

Taking A Chance On Google

Stanford University



In 1996, two Stanford University students—Larry Page and Sergey Brin—created an internet search engine they called Page Rank. It was game changing. Today we know that invention as Google, one of the largest and most profitable tech companies in the world and one of the most financially successful inventions ever licensed by a university.

In the years since its launch, Google has provided the world with a wide array of cutting-edge internet-related services and has expanded into other fields to create Google Glass and Driverless Car. Driven by the same insatiable curiosity of its founders, Google continues to create innovative products that enable the world to be a better, bolder place.

Intrigued by the mathematical relationships they were observing in the rapidly expanding World Wide Web, Page and Brin felt certain there was way to build a much better internet research tool. The result was an algorithm that utilized all the links on different webpages to search and rank websites from the World Wide Web. They launched their new search engine on the Stanford University website in March 1996. Within six months Page Rank's popularity had overloaded Stanford's bandwidth, shutting down the university's internet access several times.

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They launched their new search engine on the Stanford University website in March 1996. Within six months Page Rank's popularity had overloaded Stanford's bandwidth, shutting down the university's internet access several times. "We were lucky there were a lot of forward-looking people at Stanford," remembers Page. "They didn't hassle us too much about the resources we were using."

Page and Brin disclosed their invention to Stanford University's Office of Technology Licensing (OTL), which marketed the technology to prospective business partners. At one point a technology company approached OTL about Page Rank, seeking a non-exclusive license for the invention in return for a very attractive royalty payment.

"I thought the best thing for the technology was to give Larry and Sergey an exclusive license because they were the ones most likely to make the technology a commercial success," says then-OTL associate director Luis Mejia, who felt that giving the inquiring company a non-exclusive license might have made it very difficult for the inventors to raise venture capital.

Frustrated that investors were failing to recognize the value of their product, Page and Brin founded Google (derived from googol, the name for the numeral 1 followed by 100 zeroes) to market and commercialize their search engine. After Google incorporated on September 4, 1998, Stanford licensed the PageRank algorithm to the new startup. In a short two years, Google became the world's largest search engine, with more than 1 billion webpage addresses in its index. The company went public in 2004.

“There is no question that supporting Google, when nobody else would, was a gamble, but today Google is far and away the most financially successful invention ever licensed by Stanford's OTL.”

"Two of our graduate students had developed what they passionately believed was the best search engine in the world, yet existing companies didn't believe them," notes Katharine Ku, OTL's former Executive Director. "They also had no business experience or knowledge about how to build a company. Who would take a chance on them? We did."

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