

## Google - from friend to foe?

James Temple, Chronicle Staff Writer

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Two bright young men transformed an idea into the era's dominant technology company by outmaneuvering lumbering giants in the field. As the upstart blossomed into a titan in its own right, its behavior sparked allegations of monopolistic practices and drew the eye of the Justice Department.

If it were late 1999, this would be a story about Microsoft Corp. A decade later, it's a strikingly similar tale about Google.

The Mountain View Internet company built a \$100 billion brand and seized control of the search industry by delivering superior tools and convincing the world it took its "Don't Be Evil" motto seriously.

But as the company extends its influence in advertising, media, mobile and dozens of other areas, that perception is increasingly called into question.

The most fervent have dubbed it "the new Evil Empire." Others say it's simply becoming another big company focused on the bottom line. Either is a change for a company that cultivated a reputation for trying to improve the world.

"The perception has shifted dramatically," said Rob Enderle, technology analyst with the Enderle Group. "Google has become incredibly heavy-handed."

Some insist the charges are overblown, arguing the company is just another in a long list that drew outsized scrutiny as it grew dominant.

"It gets disproportionate blame because it's disproportionately successful," said Jeff Jarvis, author of "What Would Google Do."

### Most valuable brand

He added that rankings of corporate reputation consistently put Google near the top. Indeed, this year Fortune rated the company the fourth most admired, and Millward Brown Optimor listed it as the world's most valuable brand.

But some observers say Google is exacerbating the tendency to distrust large corporations by failing to recognize how its actions will be perceived - or failing to care.

Google Books is a prime example, Enderle said. It's an open debate whether the plan to scan millions of books and make them searchable online will prove the benefit to humanity that Google promises - or hand it a monopoly over certain digital works, as opponents allege.



But the consensus is the company fomented an avoidable backlash by forging ahead with its controversial plan without consulting the parties with the most at stake. Authors and publishers responded with lawsuits alleging copyright infringement.

Google "had the power to do it and so thought 'why not?' " Enderle said. "That's the core of how a company goes from being seen as friendly to being seen as evil."

The initial proposed settlement raised antitrust concerns at the Justice Department, which along with a chorus of criticism from libraries, academics and competitors forced a redrafting of the deal.

Another growing concern is that, as Google has expanded into new businesses, it has arguably contradicted certain founding principles.

The Google search engine was designed as a neutral system that ranked results based only on relevance. The company still proclaims: "We never manipulate rankings to put our partners higher in our search results."

### **No disclosure**

A search for Black Eyed Peas on Google, however, returns high links to songs by the band on Lala.com, without any disclosure of the company's partnership with the music provider. Halfway down the page are links to the group's videos on YouTube, with no indication that Google owns the site.

The company is using its dominance in search to establish or extend leads in other business areas, said Gary Reback, a prominent Silicon Valley attorney representing opponents of the Google books settlement.

"Our goal as a search engine is to give users the info they're seeking as quickly as possible," Google spokesman Adam Kovacevich said. "Sometimes that means embedding our own content ... at the top of the page when it benefits users."

### **Litany of concerns**

A litany of other concerns has been raised about Google's privacy policies, dominance over online advertising, censorship of search results in China and impact on traditional media.

But for any claim against it, Google can fairly point to examples of model corporate behavior. In 2004, the company committed to dedicating 1 percent of its equity and profits to address "the world's most urgent problems." It stood up to government demands for user data when rivals backed down. And it set up an initiative to allow users to easily transport their online data, even from Google applications to those of its rivals.

Compared to many, it goes to great lengths to earn consumers' trust, said Jim Harper, director of information policy studies at the Cato Institute, a libertarian think tank.

"By dint of its size, it is threatening, but I think it's trying to do the best it can in that context to be a good corporate citizen," he said.

Even Google's fans, though, say it needs to recognize and respond to the way its actions are perceived, even when it's convinced strategies are right or righteous.

"Google thinks of itself as Snuffleupagus, but others see it as Big Foot," author Jarvis cautioned.

Should the perception of Google continue to worsen, there is a risk beyond government lawsuits, analysts say. The company's highly profitable advertising model depends on a tacit agreement with its customers: We'll provide innovative products for free, if you let us flash ads tailored to your online behavior.

But if consumers stop believing the company will handle their information responsibly, it's an easy switch to a new search engine.

## Google is aware

Google says it does recognize the threat. Like Microsoft a decade ago, it has dramatically scaled up its lobbying and public relations efforts. It has recently sought to partner with the industries complaining most vocally about its disruptive technologies and has given users more power to edit information stored about them.

"We've long subscribed to the theory of transparency and openness and have worked hard in recent years to engage with critics and fans alike," Google spokesman Matt Furman said. "We recognize that our competition is one click away."

## About google

**Founders:** Larry Page (left) and

Sergey Brin

**Founded:** Menlo Park, Sept. 4, 1998

**Headquarters:** Mountain View

**Chairman, CEO:** Eric Schmidt

**Revenue:** \$21.8 billion for 2008

**Employees:** About 20,000 full-time as of January 2009

Source: Google

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/12/07/MNMF1AUFBM.DTL>

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