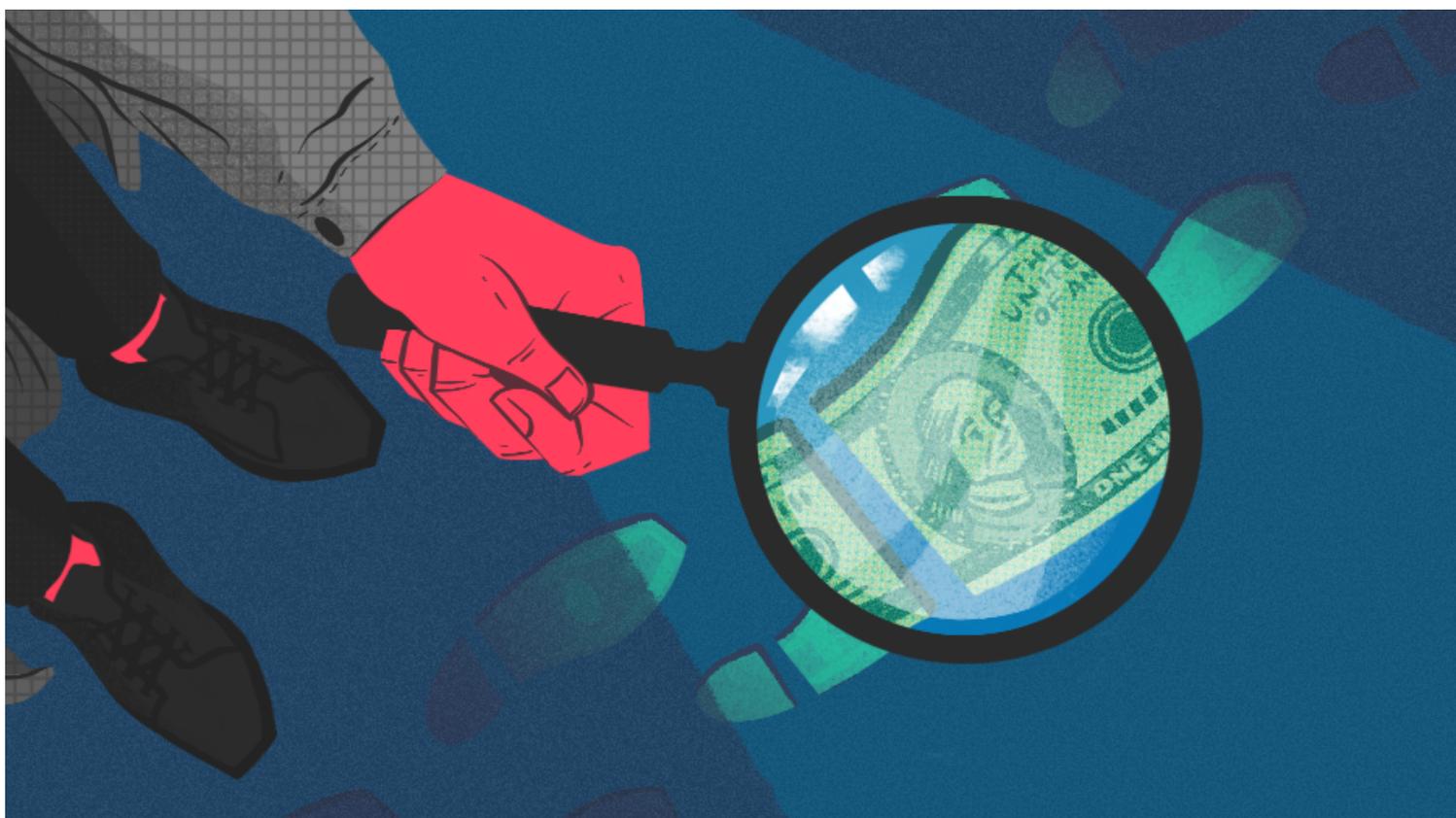


VENTURE

Illegal Monopoly Or Not, Google's Dominance Is Reflected In Search Startup Funding

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A new weekly column by Crunchbase News reporter Joanna Glasner where she explains the story behind the money that makes up the startup and investor world.

In its long-awaited antitrust [lawsuit](#) against [Google](#), the U.S.

Justice Department charged this week that the tech giant holds an illegal monopoly over search and search-based advertising. By controlling 88 percent of general searches, the government maintains, the company is stifling competition.

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Google, in its snark-tinged [response](#), claims that its success stems from being better than rivals. “People don’t use Google because they have to, they use it because they choose to,” Global Affairs VP Kent Walker argued on the company blog. This isn’t the “dial-up 1990s,” when changing services was slow and hard. Today, you can download apps or change search settings in mere seconds.

For now, having read both the lawsuit and some arguments against it, we’ll defer on picking a winning side. However, there is a middle ground that virtually all might agree upon: Google is super-dominant in the U.S. for general search and search-based advertising. That dominance has had clear impacts in the startup sphere.

So what does that mean in practice? We used the Crunchbase dataset to look for U.S. search-focused startups that have raised funding in roughly the past couple years. In particular, we looked to see how much funding has gone to companies operating in Google’s top spheres of influence.

We [culled a list](#)  of 17 U.S. startups last funded in roughly the past two years with ties to search. It focuses on general search

... and tools for general search, and excluded many startups offering specialized search in areas like employment and rental housing, where Google is less dominant.

Crunchbase News List: Funded U.S. Startups With Ties To Search Sector

Organization Name	Industries	Headquarters Locat...	Description	CB Rank (Company)
1. SparkToro	Computer, Internet, Search		SparkToro is a software company offering a search	17,501
2. Inbenta	Artificial Intelligence, Cust...		Inbenta is a cloud-based, AI-powered Natural Language	8,815
3. LAER AI	Artificial Intelligence, Cons...	New York, New York, Unite...	LAER AI driven by a singular vision of radically transforming	51,645
4. Findo	Artificial Intelligence, Email...	Menlo Park, California, Unit...	Findo is a smart search assistant across all personal	20,260
5. Seva	Document Management, In...	New York, New York, Unite...	Seva is a unified search platform that helps knowledge	22,575

The overall takeaway: It's pretty thin. Companies on the list collectively raised less than \$700 million since inception. Google/Alphabet is worth over \$1 trillion — roughly 1,500 times that amount. So, we can presume investors don't anticipate the startup sphere being much of a competitive threat.

Moreover, it's a stretch to argue that funded search-focused startups are directly competing with Google. Most are in ancillary areas or developing core technology rather than a consumer-facing offering. And even if they did compete, Google obviously has the means to simply acquire them.

So, who are some of the search-focused startups that have raised significant funding of late? A few examples below:

- [DuckDuckGo](#), a privacy-focused search engine that consumers use either instead of or in addition to Google, has raised \$13 million to date, including a \$10 million round in 2018.
- [Algolia](#) is a San Francisco-based search-as-a-service platform that has raised \$184 million in venture funding from [Accel](#) and other VCs. The company develops APIs to help companies create a faster, more intuitive search for their websites.
- [Reputation.com](#), an online reputation management platform that helps companies track and improve their performance on search and social media, among other offerings, has raised \$117 million in venture funding to date.
- [Inbenta](#), which has raised \$23 million to date, develops an Automatic Language Processing engine, which provides answers formulated in the searcher's natural language. It markets its conversational tools to businesses for chatbots, knowledge management tools and search engines.
- [Laer.ai](#), which is seed-funded and in stealth mode, is looking at “radically transforming the experience of search and helping organizations find meaning and patterns hidden behind volumes of disparate and unstructured data.”
- [Botify](#), with \$20 million in VC funding, aims to help businesses solve what it describes as the ongoing problem of search engines like Google missing about half of the content on large, enterprise websites.

- **FunnelAI** pores through public social posts to find prospective customers with high intent to purchase in real time.
- **Satisfi**, with \$7 million in funding, offers an interactive search platform for enterprise users seeking better, more targeted interactions with customers.

No one is really a competitor to Google, although one could make a case for DuckDuckGo. However, it's none too convincing given its under 2 percent share of the search market. Also, its core value proposition to consumers—that it doesn't track them and sell ads based on their online behavior—probably prevents it from turning into a massively valued money-making machine like Google.

If anything, DuckDuckGo probably helps Google in that it can point to another free, quality option available to consumers. This makes Google itself look like less of a monopolist.

Other startups are focused on search technologies. However, they're generally offering their tools to enterprise customers for use on their branded sites or to improve performance on Google. It's hard to envision anyone as a rival.

Now, not seeing general search as a big area for VC investment doesn't necessarily prove a hypothesis that Google is excessively dominant. Industries do mature, and venture investment doesn't always flow to the same sub-sectors it went to decades ago.

Still, it's hard to argue that Google's overwhelming market share,

combined with its willingness to spend on in-house innovation to maintain and expand its search dominance, aren't having any effect. At the very least, U.S. startups aren't positioning themselves to become "the next Google." Rather, the consensus in the U.S. search startup sphere seems to be that it's Google's world. The rest of us are just trying to get by in it.

1. *The U.S. Department of Justice lawsuit against Google distinguishes between general search engines and specialized search engines. It defines general search engines as "one-stop shops" consumers can use to search the internet for answers to a wide range of queries, including Google, Bing and DuckDuckGo. Specialized search engines, meanwhile, are where consumers can find certain specialized information online, for example, by searching retail marketplaces such as Amazon or eBay to shop for products, or go to Expedia or Priceline to compare airfares. The lawsuit charges that Google has a monopoly in general search but not specialized search.* [!\[\]\(756219e9389f679d57027482aa5cf5fc_img.jpg\)](#)