



Google (GOOG) 2019 Q3 Earnings Summary

October 2019

Sign Up For Additional Research From Evolution Media Capital



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Google Is Evolving From A Company That Helps People Find Answers To One That Helps Get Things Done

PRODUCTS

- **Consistently want to work and build products that benefit users and support the ecosystem**
 - Image Search, YouTube, Maps are all great services by which users come with varying degrees of commercial interest
 - Started thinking much more holistically about improving the discovery experience, and making it easier to transact
- **Local is an important area and are continuing to invest in building experiences that connects merchants, advertisers and users**
 - Want to make it easier for advertisers, particularly SMBs, to come to be able to reach users across their set of owned and operated properties

SEARCH

- **Have been very focused on innovations that benefit mobile and also enhance the desktop experience for users and advertisers**
 - Desktop remains an important form factor for certain more complex tasks, such as planning vacations or assessing insurance options
- **Have developed very comprehensive metrics for measuring and tracking search quality to get a sense of user satisfaction**
 - Users sometimes do searches through sessions, so understanding their engagement and determine if they are getting what they are looking for
 - Taking a deeper approach to specific verticals, such as health, to better understand how they can help the users

AI

- **Excited by the vision of ambient computing and over time, computing should adapt to users, not the other way around**
 - Being able to drive the pace of change here fastest is an important need, as well as a source of competitive advantage
- **Investments in AI across the company will be focused on making sure they can anticipate what users want and serve them better**
 - Anytime they can better make sense of queries, it improves search quality and creates that virtuous cycle by which people engage more
 - Can take the same underlying machine learning techniques and deploy it on the ad side when it makes sense

GOOGLE CLOUD

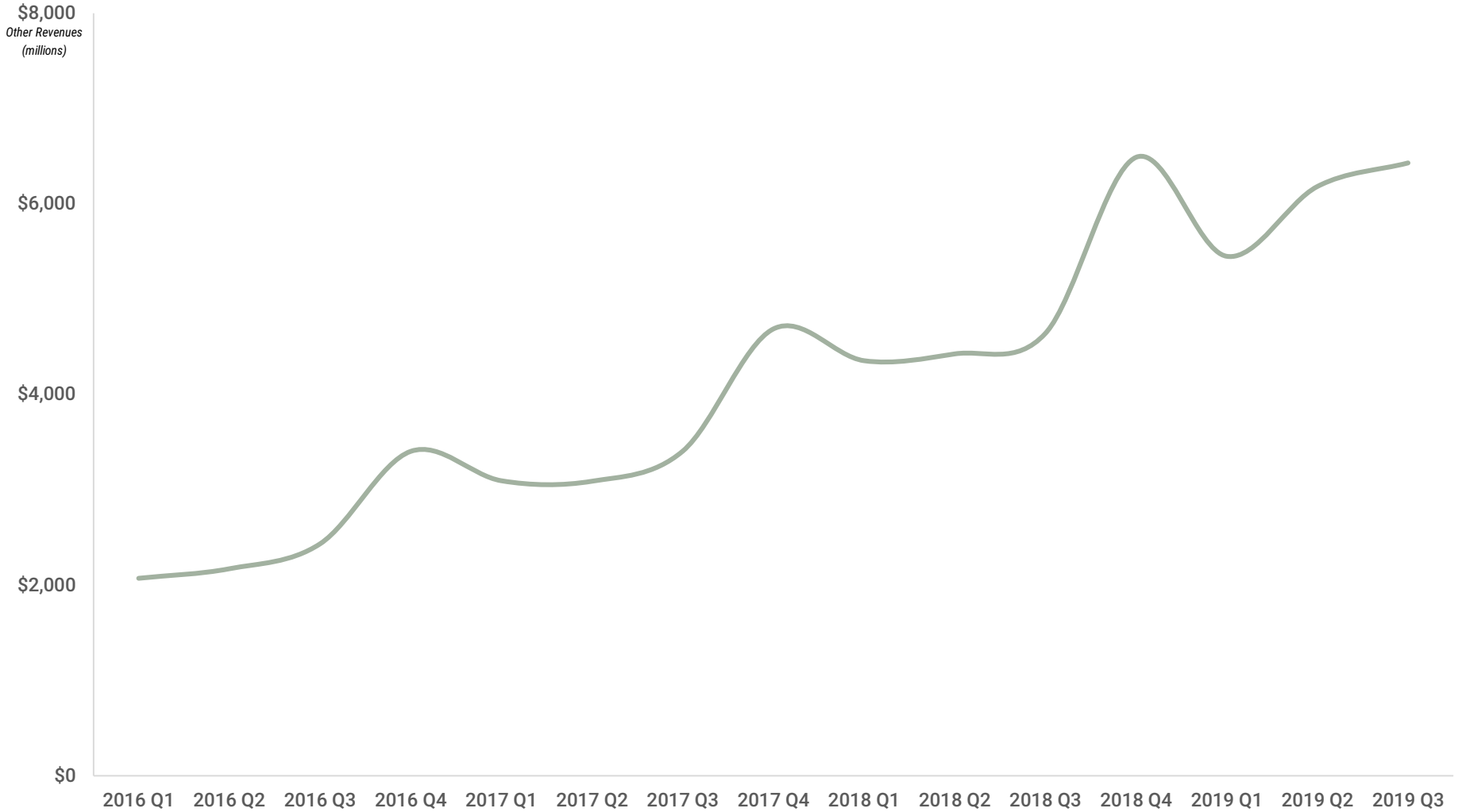
- **Breadth of their efforts allows them to have more conversations and engage through many different paths in the organization**
 - The percentage of TAM for which they are eligible is shifting aggressively due to their product feature set or completion of necessary certifications
 - There are many G Suite customers with whom they are having GCP conversations and vice versa
- **Saw substantial growth from data analytics as customers are seeing the benefits from implementing BigQuery**
 - New management has focused a lot on scaling their sales partner and operational teams, and it's playing out well in this business

Machine learning remains fundamental to their long term growth as they try to better understand human context

Other Revenue



Hardware Business Is In Its Infancy As They Build A Portfolio Of Products That Enhance Their Ecosystem

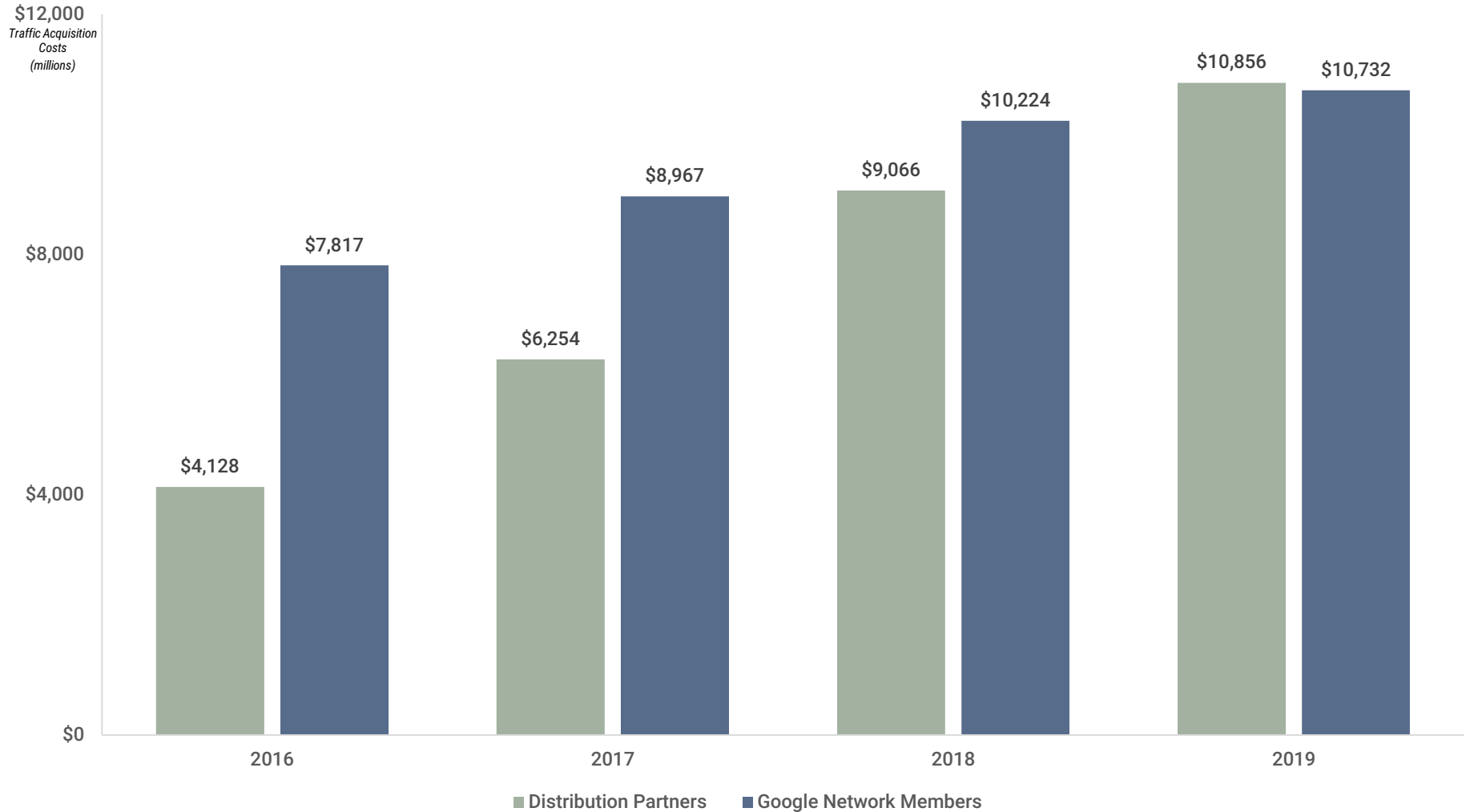


YouTube subscription products are expanding globally, but are unlikely to take priority over the ad-supported model

Note: Other revenues primarily include Google Play, Google Cloud, Hardware, and YouTube subscriptions



The Rise In Mobile Usage Has Led To The Rapid Acceleration In TAC Towards Distribution Partners

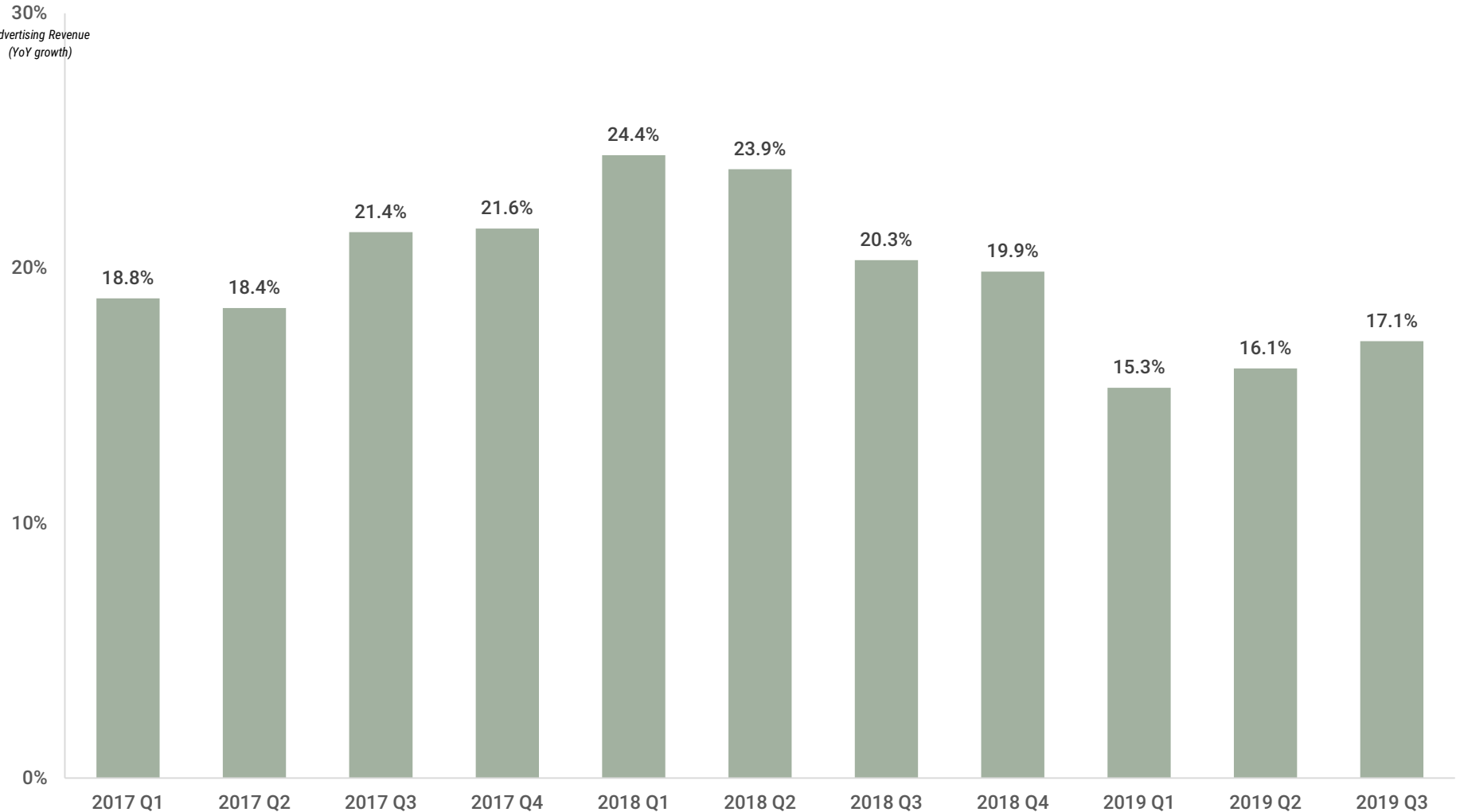


Efforts to improving the e-commerce experience will need to be designed to better serve both desktop and mobile users

Advertising Revenues



Advertising Revenues Are On An Upward Trajectory After Adjusting To The New Requirements Of GDPR



New analytics efforts will improve measurement across digital channels to ensure advertisers are getting optimal ROI