

# Schmidt Scoffs at Antitrust Concerns About DoubleClick Deal

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Google CEO Eric Schmidt said on April 17 that there is absolutely no merit to the accusation by Microsoft and others that Google's acquisition of DoubleClick for \$3.1 billion raises antitrust and privacy concerns.

"Microsoft. Did you say Microsoft? And AT&T? Microsoft and AT&T? What is the year? They are wrong. Come on, they are wrong. Give me a break," he said during the keynote presentation at the Web 2.0 Expo [here](#).

Google announced the DoubleClick deal on April 14 after the financial markets were closed for the day.

The next day, Microsoft's general counsel Brad Smith issued a statement in which he said the proposed acquisition "raises serious competition and privacy concerns in that it gives the Google DoubleClick combination unprecedented control in the delivery of online advertising, and access to a huge amount of consumer information by tracking what customers do online."

Smith added: "We think this merger deserves close scrutiny from regulatory authorities to ensure a competitive online advertising market."

The Washington Post then reported that Microsoft executives had also talked to AT&T, AOL and Yahoo about similar concerns.

But Schmidt said there is a long list of reasons why Microsoft is wrong,

including the fact that advertising is almost a trillion dollar business and the totality of what is being talked about here is about 1 percent of that.

"This is an emergent business with lots of choices: customers have lots of choices, end users have choices and advertisers have choices. These are people - Microsoft and AT&T - who were involved in acquisition reviews as best I can tell and who lost," Schmidt said.

He also moved to reassure Google's partners - some of whom have expressed concern that with the DoubleClick deal Google will now have too much information about their businesses - by saying that Google wants to address this concern as it needs their business.

"There are a lot of ways of answering that. One is to keep the particular targeting information that DoubleClick uses completely separate from the Google ad system, which is a perfectly reasonable way of solving that problem, and one of the options under consideration. There are others where you could choose to opt-in," Schmidt said.

While Schmidt acknowledged that people often express concern about privacy, but when they understand what the company's computers actually did, "then they are quite comfortable."

"But it is a legitimate concern. If we lose advertiser or end-user support, the company is kaput. So we have to address this, and to the satisfaction of our partners," he said.

Asked about the hefty purchase price of \$3.1 billion, Schmidt said he could not comment on the negotiations, but noted that Google had a particularly strong advertising business because its technology did a better job of targeting.

There was a lot of evidence that it had more advertisers and, so, had a

greater cash flow from that technology. "When you marry that to the interesting assets, technology and people that DoubleClick has assembled, which is really quite impressive, that's how you get to the number," Schmidt said.

The integration planning with DoubleClick was just beginning, Schmidt said, adding that advertising was both an art and a science and that Google could provide the science to the artist.

Asked what Google's plans were for DoubleClick's Performics unit, whose business is optimizing Web sites to do better than Google, and if it would be spun out, Schmidt said "we have not made that decision and we are going to look at it."

With regard to the third-party application for the Google Pack software suite which deletes DoubleClick cookies, Schmidt said "we actually think it's a pretty good application, so we'll figure it out."

Advertising is really about efficiency, relevance and measurability, and a lot of technology has not been applied to advertising over the past 10 to 20 years, except by a few companies, of which DoubleClick is one, Schmidt said.

"Since 2004, DoubleClick has made a lot of changes in the way they operate. They are now more targeted and with better tools and many, many companies are very, very happy with their products," he said.

"So, when we looked at the business analysis, we thought of the combination of the targeting that they do and the advertising support tools they build, which, when combined with Google's technology, will produce a better experience for the end user."

According to Schmidt, this will result in happier users who get more

targeted ads that are faster to load. The advertiser will get more efficiency, measurability and targetability, and the publisher will get more reach, especially globally. "So the math works, which is an important point," he said.

Schmidt also announced that Google is adding a feature in its Docs & Spreadsheets Web-hosted software that will allow users to create presentations and slide shows, but gave no additional detail except that this will be released shortly.

The goal was also not to compete with Microsoft Office, as it did not have, and does not intend to have, the functionality of a product like Office, he said.

"But the important point here is that for people who are using products that are on the Web and who need presentation, access and sharing, they are going to use this or something like this, which is a testament to the strength of Web 2.0." Schmidt said.

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