



Google (GOOG) 2019 Q4 Earnings Summary

February 2020

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Google Is Taking Steps To Integrate Their Products And Create A Unified Ecosystem For Their Users

YOUTUBE

- **Taking their content responsibility work seriously, which makes the platform a more valuable product for advertisers**
 - Pleased with the early results from other revenue options, including memberships, brand integrations, merchandise and ticket sales
 - Creating better commerce experiences is a big opportunity and there is significantly more room, over the mid to long term on monetization levels
- **Overall, all the user metrics are very strong, global in nature, and increasingly, seeing newer verticals beginning to grow as well**
 - Investing meaningfully to grow their subscriptions, which have higher content acquisition cost ratios

CLOUD

- **Increasingly doing much larger deals, and growth has been led by their infrastructure offerings in their data and analytics platform**
 - Ongoing growth in G Suite continues to reflect growth in both SMB and enterprise segments and both seat count and average revenue per seat
- **Given their position as a challenger, they are investing aggressively, focused on building out go-to-market capabilities**
 - Have set a goal to triple the size of the sales force and are focused on building out their product road map and extending their global footprint
 - Clearly focused on 6 industry verticals across 21 markets and doubling down on those efforts effectively expands the TAM

HARDWARE

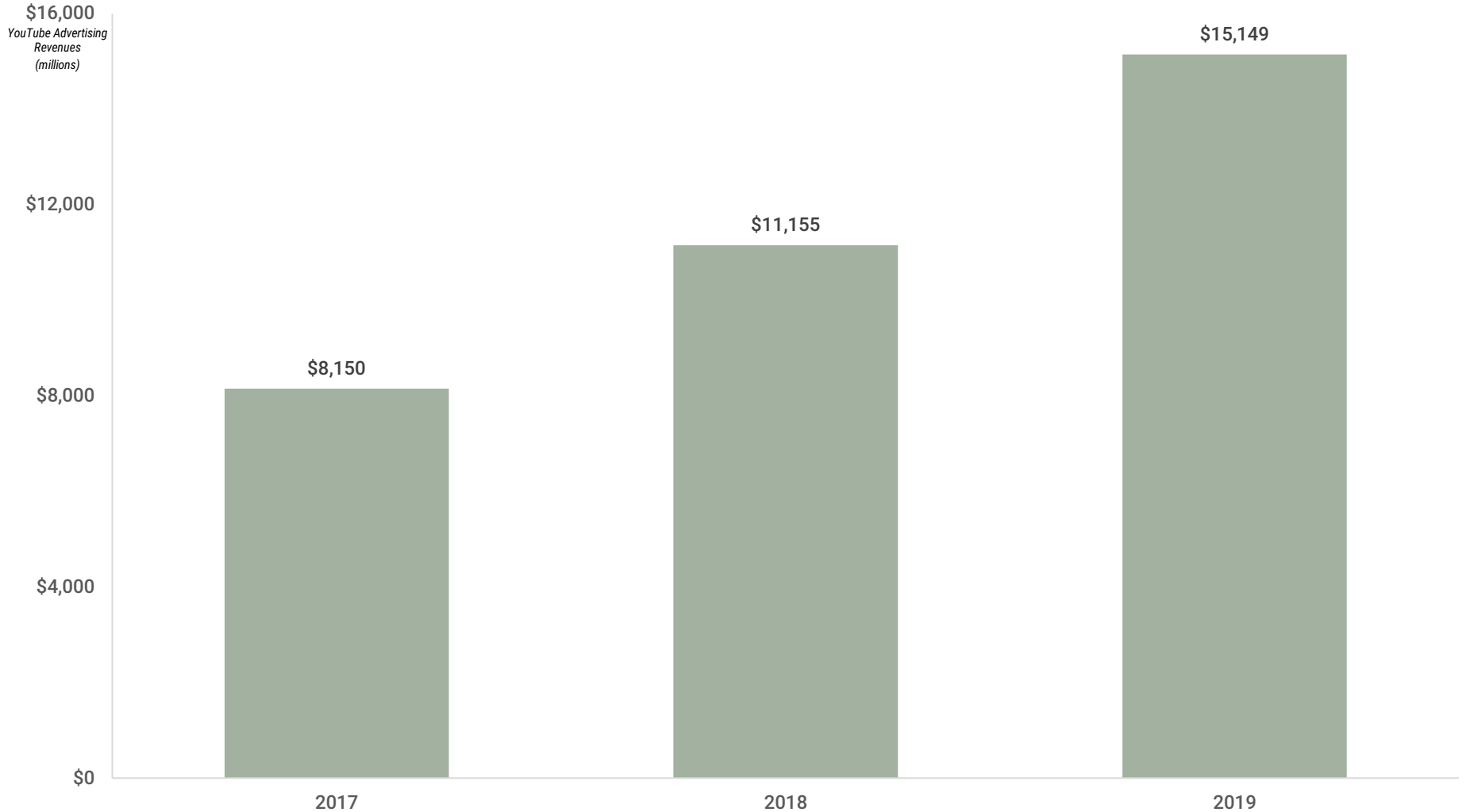
- **In early stages of delivering their vision for ambient computing and home devices demonstrate how this vision can come to life**
 - Continue to build out their capabilities and keenly focused on execution, delivering great user experiences and broadening their distribution
 - Pending acquisition of Fitbit will give them a foundation in wearables and advance their vision of ambient computing for the Android ecosystem
- **Strengths in AI and software give them an advantage in providing seamless experiences to users across multiple surfaces**
 - Have been investing heavily in developing in hardware engineering as well as building out supply and physical distribution chains

ECOSYSTEM

- **When people engage with them on Cloud, they are interested in a bigger digital transformation across the board**
 - Ability to bring a common Google perspective to big global partners has helped them strike many new multi-product partnerships
 - Share a common technological approach across all of their products, giving them a synergistic way to approach these areas
- **Setting up teams which cut across the different products to make sure they can make better use of their shared infrastructure**
 - Focus on the user allows them to create more seamless products across various surfaces and platforms

Many "Other Bets" are reaching the scale where it is beneficial to partner with other players and investors in the industry

Monetization Tools Are Worthless If They Are Unable To Keep Content Creators Engaged On The Platform



Delivering simple in-video buying experiences creates massive opportunities to capitalize on commerce-related content

Costs of Revenue



Traffic Acquisition Costs Continue To Decline As They Gravitate Away From 3rd Party Distribution Partners



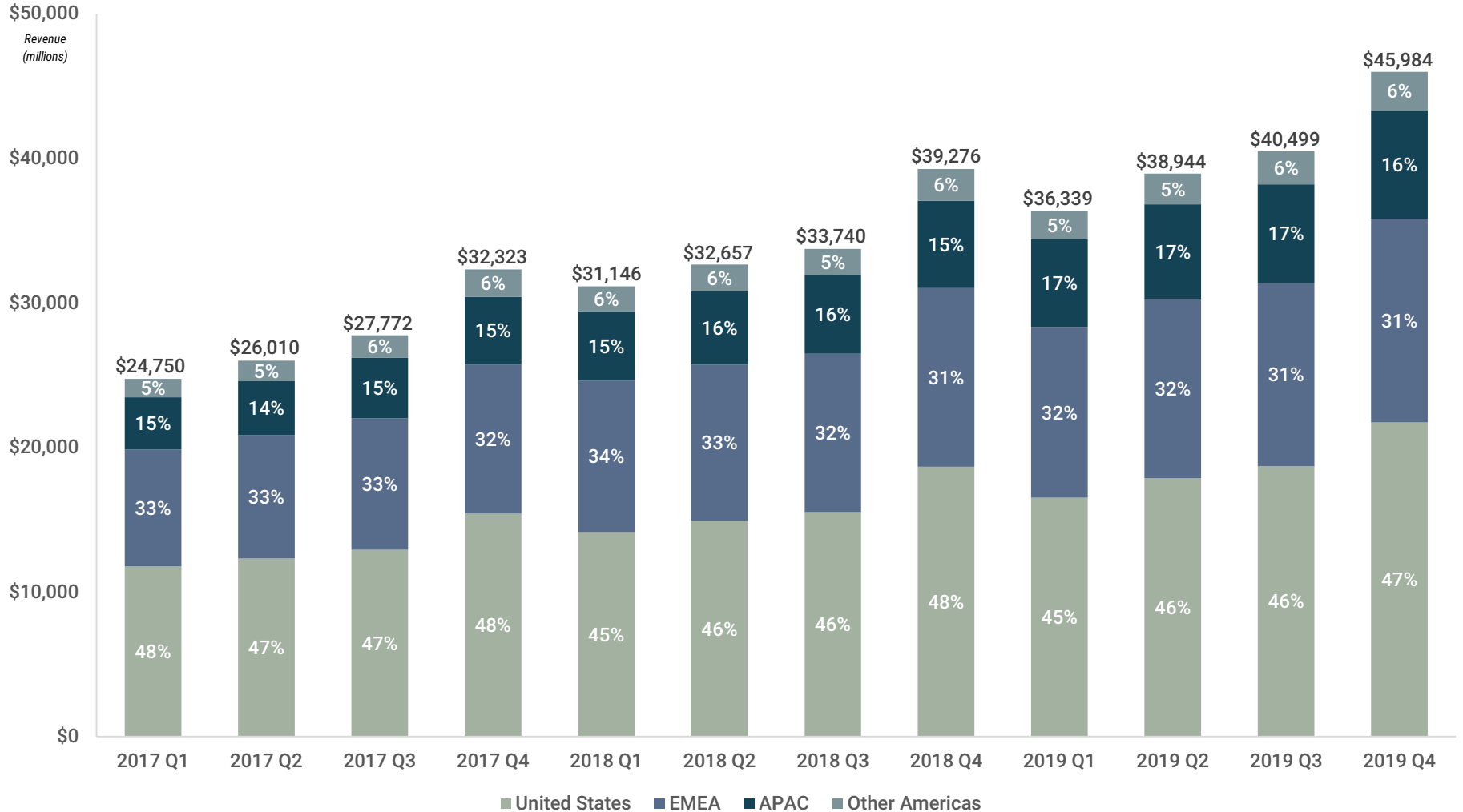
Initial expenditures in hardware have come down slightly, but the goal is continue to invest aggressively in the near term



Revenue



There Will Be Advertising Headwinds As New Regulatory Policies Get Rolled Out Around User Targeting



There is still runway to benefit from the shift to digital, especially around better ad, ad delivery and user experiences

