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Five Years After IPO, 'Don't Be Evil' Vow Still Google Mantra

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"Don't be evil."

The words from Google's (GOOG) 2004, 250-page IPO filing continue to spark a lot of talk and thought.

What does it mean? Basically, says the filing, Google wants to make the world a better place.

That leaves a lot of wiggle room.

"Google hasn't embarked on anything universally perceived as evil," said Whit Andrews, an analyst for research firm Gartner. "But they've certainly made compromises."

Andrews says the company has done things that some have questioned. When sellers of goods and providers of content depend so heavily on how high they rank in Google search results, it's easy to rankle folks.

Five years later, Google is still a thriving business. But its "no evil" record is less clear, says Marc Misthal, a partner for Gottlieb Rackman & Reisman, a New York-based intellectual property firm, who has followed tricky Google issues dealing with copyright and trademark laws.

"My take is it's all a matter of perception," Misthal said.

A Google search for the definition of evil leads with "morally objectionable behavior."

It would be hard to pin that tag on Google. The company, for example, did not supply China's government with information on dissidents who were subsequently jailed. That was Yahoo.

Asked about the company's mantra, Google spokeswoman Emily Wood referred IBD to an interview last month with American Public Media's "Marketplace" show. Kai Ryssdal asked Google CEO Eric Schmidt if "Don't be evil" means "Always be good."

Replied Schmidt: "We don't know what the definition of good and evil is," but that if Google workers see something they think is evil, they are supposed to let the company know "and discussion is supposed to ensue." Schmidt said "often" Googlers stop a product, with employees saying, "It's too tough, it's too close to the things that people care about, it violates too much privacy, it's a misuse of information."

Yes, Google has been criticized on many fronts, some of which deal with such crucial issues as privacy, censorship and security.

On the other hand, it's funded environmental projects and pushed such an agenda for its work force. Heck, most of its services are free for users.

Checking On The Company

Google's sheer power in the marketplace means it's closely watched. For some, "there is a significant lack of transparency on how it works and how you win (the top ranking)," said Craig Danuloff, founder of

ClickEquations.

The company provides software to help clients manage their ad campaigns on search services.

With Google, advertisers bid on search terms or keywords that best fit their company and services. Advertisers that pay the most, a few cents or a few dollars each time a consumer clicks on the ad, often get the best ad placement.

But Danuloff says Google muddied the process when it added a "quality score" rating two years ago. Ad placement now also depends on that score, which Google says it uses to improve the relevancy of the ads for its search users.

Danielle Leitch, executive vice president of MoreVisibility, a search marketing firm that helps companies advertise online, likes the quality score system.

"It has helped the good/fair advertisers and suppressed the lame/scummy advertisers," she said.

Another Google policy that some oppose is its decision, starting in June, to let advertisers use trademarks of products they don't own and brand names of rivals in the text of an ad. That's a problem for some retailers and manufacturers, says attorney Misthal.

"A lot of manufacturers use only authorized retailers. I could see a manufacturing client coming to me and saying 'why is this (unauthorized retailer) advertising and using my trademark? We never sold the product to them and they are not authorized to sell it,'" he said.

Then there's the question of copyrightable content in search results.

In October, Google agreed to pay \$125 million to the Authors Guild to settle a class-action copyright lawsuit led by the Guild against the company over its Google Books search service, which lets users find and read books online. The settlement, in which authors, publishers and Google would share in sales of books, is being reviewed by the Justice Department for antitrust.

Google's proposed settlement is a double-edged sword for authors and publishers, says Joshua Matthews, an associate with Gottlieb Rackman & Reisman.

"It's an incredible accomplishment to put all of these works together in digital form so they are searchable, but it's going to take control away from publishers and authors and give it to Google," he said. "There are certain fees that authors will receive (from Google) that they can't really negotiate."

Some of Google's strategies offshore also have come under fire.

Dealing With China

Google and rivals have censored services in China. The motive is to cash in on the fast-growing Internet market there and better compete with Yahoo and Baidu (BIDU), the country's search leader, says **Usha Haley**, co-author of the book "The Chinese Tao of Business: The Logic of Successful Business Strategy."

"In China, this means no search results on anything that offends the government -- corruption, scandals, Tibet, Uighurs," she said.

Closer to home, Google fought a subpoena from the U.S. government seeking information on Google searches and users, in a crackdown on online predators.

The case ended in March 2006, when the Justice Department ruled that Google had to turn over only a fraction of the data that had been requested. By that point, Yahoo (YHOO) and Microsoft (MSFT) had complied without fighting much, says Greg Sterling, principal with Sterling Market Intelligence. Google was "the lone company that resisted the government," he said.

Google has been upfront about helping clean up energy. Last year Google.org, the firm's philanthropic arm, invested \$45 million in technology to fight waste and pollution.

This year it probably won't make any such investments. Instead, the company has assigned some of its own engineers to develop alternative energy sources.

The change wasn't sparked by any search for new revenue sources because of slowing growth in online

ads, says Niki Fenwick, a spokeswoman for Google. "It's more a response to see what we can do with our specific strengths," she said. "Giving money is something any foundation can do."

Google is testing a free software service that lets consumers monitor their energy use in real time. And employees at its Mountain View, Calif., headquarters can use solar-powered cars to run errands, and biodiesel shuttle buses for trips around the San Francisco Bay Area.

Last year, Google replaced bottled water with filtered water via the tap. "Culturally, a lot of Googlers didn't think it was appropriate to have a bunch of plastic water bottles being produced every day," said Fenwick.

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