

## Google Energy's Shift into Renewables

*Google is not a conventional company. We do not intend to become one.*

—Co-founder Larry Page, before Google's IPO in 2004

With the green light from co-founder and CEO Larry Page to expand, the team from Google Energy, a recently created subsidiary, sat down to discuss the company's renewable energy investment strategy.<sup>1</sup> Google Energy's recent efforts to respond to criticisms of its data center energy use had gone well. The team must now formulate their expansion strategy. If successful, the expansion would likely strengthen Google's image as an industry leader in energy procurement, provide a strong financial return, and possibly create a lucrative new market. However, this initiative had high risks. What did Page's challenge to be "unconventional" mean when it came to energy management? Were these efforts enough, or were they just the baseline of what they could be doing? How far should Google go to act as a leader to address the environmental impacts of these operations? Page wanted answers to these questions before the shareholder meeting that would take place in two weeks.

### Industry Overview

The multi-billion-dollar Internet technology industry was one of the fastest-growing industries in the world and yet did not look to be near maturation. The businesses in this space included search engines, social networking websites, computer software companies, e-commerce sites, and online retailers. In addition to the search giant Google, big players included Twitter's and Facebook's social networking; Microsoft's software, search engine, and hardware businesses; creative manufacturers Apple, Cisco, and IBM; the online retailer Amazon, and others such as Yahoo and Mozilla. Most were publicly owned companies.

By 2011, Google had achieved a dominant share in the US web-search market with 66%, while Yahoo and Microsoft were each at 15%.<sup>2</sup> In addition, Google's Android smartphone operating system grew to command 53% of the US smartphone market in 2011, while Apple's share was 29%.<sup>3</sup>

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