

# Google Sees Pickup in Paid Enterprise Business

## Firm Tries to Take on Market Leaders Like Microsoft

Google is seeing a pickup in its paid enterprise business across Asia as it tries to take on market leaders like Microsoft.

By Shibani Mahtani

SINGAPORE—Google Inc. is starting to see a pickup in its paid enterprise business across Asia, an executive said, as it tries to take on market leaders like Microsoft Corp. in one of the few sectors where traditional technology companies still dominate.

In the U.S., Google's enterprise software—versions of Gmail, Google Maps and other applications tailored for businesses rather than consumers—is gaining relative popularity, now used by corporate giants like General Electric Co. and Roche Holding AG rather than the small businesses and startups that traditionally flocked to the Internet giant's cheaper tools. Nine years after the inception of Google's enterprise wing, 58% of Fortune 500 companies now use some paid form of this software across their business, the company says.

But some of Asia's largest and most traditional industries, including **Madras Cements Ltd. in India**, South Korean steelmaker Posco and Japan's ANA Holdings Inc., are starting to incorporate Google software in their businesses—a takeup that is much faster than their American counterparts, Amit Singh, head of enterprise at Google, told The Wall Street Journal in an interview Monday in Singapore. He declined to provide specific figures.

“Asian companies don't have as much legacy to worry about,” said Mr. Singh. “There's less to overcome and less to migrate over” when switching to Google tools from traditional business software.

To be sure, Microsoft dominates both the consumer and enterprise markets for office suites, with a 93% share of the combined market and more than 80% of the corporate email segment, according to research company Gartner Inc.

And still, challenges remain for Google as it plays catch-up. Analysts say that corporations—particularly financial services companies—continue to worry about security and privacy issues when using Google's tools. Some argue that the company's Android operation system, for example, is prone to security flaws and potential software breaches that would allow malware to steal data from calls and other applications, particularly worrying for companies dealing with secure data of thousands of people.

But Mr. Singh said that security is becoming much less of a concern particularly in the past year.

Companies, he said, are susceptible to security breaches that can happen regardless, with laptops getting lost, for example, or people taking photos of secure data. Google says that it is stepping up investments in data security, storing information in different servers, providing better encryption of data and protecting their data centers, allowing the company's tools to be tailored to businesses according to industry privacy standards.

Google enterprise tools also allow business software to be used on a variety of devices, said Mr. Singh, particularly important in Asia where many access the Internet primarily through mobile, hampered by poor landline infrastructure. Applications like Google Maps are "built inherently to be platform agnostic" rather than desktop-focused technology used by the company's competitors, which Mr. Singh believes helps to explain the popularity of enterprise tools in the region.

For companies like Madras Cements, the biggest cement maker in South India, "traditional means of reporting using Microsoft Excel sheets were complex and time-consuming," said Chief Executive Officer A. V. Dharmakrishnan. The company now uses paid enterprise versions of Google Maps that they have integrated with their own systems. Company executives say that running on mobile tablets, these tools help their employees access reports and transactions across their plants in real time.

Similarly, KFC in the Philippines, Woolworths in Australia and Japan's ANA are among those in the region using enterprise versions of Google's document-sharing functions, replacing traditional tools like Microsoft Word. These large, traditional companies are now serving as a model for other players to sign on to Google's tools across their businesses, unlike in the U.S. where startups and small and medium enterprises were using these tools for years before big corporations adopted them.

"We are seeing large company adoption now [in Asia]," said Mr. Singh. "Frankly, it surprised me."

Google said that its market share in the enterprise sphere, particularly in Asia-Pacific, is still small compared with that of Microsoft's, without elaborating on specifics.

Microsoft, which says its ecosystem is "without a doubt the largest in the IT industry," said that it would continue to lead the sector, with its cloud services including Office 365 growing more than 150% year-over-year in the Asian-Pacific region. Still, there are signs that Microsoft is feeling the heat. It has been forced to cut prices and has boosted its commissions to resellers as Google muscles in on its turf.

Mr. Singh acknowledges challenges in expanding into the enterprise market but notes there are some "beacons" for the industry to follow, namely Spanish banking giant BBVA, which has switched more than 110,000 staff over to Google's enterprise software.

“With anything that’s new, it takes time to get comfortable,” said Mr. Singh. “But we find that once companies see other people adopting it, they start to think why can’t I do it too.”

*–Shira Ovide in San Francisco contributed to this article.*