GOOGLE
Strategic Management

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Why GOOGLE ?

1. https://www.youtube.com/watch?v=rRuiln1Sjd8
   USA Head office

2. https://www.youtube.com/watch?v=Q6e0ebDmw4c
   Google in Singapore

3. https://www.youtube.com/watch?v=K7ocSXyOS7o
   Google in Thailand

Google Facts

BUILT TO LAST

Preserve the Core

	Accompanying video (Y = yes; N = no)	Size: Small (S), Medium (M), Large (L)	The manager's role in crafting strategy	The manager's role in executing strategy	Vision, mission, and objectives	Crafting strategy in single-business companies	Industry and competitive analysis	Company resources and capabilities	Global or multinational strategy	E-commerce strategy issues	Diversification strategies and the analysis of multi-business corporations	Financial conditions and financial analysis	Staffing, people management, incentives and rewards	Organizational structure, core competencies, competitive capabilities, staffing	Policies, procedures, operating systems, best practices, continuous improvement	Corporate culture issues	Ethics, values, social responsibility	Exerting strategic leadership	Making action recommendations
Google's Strategy in 2008	Y	L	X		X	X	X	X	X	X		X				X	X		X

Discuss competition in the search Google. Which of the five competitive forces seem strongest? weakest? What is your assessment of overall industry attractiveness?

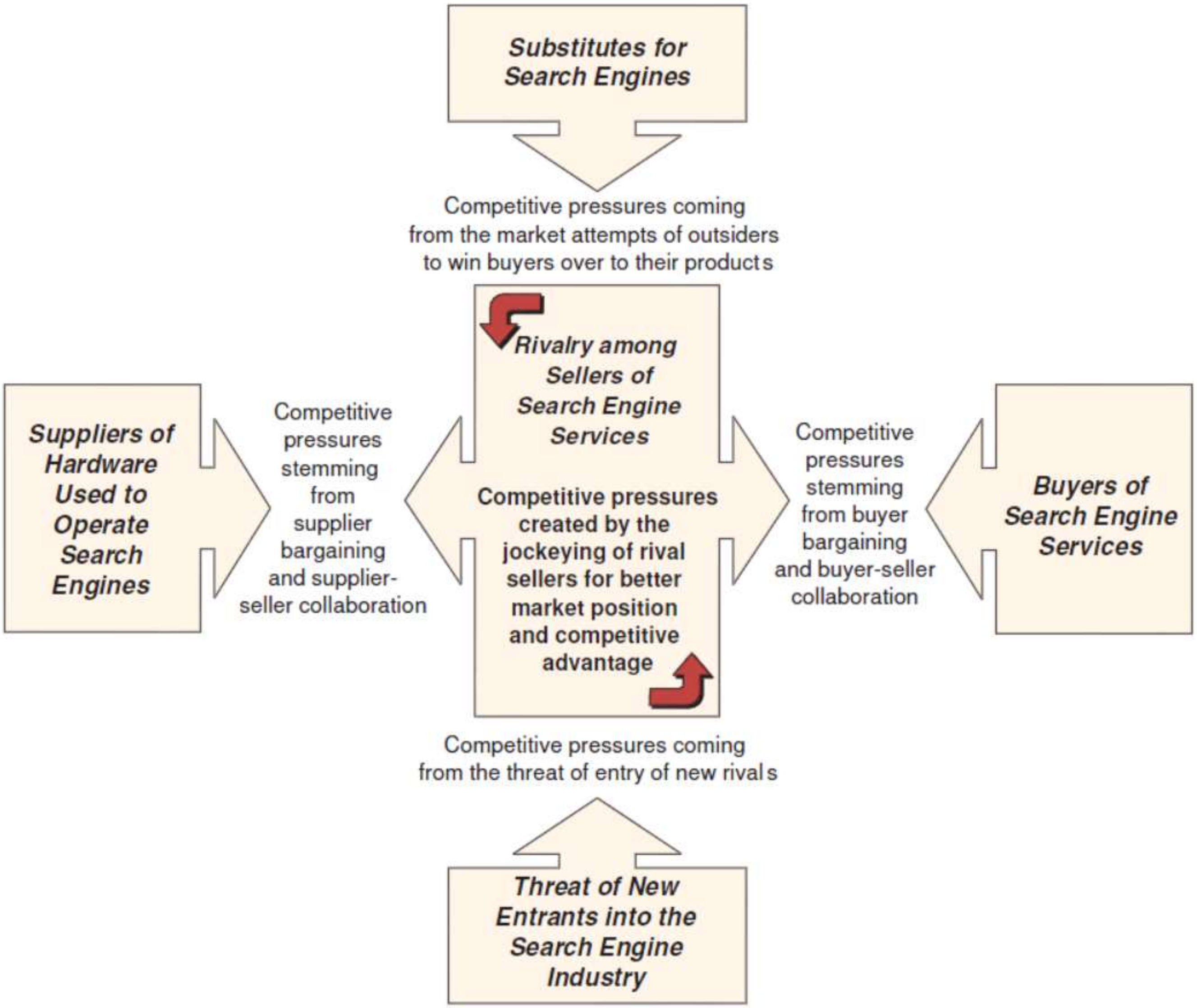
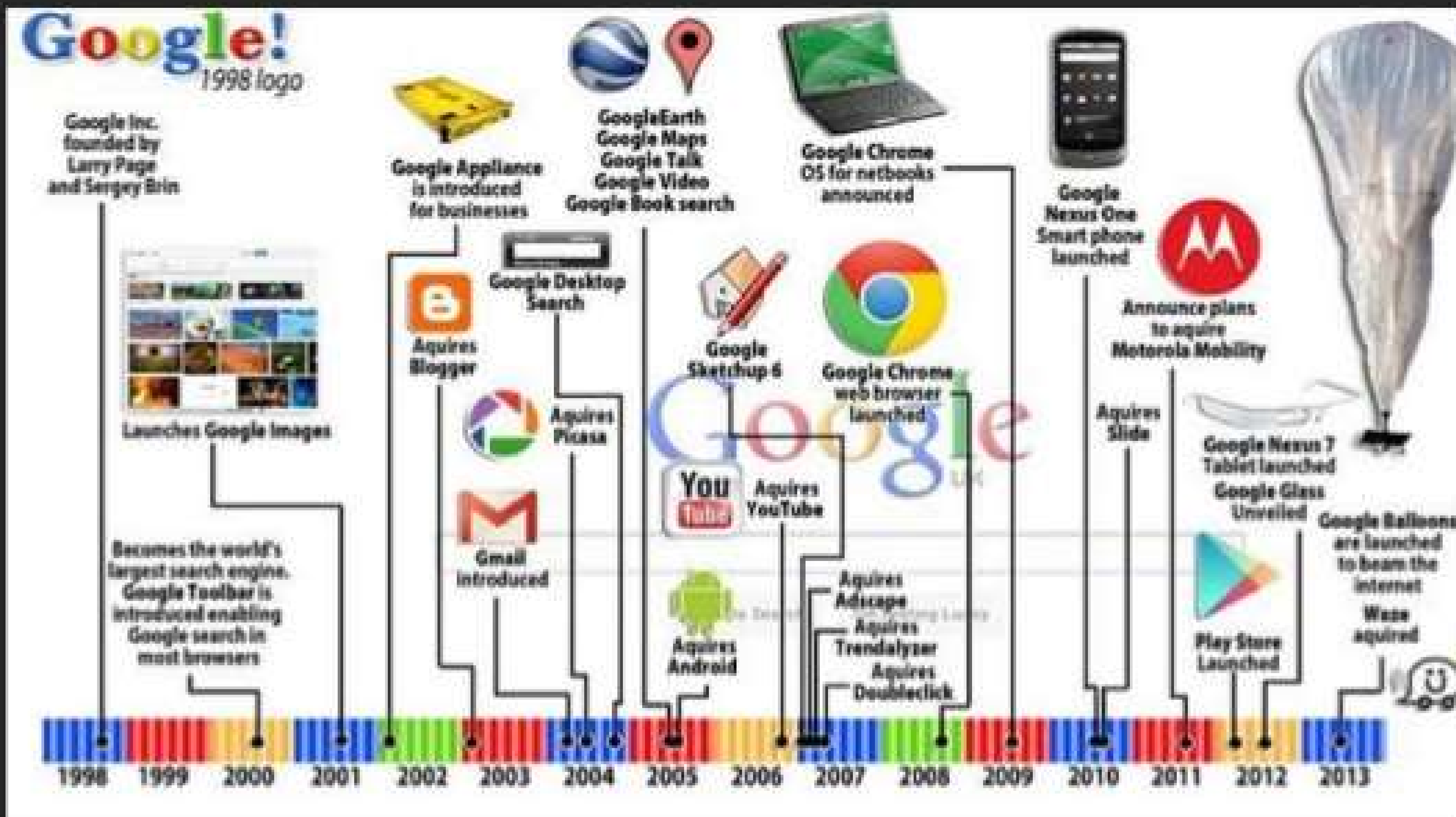


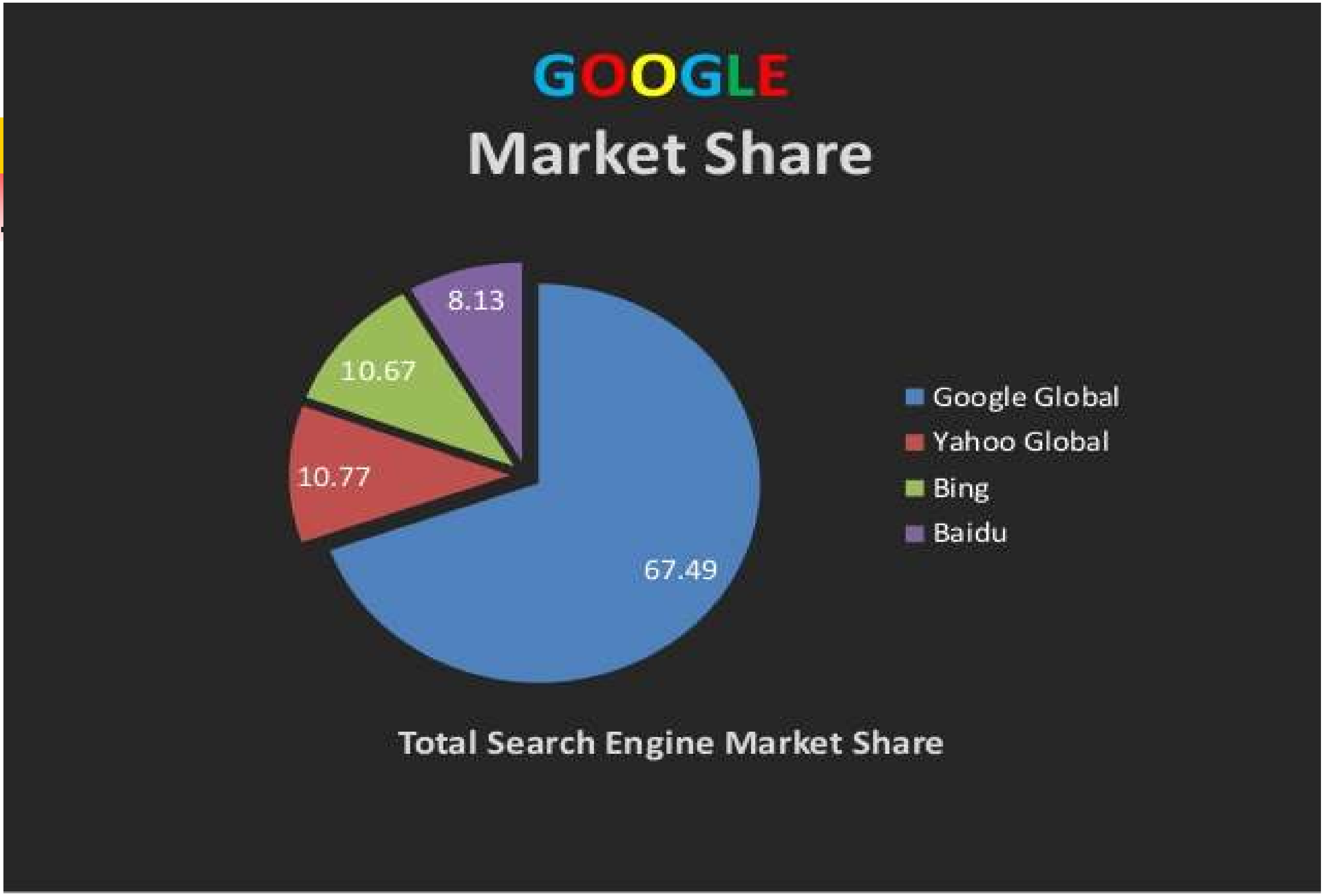
Table 1 Compound Annual Growth Rates For Items Included In Google's Consolidated Statement Of Operations, Fiscal 2008-2015

	CAGR (2008 - 2015)
Revenues	83%
Costs and expenses:	
Cost of revenues	81%
Research and development	120%
Sales and marketing	87%
General and administrative	64%
Stock-based compensation	40%
Non-recurring portion of settlement of disputes with Yahoo	
Total costs and expenses	79%
Income (loss) from operations	96%
Interest income (expense) and other, net	244%
Income (loss) before income taxes	101%
Provision for income taxes	57%
Net income (loss)	151%
Net income (loss) per share:	
Basic	105%
Diluted	139%

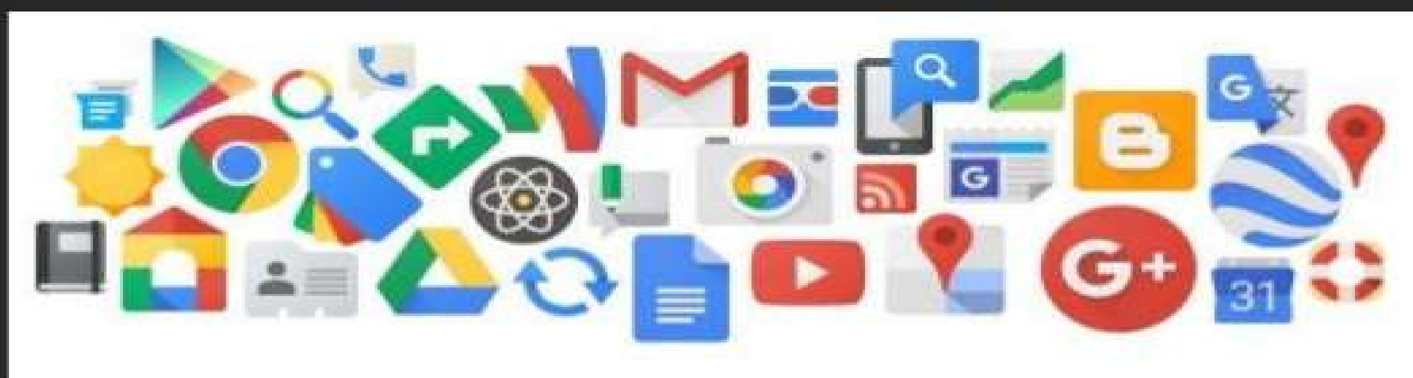
GOOGLE

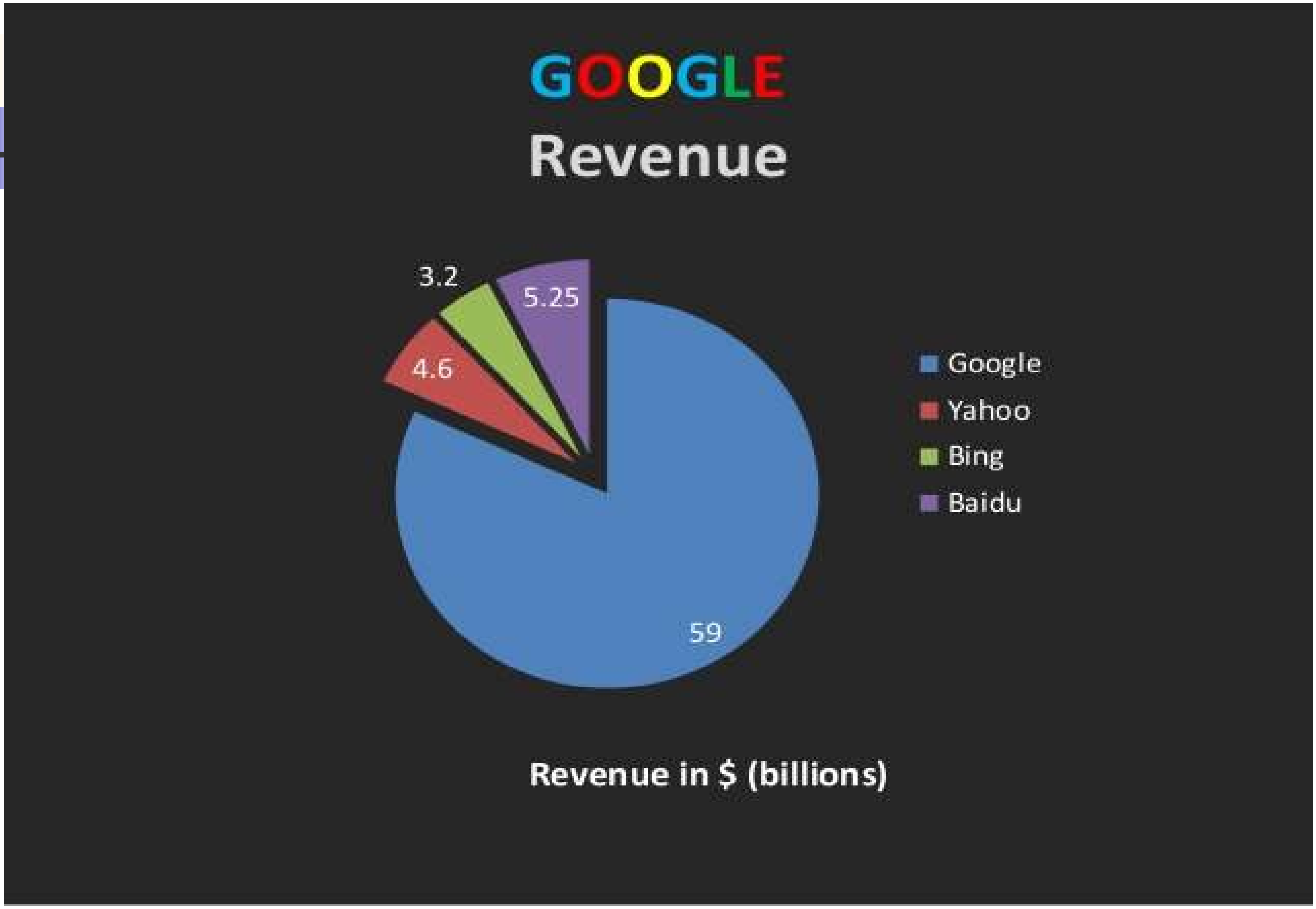
Product Timeline




GOOGLE
Market Share
8.13
10.67
10.77
67.49
Google Global
Yahoo Global
Bing
Baidu
Total Search Engine Market Share

GOOGLE
Product Offerings




GOOGLE
Revenue
3.2
5.25
4.6
59
Google
Yahoo
Bing
Baidu
Revenue in $ (billions)

GOOGLE

Levels of Strategy

Corporate level	• Stability - Stability approach to set a steady course • Growth - Sustainable growth strategy • Retrenchment – Orkut (Sept 2014) • Combination type - many times
Business level	• Focus on the user • Believes in constant improvement • Speed is priority • Democratic approach is used • Hungry of betterment
Functional level	• Work from home • Innovation labs • Individual startups

GOOGLE

Focus on Differentiation through

- Robust data centers world over
- Unique page search algorithm
- Continuous improvement through innovation

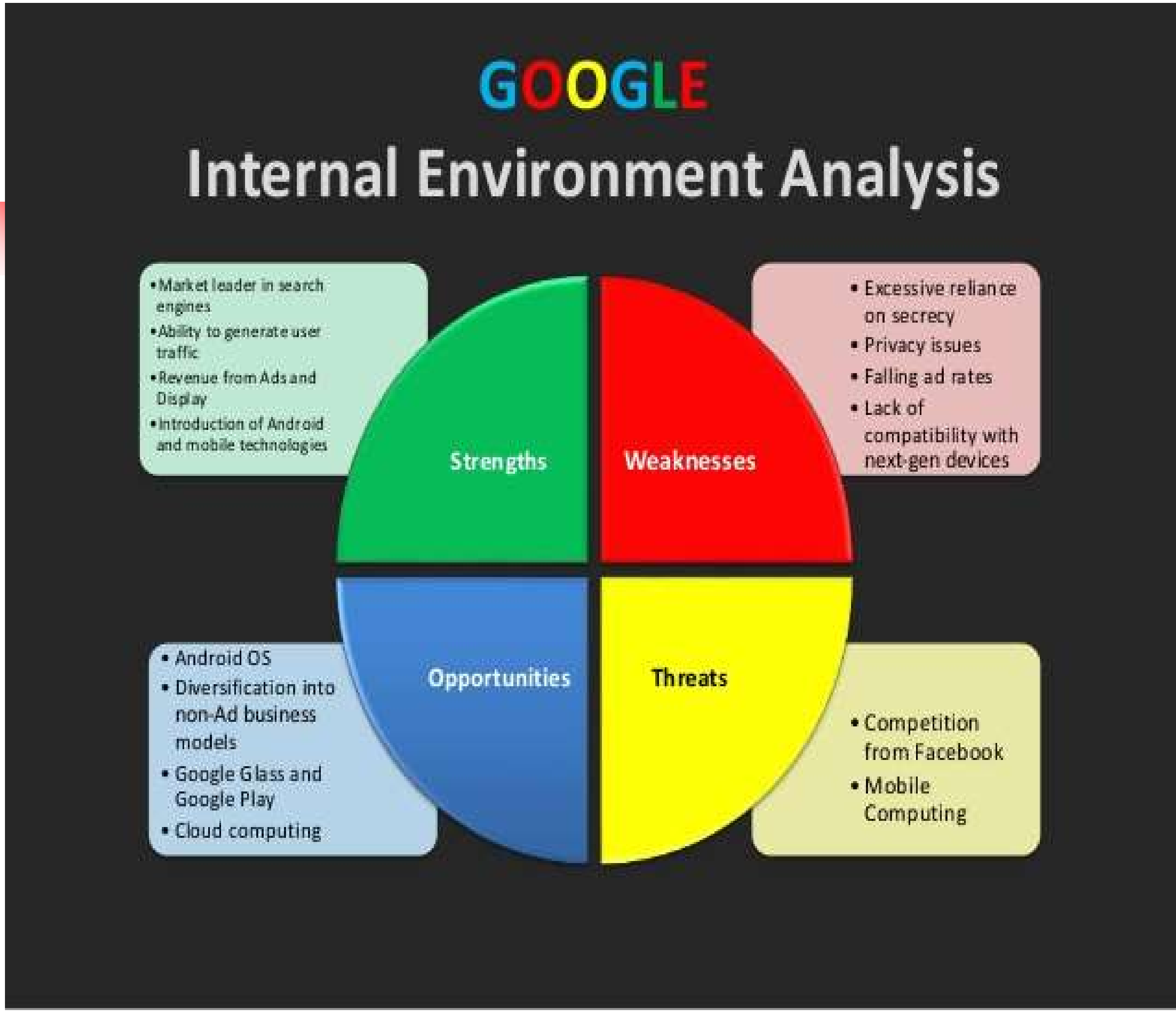
Primary Strategy

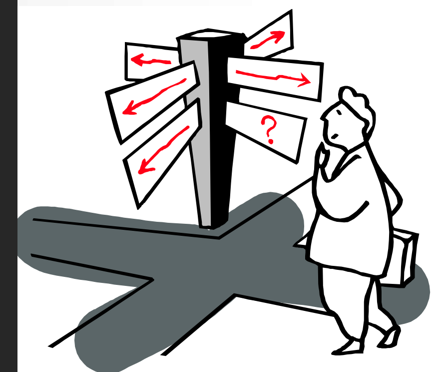
GOOGLE

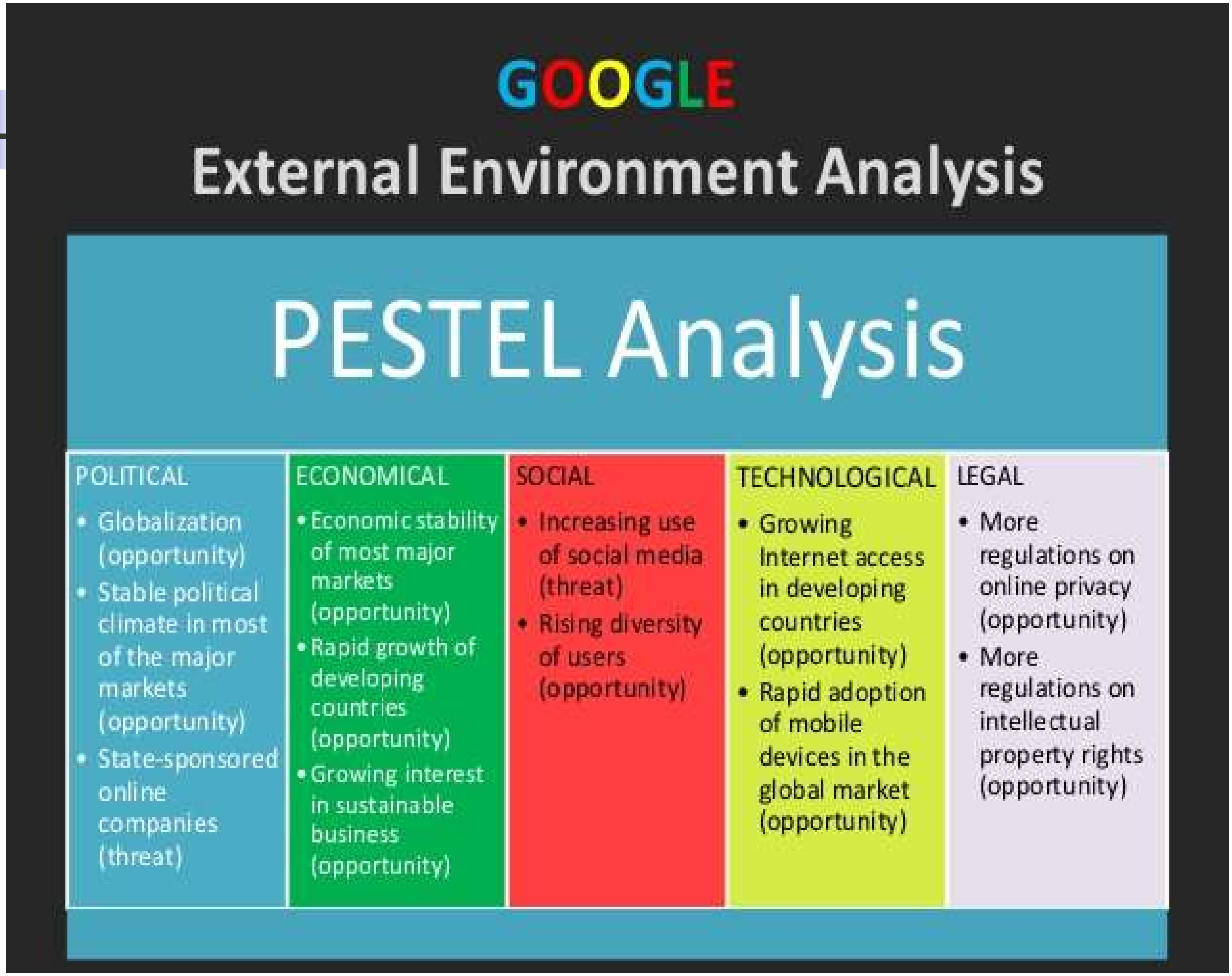
Focus on growth and expansion

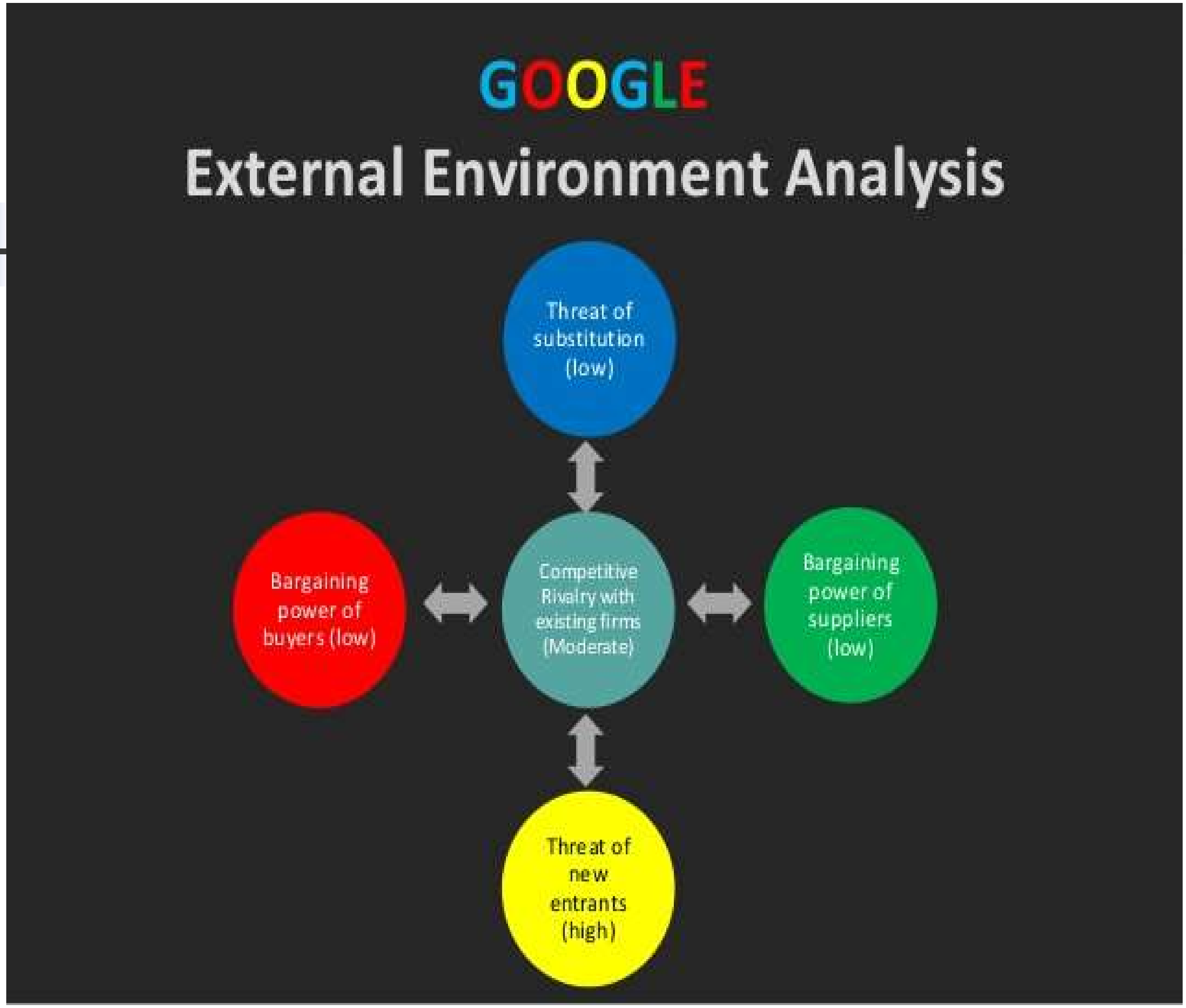
- Mergers & Acquisitions in related segments (YouTube, Android, Motorola)
- Innovative products (Cloud computing, Mobile computing, Gmail, Social Media, etc)
- Quick adoption of new technologies
- Forming strategic alliances to avail product collaborations

Secondary Strategy


GOOGLE
Internal Environment Analysis
• Market leader in search engines
• Ability to generate user traffic
• Revenue from Ads and Display
• Introduction of Android and mobile technologies
Strengths
Weaknesses
• Excessive reliance on secrecy
• Privacy issues
• Falling ad rates
• Lack of compatibility with next-gen devices
Opportunities
Threats
• Android OS
• Diversification into non-Ad business models
• Google Glass and Google Play
• Cloud computing
• Competition from Facebook
• Mobile Computing




GOOGLE
External Environment Analysis
PESTEL Analysis
POLITICAL
• Globalization (opportunity)
• Stable political climate in most of the major markets (opportunity)
• State-sponsored online companies (threat)
ECONOMICAL
• Economic stability of most major markets (opportunity)
• Rapid growth of developing countries (opportunity)
• Growing interest in sustainable business (opportunity)
SOCIAL
• Increasing use of social media (threat)
• Rising diversity of users (opportunity)
TECHNOLOGICAL
• Growing Internet access in developing countries (opportunity)
• Rapid adoption of mobile devices in the global market (opportunity)
LEGAL
• More regulations on online privacy (opportunity)
• More regulations on intellectual property rights (opportunity)


GOOGLE
External Environment Analysis
Threat of substitution (low)
Bargaining power of buyers (low)
Competitive Rivalry with existing firms (Moderate)
Bargaining power of suppliers (low)
Threat of new entrants (high)

Google Business

Google

What are they selling ?

- Web-based advertising

How ?

- Monetizing search traffic (CPC, Paid listing)

To whom ?

- Advertisers

Google makes 99% of its revenue from advertisings

Google Business

Google

What boosts the busine$$?

➢ Efficient Ads → More Advertisers → More revenues

What makes Google's ads so powerful ?

➢ N°1 Search Engine

➢ Diversity of ads support

➢ Relevant advertising

« 40% of all web searches have a commercial motivation »

Competition

Google

What are the main competitors  ?

Engine	Market Share		
	Aug-10	Jul-10	Aug-09
Google	**70.1%**	72.9%	72.6%
Bing Powered**	**26.0%**	-	-
Yahoo!	*13.5%*	*13.1%*	*15.4%*
Bing/MSFT	*12.4%*	*10.6%*	*9.0%*
Ask	**3.4%**	2.9%	2.4%
AOL	**0.6%**	0.5%	0.7%
Total	**100.0%**	100.0%	100.0%

YAHOO! msn

ebaY bing Ask.com

Microsoft amazon.com

« Who's afraid of Google ? Everyone. »

External Environment

PR like Political and Regulation factors

- Adoption of new technologies
- Local authorities blockage (censoring)

Organizing the world's information might be difficult in some countries

External Environment

E like Economical factors

- Stock market
- Publisher's numbers
- Foreign Exchange rate

« Investors expressed reservation about Google's unusual top management trio »

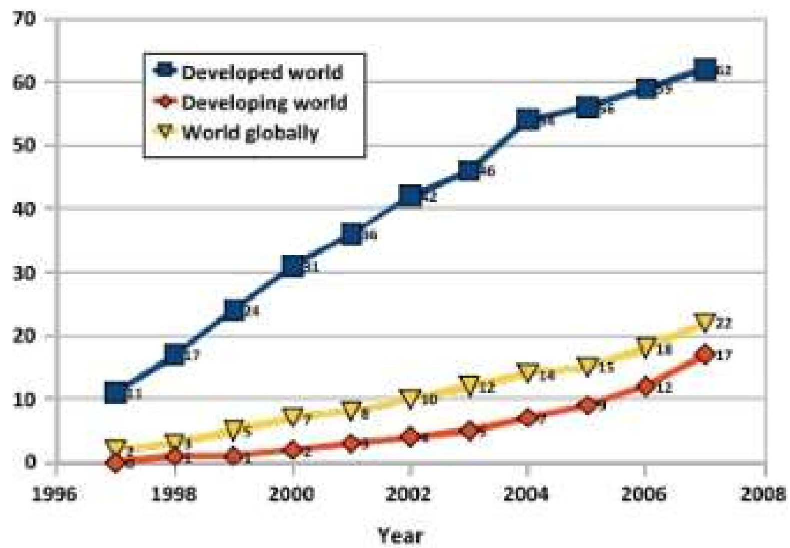
External Environment

Google

S like Social factors

- Numbers of users
- Trends
- Brand reputation

Internet users per 100 inhabitants 1997-2007 (Source: ITU)



Internet users : 500 millions in 2003, 1 billion in 2009

External Environment

Google

T like Technological factors

- The evolution of technologies
- Internet
- Network & Infrastructures
- Mobile phones market

« Google has persistently pushed <u>the limits of existing technology</u> »

External Environment

Google

L like Legal factors

- Privacy concerns

- Competition law

Legal threats to Google are important

Strategy

Strategy ties the company to its environment

Strategy

Market environment

Strategy

Google's mission

- **1**

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- Google's mission is to organize the world's information and make it universally accessible and useful

Company

Google's strategy

Google

Google's values

- Don't be evil

- Technology matters
- It's best to do one thing really, really well
- Great just isn't good enough

Strategy

Resources and skills

- Innovative technology
- Skilled work force
- Corporate culture

Strategy

Google

Key success factors

Corporate Culture
Innovative technology
Brand Name

Company

Strength

- Established brand name
- Strong marketing :word by mouth publicity is doing the job
- User-friendly interface with display of relevant and clear results
- Highly competent work: PHD researchers
- Innovative products
- A worldwide market share of 70%
- Reliance on top management trio ?

Weaknesses

Google

- Marketers don't control the cost and position of their advertisement
- Impact of click fraud practice on the business
- Reliance on top management trio ?
- No marketing for many products ,users are unaware of their existence

Opportunities

Google

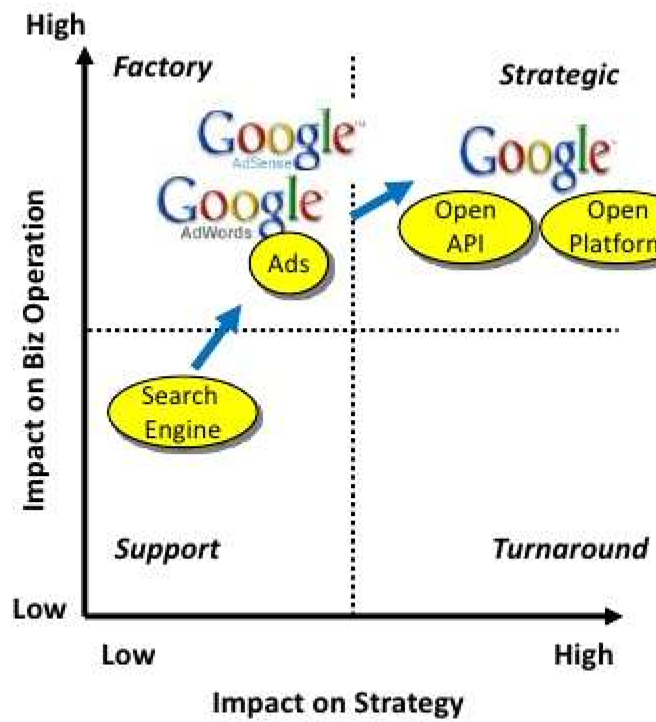
- Merging with an established mass-market portal to lock in large number of users and advertisers.
- Becoming a mass-market portal like Yahoo and MSN, where portals contain added attractions for users.
- Providing private search services to businesses
- Targeting the hand held mobile devices market
- Building the world's biggest digital library and online bookstore

Threats

- Emergence of many competitors, or merging of existing ones
- Google's advertising policy could disappoint its advertisers and start loosing many of them
- Copyright issues
- Privacy and security concerns
- Antitrust and competition laws
- Inability to adapt the infrastructure to the quick growth

Business Model Evolution

- Google's business is evolved strategically to Enhance/Expand/Extend.
- They allocate their engineering efforts by 70/20/10 rules



Diagnosis of Problems

Google

Symptoms

1. Ecosystem entities and even foreign governments voiced their concerns
2. The company neglected customer service
3. Google's management was unresponsive, self-centered, and dangerously cocky

Cause

Expanding scope is too broad

Google Overview

Google

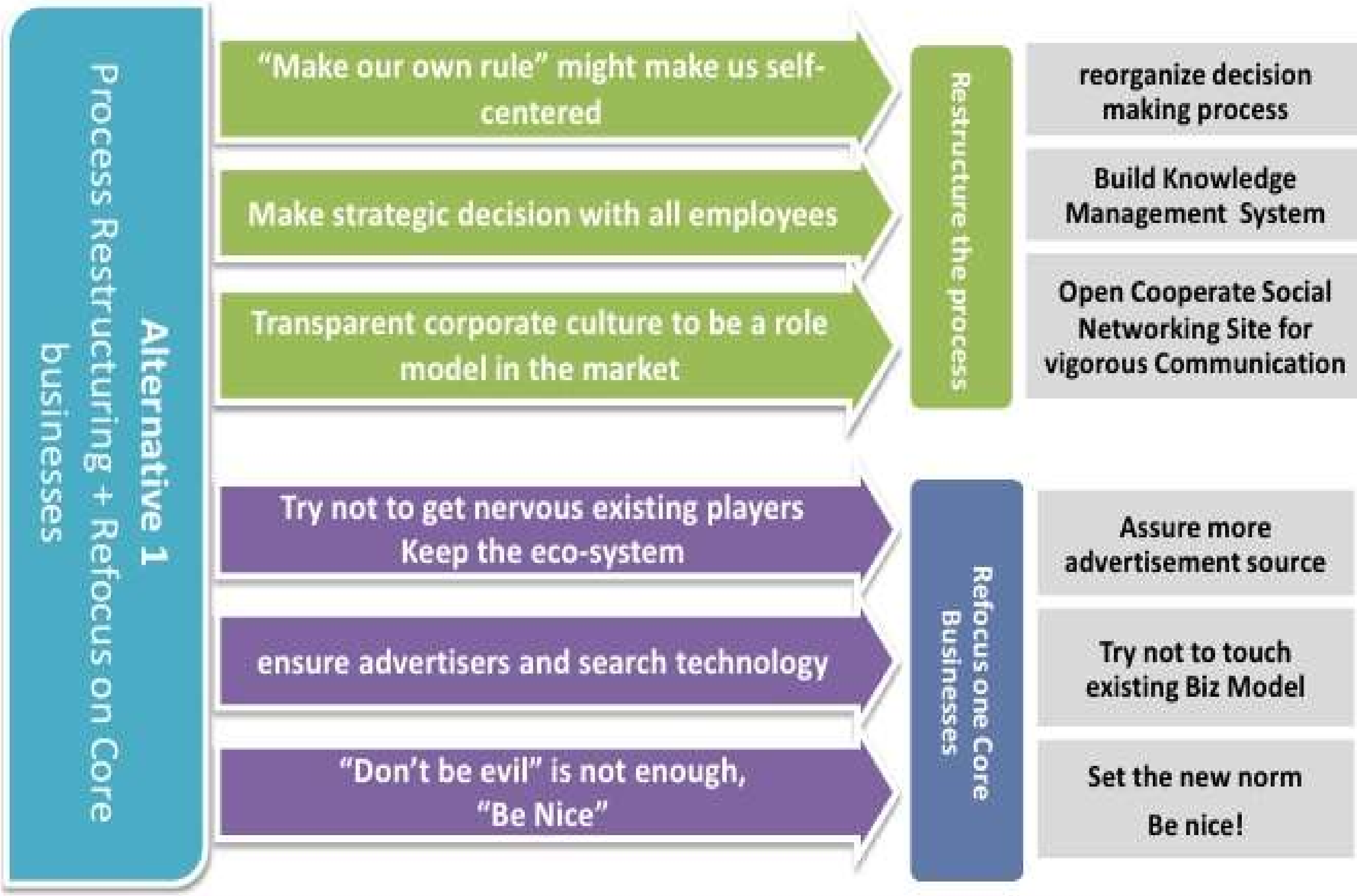
Philosophy

- **Focus on the user and all else will follow**
- **It's best to do one thing really, really well**
- Fast is better than slow
- Democracy on the web works
- You don't need to be at your desk to need an answer
- **You can make money without doing evil**
- There's always more information out there.
- The need for information crosses all borders.
- You can be serious without a suit
- Great just isn't good enough

Creative & Autonomous Organizational Culture!

Recommendation

- We recommend Google refocus and reorganize the corporate for the stable move in the future then, extend their scope to the new market with Eco-system



Recommendation: Analysis

- 6 Forces Analysis
  - Industry Competitors
  - Suppliers/Vendors
  - Customers/Clients
  - Potential New Entrants
  - Substitutes
  - Other Stakeholders
- Role of Tomorrow leaders

Recommendation: New Entrants and Entry Barriers

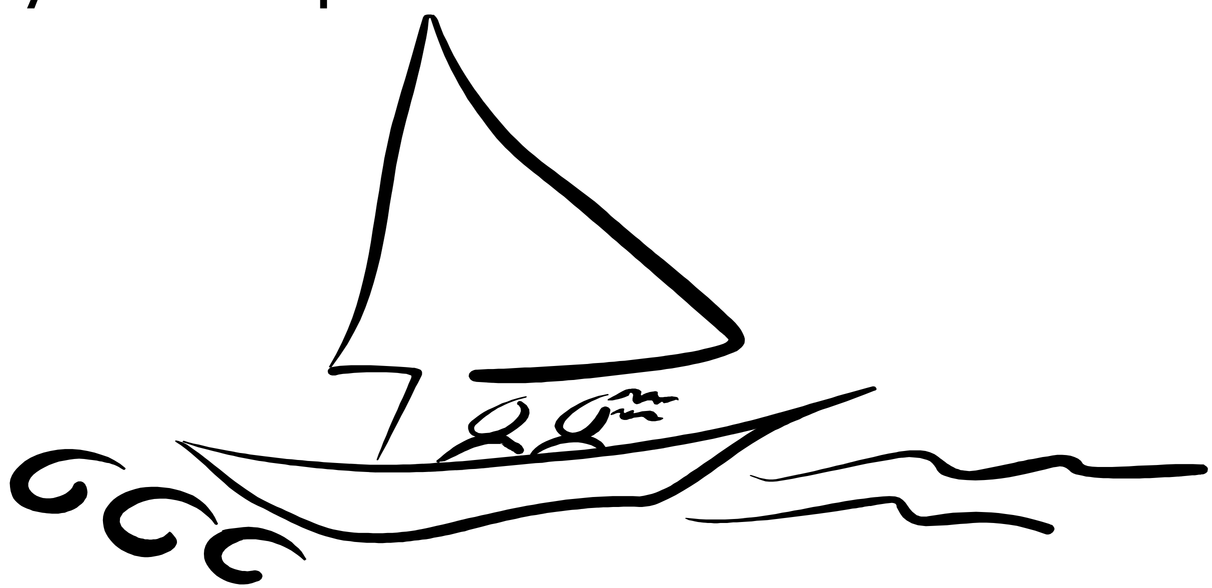
- Absolute cost advantages
- Access to inputs
- Government policy
- Economies of scale
- Capital requirements
- Brand identity
- Switching costs
- Access to distribution
- Proprietary products

Recommendation:Strategic Management Model

- Where do we want to be?
- Vision
- Mission
- Values
- Goals
- Objectives

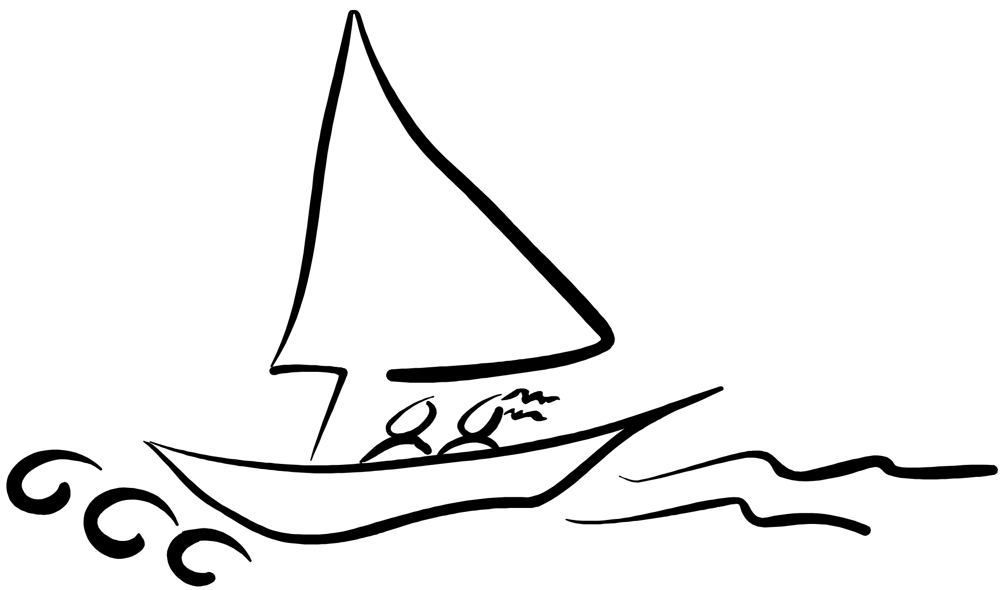
Recommendation

- Strategy Implementation
  - Everyone is Responsible
  - Few Guidelines
  - No Easy the Steps Checklist to Follow



Recommendation

- Strategy Implementation
  - Most open-ended part of Strategic Mgmt
  - People implement strategies not Organization



Recommendation:7-S Framework

- Shared Values
- Strategy
- Structure
- Systems
- Skills
- Style
- Staff

Recommendation : Human Resource Rule

- Hire Smart
- Train Hard
- Manage Easy

Implementation Strategies

- GOOM
- Implementation Conference
- CEO involvement
- Situation Strategies?

GOOM

- Goals
- Outcomes
- Objectives
- Measures

Work Action Plan Template

Sponsor: Completion Date

Organization:

n.n	**Goal**				
	Outcome				
n.n	**Objective**				
	Measure				
	Task Description		Team Lead	Staff Hours	Completion Date
Plan- Do-Check-Act					

Why Measure?

Proactive Reasons

- Makes us more responsive to public needs
- Provides feedback on mission accomplishment
- Creates blueprint for linking budget to outcomes
- Good management and good public policy

Measurement / Performance

- How do we measure our progress?
- 5 Types of Measures
  - Input
  - Output
  - Outcome
  - Quality
  - Efficiency

INPUT Measure

Amount of resources needed to provide a particular product or service.

Examples:

- Number of eligible clients
- Number of customers requesting service
- Number of applications received
- Number of sales orders received

OUTCOME Measure

Reflect the actual results achieved and/or their impact or benefit.

Examples:

- Reduction in people errors
- Percent of increase in customers
- Percent of monthly programmed sales orders filled on time

QUALITY Measure

Reflect the effectiveness in meeting the expectations of customers and stakeholders

Examples:

- Number of defect products compared to number of products produced
- Number of course ratings in highest category related to total number of course ratings

EFFICIENCY Measure

Also known as productivity measures. Reflect the cost of providing products or services.

Examples:

- Output/Input
- Output/Time
- Output/Cost
- Outcome/Cost

Keeping Plans Off The Shelf

- All Staff Meeting
- Announce Phases
- Review and Assess Plans at Quarterly Sessions
- Sponsors and Team Leads for Strategic Goals and Strategic Objectives
- Company’s Philosophy

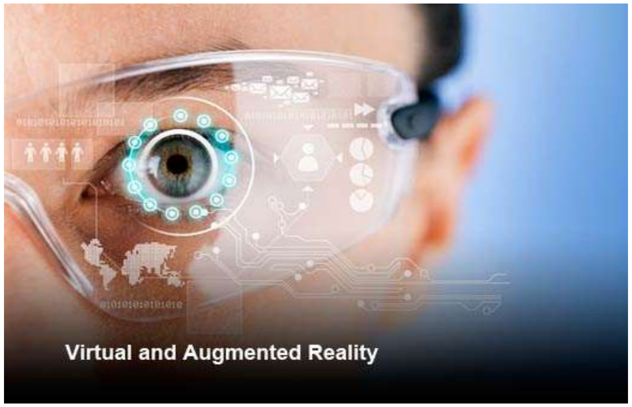
Developing Bench Strength

- “Drill Down” Application
- Team Leads, and Team Members
- Work Action Plan
- “Project” Champion
- Leadership Training
- Leadership Conference Presentations

Establishing Organizational Permanence

- Training Emphasis
- Certification
- Awards & Recognitions
- “Caught-Ya”
- Celebrations
- Walk the Walk

Top 7 Strategic Technology Trends for 2017 (Panetta, 2016)




Adaptive Security Architecture


Digital Innovation: Disruption and Evolution

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