

# Alphabet Inc

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## Google should lead a cloud consolidation wave to grow market share, says Baird

Analysts at Baird said Monday that Google parent Alphabet Inc (NASDAQ:GOOG) should seek to carve out a greater slice of the expanding enterprise cloud services market by embarking on a more "aggressive shopping spree."

The analysts noted that in the five years since Google launched its IaaS enterprise offering, which is now part of the Google Cloud Platform (GCP), it has made "measurable progress" to compete in the cloud services market which continues to be dominated by Amazon.com Inc (NASDAQ: AMZN) through Amazon Web Services, and to a lesser extent, by second-place Microsoft Corporation (NASDAQ: MSFT) through Azure.

"As Google seeks to carve out greater share in the expanding enterprise Cloud Services market, we believe the company should embark on a more aggressive 'shopping spree' to improve commercialization with the help of enterprise-scale 'killer apps' and a better-developed sales and support organization," wrote analysts at Baird.

The analysts said that Google Cloud Services remained the number three player in the cloud platform market, with the ramp in revenues and enterprise customers not quite as rapid as the potential for the business would suggest — a point Google might be addressing with the recent change in leadership announced for Google Cloud.

### READ: Google overhauls sexual harassment policy

Google recently hired Oracle's former president of product development Thomas Kurian to replace Diane Greene as the head of GCP.

"At this point, it seems clear to us that Google needs more than lower pricing, advanced security and AI/machine learning superiority to carve out more meaningful market share," wrote the analysts.

"More specifically, we think there may be strategic acquisitions that Google should consider in order to improve the commercialization of GCP, and to narrow the gap with rivals Amazon and Microsoft, and by doing so could catalyze a wave of consolidation in the cloud computing market," they added.

The analysts said Google and Microsoft "likely have an advantage" in a hypothetical market consolidation, given their "greater financial flexibility and resources."

"We also anticipate that "legacy" technology companies, including SAP, Oracle, IBM and Cisco, may also make larger cloud/SaaS acquisitions to avoid falling further behind," they added.

Baird created a list of possible acquisition targets which included 12 companies including Workday Inc (NASDAQ:WDAY), ServiceNow Inc (NYSE:NOW), Atlassian Corporation PLC (NASDAQ: TEAM) and Salesforce.com Inc (NYSE:CRM).

**Price:** 1464.7

**Market Cap:** \$999.83 billion

### 1 Year Share Price Graph



### Share Information

**Code:** GOOG

**Listing:** NASDAQ

**52 week High Low**  
1532.1 1014.2

**Sector:** Online business & e-commerce

**Website:** abc.xyz

### Company Synopsis:

Alphabet is mostly a collection of companies. The largest of which is Google. &nbsp;.

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Baird currently has a \$1380 price target on Google stock, which traded at \$1,053.24 late Monday.

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