

Google X moonshots like teleportation take a backseat to climate adaptation

Article

The trend: Alphabet is overhauling Google's secretive moonshot lab, X Development.

- Following [moonshot project cuts](#) last year, Google leadership is scaling back on **sci-fi endeavors like space elevators, levitation, and teleportation** in favor of money-making initiatives.
- X's division head, **Eric "Astro" Teller**, has set new goals for X. They include **delivering Alphabet a rate of return exceeding 26%** and spinning out 20 companies with at least four valued at over 5% of Alphabet's market capitalization by 2030, per [Insider](#).

Recent projects give an indication of the moonshot trajectory.

- **Mineral** graduated from X to become an Alphabet subsidiary tasked with harnessing robotics and machine learning (ML) to help secure the world's food supply in the face of climate change.
- Another project, **Tidal**, uses cameras, computer vision, and ML to devise ways to protect the world's seagrass beds as part of carbon sequestration efforts.

An economic adaptation: In 2010, X was created as a lab that would distinguish itself by exploring the innovation frontier, not by inventing profitable spinoffs.

Things have changed in the past decade. With the tech industry feeling the brunt of a [looming recession](#), increasing industry competition, and [pressure from Wall Street investors](#), Google no longer has an appetite for incurring billions of dollars of losses in the name of pushing the innovation needle.

- A primary issue for Alphabet is weaker ad sales, especially for **YouTube**, which curtailed Google's overall revenue growth last year.
- Things aren't looking great for 2023. We downgraded our [global ad spending growth estimate](#) from **8.9%** to **6.9%** for the year.

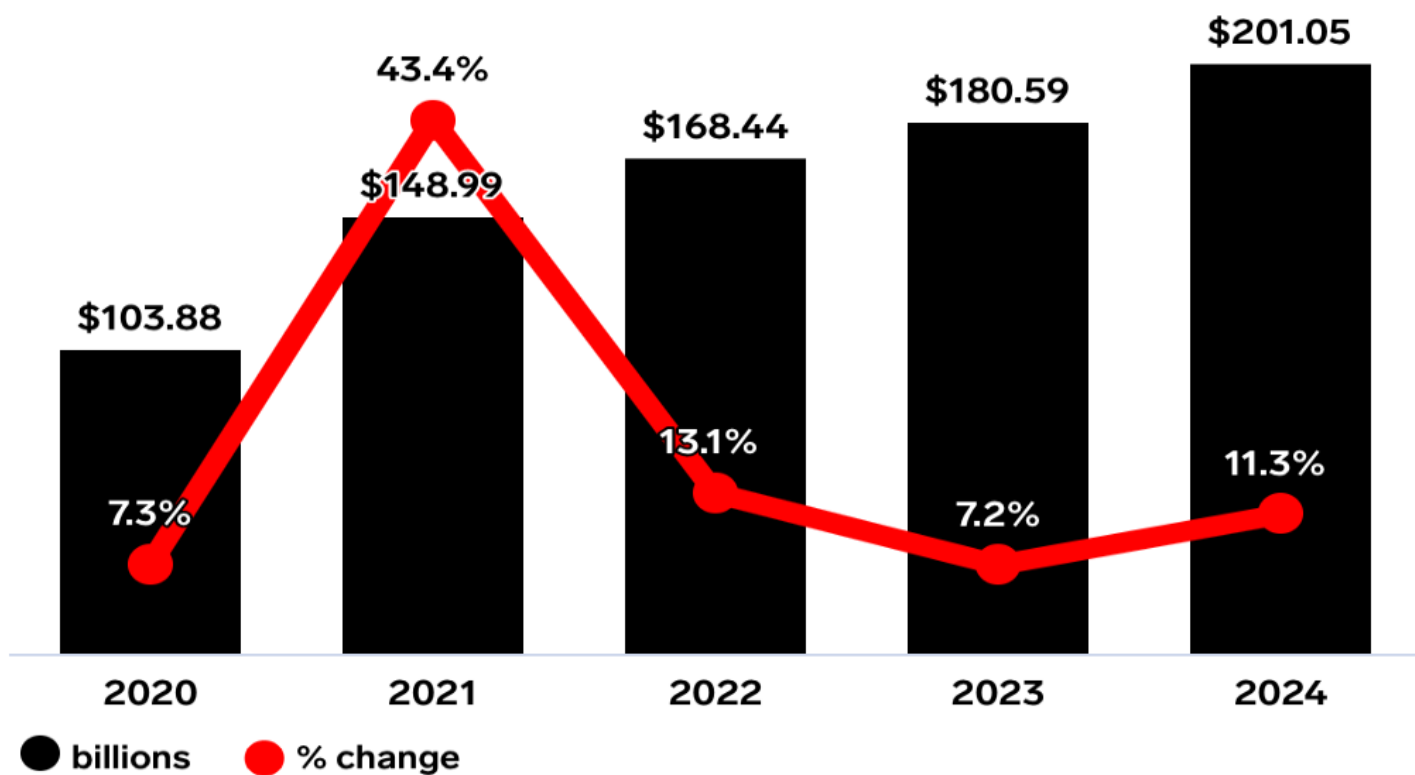
The climate factor: Climate projects aren't new for X, but there's a clear refocusing, which is a sign of where Google thinks demand is headed.

- The lab's latest climate initiatives—including **Tapestry X**, which is working on grid optimization—share the theme of managing climate change fallout in energy and agriculture.
- It's a shift happening elsewhere at the company as Google partners with **GM** and **Ford** to scale up virtual power plants and **Google Cloud** launches a climate startup accelerator.

- The pivot isn't out of charity but a signal that Google sees climate change as becoming a top economic driver and a threat to its business interests.
- Escalating climate change is incentivizing previously shunned techno-fixes for the problem, which bodes well for companies like Google [capturing government funding](#).

Google Ad Revenues

Worldwide, 2020-2024



Note: Exchange Rate; net ad revenues after company pays traffic acquisition costs (TAC) and content acquisition costs (CAC) to partner sites; includes ad spending on tablets; excludes SMS, MMS and P2P messaging-based advertising; ad spending on tablets is included

Source: eMarketer, October 2022

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