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*How the search giant hopes to stay on top*

BY KEVIN MANEY

# What Scares Google

IMAGE CREDIT: BEN WEEKS

**Y**OU DON'T TUG on Superman's cape, you don't spit into the wind, you don't pull the mask off that ole Lone Ranger—unless you're Google. Then you feel defiant in the face of powerful forces, in this case the historical trend that has knocked previous tech colossi to their knees.

The technology industry operates on grand generational cycles, and those cycles are speeding up. A profound invention creates a new generation of products and a new winner-take-most-of-it leader. The cycles have already deposed IBM and then Microsoft from their tech-industry thrones.

But Google just shrugs, like a teenager told that if he doesn't stop playing video games, he'll wind up as a career Wal-Mart greeter. "Most of the emphasis within the company is on the next couple of years, and we tend not to think about longer than that," says Peter Norvig, Google's director of research.

Once upon a time, IBM was technology's superpower. For decades, Big Blue lorded it over an era of big computers in big companies, heavily influencing technology and crushing competitors. Through the mid-1980s, no one could imagine how IBM could stumble.

Then along came personal computers, which ate into IBM's cost structure and business model until the company [lost \\$5 billion in 1992](#) and nearly fell to the ground. The PC generation had a new leader: Microsoft. And Microsoft soon towered over the sector.

But the Internet, in turn, has stolen Microsoft's mojo. Start-ups that used to fret that Microsoft would eat them for breakfast now find the software giant about as threatening as the Abominable Snow Monster after Hermey the Misfit Elf pulled his teeth.

Microsoft, in a way, proved the inevitability of this generational shift. In 1995, then-CEO Bill Gates sent his staff a nine-page memo titled "[The Internet Tidal Wave](#)," detailing how Microsoft could leap from one tech generation to the next. Yet Microsoft failed to make the jump. Everything about the company—its culture, cost structure, bureaucracy—was geared

toward making profits from selling complex and expensive software packages. Microsoft never got its collective head into competing against the simple and free stuff available on the Web.

So what about Google? Like IBM in the 1940s and Microsoft in the 1980s, Google is still on the ascent. “It may take 10-plus years for Google’s star to waver,” notes Reid Hoffman, co-founder of LinkedIn. Other top tech executives also give Google about a decade before it faces a transformative moment.

How might that moment arrive? “The Web is doubling in power every two years,” explains Rowan Gibson, co-author of *Innovation to the Core*. So in 10 years, the Web will be 32 times as powerful as it is now. Then, a Google-style search engine—delivering thousands of results that users must sort—will seem as archaic as card catalogs.

A brainier Web is coming, and the next generation of companies will anticipate your needs. Early this year, much like Gates 14 years ago, Google Senior Vice President of Product Management Jonathan Rosenberg wrote a lengthy memo foretelling a day when a perfect search engine would comprehend all of the world’s information and the meaning behind every user query, and deliver to users not a dump truck full of search results, but The Answer.

If that’s the future, Google figures it will get there in lots of tiny steps rather than major, bet-the-company shifts. Google famously flings a lot of half-cooked spaghetti against the wall (who the heck uses Knol?) to find a few advances that really stick (like Google Earth). The approach “may give us a bit of an edge and let us be more reactive,” research chief Norvig says. He notes that Google’s executives have all read *The Innovator’s Dilemma*, Clayton Christensen’s best seller explaining these generational shifts. “We say, ‘Gee, that’s compelling, and maybe it will happen to us—or maybe we will be the company that displaces ourselves.’”

And yet, that almost never happens. History says Google will struggle as technology shifts. But good luck figuring out what company might catch the next wave and give Google fits. In 1995, Gates worried about existing companies such as Novell and the start-up Netscape Communications. Neither wound up a serious rival. Google was three years from being born. Fear what you can’t see, not what you can.

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