

Happy 10th birthday Google, but have you done anything for businesses?

By Bob Tarzey, Service Director, Quocirca Ltd, Sept 2 2008

Sunday 7 September 2008, will mark the 10th anniversary of the incorporation of Google Inc (not to be confused with the registration of the www.google.com domain 11 years ago in September 1997). In those 10 years Google has created one of the world's most valuable brand names, become a verb and proved, during a period when many other online ventures failed, that a highly-profitable business can be created on the internet or as it is often termed, in the cloud.

Google's success to date has been built largely around online advertising driven by internet search. As it looks to its next 10 years it wants to be seen as a strategic supplier to businesses as well as most people's favourite search engine. Will it succeed in this and what if anything has it done for business in its first 10 years?

Well quite a lot actually. Google's success in online search has ensured it is the main starting point for finding things and being found online and Google internet search has become a critical business tool, changing the way we research everything from purchasing plans to sales campaigns. This success has driven the online advertising model and changed the dynamics of the whole advertising industry. Having said that, this has all happened as a by-product of having a good search engine and business model, not a result of Google focusing on products and services for businesses per se.

Another way in which Google has transformed the way businesses view IT is that it is a major proof point for the effectiveness of software as a service (SaaS). A point constantly overlooked by both the critics and advocates of SaaS is that it is not a straight choice between on-demand and on-premise, most applications in the future will be a combination of both. Google Earth and Google Maps are used as online services to enrich both on-demand and on-premise applications.

All this said, Google would like to become a true challenger to Microsoft in supplying office tools to businesses of all sizes. It still has some way to go. Take up for its on-premise enterprise search appliance (for businesses to search their own data) has been limited and Google Apps (email, word processor, spreadsheet and so on) are yet

to be widely adopted by businesses. Furthermore, the majority of Google's revenue is made up cent-by-cent from clicks on adverts, driven by online search. In other words Google Apps and other more non-core ventures are subsidised.

So, while another challenge (alongside Open Office) to Microsoft's domination of the office tools market is welcome, Google's success is by no means guaranteed. The current economic downturn or a change in the dynamics of the online advertising market could leave a dent in Google's revenue.

That change could happen sooner than Google would like. The majority of the adverts that Google sells are viewed using Microsoft Internet Explorer (IE). The next version, IE8, due for release later this year, allows users to mask their identity- (so-called "porn mode". If internet surfers start using this option for whatever reason, it will drive some of the value out of Google search, as it will no longer be able to target advertising based on users' search history.

Any of this could make it harder for Google to subsidise its non-core activities. Furthermore, businesses are still largely sticking with Microsoft Office, suspicious of relying on tools that are only available online and storing all their content off-site. This suspicion may be misplaced; for many their content might be safer with Google than on their own laptops and servers, but Google recognises this as a real problem so has recently introduced Google Gears allowing off-line use of Google Apps and other tools.

Microsoft sees Google as one of its main competitors in the next few years, but this is more about Microsoft's effort to get into cloud computing itself rather than a perceived threat to its core business offerings. No one has ever accused Microsoft of running its Office or indeed Windows businesses at a loss. The fight is about who is one of the biggest overall names in the world of IT and for day-to-day business use Microsoft retains its lead over Google and is not going to readily cede any of its core strengths as a supplier to businesses to the 10-year old upstart.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

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