Project Loon – Commercializing Poverty?

Abstract

Google’s designed Project Loon designed to bringing internet services to those poor people living in the world’s most remote regions by using a network of stratospheric balloons that use the wind to go a long way for propulsion. These balloons use the Long-Term Evolution (LTE) services of local telecoms to beam internet access to areas currently not served by a network infrastructure. This project will help to firmly close the digital divide between the technology-rich and those lacking even the most basic internet services. Google is promoting Project Loon as an altruistic endeavour, but the company stands to profit from the creation of millions more users of their services and this will mean lots more money enhance their profits.

Introduction

Project Loon is a Google development venture designed to bring the internet to remote areas that currently lack network infrastructure. The project launches by launching balloons that float in the stratosphere, and link up with each other, and use the wind to go up or down and change elevation and location. Their tightly sealed plastic composition ensures that the balloons stay aloft despite extreme temperature fluctuations. Each balloon can be launched at a rate of four per hour using two or three people and an automated crane, with a lifespan of approximately 190 days (L. Kelion, 2015). Initially launched in New Zealand in 2013, Project Loon is expected to create a $10,000,000,000 market (D’Onfro, 2015), bringing internet services through existing telecoms to the world’s poorest and most disadvantaged (Deloitte, 2014). This work presents an overview of the financial implications to investigate whether Google’s Google is can rightly in claiming claim that Project Loon is altruistic in nature.

The digital divide

Currently, in The developed world considers, internet access is considered to be a fundamental right, yet in 2014, there were 4.2 billion people, 57% of the world’s population, without internet access (UN Broadband Commission, 2015). By More recent figures from June 2016, this number had risen to that are smaller, with just over 50% now having access to online services in June.
Much of this increase comes from Africa, with a 7,448.8% increase in online usage between 2000 and 2016, and also, the Middle East, which shows a 4,207.4% increase over the same period, yet however, only 28.7% and 57.4%, respectively, of these populations of these areas are served, respectively (Internet Usage Statistics, 2016).

Although the number of people accessing the internet are showing getting bigger, is increasing, the rate of growth, growth rate is slowing. Between 2005 and 2008, growth was around 15% per cent, but between this the rate slowed to 10.4% between 2009 and 2013, the rate slowed to 10.4% to 10.4% (McKinsey, 2014).

The benefits for of shrinking the digital divide are clear. Freelance software developers in the US currently earn an average of $172 ph per hour. By comparison, compared to freelancers in India, earn whose average rate is closer to $52 ph per hour (Mezak, 2013). This advantage gives Western companies a big, substantial incentive to move, outsource their operations to outsourcing. Outsourcing not only drives down Not only does this prices but also drive down end prices, but it brings much-needed skilled jobs to budding, new businesses in less developed parts of the world, albeit at the cost of less work for businesses and individuals based in the West. However, the consequence is less, fewer jobs for Western companies and individuals as work moves out.

The Benefits for Google

Google's motivation for Project Loon is under scrutiny. At first glance, it would appear that Google appears to be is committed to altruism, to by bringing the Internet Internet to remote areas with nothing, no network access and helping to help close the digital divide gap. However, closer examination shows that Google stands to reap a hefty, significant return on its investment (ROI). Statista (2016) observed that the worldwide digital advertising expenditure in 2012 was stood at $104.58 billion. In 2013, and this expense which the figure leaped, leapt to $121.47 billion in 2013. This trend is set to continue as no internet people halves will continue as the number of people without internet access divides in halves, halved each year.

Not only will Google benefit from the increase in advertising, as companies target new users, but the balloons will give Google a virtual monopoly. By linking in with existing telecom companies who have already have a grasp, hold on these customers who are learning to use technology, Google has made sure of ensured complete on operation cooperation from local businesses. This arrangement benefits the local tele communications
telecommunications companies as they gain access to new markets without having to outlay for their own capital for infrastructure, such as cell towers (D’Onfro, 2015). Further, Google is prepared to share new customers’ revenues with those companies that provide the LTE spectrum. It also ensures that connected devices receive a reasonable speed of around 10-megabits per second (Kelion, 2015).

The temptation to lock new customers into Google’s services must be strong, just as Microsoft did when it bundled Internet Explorer with its Windows offerings (Phillips, 1998). Lead developer Mike Cassidy slammed claims that Google will be restricting users or force them to use Google services, reiterating, and he reiterated the company’s commitment towards net neutrality. In this way, Google hopes to avoid the backlash faced by Facebook’s Free Basic Service, which provided access only to specific sites, including Facebook (Shu, 2016). Even so, there is no denying that Google will be the main beneficiary if only 5% of the unconnected pay $5 for internet services, that it still amounts to tens of billions a year in revenue (Popper, 2015).

Conclusion
There’s no doubt that bringing the internet to the millions who currently lack access to even the most basic technology services will bring a more level playing field to global users. What does this mean for the West? Maybe wages will lower, and services could be outsourced to new, cheaper providers in poor countries. Through Project Loon, Google will bring the internet to billions of new customers, and sharing some of the revenue, Google has bought the loyalty of local consumers and ensured that there is little opposition to their project by sharing a little of the revenue. There are huge significant benefits in Project Loon for those currently lacking internet services, but Google will, at the end of the day, be the biggest beneficiary.
References


