

Google's Quarterly Growth Expressed in Triple Digits

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Google shares hit a record \$210 in evening trading after the search giant released a quarterly report that beat most analysts' expectations. Google considers itself the world's largest generator of online advertising revenue, a claim founded on its triple digit growth from Q3 to Q4.

In a highly anticipated investors conference call and web-cast, Google reported significant quarterly growth with an income of \$303 million on just over \$1 billion in revenues. This represents a 101% increase over the same period in 2003. Google made an awful lot of money last quarter, capping off the best year in the firm's history.

Almost all of Google's revenues come from paid-advertising and its distribution. With literally millions of unique web properties displaying advertising generated through Google's AdWords programs, and a major commitment to the development of emerging international markets, CEO Eric Schmidt is confident the growth will continue through 2005.

Trying to describe Google's business model at this point is much like explaining the growth and future plans of an adolescent. Suffice it to say their continued growth is based on continually producing great products and partnerships that provide virtual real estate for AdWords advertising to appear on.

In order to accomplish this, Google spent much of its energies focusing on two key aspects to their development, improving their business relationships and improving the technologies that run their systems.

Co-founder Larry Page mentioned three initiatives to improve business relationships Google has implemented over the past three months. The first is a focus on fostering advertising among Fortune 1000 companies by providing a wide variety of resources including specialized training in the development of in-house AdWords marketing teams. Secondly, Google reorganized the way it sells to businesses, creating a vertical sales team structure with sales reps specializing in unique business sectors. Lastly, Page noted the Google Advertising Professional program as a learning resource for advertisers and third party marketers.

After Page outlined the three major internal changes at Google, his co-founder Sergey Brin mentioned a series of content-partnership deals struck over the past three months including: The India Times, Ask Jeeves Japan, Reuters, AOL Europe, Virgin.net, Shopping.com, and Cnet. These new content-partners all display advertising generated by Google. They join other media giants such as the New York Times and millions of privately owned web sites.

Added to the increasing number of distribution partners, Google continues to introduce new technologies and services, each of which generate advertising space. In September, the Google-Library project was announced. In October, Google acquired satellite-imaging firm Keyhole, released Google Desktop, and announced it had doubled the size of its organic index to 8-billion pages. Just last week, Google announced the beta version of Google Video.

Google's growth over the past three months sets a high bar for other firms to follow but also firmly establishes search as the most serious sector in mainstream advertising. The sector's credibility was reflected in the share prices of Yahoo (up 1.7% after-close) and Ask Jeeves (up 4.8% after-close) this evening as investors expressed their confidence in contextual advertising distribution.

For detailed information, please see the [Google Investor Release](#)