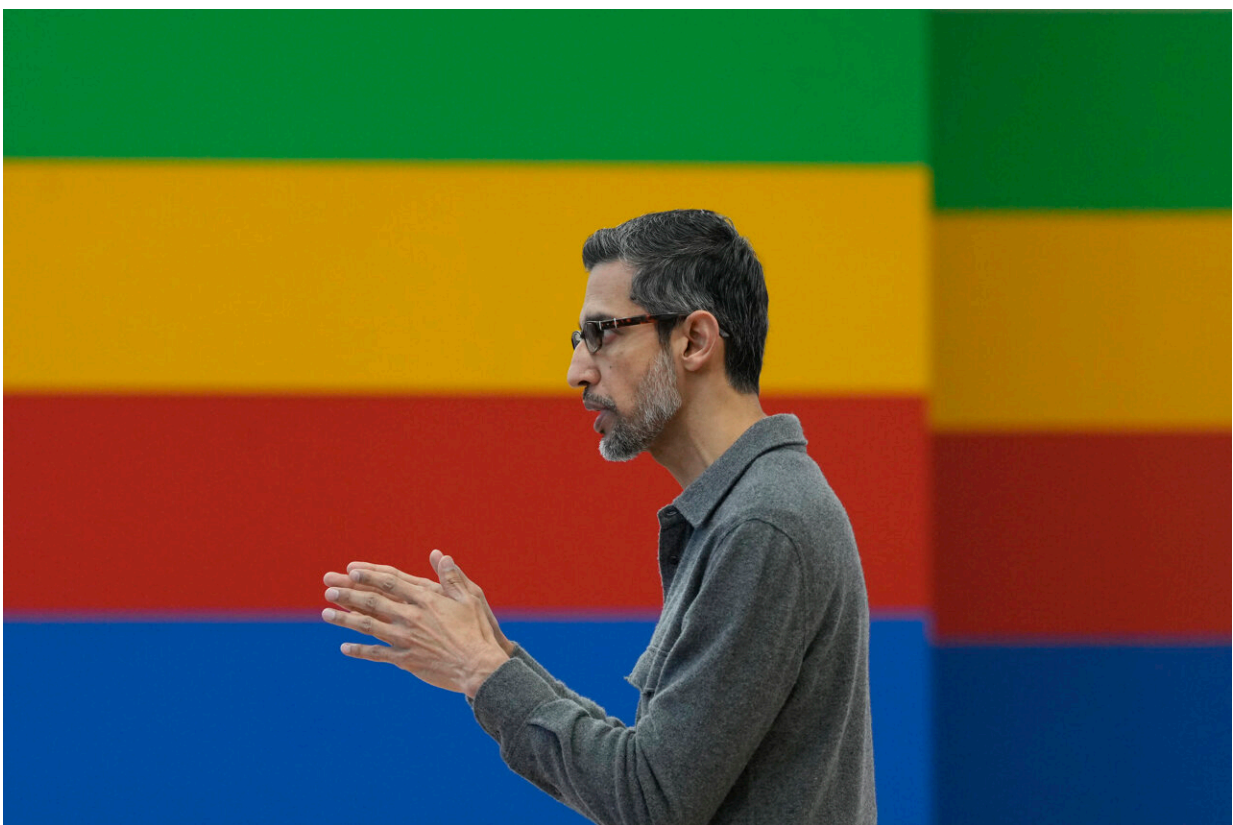


Google's corporate parent still prospering amid shift injecting more AI technology in search

July 24 2024, by Michael Liedtke



Alphabet CEO Sundar Pichai speaks at a Google I/O event in Mountain View, Calif., on May 14, 2024. Alphabet reports earnings on Tuesday, July 23, 2024. Credit: AP Photo/Jeff Chiu, File

Google's corporate parent Alphabet Inc. delivered another quarter of steady growth amid an AI-driven shift in the ubiquitous search engine that is the foundation of its internet empire.

The second-quarter report released Tuesday showed that Google is still reeling in advertisers on the heels of the May introduction of an artificial-intelligence feature that produces conversational responses to people's search queries while downplaying its traditional display of related links to other websites.

Although the change sparked fear and outrage among online publishers worried their traffic will plummet, Google is still thriving and propelling Alphabet's success.

"AI is expanding the kinds of queries we can address," Alphabet CEO Sundar Pichai assured analysts during a Tuesday conference call. He repeatedly extolled AI as a technology he expects to transform society and that has made Google a better company.

Alphabet's revenue for the April-June period climbed 14% from the same time last year to \$84.74 billion. The Mountain View, California, earned \$23.62 billion, or \$1.89 per share, a 29% increase from the same time last year. It marked fourth-consecutive quarter that Alphabet's year-over-year revenue growth has surpassed 10%, although the pace during the April-June period slowed slightly from the January-March span.

The performance for the most-recent quarter exceeded the analyst projections that steer investors, according to FactSet Research.

"Although far from the blowout we saw last quarter, these numbers leave no doubt that Alphabet remains a well-oiled earnings-growth machine," Investing.com analyst Thomas Monteiro said.

Alphabet's stock price seesawed between slight declines and minor gains in extended trading after the report came out. The shares have already surged by 30% so far this year, largely riding the excitement surrounding the money-making opportunities afforded by the rise of AI—a field that Google is trying to mine through its DeepMind division and Gemini technology.

Google's cloud-computing division that oversees [data centers](#) needed to power AI features is also benefiting from the craze. That division, Google's fastest growing segment, generated revenue of \$10.3 billion in the past quarter, a 29% increase from the same time last year. It's the first time the cloud division has hit the \$10 billion revenue threshold during a single quarter.

"We are innovating at every layer of the AI stack," Pichai said during the call

In a bid to lure more customers to its cloud-computing division, Google was angling to buy cybersecurity specialist Wiz for a reported \$23 billion, but [those talks have collapsed](#).

Google also abandoned another idea that could have reshaped its own digital ad system as well as the internet ecosystem. It's [pulling the plug on a plan](#) that would have enabled its popular Chrome browser to automatically block third-party cookies—the coding that helps track web surfers in order to understand their interests. Pichai told analysts that Google decided it's best to continue to leave it up to Chrome users to decide whether they want to go into the browser settings to prohibit third-party cookies.

As its financial and AI momentum builds, Google is still awaiting a decision in a high-profile U.S. Justice Department antitrust case aiming to undercut the power of its search engine. A [federal judge](#) is expected

to issue a ruling later this year after sifting through reams of evidence presented during a high-profile trial in Washington.

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