name to its customers that consumers are willing to try most of their products just because Google made it (Sullivan). In fact Google+ is in competition with Facebook because users of Facebook are not satisfied with the changes has made and are thus turning to Google+.

Google understands the importance of keeping up with technology to keep a positive customer image. Google is based on innovation and for years now have come up with some new service or program for their customers every year. With the technology increase in cellular phones Google has made a program to better serve their customers who use cellular phones. With applications that are made for cellular phones Google users can easily navigate through pages on their phones which have been made especially for phone use. In addition Google has made mobile phone applications in 17 different languages to better serve their growing customer base.

### Going Global

From the beginning it has been apparent that Google was striving to become the world's best search engine. A mere two years after becoming incorporated Google came out with ten new languages for their search engine. The languages released in May of 2000 ranged from French, German, and Italian to Swedish, Finnish, Norwegian and Danish. A few months later in September of 2000 they released three more languages (Korean, Japanese and Chinese) raising their language count to fifteen. The languages offered increased to 26 by March of 2001. By

providing such a variety of languages they enabled Google to serve not only the United States but other countries worldwide. In fact Google now covers 98% of the languages used by its users which they achieved in February of 2009. In addition to having such a wide range of languages available they have opened offices in various countries as well. In August 2001 Google opened up their first international office in Tokyo. In October 2002 another office was opened in Sydney Australia and in October of 2004 they opened an office in Dublin, Ireland. It is important for Google to be available to its customers worldwide and it gives customers a positive image of Google because they are marketing to a global economy (Google Company).

### **Internal Business Perspective**

The third aspect of the Balanced Scorecard Assignment is the international business perspective, which is responsible for answering the following question: What must we excel at?

#### **Innovation**

Google creativity and innovation has been essential to its ongoing success of maintaining loyal customers and users. The latest addition of cloud computing to Google's product and services is changing the way resources, information, and software is being stored and operated. Cloud computing is web based computing, which means pictures, videos, documents, information, software and hardware are conveniently stored on the internet in multiple locations. Since software components are updated through the internet, different format of information are readily accessible through smart phones, net books, laptops, and similar devices without the need to install or update any software or hardware. In 2009 alone, [Cloud computing] launched over 100 improvements and customers didn't need to manage any upgrades or patches (Google.com). Basically, users do not have to be concerned with application updates or computer compatibility. Cloud computing also can limit or allow multiple users to access and work on a document online, while protecting files from computer crashes or spill disaster that may occur. Ultimately, costumers are spending less through Google's economy of scale. With applications that run in the browser, users benefit from not paying for costly specialized software to license, patching and periodic replacement.

## Best Search Engine

Google is aimed at being the “perfect search engine”. The four key attributes that characterize Google as the best search engine are relevance, comprehensiveness, freshness, and speed. Relevance is defined by CEO Larry Page, as “giving [users] back exactly what [they] want” (google.com). Today, Google uses more than “200 signals, to order websites, and personalizes search results based on users web history and location” to respond to searches and deliver accurate results. The second attribute Google seeks to improve is the comprehensiveness of its search engine. In 1998, Google search engine only consisted of 25 million pages. Today, Google’s index consist of roughly 100 million gigabytes of webpage’s, with continuing investment to expand the depth of its information services. Universal Search was integrated in 2007, which delivers images, videos, news, books and more into main search results, which means we have potential access to nearly everything online. The third element Google focuses on is the freshness of search results. In the early days, the web was updated only every 3 to 4 months, which meant that information provided was typically out of date. Today, the latest news, blogs and status updates minutes or even seconds after they’re posted (Google.com). Lastly, Google prides on speed. Speed is a major search priority, which is why new features are excluded if it compensates with search performance. Currently, Google’s average query response time is roughly a quarter of a second (Google.com). Also, with technologies like auto complete and Google Instant, Google helps users find the search terms and results before we’re even finished typing. There ongoing effort to progress as a search engine, Google sets the standards for providing blazing fast and relevant results.

## Become Global

Investment in the global market started in Google’s early days, with the extension of Google.com in 15 foreign languages in 2000, four years after it established. Only a year after, Google established its first international office in Tokyo in 2001. In the same year, Google’s made it earliest direct foreign invest in effort to expand its global services partnering with Universo Online (UOL) to provide millions of UOL users throughout Brazil and Latin America access to its search engine. Again in 2007, Google joined with China Mobile, the world’s largest mobile telecommunications carrier in an investment to provide mobile and Internet search services in China (Google.com). As of now, Google have offices in over 40 nations, reflecting

approximately the 40 languages of Google search engine that it offers (Google.com). Earnings from foreign markets make up half of Google's revenue, mostly generated through sponsored advertisement (Businessweek.com). More recently, Google Earth was developed, which provides a panoramic views of streets, suburbs, cities in developed nations. This tool which is already available on mobile smart-phones, proposes new ways to deliver revenue for Google through advertisement. As revenue from domestic investment slows down, it is speculated that Google strategically investment in other developing foreign markets to capitalize on the technological creativity of its products.

### Recruiting Top People/Keeping Top People

Google recruits are among the best in its industry, characterizing as a company that only "attracts and leverage the talent of exceptional engineers and business people", which is why it has one of the most extensive stages of hiring (Google.com). After an applicant qualifications and experience is reviewed by recruiters and determined fit, a 30-40 minutes phone interview is conducted to assess his or her technical skills and proficiency. If an interviewee passes to the next phase, an in-person interview, to evaluate the applicant core business or software engineering skills. Through the whole process, an interviewee talks to at least four interviewers from both management department and potential colleagues. Following your interviews, Google can take up to two weeks for us to make their hiring decision (Google.com). Although Google hires by a strict regimen, its work environment displays an adverse impression. Their workplace promotes creativity and innovation in environments that inspires a different approach to brainstorming. Different locations provide employees with recreational items like pool tables, volleyball courts, ping pong tables, and countless other elements to promote creativity and an enjoyable work environment. In addition, Google offers other perks and pays bonuses to keep employees on their feet as well. Undoubtedly, Google ranked at No.4 on Fortune 500's Top Companies to Work For in 2010 (cnnmoney.com). At a glance, Google's extreme recruiting method and amusing ways of pleasing their employees seem is counterintuitive, but with a more than 20% increase in revenue in 2010, it's clear that Google's operational strategy works for them (Google.com).

## Innovation and Learning Perspective



### The Value Chain

The value chain of Google is very distinct and slightly different than a typical value chain you would see from other companies. The traditional value chain model shows how companies combine their resources to turn raw materials into physical goods which is then sold and turned into a profit. Google however does not actually produce physical goods. Instead Google treats their web users as their source of raw materials. Google attracts their users through their unique and advanced search engine and uses advertisements and signs to direct them, as roads and signs direct traffic. The signs are Google's advertising partners which transform their traffic of users into sales by directing them towards Google's partners' websites. The traffic is converted into sales because of Google's unique way of connecting the users search requests with Google's advertising partners, making it more likely that the user will purchase goods from their partner's websites.

Google's value chain highly relies on its support from its administration and human resource departments. One of the reasons why Google is so successful is because they continue to strive in developing new, attractive and innovative tools for their users and partners to use. As you can see in the value chain figure above, Google holds its Product R&D, Technology, and Systems Development at their highest importance. Google equips their human resources department with unique skills and tools to continue bringing in the brightest most talented employees in order to achieve their mission of continuing innovation. Google equips their



administration department with similar tools in order to keep these key employees they worked so hard to find and mold them into Google's value chain.

Google's value chain also holds their infrastructure and systems with a significant amount of importance that is equally matched with their value of employees. Google's software and hardware is responsible for conducting the company's operations, distributions, sales and services. Google has strategically built their infrastructure around a system that allows every contributing activity to increase the company's value chain and profits. Google uses their transaction history and unique analytical tools to continue improving their systems just by examining the behaviors of their users. Google has strategically placed the company in multiple locations around the world to localize their distributions and marketing. Google's global positioning also allows them stay up to date on their culture awareness to continue delivering products and services tailored to the interests of the consumers in those areas. Google's analytical tools are allowing the company to constantly improve their systems which will allow them to attract new users and partnerships which increases Google's overall profits.

Google has achieved a remarkably strong and sustainable competitive advantage through its high ranking values that were developed through their value chain. Google's powerful search engine creates an extremely high value to its users by providing links precisely relevant to their requests. Google's search engine is capable of providing results to searches of extremely common subjects such as "Toyota automobiles" and uncommon subjects such as "spinal surgery." Many businesses have come to rely on Google's capabilities to direct their users to their partners' websites in order to generate revenue. It is important for Google to continue providing high value to its users which will ultimately increase Google and their partners overall profits.

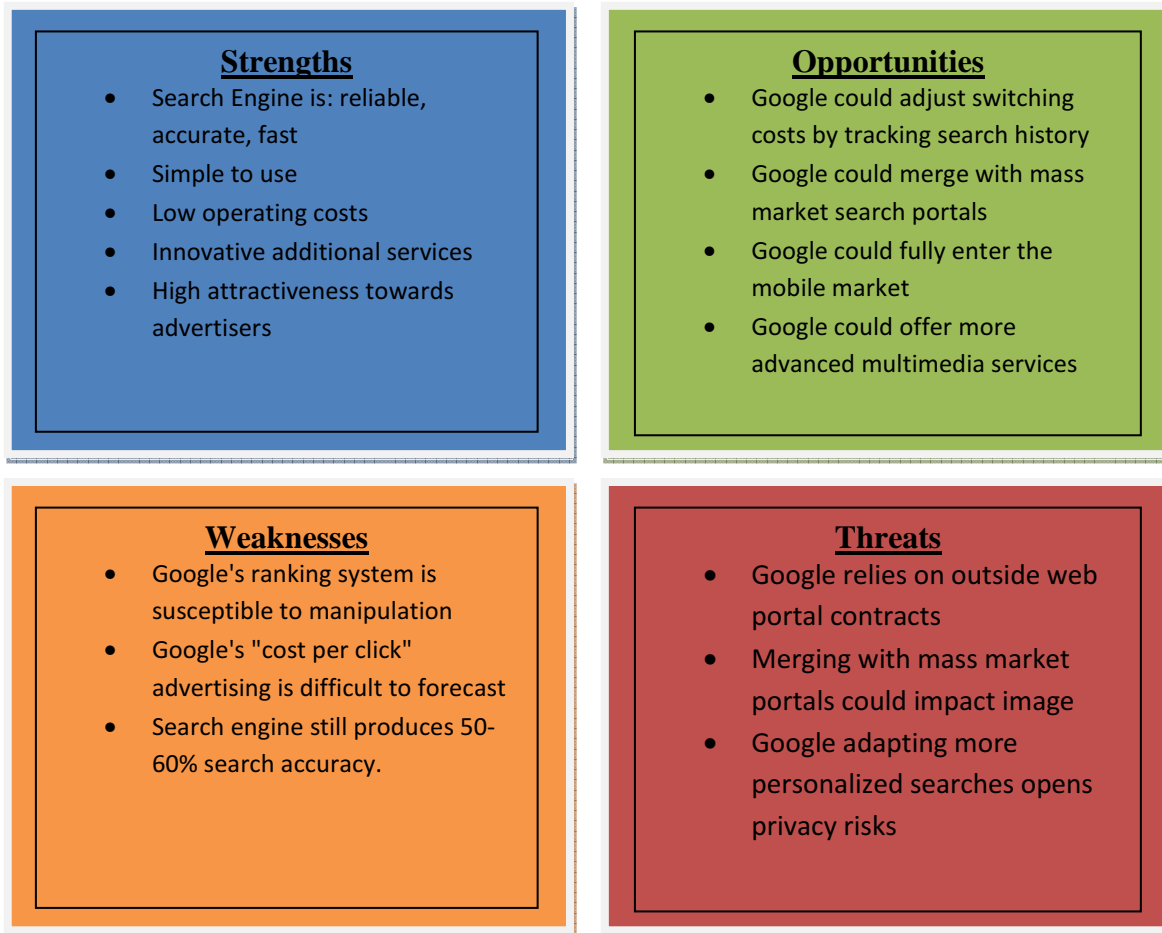
Google has built an extremely rare search engine system that does not allow Yahoo and Microsoft, Google's main competitors, to compete against them. Google's competitors simply do not produce the same highly satisfying results through their own search engines the way Google's does. Google has strategically designed their search engine page to be completely unique all on its own compared to Yahoo and Microsoft. Both competitors feature similar search engine pages with a lot of advertisements and additional information that cover their entire page. Google has taken the more simplistic approach by providing just the search engine on their page. Google has decided to approach this direction because they strongly believe that "advertisements

should not be an annoying interruption" and distract the user from the main reason why they approached a search engine page to begin with.

Google's complex infrastructure makes it difficult for competitors to imitate their value chain. Google has strategically placed structures around the world equipped with extremely fast computer servers that are synced together. Since Google's design on their search engine has the ability to improve its self each time it is used, and Google's competitive advantage of having the largest market share, Google has been able to stay ahead of their competitors. It is extremely difficult for any of Google's competitors to compete against a system that is continually improving its searching capabilities and receiving the most attention from users. Google's search engine simply improves its self more quickly than their competitors. Google's data process that makes their search engine improve itself requires a lot of time and a developed analytical system. Without going through this complicated process, the data and its potential usage would be useless. Google has taken the time to refine their process of retrieving this data and discovering its meaning, creating a very complex system that makes it difficult for competitors to imitate. Google's unique interface has remained different for multiple strategic values. One value is that the clean and simple look provides more space and better quality advertising for Google's partners to benefit from. Since Google's advertising partners are not concerned with the satisfaction that the user gets from using Google's search engine, the simplicity and more space is very attractive to these companies. More space and access to higher quality advertisements fulfills the advertising partners' only concern, and that concern is the achieving maximum return of investment through its advertisements. Google's competitors would have a difficult time imitating this asset because it would require the companies to completely change their search engines image. Google was also developed during a historical time period, which will be impossible for new competitors to imitate. Some of Google's success was their strategic decision to enter the market back in the 1990's when the internet and search engines were developed. Google was able to achieve a first-mover advantage and created itself during a unique historical time period that cannot be recreated.

The internet is the single most used and most efficient way of sharing and receiving information all over the world. Google has achieved a strong sustainability in a market that will probably not be replaced by a better technology for a long time. Google has taken advantage of this unique position to stretch out its capabilities and not confine itself with just one type of

information searching. Google has developed and refined ways to search for all different types of information and continues seeking out other areas it can establish itself in. Special information applications such as shopping, books and music are all the types Google is growing into. Google's unique infrastructure and its competitive advantages allow the company to lead the industry with minimal hassle and little fear of ever losing a strong market share.



### Google's SWOT Analysis

Google has achieved an incredible competitive advantage in the web search engine industry by having a very unique set of skills, constantly observing their market and seeking out new opportunities, and keeping a tight control and observation on their weaknesses and possible threats.

Google has been dominating the market with their powerful search engine tools. Google offers a search engine that has built an incredibly strong relationship with its users over time by staying extremely accurate and reliable. This positive reputation has reached other companies

ears and brings a high attractive value to advertise using Google's search engine. Google does not need to rely on high marketing costs due to its reputable background. Google has taken a different approach with their search engine page by staying clean and simple. Microsoft and Yahoo, Google's greatest competitors, have flooded their search engine pages with advertisements and customization tools that make their pages feel cluttered and confusing. Google's infrastructure allows continued innovative ideas to insure a long-term life cycle with the company. Google's system is capable of improving itself each time their consumers use their search engine. This guarantees a continued line of improvement as long as users continue to use their search engine.

Google uses a "pay per click" advertising system to bring revenue in for their partners when the user is directed to the related sites. The "pay per click" system makes it difficult for businesses to calculate a usable forecast because Google cannot guarantee that the user's search request will be relevant to that particular company. This could discourage companies to participate in this program and if Google's image were to ever take a negative impact, it could result in a loss of current advertising partnerships. Even though Google has built an incredible reputation and has become the #1 search engine, it still only produces an estimated 50-60% search accuracy. Google's search engine is unique in the market due to its design of developing its accuracy based off its user's usage. Google tracks the search information and what web sites they most commonly relate their search to in order to create its accuracy. This system has proven to be very reliable, fast and accurate but it lacks in catering to specific needs. Yahoo and Microsoft have designed their search engines to cater to more personalized and specific individual requests preventing Google's search engine from achieving a higher ranking accuracy. Google's advertisement program has also become susceptible to manipulation from its users. Users are capable to flooding Google's search engine by paying for Google's advertising partnership with useless and inaccurate websites. Google's contract with their advertising partners promises to connect the user to their related websites first when the users search is related to them. Google's search engine is not capable of determining which websites are useful or useless when the user is paying Google to direct the user to their sites.

Google could enter the mass market search portals, granting them more channels to retrieve even more data for their systems to consume and analyze. Gaining more data through more channels means that Google would have access to information they could use to offer their

users even more possible related search results. However, more data does not guarantee it is useful or relevant. Google will have to be careful that they do not flood their data with irrelevant information which could ultimately leave the user struggling to find a fast and accurate search. Google could also attempt to fully enter the mobile internet market. With the growing demand for new ways to be mobilizing the internet, indirect competitors are gaining a huge market share on developing innovative tools to meet the growing demand. With Google's established reputation and its developed information tools in all types of information, Google could take this opportunity to enter the market by simply designing a device that could carry all of their already established tools and services. This opportunity would ultimately give Google the advantage of not confining their services to a single location such as a home or business computer. The internet is becoming more available and easier to use all around the world. The internet market has an ever growing demand for more ways to share even more different types of information through the internet. Google has the opportunity to offer more advanced multimedia services. Services such as video chat, and live news streaming is opening new opportunities for companies like Google to really refine and develop advanced ways to meet this growing demand.



### Global Strategy

Google has become an incredible force that is unmatched amongst its competitors. Google is constantly moving forward thinking and creating incredible new ideas to expand their reach in the global market. Google has built their infrastructure around the idea to always think forward and outside the box and has brought tools and services that completely change the way we live our lives and do business around the world.

One innovative idea to improve the modern business is a program called Google Shared Spaces. This product's goal is simply to increase the efficiency in most modern businesses. Shared Spaces is an interactive platform where all employees, even around the world, can easily

connect with each other. The program offers tools to the users that will allow them to share in real time all the information they desire. Now companies with employees spread across nationally or internationally can brainstorm together, do surveys and time frame management all with a single gadget in Shared Spaces. This will ultimately improve the way most businesses operate because they will have the opportunity to share critical information more effectively and efficiently bringing faster results. This tool is still in its early life cycle but will hopefully have a significant impact on the world's economy due to the increased productivity with lower costs shared between offices all over the world.

Another global strategy is Google's decision to develop and launch the Android operating system with an application creation system available to any users without programming skills. This will allow users that do not have the knowledge or programming background to have the capabilities of creating their own applications for Google's Android system. This move by Google will make an impact on the entire application market ultimately affecting every competitor of Google. Applications will flood the market for the Android device now that Google has made it possible for anyone to create. The world should see massive amounts of user applications created from users all over the world. Google has enabled creative thinking and profitable opportunities for users all across the world. Applications will be improved and new, innovative ideas will be shared at blurring speeds that have never been seen before.

Google has also created a gadget called the Aardvark. The Aardvark is another global strategy tool that Google has created. The Aardvark has the ability to act as a platform that will connect you to real people with the information you are trying to search for on the internet. Imagine the possibilities of having instant confirmation of the credibility on the information you have been searching for. Connecting with a real live professional that has mastered the knowledge of the information a user is searching for. Aardvark searches through all of the major social networks and picks up on the keywords you are searching for. Through the social networks Aardvark will be able to find, and connect individuals to the user, the same way we use our Facebook and e-mails to connect ourselves to the world. The Aardvark will connect you with a professional that best matches your search and is most qualified to answer the user's queries. This will be the first time in the world that research information can be validated effectively and immediately.

## **Conclusion**

Google has become a company people admire for their financial growth, their customer ratings, their way of treating their employees and their innovation. Throughout our research we have found that in all four areas Google strives to be the best and have several measures put in place to achieve their goals and targets. Financially they are constantly trying to find ways to reduce their costs and find new acquisitions to put their brains into. Their customers are an important asset to them and they are constantly finding ways to improve the speed and security of their products and services which has kept them ranked high on the Customer Satisfaction Index. Google is known for treating their employees fantastic with many benefits and have been ranked in the top fifth in Forbes “100 Best Companies to Work For” for several years now. Innovation is something Google has been known for since they were founded and they are continuously coming out with new services and more advanced upgrades to existing services.

Google has been the pioneer in its industry since it first stepped foot in the search engine market. Google has developed a corporate strategy to address concerns in the world and develop technology to save it. For now Google has developed tools that have revolutionized the way we live our lives and conduct business across the globe. Google's innovation will create an incredible force behind the way we search and share information to the world.

## Google Balanced Scorecard

Perspectives	Objectives	Measurements	Targets			Initiatives
			FY 2008	FY 2009	FY 2010	
<b>Financial</b>	Revenue Growth Profitability Operation Costs  Stock Prices	% Change in Revenue Return on Equity % Costs of Revenue vs. Expenses  Stock Prices (using Dec 31 year close)	31.3% <b>-18.9%</b> 0.2%  <b>-44.5%</b>	8.5% 20.7% <b>-4.8%</b>  201.5%	24.0% 1.7% -0.2%  <b>-4.2%</b>	More Operating Capital Increase Return on Equity Increase Efficiencies by Reducing Expenses Increasing Stock Prices
<b>Customer</b>	Customer Satisfaction Overall Company Feel Keeping Up With Technology Going Global	Customer Satisfaction Index Ranking on Forbes List/Going Green New Acquisitions Revenues by region	86 1 1.4 bil 4%	86 4 1.5 bil 3%	80 4 1.8 bil 1%	Top research teams Clean Energy 2030 Google+ Making their products available in almost all languages
<b>Internal Business</b>	-Innovation -Best Search Engine -Becoming Global -Recruiting Top People/Keeping Top People	Software Expansion Customer Usage Rating Foreign Involvement Job Growth	NA 72.07% NA 60%	NA 72.52% NA 40%	NA 71.59% NA NA	-Technological innovations -Increase speed and relevance -Foreign partnership -Cultivate challenging/productive environment
<b>Innovation and Learning</b>	Value Chain SWOT Analysis Global Strategy	Profit Margin  Geographical Revenues (US, UK, Others)	<b>-5.9%</b> N/A <b>-5%</b> , <b>-1%</b> , 4%	8.2% N/A <b>-2%</b> , 1%, 3%	1.4% N/A 1%, <b>-2%</b> , 1%	Key Employees, Infrastructure Competitive Advantages, Core Competencies Google Shared Spaces Android Applications Aardvark



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