

Google profit up as chief business officer steps out (Update 2)

July 17 2014



Google on Thursday reported that its quarterly profit jumped on revenue that climbed 22 percent to \$15.96 billion

Google reported Thursday that its quarterly profit rose with a jump in revenue and released word that its chief business officer was leaving the company.

High-profile executive Nikesh Aurora took a moment on the earnings

call to thank Google for a "phenomenal" 10 years and said he looked forward to "cheering them on from the sideline."

Arora will be replaced in the interim by Omid Kordestani, a business founder who led Google's sales teams.

Google chief financial officer Patrick Pichette steered talk on the call away from Aurora's career move to a job at Japan's SoftBank, saying he wanted to keep focused on freshly-released quarterly earnings figures.

Paid clicks pop

The California-based Internet titan said its profit jumped during the three months ending June 30, rising six percent from a year ago to \$3.42 billion.

Revenue was up 22 percent year on year, at \$16.0 billion.

"We are moving forward with great product momentum and are excited to continue providing amazing user experiences, with a view to the long term," Pichette said.

Google shares rose slightly more than a percent to \$580.69 in after-market trading that followed release of the earnings figures.



Google's Lexus RX 450H Self Driving Car is seen parked on Pennsylvania Ave. on April 23, 2014 in Washington, DC

Google said a key factor in revenue was the jump in "paid clicks," for ads related to searches on Google and its partner sites.

Total paid clicks were up 25 percent from a year ago and two percent from the past quarter, while the average cost per click was down six percent from a year earlier.

Google is the leader in digital advertising with a 31.9 percent share of the global market in 2013, according to the research firm eMarketer. The closest rival was Facebook with 5.8 percent.

According to eMarketer, Google has more than 50 percent of the worldwide mobile ad market.

Google's profit per share was \$6.08, about 16 cents below analyst forecasts but revenues were better than the average estimate of \$15.6 billion.

Self-driving cars

While Google makes most of its money from digital advertising, it has been moving into new areas such as home automation, self-driving cars and wearable technology like Google Glass.

Pichette told analysts that Google takes a venture capitalist approach to new projects, calling on teams to hit milestones and make their cases when it comes to being funded.



Attendees wear Google Glass while posing for a group photo during the Google I/O developer conference on May 17, 2013 in San Francisco, California

With projects such as autonomous cars underway in the Google X lab, payoff could be years away, while new software creations could generate faster returns.

Google's Chrome and Android operating systems will be wound more tightly together as the technology titan makes a priority of providing experiences and services that transition smoothly from one screen to another to be in tune with arrays of devices becoming common in people lives.

"They are basically converging," Pichette said of Android-powered mobile devices and the Chrome operating system for computers that essentially act as gateways to the Internet.

"We have a lot of cross-pollination of teams."

The chief financial officer told analysts that Google has about 60 percent of its cash reserves outside the US and that there was an "interesting case" for keeping it there.

"We do have great opportunities outside the US to invest our cash," Pichette said, noting opportunities for acquisitions, building data centers and expanding offices.

He added that Google has "exciting plans" for its capital in the Asia Pacific and Europe regions.

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