

FINANCIAL REVIEW

SE Boss
HD **Google, Facebook, Atlassian and Freelancer are the vanguard of the digital economy WHAT HAPPENS NEXT?**

BY Patrick Durkin

WC 1,077 words

PD 13 June 2014

SN The Australian Financial Review

SC AFNR

ED First

PG 20

LA English

CY Copyright 2014. Fairfax Media Management Pty Limited.

LP

INNOVATION SPECIAL

William Easton

TD

Managing director, Facebook Australia & New Zealand

Facebook's Australian headquarters is abuzz one morning in May over a live Q&A with the Socceroos hosted on the SBS Facebook page in the **lead** up to the World Cup. Facebook's Australian chief executive Will Easton says the event is a sign of things to come, with the ubiquitous social media business muscling in on the territory of traditional broadcast TV.

"There is an enormous opportunity here to partner with other sporting codes, the NRL, State of Origin, the AFL finals and cricket," the English-born Easton tells his team.

"If you take someone like CBA [Commonwealth Bank Australia], it has a great association with the cricket and at some point if we did a Q&A with the Australia cricket team, they may want to be involved with that content," Easton later tells Boss.

Sport is the most commonly discussed topic among Australia's 12 **million** Facebook users, making it the obvious first step for unique content. But Easton says the idea of live audience-directed interviews can go further.

"You can see plenty of opportunities where live Q&As could be incredibly useful. We were only talking to [Westpac] the other day; you can imagine a bank adviser doing a live Q&A around mortgage selection and people posting questions around mortgages."

Easton is pushing hard to get corporate Australia excited about the possibilities for new and exclusive local content via Facebook which he hopes will deliver more advertising.

Neil Hiltz, the US-based global head of Facebook's newly created financial services team, recently visited Australia to introduce a suite of new products, allowing companies to advertise directly on the news feed of Facebook users who don't necessarily "like" them, but who meet relevant demographics.

To help foster closer ties with potential clients, Easton has restructured his team into industry sectors such as financial services, retail, cars and fast food restaurants, led by managers with relevant industry background.

Stephen Scheeler, local head of e-commerce, retail, auto and fast food is an example of Easton's strategy. Scheeler has worked at leading automotive services **company** Inchcape, managed a retail division at Westfield and led the strategy team at Lion Nathan. "Stephen spends his whole time helping auto and retail clients to better use Facebook," Easton says. At the moment, most of the team's time is being spent educating clients about the potential of better exploiting their Facebook presence, he says.

The mild-mannered Easton's own appointment, after an 11-month search for a local head of the business, is based on his experience leading Google's mobile division.

Easton says Facebook is betting that the rapid growth in mobile devices is "just the tip of the iceberg". The use of mobile devices, smartphones and tablets, is up 43 per cent from a year ago and now comprises more than 85 per cent of Facebook use. The **company** is clearly positioning itself for an era of post-desktop online advertising. Facebook just launched 15-second mobile-friendly video advertisements, reportedly charging a hefty \$2 **million** a day.

For now, Facebook is a compelling proposition to business and advertisers because of the extraordinary audience reach coupled with the unprecedented torrent of information about individual's tastes, beliefs, interests, photos and conversations that it collects and analyses. The local marketing team pride themselves on the platform's reach into a vast cross-section of the community in contrast to LinkedIn which focuses on professionals and Twitter which panders to the chattering classes.

But Facebook risks igniting a public backlash from new advertising content and knows that it must make sure Facebook remains the place to interact with friends, post photos, share ideas and create events.

The challenge to remain relevant poses the greatest threat to the business in its 10-year history. Teenagers have turned away from Facebook in their droves, put off by their parents' presence and the perception that the Facebook is no longer 'cool'. Princeton University researchers claim that Facebook searches in Google reached their peak in December 2012 and trailed off since. Director of brand, communications and marketing at Open Universities Australia, Kristen Boschma says the key to Facebook's survival will be returning the focus to the user's experience and cracking new markets, especially **China**.

Since the 2012 listing on the Nasdaq, she says "the focus of Facebook's innovation has shifted from user benefits to advertising benefits, which could be its own undoing".

The next generation of users are increasingly seeking to share without care through applications such as Snapchat where messages disappear after 10 seconds. Facebook's \$US3 **billion** (\$3.22 **billion**) bid to buy the photo messaging app was rejected and it is now developing its own lookalike app called Slingshot. Social media apps, including the Facebook-owned Instagram, are also offering discount points to subscribers for retailers and hotels, in an effort to encourage loyalty. Easton says, "The Facebook of today will look very different in five years' time as it changes from a **company** centred around Facebook.com to a portfolio of apps and digital products."

Founder Mark Zuckerberg is empowering small teams within the **company** to build new mobile apps and create start-ups through their research division, Creative Labs. Easton is mirroring the strategy with local in-house agency Creative Shop.

The global division's first product, launched in January was an app called Paper, a social media newspaper which curates articles and photos in categories users choose.

Easton says Facebook will launch "a significant number of apps" over the next two years. The results will inevitably be mixed. Paper fell out of Apple's top-100 free apps chart a month after its launch. Previous attempts to create a Facebook ecosystem have also faltered.

Zuckerberg's biggest bet has been the \$US19 **billion** paid for the mobile messaging service WhatsApp, predicted to reach 1 **billion** users by the end of the year. He also bought the Oculus virtual reality mask for \$US2 **billion**.

"If you look at Instagram, three or four years ago, that was seen to be a questionable investment, it has paid off tenfold. The general view on WhatsApp is that it was a very smart **acquisition** for us as a business."

CO atlssp : Atlassian Pty. Ltd. | goog : Google Inc. | onlnfr : Facebook Inc

IN isocial : Social Media | iint : Internet/Online | imed : Media/Entertainment | itech : Technology | i3302 : Computers/Electronics | i330202 : Software | i3302021 : Applications Software | i8395464 : Internet Search Engines | icomp : Computing

NS c41 : Management Issues | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcipin : FC&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020140612ea6d0003h