GOOGLE INC.: BUY, SELL, OR HOLD?Live Case

John Sutherland kept taking trips to the water cooler. He was not going to figure out where he had miscalculated by continuing to stare at his computer monitor. The numbers had been checked and rechecked, but the conclusion was not what he had expected. No analyst at Pirsig Financial had ever given Google Inc. (Google) a rating lower than “strong buy.” But somehow the narrative Sutherland’s numbers had formed demanded a reconsideration of that rubber stamp. As a first-year analyst, he did not want to be the rookie that gave offbeat ratings in hopes of garnering attention. In his mind, Google had been growing steadily since whiz kids Larry Page and Sergey Brin had founded the company in 1998. Furthermore, its growth had been built on a reliable, market-dominating product: a unique and effective search engine. So why weren’t these projections showing a more positive picture of Google’s growth potential? Or was he making some faulty assumptions? If he were advising a value investor who was taking a look at Google, would he recommend the investment at today’s stock price or not? And why or why not? He kept staring at his calculation of discounted cash flow projections, hoping that the answer would somehow materialize before his eyes.

Live Case Instructions Analyze Google’s current situation—the state of the company today. What can you discern about Google’s strategy? About Google’s competitive position? About Google’s prospects for the future? How do these inform your assessment of its current stock price?

In the real world, all relevant case facts and information will not be handed to you. Analysis of this case requires the collection of data and information from public sources. In doing research, you will cultivate your skill in making sense out of a tremendous amount of information—or lack of it—and determining what is relevant data that ought to guide your strategic analysis. The ultimate test of your skill as a strategic analyst is whether you have the tools and judgment to make sense of the information available and to make strategic decisions in the face of a great deal of uncertainty.

Good places to start collecting information include the company website, its annual report and financials, and comprehensive databases such as Hoover’s and Bloomberg. If you think that a particular piece of information is relevant to our discussion of Google’s strategy, come prepared to discuss it.

1. Practice your business strategy skills as you consider "Google Inc: Buy, Sell, or Hold?" Then join the discussion forum to share your analytical insights on the following in about 100 words each:

* Review Google’s corporate webpage and annual report. How would you describe Google’s strategy?
* If you were to prepare a competitor analysis, how would you define Google’s industry? Who are Google’s competitors?
* If you were to prepare an environmental analysis, what are the major trends impacting Google’s industry? What are the growth prospects for Google’s core business?
* Do you think Google’s industry is a competitive market, in the technical sense? Does Google have a sustainable competitive advantage in internet search?
* Would you recommend investing in Google? Why or why not?

1. Comment on the response of any of one your peers in about 75 words, using five steps for reflective peer response as a framwork. (if you are the first to post, then come back in a few hours to answer this part).

Note: Five Steps for good reflective peer response

[**http://www.lirvin.net/WGuides/peeresponse.htm**](http://www.lirvin.net/WGuides/peeresponse.htm)