



Google (GOOG) 2018 Q2 Earnings Summary

July 2018

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## Google Will Need To Make Swift Decisions In Order To Comply With New EU Regulations Within 90 Days

### CLOUD

- **G Suite is definitely seeing a lot of momentum and increasingly, big enterprises are taking on the migration**
  - Differentiated from a product and technology standpoint, but need to invest more around go-to-market efforts
- **There is an inflection point in the cloud business and all the major players are seeing traction**
  - Businesses are going to embrace multiple clouds over time so it feels far from a zero-sum game
  - There is a tremendous cost to being on the wrong architecture, especially if a business needs to digitally transform itself

### YOUTUBE

- **Advertising is a growing source of income for creators and they are investing in new ways for creators to generate revenue**
  - Paid channel memberships, merchandise shelves on YouTube channels and endorsement opportunities through FameBit
  - Half of the creators that used FameBit in the first 3 months of 2018 doubled their YouTube revenue
- **User adoption and engagement continues to grow across the world and within different verticals**
  - Investing a lot in people to review content, improving the policies and using machine learning to make all of this work better

### E-COMMERCE

- **E-commerce is a natural sector to drive partnerships because they already have deep advertising relationships with many of these providers**
  - Trying to have more holistic conversations across the breadth of their offerings
- **Over 90% of commerce is still off-line, and there is a great opportunity for digital to play a bigger role**
  - Still would like the experience of Shopping Actions to evolve a lot more before they start to play around with monetization

### WAYMO

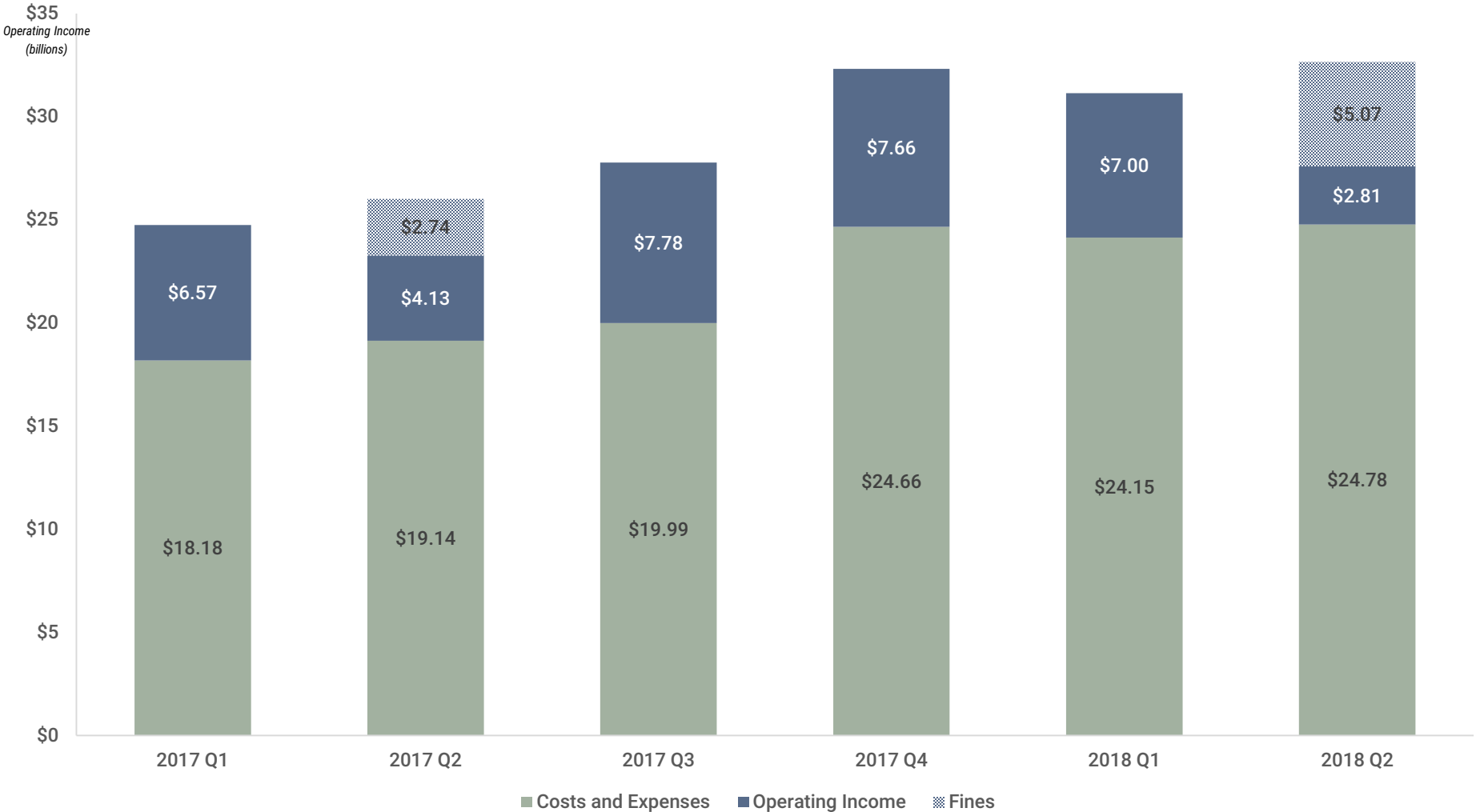
- **Focus has been to launch the commercial rider program in Phoenix by the end of 2018**
  - First step in building a more fully rolled out rider program in the future
  - Have driven more than 8 million fully autonomous miles on city streets
- **Expanding testing to more states and working on additional areas such as logistics and deliveries**
  - Continuing to build out vehicle relationships through partnerships with Fiat Chrysler and Jaguar

*Growth in other areas of the business, especially G Suite, will help reduce the reliance on advertising revenues*

# Operating Income



Despite The Hefty Regulatory Fine From The EU, Google Still Managed To Generate Substantial Income

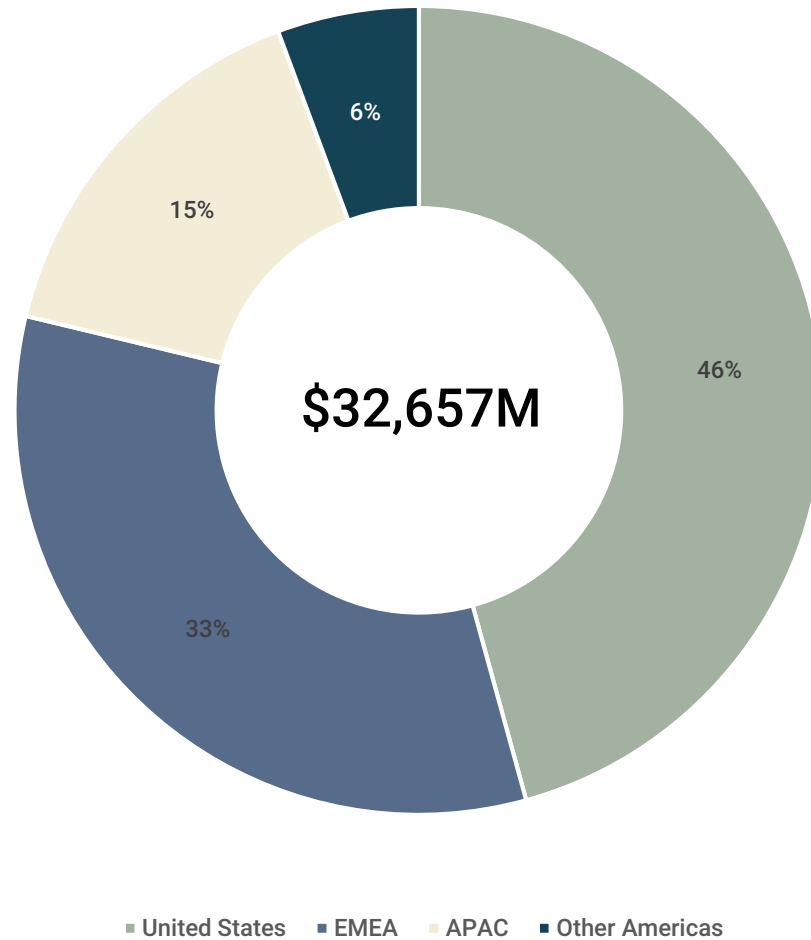


*New regulations might restrict the company's ability to continue to grow advertising revenues*

# Q2 Revenue by Geography

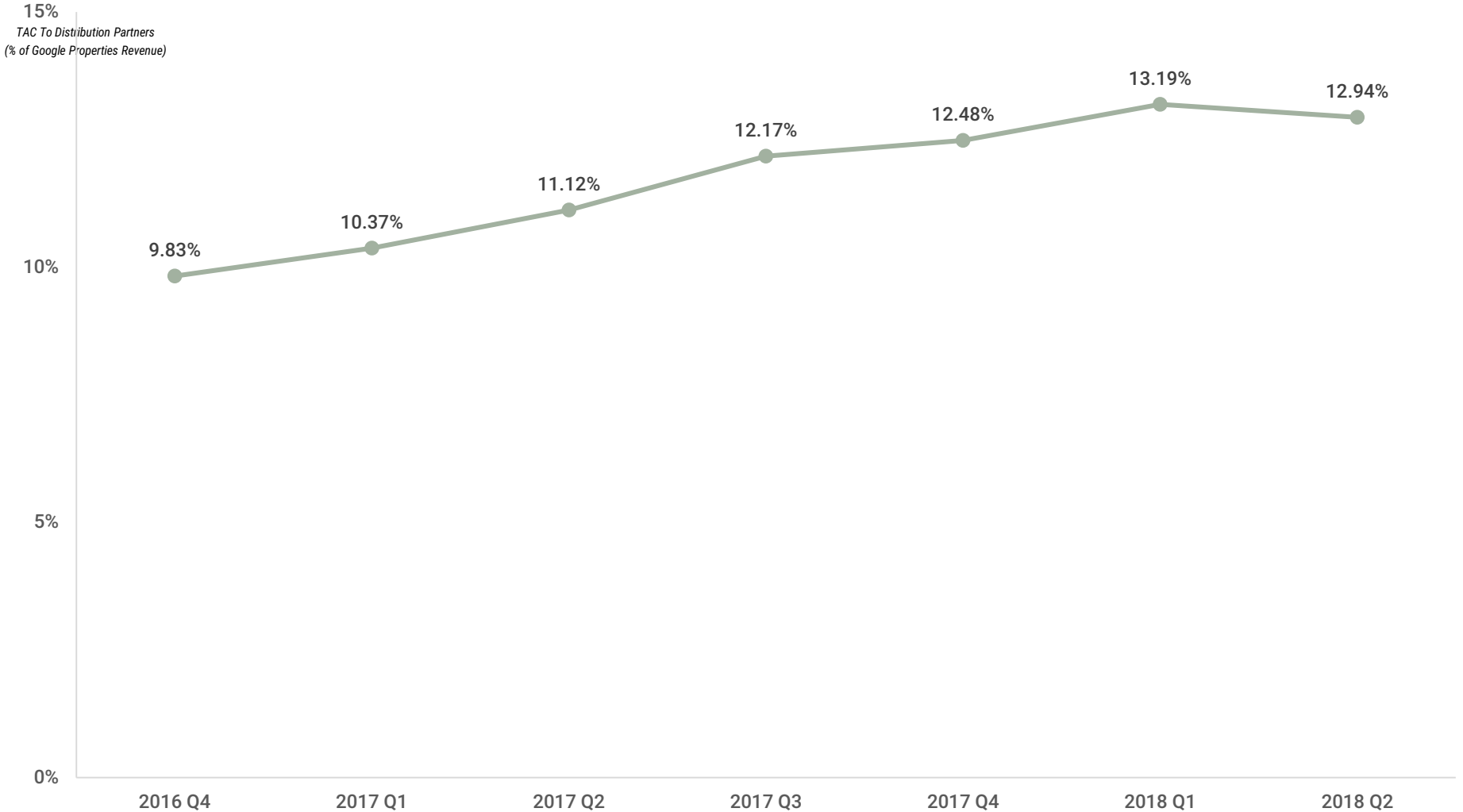


Smartphone Makers Across The World Have Embraced Android's Open And Free Ecosystem



*While the new regulations are specific to the EU, it will impact the company's business models in other markets*

## Google Might Need To Start Making Significant Payments To Handset Makers To Pre-Install Their Apps



*As an established market leader, exclusivity is less important as consumers may just revert to Google apps on their own*