

In Search of the Real Google

An inside look at how success has changed Larry Page and Sergey Brin's dream machine. Can they still be the good guys while running a company worth \$100 billion?

By **ADI IGNATIUS**

IT'S TIME TO MAKE SOME BIG decisions, so the Google guys are slipping on their white lab coats. After eight years in the spotlight running a company that Wall Street now values at more than \$100 billion, Google co-founders Sergey Brin and Larry Page are still just in their early 30s. Page, a computer geek from Michigan who as a boy idolized inventor Nikola Tesla (you know, the guy who developed AC power), has a Muppet's voice and a rocket scientist's brain. Brin, born in Russia and raised outside Washington, is no less clever but has a mischievous twinkle in his eye.

A team of four engineers enters the meeting room, each clutching an IBM Think Pad. The engineers tell Brin and Page that they can generate extra advertising revenue by adding small sponsored links to image-search results, as Google already does with text searches. "We're not making enough money already?" Page asks. Everyone laughs. The share price has soared as high as \$475, making Google, in market-cap terms, the biggest media company in the world. The engineers press on. Their trials predict the tweak would be worth as much as \$80 million a year in additional revenue. Brin isn't moved. "I don't see how it enhances the experience of our users," he says. It probably wouldn't hurt it much either. But the Google guys reject the proposal—"Let's not do



it," Brin declares, to the engineers' obvious disappointment—leaving the \$80 million on the table.

Whether Google gets it right in sessions like that—balancing business opportunities against consumers' trust—is crucial to the company's future. After eight years of incredible growth, it's fair to ask whether Google is due for a stumble. To put it another way, can Google maintain its success and remain true to the ideals that made it so popular? These are the guys

who adopted as their informal corporate motto "Don't be evil." Its vulnerability was plainly evident early in 2006, when jittery investors cashed out en masse after it reported an 82% increase in its fourth-quarter profit (below the market's expectations) and again after Google said it was launching a heavily censored Chinese-language site.

It's hard to say exactly what "Don't be evil" means, and one could argue that that's the unwritten principle of every respectable corporation. But Brin and Page's ultimate vision—to make nearly all information accessible to everyone all the time—is a tricky thing, given that a lot of us (individuals, corporations, governments) aren't comfortable with a 100% free flow of data. Google was recently slammed for a software feature that results in the company's storing users' personal data for up to a month. At times like these, Google keeps that mantra handy—*Don't be evil, don't be evil, don't be evil*—as a reminder to try to do the right thing in a

complex world. Which means turning down \$80 million windfalls from time to time. Or telling U.S. prosecutors, as Google did early in 2006, that it won't hand over data on people's Internet use.

Google owes much of its success to the brilliance of Brin and Page, but also to a series of fortunate events. It was Page who, at Stanford in 1996, initiated the academic project that eventually became Google's search engine. Brin, who had met Page at student orientation a year earlier, joined the project early on. Their breakthrough, simply put, was that when their search engine crawled the Web, it did more than just look for word matches; it also tallied and ranked a host of other critical factors like how websites link to one another. Brin and Page meant to name their creation Googol (the mathematical term for the number 1 followed by 100 zeroes), but someone misspelled the word and it stuck as *Google*. They raised money from professors and venture capitalists, and moved off campus to turn Google into a business. Perhaps their biggest stroke of luck came early on when they tried to license their technology to other search engines, but no one met their price, and they built it up on their own.

The next breakthrough came in 2000, when Google figured out how to make money with its invention. It had lots of users, but almost no one was paying. The holy grail turned out to be advertising, which is now the source of nearly all its revenue. If you're a company selling sneakers, you can bid to have a link to your website appear in the sponsored area whenever someone does a Google search for, say, tennis or sneakers. How prominently your ad will be displayed depends on how much you bid and how many people click on your ad. That means you can't just buy your way to the top; your link also has to appeal to users. You pay Google for every click you receive.

Google then had another brainstorm: extend the ad-link idea beyond search queries so that any content site could automatically run ads linked to its text. Google's technology, known as AdSense, can instantly analyze the text of any site and deliver relevant ads to it. Brin and Page signed

up thousands and thousands of clients before their competitors knew what was happening.

As Google rushes forward, it's reasonable to ask whether it is making the right bets on the Internet's future. For one thing, Google has tempted Microsoft into battle by developing new Web-based software and exploring partnerships that could challenge the Seattle giant's desktop dominance. But it's Yahoo!—which has a significantly different vision—that could most threaten Google. Yahoo! is focusing instead on “social search,” in which everyday Internet users pool their knowledge to create alternative systems of content that deliver more relevant results—which,

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of course, can be monetized. At stake is the future of Web searching. For Google, it is all about harnessing the vast power of the Internet to get results as quickly and accurately as possible.

Ultimately, Google's business proposition is about trust. It retains loads of our data—what we search for, what we say in our Gmails—so we need to know it won't be evil with them. That's why, unlike Yahoo!,

Google doesn't want to create its own content in any significant way. Once you do that, Brin and Page reason, people will start to wonder about the search results, whether they are skewed to help Google's bottom line. And once people wonder about that, the whole model—of this innovative, seemingly trustworthy company—is compromised. Do the Google guys pay attention to what people think? You bet. During our interview, Brin pops out to look for the December copy of *Wired*. In 2004 the magazine had put him and Page on the cover with the adoring line GOOGLEMANIA! The recent cover, by contrast, includes the line GOOGLEPHOBIA: WHO'S AFRAID OF SERGEY? (WHO ISN'T?). Brin picks up the issue and shakes his head in dismay. “I find it surprising,” he says. But that's what happens when you're No. 1, even if you're trying to be the good guy. ■

Questions

1. How did Google first start making money?
2. What is the strategy of Yahoo!, Google's biggest competitor, for the future of Internet searching?