



## Google can't do it Alone!

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Search engines, including Google, have adopted a strategy of ignoring input from companies regarding the quality, breadth, and accuracy of information used in search results. Such a strategy is presumably intended to eliminate outside influences on results. However, besides being a source of distraction, the current strategy can lead to value destruction in the hundreds of millions of dollars. The remedy, outlined below, is to seek cooperation with their search engine customers – the companies behind the link results.

For example, Google has recently been sued for deleting a company from their index. There have also been rumors that Google is considering the deletion of all information associated with a website when the domain name changes ownership. These links have value and thus, indiscriminately eliminating them destroys value. On the other hand, a cooperative arrangement with the companies can increase value by selectively deleting legacy information that is a source of negative externalities.

The search engine business represents a two-sided market<sup>1</sup> that captures the interaction between an Internet searcher and an online company represented by link on the search engine results. A search engine, such as Google, mediates the market whereby currently, it does not charge the user or the companies that appear in the organic search results.<sup>2</sup> Thus, companies in the search results are customers of the search engine and must be treated as such.

Any way the issue is analyzed, the value creating results point in the direction of cooperation. I consider three perspectives on corporate relationships:

1. Under current business *modus operandi*, relationships between companies can have dual roles, competition in certain areas, while cooperating and being customers in others.

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<sup>1</sup> For a summary of two-sided markets and their implications for domain name marketplaces, see Alex Tajirian, "[Multiple Viable Domain Name Marketplaces Can Co-exist](#)," DomainMart.

<sup>2</sup> To make the marketplace viable, the intermediary has opted to charge only sponsored listings that are ranked based on a competitive online bidding auction.

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2. In their bestseller “The Future of Competition: Co-creating Unique Value with Customers,” C. K. Prahalad and Venkat Ramaswamy underscore the trend and the importance of cooperation between a company and its customers to create shareholder value.
3. Search engines, searchers, and online companies form an ecosystem that needs to be jointly preserved for mutual benefits. For example, ignoring the needs of companies to acquire legacy links is detrimental to all viable components of a healthy ecosystem.

Thus, cooperative relationships between companies and customers are a part of business life. Cooperation makes sense from a purely business standpoint and can have tremendous spillover social benefits.■