
From: Hal Varian <hal@google.com> on behalf of Hal Varian
Sent: Wednesday, August 26, 2009 12:18 AM
To: Dana Wagner
Subject: Re: Fwd: Time Mag article on Bing

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Redacted

On Tue, Aug 25, 2009 at 5:03 PM, Dana Wagner <dwagner@google.com> wrote:
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----- Forwarded message -----
From: Dana Wagner <dwagner@google.com>
Date: Sat, Aug 22, 2009 at 12:00 AM
Subject: Re: Fwd: Time Mag article on Bing
To: Adam Kovacevich <akovacevich@google.com>
Cc: rachelw@google.com

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On Fri, Aug 21, 2009 at 7:24 AM, Adam Kovacevich <akovacevich@google.com> wrote:

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From: Rachel Whetstone <rachelw@google.com>

To: Dana Wagner <dwagner@google.com>; Adam Kovacevich <akovacevich@google.com>

Sent: Fri Aug 21 05:02:44 2009

Subject: Fwd: Time Mag article on Bing

Redacted

Thanks Rachel

----- Forwarded message -----

From: Rachel Whetstone <rachelw@google.com>

Date: Fri, Aug 21, 2009 at 2:01 AM

Subject: Re: Time Mag article on Bing

To: Marissa Mayer <marissa@google.com>

Cc: Udi Manber <udi@google.com>, Gabriel Stricker <gstricker@google.com>, Adam Kovacevich <akovacevich@google.com>

Thanks Udi and Marissa-- Adam K is actually talking to Udi about this very point and we are working to get our scale arguments written ... It is very important we get them all agreed across the different teams.

Rachel

On Thu, Aug 20, 2009 at 5:53 PM, Marissa Mayer <marissa@google.com> wrote:

The key issue here as I see it is that you do get better as you have more users - that's why we have the best spell check, the best personalized search, the best refinements, etc. Most people who understand AI or machine learning as well as the size/scale of data would question his assertion/know that it's unlikely.

Also, saying the quality/quantity doesn't matter could be viewed as asserting that index size/comprehensiveness doesn't matter nor does high quality content online. Both of which are not right.

Udi may have other issues, but those are what I see.

On Thu, Aug 20, 2009 at 2:39 PM, Udi Manber <udi@google.com> wrote:

Congratulations, very nice article. I wish we find a way to downplay Hal's comments, as he was just plain wrong. I know it reads well, but unfortunately it's factually wrong.

-- Udi

On Thu, Aug 20, 2009 at 1:21 PM, Gabriel Stricker <gstricker@google.com> wrote:

Udi and Marissa,

Time just published its piece on MSFT's Bing efforts, and I hope you'll be as satisfied as I am about how balanced it turned out.

At different points in the piece Farhad questions Bing's "decision engine" positioning and advances our search quality arguments which we raised for him. Examples are here:

Microsoft claims Bing isn't even a search engine — it's a "decision engine." What that means isn't exactly clear. Bing seems to work the same way Google does: type in some keywords, it gives you some Web results....

Google says it isn't worried, and publicly at least, the company is pretending not to notice Bing. The search engine is Google's cash cow, and the firm constantly pours resources into improving it — hiring the industry's brightest and most experienced engineers, paying them handsomely and letting them work on what is effectively the world's largest data-mining project. Just this month, Google unveiled a project it calls Caffeine, a massive overhaul of its back-end infrastructure that promises to create a faster, more accurate and more comprehensive search engine. "We aren't resting," says Gabriel Stricker, a Google spokesman. "We're continuing to innovate — I'M FEELING LUCKY is getting luckier all the time."

... Hal Varian, the company's chief economist, has pointed out that most search engines look at only a small sample of their data in order to improve their results. In other words, Microsoft already has enough data to learn from its users. "It's not the quantity or quality of the ingredients that make a difference. It's the recipes," Varian told CNET. The recipes are Google's proprietary algorithms, which it has slaved over for more than a decade. They're Google's ultimate competitive advantage, and Google believes they'll help it weather the coming assault.

Please just drop me a line if you have any questions or concerns.

Best,

Gabriel

<http://www.time.com/time/magazine/article/0,9171,1917712,00.html>

Monday, Aug. 31, 2009

The Search For a Rival

By Farhad Manjoo

Every year, the market-research firm Millward Brown conducts a survey to determine the economic worth of the world's brands — in other words, to put a dollar value on the many corporate logos that dominate our lives. Lately the firm's results have been stuck on repeat: Google has claimed the top spot for the past three years. The most recent report values Google's brand — those six happy letters that herald so many of our jaunts down the Web's rabbit hole — at more than \$100 billion.

Illustration by Dave Wheeler for TIME

What's astonishing about this stat is how effortlessly Google seems to have earned the public's affection. Other companies — Microsoft, Coke, IBM, McDonald's — spend enormous sums to stay in the consciousness. Google, which makes most of its money from ads, rarely advertises itself. Telling the world how well it does what it does just isn't Google's way. ([See pictures of work and life at Google.](#))

But Google's humility is being tested as never before. The firm's headquarters in Mountain View, Calif., seem besieged by competitors gaining new momentum. Even nominal allies are questioning the company's motives and long-term plans. In July, Google's largest competitors, Microsoft and Yahoo!, agreed to work together in an attempt to dethrone it as the world's dominant search engine. The deal, which awaits government approval, would create a first: a tenacious, well-financed search rival.

Conflicts are beginning to take place in other areas where Google has ventured. That includes e-mail and office programs ([Gmail](#), [Google Docs](#)), a cell-phone operating system ([Android](#)) and a Web browser ([Chrome](#)). Google scans and sells books, runs a phone system and is even working on a desktop operating system to rival Windows. [CEO Eric Schmidt recently stepped down from Apple's board of directors](#) because the two companies now [compete in so many areas](#). The U.S. Justice Department is investigating a legal settlement between Google and the publishing industry over the company's book-scanning service, and Christine Varney, Justice's antitrust chief, said she sees Google as a "problem."

At the moment, Google's most pressing problem is Microsoft. The software giant is spending \$100 million to market its new search engine, [Bing](#) — and in the process, to get us all bummed about Google. Bing's slick ads are unavoidable and blistering. They suggest that Google is broken, that it rarely leads us to what we're looking for and turns us all into blathering zombies who spew out search keywords in casual conversation. ([See the top 10 TV ads of 2008.](#))

Microsoft claims Bing isn't even a search engine — it's a "decision engine." What that means isn't exactly clear. Bing seems to work the same way Google does: type in some keywords, it gives you some Web results. But the marketing shows signs of gaining traction. According to the media-metrics firm comScore, Bing captured 8.9% of the search-engine queries in July, a tiny increase from 8.4% in June. "All of us in the search industry were surprised by Bing," says Anna Patterson, a former Google engineer who has since gone on to found [Cuil](#) (pronounced Cool), one of the many smaller search start-ups in Google's shadow. "It's the first time you have someone with deep pockets that's willing to lose money in order to compete with Google, and they're willing to stick with it over the long term."([See the top 10 Microsoft moments.](#))

Google says it isn't worried, and publicly at least, the company is pretending not to notice Bing. The search engine is Google's cash cow, and the firm constantly pours resources into improving it — hiring the industry's brightest and most experienced engineers, paying them handsomely and letting them work on what is effectively the world's largest data-mining project. Just this month, Google unveiled a project it calls Caffeine, a massive overhaul of its back-end infrastructure that promises to create a faster, more accurate and more comprehensive search engine. "We aren't resting," says Gabriel Stricker, a Google spokesman. "We're continuing to innovate — I'M FEELING LUCKY is getting luckier all the time."

This sort of constant improvement pays off: two-thirds of all searches in the U.S. are now conducted through Google — about 7 billion a month. Yahoo! has less than 20% of the market, and Microsoft less than 10%. Despite Microsoft's claims, most people think Google works pretty well as it is.

Microsoft argues that the Yahoo! deal will help change that perception. If the partnership is approved, Microsoft will take over Yahoo!'s search engine — type in "Britney Spears" at Yahoo! and you'll get results provided by Bing. Microsoft points out that search engines get smarter as more people use them; if a search engine notices lots of clicks on Spears' music videos after searching for the pop star, it can begin to highlight those videos in future searches. That's how the Yahoo! deal will help Bing beat Google, Microsoft says. By

massively expanding its market share to a potential 26%, Microsoft will get access to a much broader pool of user data, which will in turn make it better at predicting what you want when you search.

Google pooh-poohs this claim. Hal Varian, the company's chief economist, has pointed out that most search engines look at only a small sample of their data in order to improve their results. In other words, Microsoft already has enough data to learn from its users. "It's not the quantity or quality of the ingredients that make a difference. It's the recipes," Varian told CNET. The recipes are Google's proprietary algorithms, which it has slaved over for more than a decade. They're Google's ultimate competitive advantage, and Google believes they'll help it weather the coming assault. ([See the best social networking applications.](#))

Privately, Googlers will tell you that the Bing ads rankle. They describe them as misleading and unfair, painting a picture of Google that doesn't match reality. Maybe, but Microsoft — a company not previously known for its marketing savvy — is taking a page out of a 1960s Procter & Gamble playbook: create a problem consumers don't know they have, then solve it. Bing!

Can Google play defense if Bing starts to move the needle? Google's first instinct has always been to innovate its way out of trouble. But there are a number of features in Google's search engine that most of the public is unaware of. Like how it can give you the local weather and movie times and perform currency conversions with a single search query. It's not in Google's DNA to run confrontational ads, but it's easy to imagine a campaign that shows off all the amazing things your friendly search giant can do. ([See 10 ways Twitter will change American business.](#))

At the moment, Google derives about 97% of its revenue from advertising. Barry Schwartz, CEO of the Web consulting firm RustyBrick and an editor at Search Engine Land, says that some at Google have to be getting a little jittery that the company's entire revenue stream rests on a single product. "They keep downplaying that they're competing with other companies — whenever they pitch something like Android or their new Chrome OS, they say it's just an attempt to get people to use the Web more," Schwartz says. But here's the irony: Google faces a problem very similar to the one plaguing Microsoft, which itself makes the bulk of its money from just two products — Windows and Office. Each company sees the other's business as its own path forward. The rest of us, we're just bystanders.

Tale of the Tape

How Google and Microsoft match up

Eric Schmidt, Google CEO

The Revenue Question: 97% of its revenue is from online ads. Everything else is a hobby

The Search Strategy: Ignore Bing for now and focus on making Google even better

The Perception Problem: Google is losing its halo as it expands into phones and operating systems

Steve Ballmer, Microsoft CEO

The Revenue Question: Windows and Office rule. It needs another big revenue generator

The Search Strategy: Bing is spending \$100 million to get you to try its "decision engine"

The Perception Problem: No one ever loved Microsoft. Bing could help soften its tech-demon image

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Gabriel Stricker

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