

A Report On

ALPHABET INC

For the course

SM302 – PRINCIPLES OF MANAGEMENT

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SECTION I

INTRODUCTION:

Alphabet Inc. is an American multinational company whose headquarters is located in Mountain View, California. It was created by restructuring of Google on the second of October 2015 and became the parent company of one of the largest companies, Google and its several other subsidiaries. The establishment of Alphabet Inc. was mostly prompted by a desire to create cleaner and more accountable core business of Google and while having greater autonomy to group companies that operate in its businesses apart from Internet services as well.

Google is one of the largest subsidiaries of Alphabet Inc. and also the parent company of XGoogle Fiber, Calico, Jigsaw, Sidewalk Labs, GV, Google Capital, and Verily. Most of the businesses or divisions held by or was a part of Google, they automatically became subsidiaries of Alphabet and Google remain under the umbrella of Alphabet as internet-related businesses.

History:

On 10th of August 2015, Google Inc. announced plans to make a replacement public company, Alphabet Inc. Google CEO Larry Page made an announcement during a blog post on Google's official site. Alphabet Inc. is made by restructure Google and by moving all subsidiaries from Google to Alphabet Inc. and narrowing Google's scope. The company would consist of Google as well as all the other subsidiaries of Google that was before for example Makani, Sidewalk Labs, Chronicle, Wing, X, Looker, DeepMind, Google Fiber, GV, Calico, CapitalG, Jigsaw, Loon, Verily, Waymo. Sundar Pichai became the new CEO of Google and as well as Alphabet by replacing Larry Page.



Mission of the Organization:

The mission Alphabet Inc focuses on addressing issues of customer satisfaction. The mission of Alphabet Inc has identified its target group of customer, and also their needs and demands as well. The mission reflects on how its products and services work towards increasing customer satisfaction for its target customers. Mission of Alphabet Inc are classified into different components. They are:

- **Customer satisfaction:**
It focuses on addressing issues of customer satisfaction. It mainly reflects on how its products and services work towards increasing customer satisfaction for its target customers.
- **Realistic and clear:**
It means that Alphabet Inc has focused on simple and easily understood and simple phrases in the drafting of its mission. Clarity is important so that it is understood by all relevant stakeholders of Alphabet Inc Company.
- **Motivational and inspirational:**
Alphabet Inc is motivational therein it works towards inspiring the staff and also the workforce towards giving their optimal best performance towards the goal achievement of Alphabet Inc. Alphabet Inc is additionally inspirational therein it develops the requirement for growth and progress in individuals – for the betterment of not only the corporate but also for his or her own selves.
- **Specific and sharp:**
It is easy to know what the audience must know about Alphabet Inc's offerings and its operations. It is important to keep the missions short, sharp and precise to be able to successfully communicate the company's standing to stakeholders, instead of dragging it on into long pages with repetition and non-important aspects.
- **Reflects the company's offerings:**
It is based on what the company has to offer in terms of products and services. This means that Alphabet Inc highlights its offerings, but ensures that this offering is in line with the values that the company stands for.

Vision of the Organization:

Alphabet Inc is its strategic plan for the future – it defines what and where Alphabet Inc Company wants to be in the future. Vision of the organization is given below:

- **Concise:**
The vision of Alphabet Inc is brief and to the point. This means that the company has not used long dialects and dialogues to deliver its opinion and stance to the public and relevant stakeholders.
- **Encompassing description**
This means that the visions should be complete in its description and information of what the company desires, and how it plans to achieve its long term goals strategically.

The Organization structure:

Google is one of the largest subsidiaries of Alphabet Inc. Its other subsidiaries include Calico, Chronicle, DeepMind, GV, CapitalG, X, Google Fiber, Jigsaw, Makani, Sidewalk Labs, Verily, Waymo, Wing and Loon. As of September 1, 2017, their equity are held by a subsidiary called XXVI Holdings, Inc. so they will be valued and legally separated from Google. At the identical time, it had been announced that Google are reorganized as an indebtedness company, Google LLC.

Table 1.1. Alphabet's Business Units Review

Business Unit	Activities Summary
Calico	Calico LLC is an American research and development biotech company with the goal of combating aging and associated diseases.
CapitalG	CapitalG (formerly Google Capital) is a growth equity firm under Alphabet Inc. It focuses on larger, growth stage technology companies, and invests for. In addition to capital investment, CapitalG's approach includes giving portfolio companies access to Google's people, knowledge, and culture to support the companies' growth and offer them guidance.
Chronicle	Chronicle is a cybersecurity company and subsidiary of Alphabet Inc. Chronicle creates tools for businesses to prevent cybercrime on their platforms.
DeepMind	DeepMind is the world leader in artificial intelligence research and its application for positive impact.
Google	Google LLC is an American multinational technology company that specializes in Internet-related services and products, which include online advertising technologies, search engine, cloud computing, software, and hardware.
Fiber	It provides fiber-to-the-premises service in the United States, providing broadband Internet and IPTV to a small and slowly increasing number of locations.
GV	GV, formerly Google Ventures, is the venture capital investment arm of Alphabet Inc. and provides seed, venture, and growth stage funding to technology companies.
Jigsaw	Jigsaw (formerly Google Ideas) is a technology incubator created by Google, and currently operated as a subsidiary of Alphabet Inc.
Loon	Loon LLC is an Alphabet Inc. subsidiary working on providing Internet access to rural and remote areas.
Makani	Makani is a leader in the development of airborne wind power extraction systems.
Sidewalk Labs	Sidewalk Labs is Alphabet Inc.'s urban innovation organization. Its goal is to improve urban infrastructure through technological solutions, and tackle issues such as cost of living, efficient transportation and energy usage.
Verily	Verily (formerly Google Life Sciences) is Alphabet Inc.'s research organization devoted to the study of life sciences.
Waymo	Waymo LLC is a self-driving technology development company.
Wing	Wing is a subsidiary of Alphabet Inc. that develops technology of drone-based delivery of freight.
X	X Development (formerly Google X) is an American semi-secret research and development facility and organization.

The Organization culture:

Aphabet inc's organizational culture is a driving force that pushes the company to continue its leadership in the information technology and online advertising industries. A company's organizational culture, which in this business case is the corporate culture, refers to the traditions, customs, and behavioral ideals that predominantly influence employees' behaviors. Organization culture has its different characteristics. The following characteristics define Aphabet inc's corporate culture

1. Openness:

This cultural characteristic refers to the sharing of information among Aphabet inc's employees. The company's main objective is promoting openness and encourage the dissemination of valuable knowledge that can support further innovation.

2. Innovation

Innovation is one of critical success factor in Aphabet inc's business. The organizational culture motivates employees to contribute to innovation of the business and its products as well.

3. Excellence that comes with smartness

This cultural characteristic focuses on gaining excellent results from all areas of business. This characteristic of the organizational culture is integrated in development of human resources and programs to inculcate an appreciation for excellence of employees

4. Hands-on approach

Through its corporate culture, Aphabet inc applies a hands-on approach to human resource development. This cultural characteristic mainly focuses on using different type learning as an effective way to improve employees' knowledge, skills, and abilities

5. Small-company-family rapport

Aphabet inc is also known for its support for its small-company-family in its workspaces. This cultural characteristic also focuses on the social interactions among employees.

The Values and Ethics of the organization:

Employees of Alphabet and its subsidiaries should do follow the law, act honourably, and treat co-workers politely, support, and respect. All of the employees and Board members to grasp and follow Code of Conduct. Failure to try to to so may result in disciplinary action, including termination of employment.. Different type of values and ethics that should followed by its employee is given below:

- Avoid Conflicts of Interest
- Ensure Financial Integrity and Responsibility
- Obey the Law
- Promote a workplace that is supportive and respectful for all employees and members of the extended workforce

The Leadership style and motivational style in the organization:

Larry page was Google's CEO before 2015 but after restructuring of Google on October 2, 2015,[2] and Alphabet became the parent company of Google and a number of other former Google subsidiaries and alos Larry page became Alphabet CEO also. Google and its services created sole by Larry Page and Sergey Brin. Additionally, leadership skills in innovation, patience and situational approach to employee empowerment have helped Larry Page successfully design Google's governance structure (Elmer, 2011). He also helps in design and restructure of Alphabet. These are the following leadership strategies of Larry Page:

- To pay attention to the innovative ideas and use the best opportunities to implement them
- To concentrate on team work
- To avoid use of bureaucracy
- To adopt a quick and concise work structure
- To recognize the importance of small changes within the organization.

With these strategies, Alphabetincas well as Google Inc. has announced the best workplace by Fortune in 2016.

The Overall measurements of success for this organization:

Alphabet Incorporated has shown a high level of competency and efficient competitive nature thanks to their dynamic leadership moreover as innovative vision as many of the worlds leading

tech companies are looking to sort their way and place into the subsequent decade because the era of iPhones dominating the patron market shifts from connecting people, toward connecting all types of technology that may merge into smart driving, smart cities, and residential use. The battle of cloud data space and emergence of the AR and VR market space has led Alphabet to take a position in these fields while maintain an outsized program use even with uprising competitors from the likes of Amazon and Facebook on both fronts. Google has positioned itself delicately during a transitory period within their re-entry into the smart phone and hardware aspects of the Industry in the hopes attaining some type of market share here will allow their future vision of their unique eco- system to return together. Benefitting from variety of competitive advantages and a brand new line release of products to push its way through, they need demonstrated considerable failures before but have the assets to absorb any losses within the hopes that one in all their other projects outside of their core business model will succeed which can eventually propel them. As has been reviewed a fundamentally sound analysis of their financial health both internally and propensity for his or her growth gives an organization a novel ability to adapt with the changing environment. There are considerable risks as many major competitors starting from Samsung, to Apple, Facebook, Amazon and also the like puts the tech industry within the prime and major reason why it exhibits so high a volatility. Google has shown a good consistency despite their plunders and failures in underperforming assets and can see a realization of those ventures at some point as both the current business landscape and consumer market will exhibit high demand when the change fully manifests and alphabet Inc is priming itself to be right within the center of it as a dominant leader in the industry. Its major success is as Google.

SECTION II

Becoming the CEO of Alphabet, one of the most high-profile businesses in the world, gets you into the history books. In December 2019, Sundar Pichai became the CEO of both Google and Alphabet, taking over from co-founder Larry Page. Pichai has been the chief executive of the search engine business since 2015.

Issues:

Shoring Up Growth, Profits:

Alphabet posted a mixed earnings report that revealed better-than-expected revenue, but a hit to its earnings -- earnings per share came in at \$10.12 versus estimates of \$12.42. One reason for that miss, as noted by RealMoney's tech columnist Eric Jhonsa, was accelerating operating expense growth, along with spending on R&D, sales and marketing and other expenses. It also recorded a net loss in its equity investments last quarter, posting a loss of \$1.53B loss versus a \$1.38B gain in the third quarter of last year.

Growing Regulatory Risks:

Alphabet formally acknowledged the government's antitrust probe earlier this year, but it isn't just U.S. federal law enforcement officials taking a harder look at Alphabet's business practices. In addition to FTC and DOJ investigations, a coalition of state attorneys general are participating in an antitrust probe of the company. In Europe, Alphabet has faced record fines in recent years for antitrust violations, and the European Commission, the EU's antitrust regulatory body, recently opened an investigation into Google's data collection practices, and may include data related to local search services, advertising, ad targeting, login services, web browsers, and others, according to Reuters.

Management:

Firm Infrastructure

Alphabet has managed a huge infrastructure globally. It is led by its founders with Sundar Pichai as the CEO of Google. The various businesses of Alphabet apart from Google operate independently as separate businesses.

Inbound logistics

Google relies on external suppliers for several things like for the manufacturing of its assemblies and finished products, third-party arrangements for the design of some components and parts, and third-party distributors, including cellular network

carriers. However, here is pretty little evidence that the brand spends much on inbound logistics.

Outbound logistics

Alphabet delivers a large part of its services online and through the internet. To keep its products running 24/7, the brand relies on data centers that are scattered around the world from Americas, Asia and Europe.

Operations

Alphabet is headquartered at Mountain View, California. The brand also has office/building space and research and development sites around the world, primarily in North America, Europe, South America, and Asia at several locations.

Marketing

Alphabet relies on marketing for brand recognition as well as for driving product sales higher. Its marketing and sales expenses reached 12.9 Billion dollars in 2017.

HRM

HRM is a strategic focus at Google and the brand pays some of the most enormous salaries in the entire industry. Alphabet has established one of the most attractive corporate cultures focused at employee empowerment and welfare. Not just at salaries, the brand has made major perks available to its employees.

Technology

Google is one of the technology giants and at the core of its business model is Information technology. Its business is centered on the most efficient search engine. Apart from that Alphabet also invests a major sum in innovation every year. It also offers cloud-based services.

Procurement

Alphabet has entered several long-term contracts with its suppliers for procurement. Timely availability of raw material is important for consistent delivery of its products and services.

Challenges:

1. Social

Google has spent a decade trying to gain relevance in social, going back to its Orkut network in 2004 and including products like Buzz and Friend Connect. If not for a dogged Harvard dropout turning down massive takeover offers well before he

was pulling in much revenue, the world could look very different for Google. As is, this is an uphill battle.

According to eMarketer, Facebook controls 68 percent of the \$16 billion in ad spending on U.S. social networks this year, followed by Twitter at 7 percent and LinkedIn at less than 5 percent. Google falls somewhere in the “other” category.

2. Vertical search

On the desktop, Google is the most popular front door to the Internet. It's how people quickly find what they're looking for, and it's a cash cow for Google. Big companies spend hundreds of millions—sometimes billions—of dollars on sponsored links that run alongside search results to make sure they're getting Web traffic.

The mobile world is very different. Smartphone users tend not to go to Google.com to search for hotels, clothes or gifts. They go to particular apps, meaning there is no central front door to the mobile Web. While Google remains at the middle of mobile computing with Android and popular apps like Maps, YouTube and Gmail, it doesn't control the discovery experience.

Whatever the category, if consumers are beginning their search outside of Google, then Google isn't getting paid for helping them find what they're looking for.

3. Payments and commerce

near-field communication, the technology was central to Google's costly effort at getting new payment terminals into retailers' hands, so that consumers could pay with a chip attached to their phone.

It was one of many failed attempts that Google has made in the payments market, where PayPal, Apple and Amazon have had far more success getting customers to buy stuff with a couple clicks.

4. Slowing growth

Companies of a certain size inevitably mature. The investor base changes as does the workforce. Top talent leaves to chase the next big thing or even hit the beach. Google's business, to stay truly cutting edge, needs the best engineers to keep flying through the doors and needs shareholders to stay patient. Everyone else should stay tuned.

5. Antitrust

Regulators, both at home and abroad, are watching Google's every move. When the company agreed to acquire flight information provider ITA in 2010, it took almost a

year for the Justice Department to clear the deal amid concern that Google would favour its own travel listings in search results.

Google controls one-third of the global digital ad market and more than 40 percent of the U.S. market, according to eMarketer. In its core online ad business, any increase to its share—certainly via acquisition—will be rigidly scrutinized. So, Google is faced with a need-to-grow-but-can't-grow conundrum.

Conclusion:

The search engine keeps on growing every year and keeps on improving its technology. If Google addresses its weaknesses and threats, no other competitor can outperform or even match this company.

Headquarters managers add value to businesses through the relationships they have with influential stakeholders. One of the key stakeholders is the government of the United States.

In the areas of expertise, like foreign exchange hedging, the corporate finance function have special skills in managing the balance sheet and improving return on equity.

Alphabet board members have exclusive meetings with each CEO of the child companies discussing their strategy, and align them with corporate strategy. In order to add more value, the child companies' strategies is also in line with each other.

SECTION III

SWOT ANALYSIS:

STRENGTHS:

- 1) Data collection for advertisements by their services.
 - From android operating software.
 - From downloading apps from play store.
 - Gmail- a common mail for majority of the users across the world.
 - Google drive- an alternative to store or park your data here. Services here are paid and free of cost as well.
 - YouTube- a video sharing platform where it collects the data, the content or the channel you have visited the most.

All these make up for the Google's (alphabet) revenue and profit.

- 2) Free upgrades and download of softwares.
 - Here, Google is getting paid a large chunk from the ads which are why it is providing the free upgrades and download of software (cracked version as well).

WEAKNESSES:

- 1) Unhappiness of the customer due to the amount of personal data they have.
- 2) There are large numbers of fake transparent pages/sites where the user's personal data gets stolen.
- 3) There are some websites where there is large number of ads shown than on the subject.
- 4) It uses CPC (cost per click) model for the ad-revenue which measures the number of users seen the ad and the amount of revenue generated per click. If CPC decreases then profits also decreases. One of the reasons to happen this is when client shifts the platform to advertise.

OPPORTUNITIES:

- 1) Continuous updates to the android software.
- 2) Expanding the sales of Google's Smartphone across the world.
- 3) Customizing the software as per the need.
- 4) Investment in R&D can lead Google to develop new technology products and services

THREATS:

- 1) Apple's replacement of search engine of siri with Bing and microsoft's replacement of search engine of edge with bing from Google can decrease and raise concerns with ad revenue and losing of customer base.
- 2) Facebook- a social media platform with monthly active users up to 1 billion, can attract clients to advertise in their platforms which could lead Google to lose clients.
- 3) Google's hefty taxes can lead apps to exit playstore.

PORTER'S FIVE FORCE ANALYSIS:

BARGAINING POWER OF BUYERS:

- Considering the growth of use of internet in fast pace and larger customer base adopted, each buyer contributes some part of revenue the company generates and this doesn't affect individual buyer. Moreover, it displays only those ads the customer wishes to watch or they have visited to the site.

BARGAINING POWER OF SUPPLIERS:

- The bargaining power of suppliers is also low because the Google is ruler in terms of the market share in the advertising. Therefore one has to quote an attractive price for the Google to advertise their ads.

THREAT OF NEW ENTRANTS:

- Alphabet Inc being the one of the top 4 companies (by m-cap) is capable to grow and protect its market share. But, due to more growing of start-ups and other companies entering into its industry, has a low threat to its business. Because it has many cost advantages such maintenance capital expenditure. It also focuses on product and services differentiation to attract different category customers.

THREAT OF SUBSTITUTE PRODUCT:

- There is moderate threat under this category for the company. Because there are various ways one can advertise its products such as newspaper, online streaming apps, television etc and can have less expense towards advertising and its operating system (OS). However, its growing popularity and lead in the business there is very less likely to have a substitute product for this giant.

RIVALRY OF EXISTING PLAYERS:

- There are players such as Apple, Amazon (in terms of web services), Microsoft, Facebook are competing intensely with Google. Like facebook for advertisement, amazon for webservices, apple for its operating system (OS) market share. There is moderate to little high threat for the Alphabet Inc.

SECTION IV

Environmental sustainability And Initiatives at Google

For quite 20 years, Google's products have improved the lives of individuals everywhere the planet. Google has been carbon neutral for over a decade and have matched 100% of the electricity consumption of their global operations with renewable energy. The company also announced a long-term goal to power operations with carbon-free energy, 24x7, three hundred and sixty-five days a year. Moving forward, Google is exploring the role of artificial intelligence in helping to achieve energy efficiency gains in data centers.

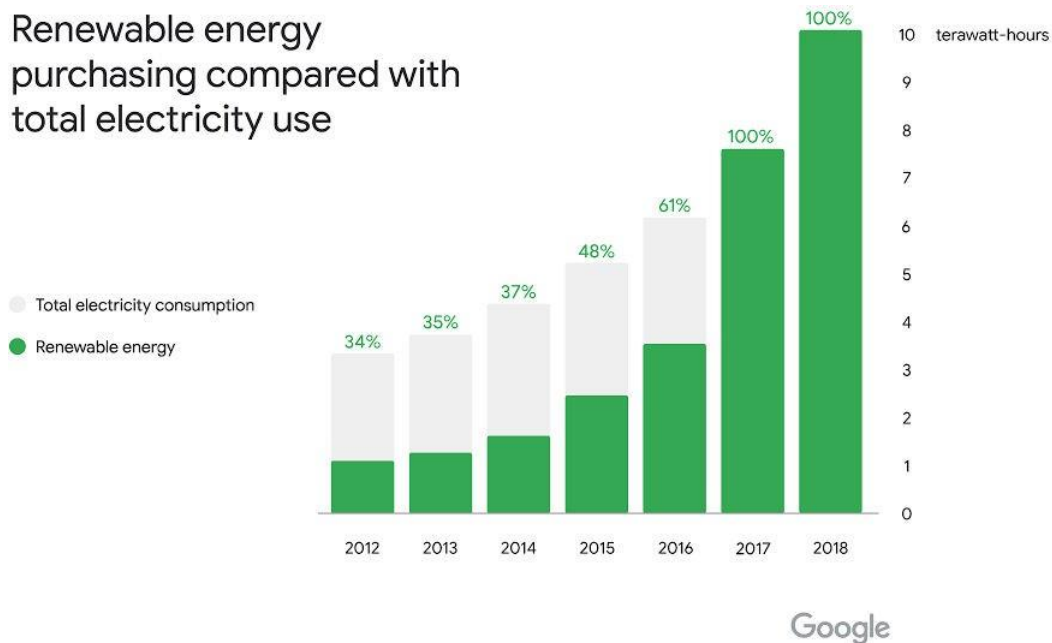
Google's five-year sustainability strategy focuses on three key pillars that span both environmental and social initiatives:

- Accelerate the transition to carbon-free energy and a circular economy.
- Empower users with technology.
- Benefit the people and places where they operate.

Where Google Been

- **Carbon neutral since 2007:** In their first decade, they became the first major carbon neutral company. Since 2007, everyone using their products has been able to do so safe in the knowledge that their data centers have caused net zero carbon emissions for their planet. For 13 years, they have not wavered in that commitment, and they're proud to have maintained carbon neutral operations. Their approach focused on three key levers: driving energy efficiency, procuring renewable energy, and purchasing high-quality carbon offsets for all the emissions that they can't yet eliminate, like employee travel and commuting.
- **100% renewable energy since 2017:** They are the largest corporate purchaser of renewable energy in the world, and the only company of their size to match 100% of their annual operational electricity consumption with renewable energy for three consecutive years (2017—2019)

Renewable energy purchasing compared with total electricity use



- **Cleanest, most energy-efficient hyperscale cloud services in the industry:**

Because of their continued energy efficiency efforts, a Google data center is, on average, twice as energy efficient as a typical enterprise data center. Compared to 5 years ago, they now deliver around seven times the maximum amount computing power with an equivalent amount of electric power. This, paired with matching 100% of their electricity with renewable energy since 2017 and their carbon neutral commitment, makes their hyperscale cloud the cleanest in the industry.

- **Green buildings:** Since the beginning, the company focused on the impact of our workplaces: from how the company build their offices to preventing food waste in our cafes. Today, quite 13 million square feet of Google offices are LEED certified.

- **Circular economy and design:** the corporate are committed to maximizing the reuse of finite resources across our operations, products, and provide chains and to enable others to try to an equivalent. To date, the company shipped millions of devices made with post-consumer recycled plastic and 100% of Nest products launched in 2019 include recycled plastics.

SECTION V



Impact of pandemic COVID-19

Source: MarketWatch stock photo

The COVID-19 pandemic outbreak has forced many businesses to shut, resulting in an unprecedented disruption of commerce in most industry sectors. Many companies face short-term challenges that are associated with health and safety, the availability chain, the workforce, cash flow, consumer demand, sales, and marketing.

In good times, Google's ads business is an absurdly huge moneymaker, accounting for \$134 billion in 2019, or 83% of Google's revenues.[source: protocol]

During COVID- 19 Alphabet Inc.'s dominance of the ad market was severely affected.

"In March we experienced a big slowdown in ad revenues," Alphabet Chief treasurer Officer Ruth Porat said during its half-moon earnings call in late April.

This trend of downfall continues in the second quarter and hit the bottom during this period.

Monness Crespi Hardt analyst Brian White warns "Alphabet will continue to struggle with weak digital ad spending and wrestle with antitrust investigations."

According to eMarketer, Google the core business of Alphabet, holds roughly 28% of the company's total advertising market worldwide, and will continue to maintain that lead in 2021 and beyond. In late April, Alphabet reported it brought in \$4 billion in ads through YouTube in the half-moon, and \$2.78 billion via Google Cloud.

Since the last recession, Google has also acted to diversify its business beyond search ads, with YouTube and Cloud accounting for quite 40% of incremental growth. [Source: MarketWatch]

While Alphabet overall has been hurt by the COVID-19 pandemic, its cloud business remains strong thanks to the acceleration of the work-from-home economy. Analysts expect Google's cloud revenue, an increasingly important key metric for Alphabet, to post healthy gains, though at a slower pace than previous quarters. [source: Investopedia]

According to global investment bank and financial services company Cowen & Co., Google's total net revenue is projected to be about \$127.5 billion down 28.6 billion. [source: economic-times]

Even though the organization has been hit severely, Google will remain in a good position after the post-Covid period. Google Cloud business, which counts a wide array of clients, including PayPal, Target, 20th Century Fox, and The New York Times, stands to be unhindered by the economic downturn. Many analysts agree that Alphabet should diversify its business away from volatile ads.

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