

Executive Summary

Established in 1998, Google has experienced rapid growth ever since. With the launch of internet products and services Google has revolutionized the way people interact and the way people utilize technology. Seventeen years later in 2015, Google reorganized into Alphabet, a new holding company.

This report intends to present the audience with a comprehensive understanding of the reorganization, with the following three objectives. First, this report provides a brief summary of the company's organization design before the restructure, including a background on Google's development, its organization structure, its internal and external environment, and its approach to foster innovation (section 2). By the end of the section, the motives behind this reorganization are analyzed. Second, the report examines reorganization details (section 3). The new organizational structure of Alphabet is discussed, along with the benefits and challenges this new structure presents. Third, this report considers the future prospects of the new holding company (section 4). Various opinions from industry experts are presented. In addition, the team's own perspective with regards to Alphabet's outlook is also discussed.

The key findings and takeaways are summarized as following. Most industry experts express positive outlook on this reorganization, while very few have doubts with the real intent of the move. The benefits of the reorganization are:

- Alphabet has become more transparent in financial reporting. The financial reports are now independent for each business line, which enables greater transparency and accountability. This eventually improves investor's' confidence.
- The reorganization clears up the intricacy within the massive company, allowing Google to be more focused on their core competencies. On the other hand, this enhances Alphabet's creative potential, since innovative projects no longer drags Google's profitability, allowing each subsidiary under Alphabet to have more freedom to take risks.
- In the past, Google did not offer much independence to the companies it acquired. The reorganization enables future companies acquired by Alphabet to keep their identity and stay independent as a subsidiary of Alphabet.
- The reorganization gives Alphabet more leverage to retain its top talents. In the past, executives were often poached by other companies. The reorganization opens up many top-level position across Alphabet, providing the executives more reasons to stay.

Furthermore, the team presents a perspective of Alphabet's outlook:

- Alphabet will be a pioneer in implementing a holding company structure in a technology company, others will follow.
- The reorganization enables Alphabet more sustainable growth while hedging future risks.
- While the reorganization provides more leadership positions and thus attracts executive-level talents, it might be difficult to find the right leaders who have strong skills and suitable leadership style that best fits the organization's culture.
- A big part of the real motive might be to make the financial books look prettier. The real value that it adds to the organization in the long run is still in question.