

column

paul allen

Paul Allen has founded several companies including Infobases, MyFamily.com, and 10x Marketing. He has taught entrepreneurship at UVSC and he blogs at www.infobaseventures.com/blog.



learning from google

result? Google's gross profit margins are obscene. Google is a cash-generating machine.

In February 2005 after its IPO, Google's quarterly earnings exceeded expectations. I blogged again and said it won't even take 10 years for Google to pass Microsoft. Now I wonder if it will even take three.

Already Google's market cap is approximately one third of Microsoft's. It is closing the gap each quarter as its revenues and earnings grow and Microsoft remains relatively flat. Microsoft has even started issuing dividends, an indication that shareholder earnings might be better invested outside the company.

But it's the Google land grab that is astonishing. It is getting into new content and software categories left and right. Google is out-innovating Microsoft, Yahoo, AOL and everyone else. Here are a few instances:

Google Blogger is the No. 1 blogging site in the world with 12 million monthly unique visitors, twice that of any other blogging site.

Google Maps is far superior to Yahoo Maps or MapQuest. Google Earth is the most innovative Web application I have ever seen. You can visually navigate to any place on the earth and see maps or satellite images. One of Google's founders indicated in a recent conference call that getting this and other data onto mobile devices is a high priority for the company.

Just imagine when billions of cell phone users worldwide have location awareness and Google Earth built into their phones! People and places will be easier to find than ever before.

Google is making serious in-roads in photo sharing having acquired Picasa, which is offered for free.

Google Desktop indexes all your e-mails and local files. It also now covers weather and stocks, just like My Yahoo! The product manager said they are

working on making this a "platform." Imagine an Internet OS to replace Microsoft Windows and Office. And imagine it being free.

With its powerful e-mail service, instant messaging and voice chat IM client, Google is big into communications now.

Google Video is leading the way to a future of searchable television viewing online. The company just offered to host anyone's video content forever at no charge, and make it available to users for free. If you want to charge for it, Google will handle the billing and share the revenue.

Recently some industry insiders started speculating that Google, which is raising \$4 billion in cash in a secondary stock offering, may be quietly building the infrastructure to launch a free nationwide wireless Internet service.

It could, by providing free Internet access and mobile content and services, become the leader in local advertising.

OK, so enough drooling over Google's wonderfulness.

The point of my article is to ask this question: What lessons can we learn from this amazing company?

I think there are dozens of lessons to be learned, but I want to focus only on two.

>> Google empowers customers. Many Internet companies compromise the user experience in order to make more money. Google's small and relevant sponsored text ads in its search engine results are typical of its non-intrusive approach.

>> Google empowers employees. I love what Google does to attract and retain very smart creative people, and to unleash their creativity. Here's what I blogged in February 2005:

Long term, this is the No. 1 reason why Google will become the most valuable company in the world. I have read that every employee at Google is allowed (or

maybe even required) to spend 20 percent of their time each week working on a pet project. Most companies operate from the top down. Managers tell employees what to do. Executives make all the resource allocation decisions. But Google has embraced a philosophy that I think can revolutionize the business world — if other companies are smart enough to adopt it.

While the most talented, creative, and entrepreneurial people leave companies like Microsoft in frustration in order to start their own enterprises, Google has created an environment where the most talented, creative and entrepreneurial employees can play in their own sandbox. They attract attention and support from top management and have their pet projects funded within the company. I understand that Larry and Sergei keep a list of the top 100 pet projects in the company. Many of the existing services Google offers (including Orkut and Google News) were developed from employees' pet projects. I expect to see hundreds more innovating and exciting free services coming from Google in the coming years. I see more innovation here than from almost all the other top Internet companies combined.

Who will learn these lessons? Which companies will focus on exactly what the customer wants and needs while empowering and investing in their own employees? Why do so many companies hire bright people and then manage everything they do?

I know too many stars who have left companies because they don't feel empowered to get things done.

I can't wait to see the first Utah technology company that adopts this Google approach to unleashing the creativity of its employees — one that gives them time and resources to innovate, and that incubates the best ideas and funds them.

Please let me know when you hear of this happening. Let's hope it's soon.

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