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Philanthropy Google's Way: Not the Usual

By [KATIE HAFNER](#)

SAN FRANCISCO, Sept. 13 — The ambitious founders of [Google](#), the popular search engine company, have set up a philanthropy, giving it seed money of about \$1 billion and a mandate to tackle poverty, disease and [global warming](#).

But unlike most charities, this one will be for-profit, allowing it to fund start-up companies, form partnerships with venture capitalists and even lobby Congress. It will also pay taxes.

One of its maiden projects reflects the philanthropy's nontraditional approach. According to people briefed on the program, the organization, called [Google.org](#), plans to develop an ultra-fuel-efficient plug-in hybrid car engine that runs on ethanol, electricity and gasoline.

The philanthropy is consulting with hybrid-engine scientists and automakers, and has arranged for the purchase of a small fleet of cars with plans to convert the engines so that their gas mileage exceeds 100 miles per gallon. The goal of the project is to reduce dependence on oil while alleviating the effects of global warming.

Google.org is drawing skeptics for both its structure and its ambitions. It is a slingshot compared with the artillery of charities established by older captains of industry. Its financing pales next to the tens of billions that the [Bill and Melinda Gates Foundation](#) will have at its disposal, especially with the coming infusion of some \$3 billion a year from [Warren E. Buffett](#), the founder of [Berkshire Hathaway](#).

But Google's philanthropic work is coming early in the company's lifetime. [Microsoft](#) was 25 years old before [Bill Gates](#) set up his foundation, which is a tax-exempt organization and separate from Microsoft.

By choosing for-profit status, Google will have to pay taxes if company shares are sold at a profit — or if corporate earnings are used — to finance Google.org. Any resulting venture that shows a profit will also have to pay taxes. Shareholders may not like the fact that the Google.org tax forms will not be made public, but kept private as part of the tax filings of the parent, Google Inc.

Google's founders, Larry Page and Sergey Brin, believe for-profit status will greatly increase their philanthropy's range and flexibility. It could, for example, form a company to sell the converted cars, finance that company in partnership with venture capitalists, and even hire a lobbyist to pressure Congress to pass legislation granting a tax credit to consumers who buy the cars.

The executive director whom Mr. Page and Mr. Brin have hired, Dr. Larry Brilliant, is every bit as iconoclastic as Google's philanthropic arm. Dr. Brilliant, a 61-year-old physician and public health expert, has studied under a Hindu guru in a monastery at the foothills of the Himalayas and worked as a Silicon Valley entrepreneur.

In one project, which Dr. Brilliant brought with him to the job, Google.org will try to develop a system to detect disease outbreaks early.

Dr. Brilliant likens the traditional structure of corporate foundations to a musician confined to playing only the high register on a piano. "Google.org can play on the entire keyboard," Dr. Brilliant said in an interview. "It can start companies, build industries, pay consultants, lobby, give money to individuals and make a profit."

While declining to comment on the car project specifically, Dr. Brilliant said he would hope to see such ventures make a profit. "But if they didn't, we wouldn't care," he said. "We're not doing it for the profit. And if we didn't get our capital back, so what? The emphasis is on social returns, not economic returns."

Development of ultra-high-mileage cars is under way at a number of companies, from [Toyota](#) to tiny start-ups. Making an engine that uses E85 — a mixture of 85 percent ethanol and 15 percent gasoline — is not difficult, but the lack of availability of the fuel presents a challenge, said Brett Smith, a senior industry analyst at the Center for Automotive Research in Ann Arbor, Mich.

Another barrier, Mr. Smith said, lies in the batteries for so-called plug-in hybrids, which require more powerful batteries that charge more quickly than the current generation of hybrid batteries.

There are skeptics, too, among tax lawyers and other pragmatists familiar with the world of philanthropy. They wonder whether Google's directors might be tempted to take back some of the largess in an economic downturn.

"The money is at the beck and call of the board of directors and shareholders," said Marcus S.

Owens, a tax lawyer in Washington who spent a decade as director of the exempt organizations division of the [Internal Revenue Service](#). "It's possible the shareholders of Google might someday object, especially if we go into an economic depression and that money is needed to shore up the company."

And there is the question of how many of the planet's problems can truly be addressed by a single corporate entity.

But even while expressing reservations about Google's approach, Mr. Owens said that the structure of Google.org "eliminates all the constraints that might otherwise apply."

The only conventional part of Google.org is the Google Foundation, a nonprofit with an endowment of \$90 million that is constrained in how it spends by the 501(c)(3) section of the Internal Revenue Service code.

Google's big philanthropic experiment lies in the part of Google.org where the bulk of the funding now resides. This part of Google.org will be fully taxable, with the ability to invest in a full spectrum of programs and companies.

All of Google.org's spending, Dr. Brilliant said, will be in keeping with its mission, and there is to be no "blowback." That is, should Google.org make a profit with one of its ventures, those funds will not go to the search engine business, but will stay within Google.org.

Google had existed for only six years, when, in advance of the company's initial public offering in August 2004, Mr. Page and Mr. Brin told potential investors that they planned to set aside 1 percent of the company's stock and an equal percentage of profits for philanthropy. By the end of 2004, Google.org was formed.

The company has said it plans to spend the money over the next 20 years, and the Google board recently approved a more rapid disbursement rate, \$175 million over the next two years.

"Poor people can't wait," Dr. Brilliant said. "Dying people can't wait for some 20-year plan. It's not what we're doing here."

Ventures that grow out of Google.org could be seen to have a competitive edge because they do not need to show a financial profit. But financial returns from a project like the high-mileage car are not necessarily the aim.

"I think how you count profit is the issue here," said Peter Hero, president of the Community Foundation of Silicon Valley, a charitable foundation with about \$1 billion in assets.

“Google.org is measuring return on cleaner air and quality of life. Their bottom line isn't just financial. It's environmental and social.”

Once Google.org was formed, the company spent months searching for an executive director. There was no lack of interest in the job.

“Literally thousands of people worldwide got in touch with us,” said Sheryl Sandberg, the Google vice president who led the search. “We'd get someone who was an amazing technology entrepreneur but who didn't know anything about the developing world.”

Then along came Dr. Brilliant, an affable man generous with bearhugs and self-deprecating humor whose unlikely résumé looks like a composite career summary of multiple high achievers.

After receiving his medical degree, Dr. Brilliant studied for two years with Neem Karoli Baba, a famous Hindu guru.

As Dr. Brilliant tells the story, in 1973, shortly before the guru's death, he told Dr. Brilliant to “take off the ashram whites” and use his skills as a physician to help eradicate smallpox, which was devastating India at the time.

Dr. Brilliant joined a team of [United Nations](#) workers who painstakingly worked their way through India inoculating people against the disease. In 1980, the [World Health Organization](#) declared that smallpox had been eradicated.

In 1978, Dr. Brilliant started the Seva Foundation, which focuses on preventing and curing blindness throughout Asia and Latin America. In 1985, Dr. Brilliant was a co-founder of the Well, a seminal online community. Throughout the 1990's and early 2000's, he ran several high-tech companies in Silicon Valley.

Dr. Brilliant first heard about Google.org in early 2005 while lying in bed in India, sick with dysentery. He had gone there to work with the polio eradication program of the United Nations and, while recovering, he saw news of Google.org in a local newspaper.

He sent an inquiry to the only e-mail address he could find: info@google.com. He got no response.

This year, Dr. Brilliant was awarded the TED Prize, an award given at the annual Technology, Entertainment and Design conference, a gathering of leaders from the technology and entertainment industries. The prize awards three recipients \$100,000, and a “wish” for how to

change world.

Dr. Brilliant's wish was for the creation of an "early detection, rapid response" system for disease outbreaks. The idea would be an open-source, nongovernmental, public access network for detecting, reporting and responding to pandemics.

Some Google insiders heard about the award and invited Dr. Brilliant to give a talk at the company. Mr. Page and Eric E. Schmidt, Google's chief executive, were in the audience as Dr. Brilliant described the polio eradication efforts of the United Nations. They agreed they had found their director and began to recruit him.

At first, Dr. Brilliant said, he was thrilled. But then he turned skeptical, largely because of the for-profit structure of the organization.

"I got weak knees," he said. "It was weird. It was precedent setting." After several lengthy conversations with executives at Google, Dr. Brilliant changed his mind. Six months into the job, he has traveled to India to visit eye clinics and polio vaccination projects with Mr. Page, and to China to discuss clean energy alternatives. Next week, he leaves for Africa to visit Google grant recipients in Ghana.

Dr. Brilliant said he had no desire to "reinvent the wheel" by working on projects others are already involved in. And although Google is a high-tech company, that does not mean that Google.org will be throwing around high-tech solutions.

"Why would we put [Wi-Fi](#) in a place where what they need is food and clean water?" he said.

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