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15.912 Technology Strategy
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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.**