A Before you read: Discuss

Do you use a search engine, like Google, Yahoo or Bing on your computer? Do you pay for the search engine? How do the companies providing the search engines make money?

Do you use the search engines to search for news? Does the search engine give you links to newspaper articles? Do you have to pay to read these articles?

If you don’t need to pay, how do you think the journalists and owners of the newspapers feel about you having ‘free’ access to these news stories?

B Read the article quickly. Answer these questions.

1) Which is the most popular search engine?
   a) Yahoo!
   b) Google
   c) Bing

2) What is the name of the new search engine being started by Microsoft?
   a) Yahoo!
   b) Google
   c) Bing

3) Where does Google search for news items?
   a) printed newspapers
   b) web pages prepared by newspapers, magazines and news agencies
   c) from Google’s users

4) Does Google pay the newspapers for giving links to their web pages?
   a) Yes, it pays regular fees.
   b) No, Google does not pay.

5) Why is advertising so important in this business?
   a) Because advertising is the major source of income for search engines and newspapers.
   b) Because people searching for news do not read the advertisements on the page.

6) Is there anything special about advertising on search engines?
   a) No, it is general advertising directed at any normal consumer.
   b) Yes, it is selective advertising, targeted at the user.

7) How do search engines gathered information about their users?
   a) From your age, gender and address, they guess four interests.
   b) The searches you make, indicate your interests.

8) What does Rupert Murdoch of News Corp want to do?
   a) To stop Google from advertising his newspapers.
   b) To make Google pay for Google’s advertisements in his newspapers.
   c) To make users pay to access his newspapers’ web pages.
9) Why did Google pay News Corp $900m?
   a) Google bought MySpace from News Corp.
   b) Google paid to place advertisements on MySpace.
   c) Google paid for links to the Wall Street Journal web page.
10) What does Microsoft want to do?
    a) To reduce Google’s dominance of the search engine business.
    b) To take over Google and News Corp.
    c) To advertise Microsoft products on Google’s pages.
11) When the world wide web started, cyberspace was a free area with few controls. What is happening now?
    a) Large media firms like Apple, Microsoft, and Google are fighting to gain control of the web.
    b) Advertising on the internet is now more important than print advertising.
    c) News Corp, which owns many important newspapers and television stations, wants to start a search engine like Google.

C Vocabulary

Read the article carefully. Complete the sentences below to show the meanings of the words and phrases in italics.

1) A *pundit* is someone who ...
   a) makes predictions about the future.
   b) studies the history of technological development.
   c) invests money in start-up businesses.

2) If discussions *come to naught*, they ...
   a) end in total agreement.
   b) end without agreement.
   c) end violently.

3) A *ploy* is ...
   a) an attempt to succeed through trickery.
   b) a routine technique of negotiation.
   c) the reason why discussions may fail.

4) If a piece of news *causes a stir*, it ...
   a) surprises no one.
   b) is quickly forgotten.
   c) makes people worried.

5) If *traffic* on MySpace has not met the targets specified, ...
   a) MySpace has become congested by too many users.
   b) Fewer users are logging in to MySpace.
   c) MySpace has too many advertisements.
6) If you think twice before doing something, you ...
   a) make an impulsive decision.
   b) spend more than you intended to spend.
   c) carefully consider your decision.

7) If you get the lion’s share of a business market, you ...
   a) attack it vigorously.
   b) almost kill the business market.
   c) gain a large sector of the business market.

8) If you make a dent in another company’s business, you ...
   a) do not do much damage to the other business.
   b) take part of the market share of the other business.
   c) change the market so that you can earn more.

9) All things being equal, ...
   a) results will be as expected.
   b) results will be better than predicted.
   c) results will be worse than predicted.

10) If the online world has few borders, ...
   a) there is anarchy and no one can operate.
   b) there are few restrictions on how you can operate.
   c) you can use the internet in different countries.

D Discussion

The world wide web was started by Tim Berners-Lee, a British scientist, working at CERN in Switzerland. He used telephone lines to exchange electronic data with other scientists, first within CERN and later with scientists around the world. He imagined that the world wide web would become an electronic discussion area where scientist could freely exchange ideas and information.

The internet, we know today is very different from Tim Berners-Lee’s original idea. Is there too much freedom? Should there be more control? If so, who should control?
Microsoft opens a new front in its battle with Google

EVEN technology pundits can sometimes be right. Jason Calacanis, a blogging mogul, recently argued that there is a simple solution to the woes of both Microsoft and big media companies. The world’s largest software firm should pay Time Warner, News Corporation and others to block Google, the search giant, from indexing their content—and make it searchable exclusively through Bing, Microsoft’s new search service. Media companies would thus get badly needed cash, and Bing might take market share from Google.

On November 23rd it emerged that Microsoft and News Corp are talking about just that. Although the discussions may come to naught, or prove a mere ploy in the media giant’s separate negotiations with Google, the news caused a stir. It is a sign not only of how far Microsoft is willing to go in order to turn Bing into a serious rival to Google, but also of how the entire internet could well evolve.

It should come as no surprise that News Corp would be the first to discuss such a deal. Rupert Murdoch, its boss, has long criticised Google for “stealing” his newspapers’ stories by displaying links to them on Google’s own news site. He has also announced loudly and often that he wants to charge for more of the content his firm puts online. What is more, he needs to renegotiate the deal that gave Google the exclusive right to place contextual advertisements on MySpace, a social network owned by News Corp, back in 2006. Back then Google agreed to pay $900m over three years for the privilege, although it may in the end pay less, as traffic on MySpace has not met the targets specified.

Google is unlikely to want to pay such a high price again, given MySpace’s declining popularity and disappointing advertising revenues. Google also knows that Mr Murdoch will think twice before blocking the biggest source of traffic for his newspapers’
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websites. More than a quarter of all visitors to the Wall Street Journal’s site, for instance, come from Google’s various sites, and much the same is true for most other papers, according to Hitwise, a market-research firm (see chart).

Microsoft, for its part, cannot afford to let Google rule the search business and, by extension, grab the lion’s share of the online-advertising revenue that is expected to pay for many services in the age of cloud computing. In recent years the firm has invested billions in its search capabilities. With Bing, it has finally come up with a plausible rival to Google, even outperforming it for some searches, such as comparing prices of consumer-electronics devices or looking for cheap flights. To boost Bing’s market share, Microsoft and Yahoo!, another online giant, agreed in July to merge both firms’ search activities.

Yet all this may not be enough. Since its launch in June, Bing’s market share has grown by two percentage points to nearly 10% of all searches in America, but Yahoo!’s has dropped by the same amount to 18%. Exclusive content deals may just be what Microsoft needs to reach a combined 30%, which some experts see as the minimum to make a dent in Google’s business. Microsoft seems ready to spend whatever is needed: up to 10% of the company’s overall operating income over the next five years, according to Steve Ballmer, the firm’s boss. This would, all things being equal, add up to some $11 billion.

Yet what looks like good news for media firms is rather worrisome for champions of an open internet. To them, exclusive content deals are another big step away from an online world with few borders, where everybody plays according to the same rules. Already, they say, Apple dictates which applications are allowed to run on the iPhone, Facebook tries to discourage members from surfing elsewhere, and Google’s back navigation software is only free for users of its own operating system for smart-phones. “We’re heading into a war for the control of the web—and against the web as an
interoperable platform,” warns Tim O’Reilly, the internet guru who coined the term “web 2.0”.

Mr O’Reilly is definitely on to something. The question, however, is whether this “war 2.0” is really so unwelcome. A handful of well-funded and powerful platforms, locked in heated competition, could be better for consumers and generate more innovation than Mr O’Reilly’s vision of an internet made of many “small pieces loosely joined”.

http://www.economist.com/businessfinance/displayStory.cfm?story_id=14977230
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Key
A  Open answers
B  1b, 2c, 3b, 4b, 5a, 6b, 7b, 8c, 9b, 10a, 11a
C  1a, 2b, 3a, 4c, 5b, 6c, 7c, 8b, 9a, 10b,
D  Open answers