

## TECH TRADER DAILY

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June 5, 2007, 1:57 pm

## Perhaps Goldman's Comments Will Keep Google Above \$500

Posted by Tiernan Ray

**Goldman Sachs analyst Anthony Noto** today writes about a few important strategic developments for Google ([GOOG](#)) that could broaden Google's number of advertisers and, hence, ad fire to Noto's Buy rating on the stock. They include Google's [\\$3.1 billion acquisition of ad-serving network DoubleClick](#) in April and the company's bid to extend radio advertising to companies that haven't been buyers in past.

None of the individual developments seem Earth-shattering in-and-of-themselves, which is perhaps why Noto speaks "in aggregate":

*The key benefit of these deals is widening Google's lead in the number of advertisers, which leads to more demand, more information, better targeting, and superior ROI for advertisers and superior monetization for Google (i.e. drivers of the Search Productivity Cycle). Google has nearly 2X-4X the number of advertisers of its closest competitors, whom have failed to gain search share, which is needed to drive growth in advertisers, resulting in inferior monetization.*

Noto says [Google's deal today with Salesforce.com \(CRM\)](#), a vendor of online applications, extends Google's ad sales to small businesses; Google's YouTube video site's deal with Hearst-Argyle ([HTV](#)), [announced yesterday](#), to post local television content on YouTube will attract more local advertisers; and a deal [also announced yesterday](#) to sell Google ads through Glam Media, a venture-backed company that bills its site, Glam.com, as the second-most popular women's Web site, will attract more display advertising for Google, says Noto.

Noto's not changing any estimates for Google stock and doesn't provide a price target for the shares in his report.

Today, Google shares are up up about 1% at \$513.06. The shares are up about 11% this year and 9% in the last month.

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I wonder if Anthony Noto was also in on the GS scam hyping three 3 interest rate reductions in 07. Didn't buy that don't buy this. GS trades on this stupid stuff.

**Comment by John L Uhl, GNU Mgt.** - June 5, 2007 at [2:52 pm](#)

Thanks, Tiernan.

I might add that Scott Devitt at Stifel Nicolaus today raised his price target on Google to \$620 from \$585.

He notes that Google "has quietly compiled and recently announced the launches of important initiatives such as iGoogle (formerly Personalized Home Page), Universal Search, Google Gears, an acquisition of FeedBurner, and an agreement with Hearst-Argyle." He says these announcement "could change the landscape of commerce, community, search, and software, over time, in our opinion."

Devitt also raised his 2007 EPS estimate to \$14.87 from \$14.64. For 2008 he goes to \$19.37 from \$19.08.

"We continue to believe many of Google's initiatives will be 'winner take all' over the long-term. Google has become the technology leader of this cycle and it has uniquely built its dominant franchise on consumer choice rather than previous positions that were built on customer lock-in."

**Comment by Eric Savitz** - June 5, 2007 at [3:15 pm](#)

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Tech Trader Daily is a blog on technology investing written from Palo Alto, California by long-time Barron's West Coast Editor Eric J. Savitz. The blog provides news, analysis and original reporting on events important to investors in software, hardware, the Internet, telecommunications and related fields.

Eric joined Barron's as a feature writer in New York in 1988, after four years at the Dow Jones news wires. In 1995, he moved to California as the magazine's first reporter in Silicon Valley, creating the Plugged In column. Eric left Barron's in 1998 to become executive editor of The Industry Standard. He rejoined Barron's in Palo Alto in late 2001. Eric also writes the monthly Tech File column for Smart Money magazine. Criticisms, comments and tips can be sent to: [techtraderdaily@barrons.com](mailto:techtraderdaily@barrons.com).

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