



What People Are Saying About The Google-DoubleClick Acquisition

September 2007

Editorial Boards

Los Angeles Times, Editorial

"But as Microsoft urged less credibly during its own battles with the Justice Department, antitrust officials should bear in mind how quickly things change on the Net...The market for advertising online is still in its infancy. Advertisers continue to experiment with ways to reach Web surfers, and they're not yet sure how much to spend online instead of on television and other venues. And neither Google, DoubleClick nor anyone else dominate the emerging market for video advertising, which in the broadband era may emerge as the most effective and lucrative sector yet." (*Los Angeles Times*, Editorial 4/17/2007)

Financial Times, Editorial

"The irony of seeing Microsoft voice antitrust complaints against arch-rival Google over the weekend has not been lost on its adversaries. Yet among at least some observers...there was a strong suspicion that Microsoft's charges -- echoed by others, including AT&T -- would fail to convince regulators to block Google's proposed purchase of the online advertising company DoubleClick." (*Financial Times*, 4/16/2007)

Financial Times, Editorial

"Google and DoubleClick are different kinds of business. Google is like a TV station, attracting viewers and then selling their attention to advertisers. DoubleClick is more like a media buying agency, buying space from broadcasters on behalf of advertisers. Buying DoubleClick does not increase Google's share of the total web audience, a more meaningful measure of the market. DoubleClick is a middleman, squeezed between advertisers and web publishers, which limits its margins. Barriers to entry in its business are also low." (*Financial Times*, Editorial, 5/25/07)

Online Advertising a Dynamic, Competitive Space

Shar Van Boskirk, Analyst, Forrester

"Forrester analyst Shar Van Boskirk believes the recent acquisitions, along with the presence of competitors such as ValueClick, BlueLithium, and Tribal Fusion—to name a few—can't help but give Google more leeway to push its deal through with few, if any, major concessions. 'It makes Google look less aggressive,' says Van Boskirk. 'Everyone is trying to create this set of integrated services.' And they're all collecting data to sell more targeted ads." (*BusinessWeek Online*, 5/30/07)

Jim Goldman, Silicon Valley Bureau Chief, CNBC

"Within days of the [Google-DoubleClick] deal news breaking, Google competitors Microsoft, Yahoo and various others began beating the anti-trust drum, loudly complaining that a merger could create a company too powerful on the internet. But since then, Microsoft bought Aquantive for \$6 billion; Yahoo bought Right Media for \$680 million; 24/7 was acquired by WPP for \$679 million. Seems that while all these companies were pleading 'weakness,' they were all beefing up their business to better take on Google. And that in itself could be enough to sway investigators that Google deal isn't the threat it may have once been." (*CNBC.com*, 5/29/07)

Allison Davis, Antitrust Attorney, Davis Wright Tremaine

"Google has several strong arguments for not needing to concede much. For one, it has not been a major player in the online display advertising market, which the FTC could view as a different animal than search advertising, says Davis. Also, its competitors in search, namely Yahoo and Microsoft, as well as competitors in the online advertising market in general, namely WPP Group, have announced intentions to acquire ad networks that compete with various parts of DoubleClick's business (WPP purchased 24/7 Real Media). 'I'm sure that is part of their story,' says Davis. 'Everybody else is buying up these guys...and just because we have the best search engine doesn't mean we should be punished.'" (*BusinessWeek Online*, 5/30/07)

Tom Lenard, Progress and Freedom Foundation

"Both the antitrust and the consumer protection branches of the FTC should leave this acquisition alone. It will create benefits with no increase in market power and no harmful reduction of privacy." (*Wall Street Journal*, 7/21/07)

Competition Issues

James B. Stewart, Columnist, Wall Street Journal

"For starters, Google and DoubleClick aren't direct competitors. Google specializes in online search and accompanying text ads.

DoubleClick specializes in so-called web display advertising, especially video. To the extent the two are related, it's more like vertical integration, with DoubleClick supplying more sophisticated ads than Google now provides. It's hard to see how the combined companies would dampen competition when they don't compete to begin with." (*Wall Street Journal*, 4/18/2007)

Thomas Eisenmann, Harvard Business School

"If the merger is approved 'there ought to be room for multiple players' in the online advertising space... 'Natural monopolies are very rare, and this is not one of them.'" (*Technology Daily PM*, 7/18/07)

Tom Lenard, Progress and Freedom Foundation

"Those who complain about Google's purchase of DoubleClick make two claims. Both are flawed. The first argument is that, since both firms have a large market share of their respective spheres, a merger would be monopolistic. The flaw is that the two companies undertake activities that don't overlap. Google places text ads mainly on its own Web sites and search-result screens. DoubleClick delivers display ads from advertisers to Web sites. It creates no ads and controls no Web sites. Even if we believe that Internet advertising is a distinct market (debatable, since it comprises only about 5% of all advertising) the combined firms will not gain any market power since they do not have any business in common." (*Wall Street Journal*, 7/21/07)

Lance Ulanoff, Columnist, PC Magazine

"As long as Web sites continue to sell their own ads and work with other providers to serve both contextual and image-based ads, I don't see a good argument for an antitrust case here, anyway. Likewise, in the search realm, there's simply no case for calling Google a monopoly. ...Any investigator with half a brain should see that Google has in no way used its leverage in the market to create a monopoly. People often compare Google with Microsoft, but the Redmond company's dominance in, for example, the browser market, came about in a very different way. [...] Consumers choose to add Google to their desktops. No one really chose to put the E on their desktop (and good luck trying to get rid of it)." (*PCMag.com*, 5/9/07)

Blair Levin, Rebecca Arbogast, and David Kaut, Analysts, Stifel, Nicolaus

"If we are right...and Google and DoubleClick's products are in distinct markets, we believe the antitrust authorities will likely approve the merger. They could view this as a vertical merger (where one product market is an input to the other product market, such as Google's AdSense network feeding DoubleClick ads to third-party Web sites), or a market-extension merger (where one product market is complementary to the other as text ads may complement display ads). Either kind of merger is generally much easier to get through than a horizontal merger between competitors in a concentrated market." (*Stifel, Nicolaus Analysis*, 4/23/07)

Andrew I. Gavil, Law Professor, Howard University

"...It looks as if DoubleClick may well be in a nearby, or complementary, market instead of the same market as Google." (*New York Times*, 4/16/2007)

Andrew Frank, Analyst, Gartner

"It seems there is a clear distinction between Google's business and the business it is entering with the acquisition of DoubleClick," said Andrew Frank, an analyst at Gartner. If so, Google is not acquiring extra market power through the proposed deal." (*Financial Times*, 4/16/2007)

Paul Keung, Equity analyst, CIBC World Markets

"[Online advertising is] very immature and growing fast-there's plenty of room for someone to come along with a better idea." (*U.S. News and World Report*, 4/22/07)

Blair Levin, Rebecca Arbogast, and David Kaut, Analysts, Stifel, Nicolaus

"Another reason we think antitrust authorities will approve the deal is that they will take note of the Web's highly dynamic nature. A critical question in any antitrust inquiry is what are the barriers to entry and are they low enough that competitors could constrain the behavior of the merged company? As Google will no doubt detail, the Web has minimal barriers to entry (compared to many businesses in the physical world) and the process of creative destruction has, at least to date, been very robust." (*Stifel, Nicolaus Analysis*, 4/23/07)

Lance Ulanoff, Columnist, PC Magazine

"Let's get one thing straight: Google is not a monopoly. It owns neither content nor the delivery mechanism. Though a global business, it has no geographical control anywhere in the world. Since nearly all its consumer services are free, it doesn't have the power to raise prices and has no ability to exclude competitors or somehow block access to competing services. It operates in an environment of healthy competition." (*PCMag.com*, 5/9/07)

Mathew Ingram, Columnist, The Globe and Mail

"As with most anti-competitive arguments, however, one of the important issues is whether the market that Google operates in is a discrete entity, or whether it's part of a larger market that is subject to greater competitive forces. In other words, is online advertising a separate thing that can be controlled in any real sense? Another question that must be asked in order to make a strong anti-competitive case is whether online advertising is the kind of market where a dominant position can be maintained for any length of time, and if it's a market either not growing quickly or not growing at all...Unfortunately for Microsoft, the short answer to both of those questions is likely to be 'No.'" (*Globe and Mail*, 4/19/07)

James B. Stewart, Columnist, Wall Street Journal

"Microsoft's general counsel told The Wall Street Journal that a combined Google and DoubleClick would handle more than 80%

of the advertisements that appear when a user pulls up a web page. If true, that sounds ominous, but not when you consider a broader advertising market than web pages. Web advertising still constitutes a small percentage of the massive global advertising market. Web advertising has enhanced competition (and reduced profit margins) in the broad advertising market, as the purveyors of traditional media have discovered on their bottom lines." (*Wall Street Journal*, 4/18/2007)

TheDeal.com

"A Washington lawyer specializing in digital technology said, unlike Microsoft's domination of the computer operating system business, neither Google nor DoubleClick have exclusive services that consumer would find hard to drop if competing products are offered at better prices or with superior quality. DoubleClick, the largest player in its sector, does have significant competitors, including ValueClick Inc., 24/7 Real Media Inc. and aQuantive Inc. (TheDeal.com, 4/18/2007)

Jesse Markham, Law Partner, Morrison & Foerster

"It's usually not useful [for Microsoft and AT&T to raise antitrust complaints]... (because) if you're a seller in that market, you're not a very credible complainant." (*San Francisco Chronicle*, 4/17/2006)

Mathew Ingram, Columnist, The Globe and Mail

"It's more than a little ironic to see Microsoft arguing — apparently with a straight face — that Google will be so powerful when it takes over DoubleClick that U.S. authorities should take a look into the deal and possibly disallow it...In the end, it seems that Microsoft and AT&T's major criticism of the Google/DoubleClick deal is that the search engine company won the bidding war and they didn't." (*Globe and Mail*, 4/19/07)

John Taladay, Government Antitrust Practice, Howrey LLP

"I don't see strong a horizontal or vertical relation between Google and DoubleClick. Google makes money by selling ad space on its search engine; that's very different from what DoubleClick does, which is place ad copy on other companies' Internet sites. If the only argument is that Google will be too big in online advertising, that won't have any credibility with antitrust agencies." (TheDeal.com, 4/18/07)

Advertising Industry

Brian McAndrews, President and CEO of aQuantive (firm purchased by Microsoft)

"We're in the first or second inning of a long game here. There's no monopoly on innovation. I don't think you're going to see two or three big players and then game over. There will continue to be a broad range of companies." (MediaPost, 6/15/07)

Harry Gold, CEO, Overdrive

"Google's brainpower will combine with DoubleClick's. Some pretty incredible technologies may emerge...Look at Google's history of supplying online marketers and advertisers with tools and products that work. Its intention is more likely to integrate all its assets into a unified marketing solution with global reach that efficiently delivers a high ROI for its customers and profits for itself. Providing the market with high-quality advertising products that create success is ultimately what's in Google's best interest and what got it to where it is today. (ClickZ News, 5/1/07)

Martin Reidy, President, Modem Media

"Reidy thinks advertisers will get a better product out of the acquisition. 'I like the fact DoubleClick is partnered with a strong company,' he said. 'You always think are they funding it for the future or for window dressing? Google has vision; people are clamoring for better metrics and I think that's what you're going to get.'" (Ad Age, 4/13/07)

Dave Moore, CEO, 24/7 Media

"Some rivals in the online display market, meanwhile, argued that advertisers and website publishers could react to any excess market power on Google's part by simply switching to another ad network. There are no barriers to prevent this switching, which reduces any anti-competitive concerns from a deal, said Dave Moore, chief executive officer of 24/7 Media, a rival online advertising services firm." (*Financial Times*, 4/16/2007)

Jarvis Coffin, CEO, Burst Media

"Google is building a very efficient apparatus for buying and selling ads online, and that's fundamentally a great thing for the Internet economy." (*Washington Post*, 4/14/07)

Mark Creighton, Managing Director, I-Level (Online Advertising Agency)

"Creighton...says he views Google as a partner, not a threat. 'Certainly digital media has always been about more than just transactions...Every day we optimize campaigns against the price we buy it at. Everything is so transparent; probably more so than other media.'" (*MediaWeek*, 4/24/07)

Privacy Issues

Tom Lenard, Progress and Freedom Foundation

"Both consumers and advertisers benefit from better targeting of advertising messages, which is made possible by the use of personal information. Better targeting means that consumers receive more messages that are of interest to them and, equally

important, fewer messages that are not of interest. (Thus, to the extent that the acquisition of DoubleClick by Google will increase the amount of usable personal information available to the combined firm, it will facilitate more precise targeting of advertising messages. This is a benefit, not a cost, to consumers.)" (PFF Blog, 5/3/07)

Robert Hall, Stanford University

"We have a legal regime that's very attentive to privacy questions...Derailing the merger over privacy woes is like saying we have to ban air travel because sometimes airlines crash." (Technology Daily PM, 7/18/07)

John Deighton, Professor, Harvard Business School

"Provided consumers don't feel snooped on, hyper-targeting [online ads] makes everyone better off. Consumers don't see irrelevant ads and advertisers spend less to get better results...Google has had a long history of resisting the impulse to exploit individual surfing histories. I think they understand that it's even more important to show that restraint now." (*Los Angeles Times*, 4/17/2007)

Gene Munster, Senior Research Analyst, Piper Jaffray

"Fears that advertisers are worried about sharing info [between Google and DoubleClick] are likely overblown." (Company note, 4/23/07)

Tim O'Reilly, O'Reilly Radar

"Our credit card company knows everything we buy -- and sells that information to marketers; our phone company knows everyone we call -- and sells that information to marketers; our supermarket knows what we buy and how often -- and sells that information to marketers. Meanwhile, here's Google, which is using the information it collects to build better services that we eagerly consume because they are useful to us, and yet we're complaining about the risks of how much data they collect! At least Google's harnessing that data for our benefit, while most of the other big data collectors are simply using it for their own...In short, it seems to me that Google is being held to a much higher standard than the rest of the world." (O'Reilly Radar, 4/25/07)

Tom Lenard, Progress and Freedom Foundation

"The FTC's antitrust function and its consumer protection function are fundamentally different. Indeed, the more information markets have, the more competitive they are. If 'privacy' advocates have their way, there would be less information and markets would not work as well." (*Wall Street Journal*, 8/21/07)