

# Google expanded and contracted in 2022

## Article

**A mixed year for Google:** It's been an eventful year for **Google** as it continued to [expand as a network and cloud-computing provider](#) while weathering various [regulatory challenges](#). We covered the company's outsized expansion in our [Power of Google](#) report, zeroing in on its five-year outlook for growth.

Google was not immune to economic headwinds that broadsided the entire tech industry late in the year. The company scrambled to pare down its investments and adopt a "simplicity sprint," which meant the end for many of its moonshot projects, at least for the short term. Here are some of the highlights of Google's 2022.

## US trade court says Google infringed on Sonos' smart speaker patents

**The news:** The US International Trade Commission (ITC) ruled in January that [Google violated five Sonos patents](#) relating to smart speakers, which could affect existing functionality.

**What this means:** The ITC proposed exceptions for five redesigns of Google's products, per [The Verge](#). Each redesign aimed to circumvent patent infringement and alter the way Google's Nest line of smart speakers and other smart home devices work.

The ITC's ruling doesn't affect Google's bottom line but could be inconvenient for its customers who now have to relearn how to enable basic features.

**Our take:** Sonos does not rank highly as a smart speaker company, mostly because it doesn't have its own voice assistant technology, but the risk of lawsuits for patent infringements could weigh on Google's smart speaker strategy.

## PriceRunner sues Google for \$2.4B, claims anticompetitive behavior

**The news:** Sweden-based price-comparison website [PriceRunner sued Google](#) in February for \$2.4 billion after the EU high court ruled that Google breached antitrust laws.

**How we got here:** [Google lost an appeal](#) in November 2021 with the EU General Court to overturn a record \$2.8 billion antitrust fine first issued in 2017 for promoting its own shopping service in search results over those of competitors

We're seeing a waterfall effect where the larger EU General Court decision against Google is opening the floodgates of similar antitrust cases from competitors in European countries.

**Our take:** Battling antitrust cases in various countries will divide Google's defense, and losing these cases could force it to pay fines and revamp its search algorithms to provide more equitable search results for shopping services and offers.

## Google's Stadia shutdown is latest sign of Big Tech's innovation shift

**The news:** Google announced in October that it's shutting down its 3-year-old Stadia game streaming service, indicating Big Tech is steering away from risky long-term investments.

- The service will end January 18, 2023. **Stadia users will be refunded for controllers, games, and in-game purchases.**
- Saved games and any progress on games will be lost, which has [some players upset](#).

Stadia is the latest casualty of Google's effort to make the company 20% more efficient, and it's not likely the last.

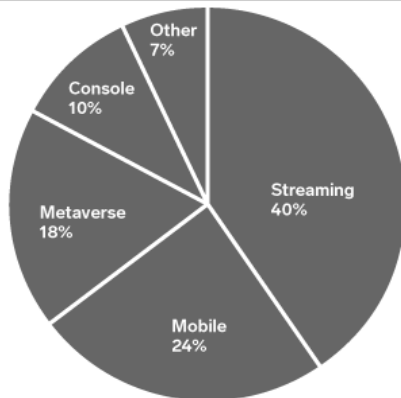
- **Stadia's loss could be independent gaming startups' gain.**
- Streaming services are expected to be a big opportunity in video games, just one that Google is done with, at least for now.

**Our take:** Google will continue to show restraint in areas where it feels it cannot dominate. Stadia was discontinued because of the lack of any uniformed hardware to ensure a consistent experience. This led to lackluster adoption and consumer interest.

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**Game Platform That Will Grow the Most by 2025  
According to Video Game Development  
Professionals Worldwide**

% of respondents, May 2022



Note: numbers may not add up to 100% due to rounding

Source: Perforce, "2022 Game Development Trends & Forecast," Aug 29, 2022

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## Google to pay \$392M to settle tracking lawsuit with 40 states

**The news:** In November, Google settled a **\$391.5 million privacy lawsuit** with a coalition of 40 state attorneys general for misleading **Location History** settings that the company ran between 2014 to 2020.

Google's Location History settings continued to track users even after they opted out of the tracking function.

**The bigger picture:** User tracking and ad customization are core to Google's business model, and it will likely find new ways to keep tabs on users to keep fueling its ad revenues.

**Our take:** The settlement is a drop in the bucket for a company that raked in **\$257 billion** in revenue last year, per [Macrotrends](#). But persistent privacy violations could erode consumer trust and attract more severe regulation and higher fines and sanctions.

Can Google innovate its way out of business models that are reliant on user tracking? It will need to do so to ramp up lost ad revenues.

### **Google Cloud yields \$3.1B loss for Alphabet**

**The news:** Google Cloud, which also includes **Google Workplace** (formerly **G Suite**), lost money for **Alphabet**, the company announced during its Q4 2021 earnings call. It noted an **\$890 million loss** for Q4 and a **\$3.1 billion loss** for the year.

**Why it's worth watching:** The highly competitive cloud service business has seen massive adoption and tremendous growth during the pandemic as organizations pivoted to the cloud, per [TechRadar](#).

Spending on cloud services is at a record high, with a 35% increase in Q3 YoY to \$49.4 billion, [Canalys](#) estimated. **Amazon Web Services (AWS)**, **Microsoft**, and Google accounted for 61% of the entire cloud services market.

**Google Cloud is having a difficult time competing with AWS and Microsoft Azure, which could be a reflection of longer-term problems.**

- Google Cloud was initially designed for the company's internal needs and then offered to customers, unlike AWS and Azure, which were designed for commercial purposes from the outset.
- It also has [fewer global data centers](#) and comes in third in the number of services offered, especially for enterprise customers.

**Our take:** Google Cloud will continue to spread and diversify as a means of expanding its coverage and gain on AWS and Azure. The big test for Alphabet is whether it can run Google Cloud successfully as a business unit, or if the time has come to spin it off as a standalone business.