

Nothing succeeds like success, especially in the wishful thinking of technology companies and their Wall Street shareholders. The moment a company shows signs of dominating a particular market, then its executives -- and their stockholders -- begin to dream about dominating other markets in which they had hitherto no expertise. They are encouraged in this delusion by the mainstream media, which are irresistibly fascinated by the hubris implicit in corporate megalomania.

The best-known case study is, of course Microsoft, which did achieve global domination in the market for desktop operating systems, and virtual domination in the market for office suites. The monopoly rents which flowed from these successes encouraged the company's leaders to imagine that there was no market they could not crack. After all, they had mountains of cash, very smart people and the patience to try and try again until the targeted fruit fell into their corporate lap. Accordingly, Microsoft was going to become the dominant presence in mobile computing, mobile phones, games consoles, search, home entertainment centres, online music, webmail, server software, online social networking, VoIP, satellite mapping and so on, ad infinitum.

And guess what? It hasn't happened. Microsoft has tried hard in each of these areas, and made some limited headway in some -- for example games consoles and Instant Messaging. But in the main, all that cash, talent and effort has counted for little. Microsoft still dominates its two core businesses -- desktop operating systems and office suites -- but has wasted billions of dollars in a fruitless quest to conquer markets which are distant from that lucrative core.

There's a lesson there, somewhere. It's about the wisdom of sticking to what you know best.

Let us therefore try to apply it to the company that is now widely regarded -- even within Microsoft -- as 'the next Microsoft': Google. Like Microsoft, Google is dominant in its core business -- Search. According to the latest monthly numbers released by ComScore Networks, an online market research firm, Google's share of the Web search market among home, work and university Internet users is still significantly greater than that of its rivals. And it's still going up. Between March and April of this year, for example, Google's share climbed from 42.7 to 43.1 per cent — which is significantly more than that of its main rivals Yahoo (28 percent) and MSN (12.9 percent).

Moreover, Google has found a way of turning that dominance into a colossal revenue stream via search-related advertising. So, like Microsoft, it too sits atop a pile of cash. Google's reputation and

wealth has enabled to attract staff of the highest calibre. And, like Microsoft before it, it has begun to think that there is no market sector that will not fall to its assaults.

Accordingly, we have seen Google forays into blogging, online news, webmail, instant messaging, VoIP, shopping, online calendars and other online services.

And guess what? The further Google strays from its core competencies -- all related to search -- the worse it appears to do. According to a survey by another market research company, HitWise, Yahoo News, with 6.9 per cent of the market for online news, beats Google News, which HitWise says has only a 1.9 percent market share. Similarly Yahoo Maps' (20.5 per cent) knocks Google Maps (7.5 percent) into a cocked hat. But the biggest surprise -- at least to this columnist -- comes in the market for webmail. It seems that Yahoo Mail is way ahead of Google Mail, with 42.4 per cent of the market, compared with Gmail's 2.54 per cent.

The obvious conclusion is that the media's obsession with Google (for which *mea culpa*) is actually obscuring the fact that it's really only the best at one thing -- which is search and its related activities.

It all comes down to the old adage: 'stick to what you know'. Of course this is no consolation to ambitious executives who worry about the strategic risks of their organisation being the corporate equivalent of a one-club golfer.

But in fact, the principle looks more consoling for Google than it is for Microsoft. As we move from a world where the PC was dominant to one where 'the network is the computer', Microsoft's grip on operating systems and office software looks like becoming a wasting asset. The company therefore has little option but to try and diversify into other markets. But computer scientists reckon that the problem of Search is only five per cent solved. There's an awful lot of mileage left in Google's speciality, in other words. If the first five per cent has proved so lucrative, imagine what the next 20 per cent might yield. Memo to Google's founders: concentrate, concentrate, concentrate.