



MAY 11, 2006

NEWS ANALYSIS

By Burt Helm

Google's Desktop Offensive

The Internet giant is fighting Microsoft's advances into search with a host of tools that move it deeper into Redmond territory

No doubt about it, rivals are lining up in a bid to knock Google ([GOOG](#)) from its perch atop of the Internet-search heap. Chief among them is Microsoft ([MSFT](#)), which this month plans to take public its first search-advertising network, a tool it hopes will help it generate more revenue from the booming Net-advertising market. It's just one of many recent moves by Microsoft, the world's No. 1 software maker, onto Google's turf.

Google's not taking it lying down. On May 10 Google announced several new services aimed at moving it further into the heart of Microsoft territory: the computer desktop. For starters, it unveiled a new version of Google Desktop, which in addition to letting users search their own hard drives will now give them "Gadgets" -- small applications that sit on the desktop to provide everything from news and weather to entertaining animations.

Also in the lineup: Google Notebook, a Web-based note-taking program; Google Co-Op, an enhancement to the search engine that lets users annotate search results; and Google Trends, which lets users chart the frequency of specific searches over time. Google touted the new wares at a series of presentations for the media at its headquarters in Mountain View, Calif.

Desktop and the other tools fit with Google's dual strategies of getting its brand in front of computer users in as many ways as possible, and at the same time creating ways for advertisers to get their message to specific audiences. "The key for them is to continue to leverage search, and then use their position there to garner success in other areas," says Scott Kessler, an analyst with Standard & Poor's.

PERSISTENT PRESENCE. That two-pronged approach is key to success against competitors like Microsoft. The software maker uses its dominant Internet Explorer Web browser and Windows operating system to direct users to its other businesses and swipe at competitors' market share. Microsoft's attention these days is focused on growing online ad revenue with products like adCenter (see BW Online, 5/8/06, "[The Counterattack on Google](#)").

Google clearly recognizes Microsoft's threat. In recent weeks, Google complained to antitrust regulators that Microsoft will unfairly employ the next version of Internet Explorer to guide users to search via Microsoft's MSN.

By developing new ways to get Google in front of Web surfers, the company scores a better chance of directing people to its own search engine. Though developers will be able to develop their own Gadgets for the service, several of the new gadget features will be shortcuts to other Google products. The Google Desktop program will also still put the standard Google search bar on the desktop as well. The Notebook program will let users save links, images, and Web sites of interest, and act as a companion to users wherever they surf.

NICHE ITCH. Google will also use the new tools to provide more relevant -- and therefore more lucrative -- advertisements. The desktop program will still scan the user's entire hard drive as well, letting the user search and find information while also giving Google the chance to do an even better job of targeting ads.

Google Co-op, which launched with special annotated search engines in the health and city-guide categories, will also provide an opportunity for Google to create specialized areas of search. If it succeeds in making itself a destination for search in various niche categories, Google could command higher rates from advertisers looking to target specific groups of users. "Specialized search is very important," for attracting and keeping users, says Danny Sullivan, editor of trade site Search Engine Watch. "People want to tune into more specific content the way they want to tune into more specific channels on televisions."

Of course, while Google has long been the master of profiting from targeted ads next to search results and on partner Web sites, it's still struggling to burrow into other parts of users' digital lives. Its most popular nonsearch product, Web-based e-mail client Gmail, ranked third behind Yahoo! Mail and MSN's Hotmail, according to Web traffic tracker Hitwise.

But for the millions who spend their days toiling (or playing) in front of a computer, there is going to be a growing number of places to find the Google imprint rather than just in search. And each one makes Microsoft's dominance of the desktop look that much less secure.

Helm is a reporter for BusinessWeek Online in New York

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