

Search party

Matthew Stibbe reports on life after the crash for Google's founders Sergey Brin and Larry Page



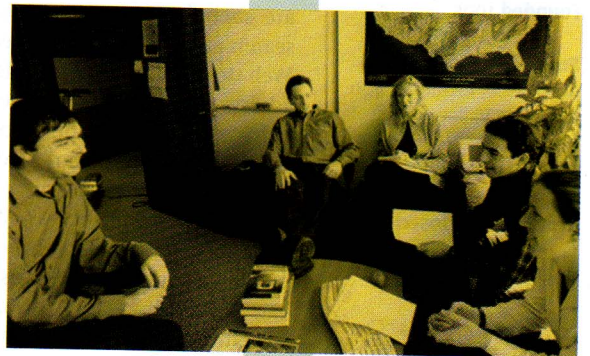
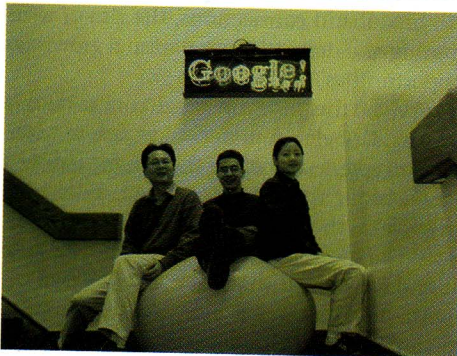
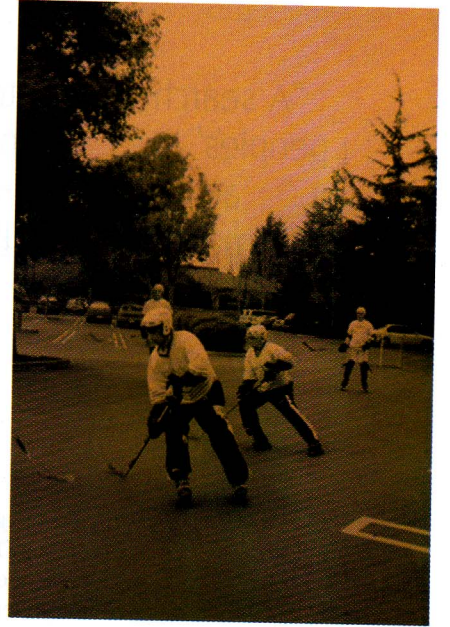
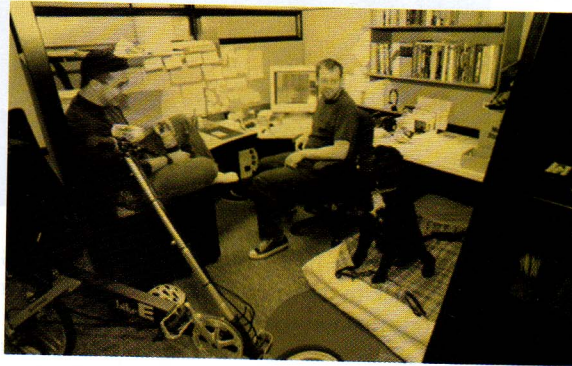
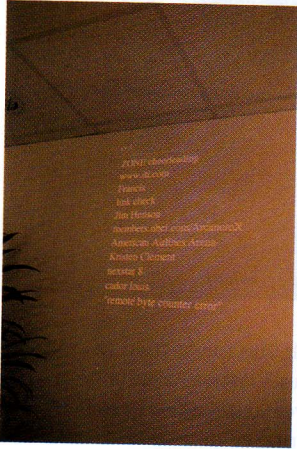
To keep marauding hordes out 2,000 years ago, the Chinese built the Great Wall. So it's fitting that to keep out a crafty dotcom earlier this year, they did the next best thing and built a great firewall. The dotcom was Google, one of the internet's most popular search engines, and after 10 days, it managed to get the ban lifted. Started in 1995 by Stanford University computer science students Sergey Brin and Larry Page, the company has gained global and, at least in China, political attention.

Google's headquarters in California's Silicon Valley is dotcom heaven. Many of its 400 staff work on desks made out of doors. They are surrounded by table football tables, lava lamps, scooters and giant inflatable balls. There's a baby grand piano and arcade machines in reception, a massage chair in the tea room and the founders still share a small office. Everyone eats in the outdoor staff canteen. Even the chef used to work for the Grateful Dead. It's an authentic geek habitat for a company with an average age of 30 and more staff with PhDs than most university departments.

But despite all the classic dotcom paraphernalia, Google is anything but the typical cash-burning internet start-up. Here internet business means profit, positive cash flow, steady growth, and a product that does something people need in a way they can use. Co-founder Brin is clear that lessons have been learnt from the bubble and crash of recent years.

"The bad part was the bubble—the rise not the fall. The amount of money flying about shifted people's priorities and skewed how they saw things. Lots of people started companies without a worthwhile idea. It was just 'I should start a dotcom company, I'll get rich. I'll call it something odd and raise millions in VC funding'," he says.

For a while business valuations and investment criteria did get out of hand. It created an atmosphere where sloppy business practice became the norm. "On highway 101 you'd see all these billboards that didn't even have the names of companies—you'd have no idea what it did, where it was or how to buy its product or service. Just a picture of an old man wearing a diaper or something," Brin recalls.



Asked whether Google benefited from this hype, Brin is circumspect: "We raised a bunch of money but I don't think we'd have needed it if everything hadn't been so expensive. We had competitors who had £100m ad campaigns with Pamela Anderson. And office costs were high. I think we'd have been fine if we hadn't started in a boom and had raised less money. So I don't think it made a difference to us."

Of course it helps that Google offers something that people everywhere seem to need, and do it in a straightforward way. It indexes billions of Web pages every day for millions of users around the world. In the company's reception, a screen shows a continuous stream of searches and a map of the world shows the location of users in real time.

The company makes money by selling advertising and from licensing its technology. The advertising model works because millions of people use Google every day and the advertising is related to whatever people are looking for. Unlike some search engines, Google visually separates the search results from the adverts so searches remain unbiased and companies

At a glance

- **Customer at the centre of everything**
- **"Usability" drives everything, from search methods to where advertising appears on results page. And it is free**
- **Competition is fierce: it costs users nothing to switch search engines**
- **Advertising is separated from search results. No banner ads**
- **Employs 500 highly qualified and educated employees across seven countries**
- **Its own corporate culture remains uncomplicated**



"A search engine touches peoples' lives. Having easy access to high-quality information is definitely an economic driver"



Vital statistics

Sector Internet search

Founded 1995

Employees 500 worldwide, including 400 in Silicon Valley

Turnover Undisclosed

Profits Undisclosed, but "profitable and cash-flow positive"

In their own words "Our mission is to deliver the best search experience on the internet by making the world's information universally accessible and useful."

can't buy page rankings. Also absent are intrusive banner ads. They are replaced by quick-to-download text. It's an elegant approach and one that results in a better experience for users.

"Usability manifests itself in everything we do," says Craig Silverstein, Google's director of technology. "We've always believed that the best user experience drives everything. In some ways I'm glad there are such low switching costs [for users to change search engines] because it keeps us focused on that." Web-design guru Jakob Nielsen is on the company's advisory board and his influence is visible in the lean, efficient design of the website—compare Google's start up page with Yahoo's or MSN's to see the difference. The company's underlying search technology also contributes to its success. Where other search sites just measure how many times the searched words appear on a page, Google measures the Web page's relevance according to how many other sites link to it and, in turn, how authoritative they are. This means that well-respected or at least frequently cited pages are listed first. It can be spookily effective because of the care with which site designers choose links.

Google faces long-term competition from other search engines including Ask Jeeves and Yahoo. There is always the risk that two bright students will find a better way to search the internet and make a business out

of it. Historically, Google has never tried to compete with content-driven sites—it measures its success by how quickly people leave its site rather than how long they stay. But the just-finished news service hints at a broader definition of search than before and also highlights the difficulties of increasing revenues out of a narrow range of services and the need to do more to make more. Silverstein is more optimistic. He cites the increase in broadband connections, the rise of wireless computing and dramatic international growth as growth opportunities for Google.

Having survived the initial onslaught of the bubble and bust years, Google's founders have taken a step that many entrepreneurs before them have balked at—they have brought in an experienced, old-school CEO. Brin explains the thinking behind the move:

"We grew Google to a certain level and became profitable and it is something that you don't want to gamble with. We had a lot more responsibilities. There are employees, their families and tens of millions of users, so we decided we didn't want to risk doing something foolish because of our inexperience." The current team of Brin, Page and new CEO Eric Schmidt act "kind of like a triumvirate", according to Brin. "Eric brings a lot of experience in the tech sector to the company," he asserts. Adding that it was easier than expected to give up even a part control of the



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company. "When you run a company there are a lot of responsibilities that aren't that much fun," he says.

Even with this lifting of some responsibilities you get the feeling that Brin and Page still spend more time in meetings than they'd like to. Where they'd like to be is where Brin says he spends all the time he can once the endless round of meetings has finished—in the workshop, with the engineers.

"From time to time, for fun, I still write a piece of code. It's not used in production systems. Although you can accomplish a lot more having 500 people doing something, it's not as personally rewarding."

Brin and Page are both still at the heart of the company, and they try to involve all staff: "We communicate a lot. Every Friday we have a company-wide meeting and if we've had a board meeting we share all the board papers. It's hard to maintain because there are things we need to keep pretty confidential and we really rely on our employee's trust."

It's an unconventional approach and highlights the lack of time Brin and his colleagues have for business school traditions. His take on strategy is also unlikely to pop up in too many text-books: "If you get too bogged down in strategy, you can spend all your time choosing between A and B when you could have done both in the time you spent deliberating over it. You do have to decide from time to time what you're going to do. But I think it's important to live with the fact that sometimes you didn't make quite the optimal decision. You can change your mind later if you need to."

Brin is certain about one aspect of Google's future: there are no plans for an imminent initial public offering: "We want to build as successful a company as possible and personally, I'd like to avoid the distractions and responsibilities associated with Wall Street and being a public company. I don't want to think about numbers quarter-to-quarter or deal with the reporting requirements, especially now that they're getting more and more complex."

Google is in an enviable position—it is profitable and cash positive. There are no money pressures and, as Brin also points out, the company hardly needs the exposure: "I don't think our users care whether we're public or not." The question this inevitably raises is how venture capital investors feel. Are Google's

management under pressure from VCs eager make a return on their money? "It's true they want to see a return, but they run on a 10-year cycle and we got our investment three years ago. That fuse isn't burning brightly now," says Brin.

If the VCs are happy with the Google way, not everyone is—in September this year, the Chinese government blocked Google. For a company that has invested considerably in overseas markets and building sites in various languages, it seemed a little bizarre.

"It's something we've been trying to figure out what to do about," says Brin. But it's easy to see the geekier part of the company enjoyed the situation. "It's remarkable to think that my company is something that is blocked by the Chinese government. Maybe I should consider it a success and retire on that note. Our philosophy is to provide as open access to information as possible and to be completely transparent about what we do."

"We are very international. We serve people worldwide and we have offices in seven countries, but the number of countries where we have advertisers and make money in is quite a bit higher. We also support interfaces in over 80 languages and over 60 per cent of our traffic comes from outside the US and nearly half is non-English."

Not surprisingly, such an international company is keen to see free-trade thrive. Brin admits that it is easier for Google to do business in a world where there are no trade barriers. "When you look at China's decision to block us, besides the political implications, there are also trade implications because there are local providers there who would benefit."

Brin, as might be expected, is adamant that globalisation and the internet in general, and search engines in particular, are becoming critical. He is bursting with positive stories that bear witness to this: "I got an email from someone who had chest pains. He typed 'heart attack symptoms' into Google and found the American Heart Association. He then realised he was having a heart attack and was rushed to hospital for triple by-pass surgery. The doctors told him that in his case, seconds mattered. A search engine touches people's lives. Having easy access to high-quality information is definitely an economic driver." ■

Good lookers: Founders Larry Page (top left) and Sergey Brin (bottom left) and director of technology Craig Silverstein (above)