

Online Advertising Redux

[Web Smart Newsletter](#) by Eric Holter, April 2007

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Cooking up an Advertising 2.0 marketing plan usually includes at least some measure of online advertising. Online advertising has many flavors such as banners, blog ads, rich media ads, content sponsorship, email newsletter sponsorships and more. But the most popular flavor? Search engine advertising--with Google serving up the most ads. The lucrative Web 2.0 economy has been bolstered largely on Google's success in turning website traffic into money (I'm desperately trying to avoid using the overused word "monetization"). Google has filled its coffers on ad revenues. Spinning web traffic into gold has emboldened all manner of content-oriented sites, blogs, web-based applications, and online virtual communities and social networks.

The announcement this week of Google's acquisition of DoubleClick for \$3.1 billion demonstrates how big online advertising has become.

Recent developments in online advertising and new features--especially search engine advertising, makes it time to review and expand upon this important facet of Advertising 2.0.



Financials (In millions of USD)

	Quarterly (Dec 06)	Annual (2006)	Annual (2005)
Income Statement			
Total Revenue	3,205.50	10,804.92	6,138.56
Gross Profit	1,922.35	6,379.89	3,561.47
Operating Income	1,060.69	3,550.00	2,017.28
Net Income	1,030.72	3,077.44	1,465.40
Balance Sheet			
Total Current Assets	13,039.85	13,039.85	9,001.07
Total Assets	18,473.35	18,473.35	10,271.81
Total Current Liabilities	1,304.69	1,304.69	745.38
Total Liabilities	1,433.51	1,433.51	852.86
Total Equity	17,039.84	17,039.84	9,418.96
Cash Flow			
Net Income/Starting Line	1,030.72	3,077.45	1,465.40
Cash from Operating	910.79	3,580.51	2,459.42
Cash from Investing	-828.54	-6,899.15	-3,358.19
Cash from Financing	418.03	2,966.40	4,370.83
Net Change in Cash	506.33	-332.50	3,450.30

Reviewing the recent history of Google

Google was once merely a search engine. For years it focused ruthlessly on its core functionality--the math that drove the algorithm, which produced the most relevant search results. Their success produced all the traffic they could handle. But they didn't