



# FACEBOOK

Presenters:

- Alan Haryanto
- Sabrina Rohatgi
- Swastika Bhat
- Yash Udasi
- Yevgen Solodkyy

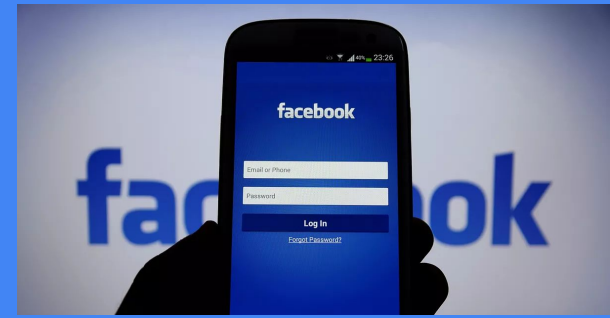
# Agenda

- Introduction
- Facebook as an Organization
- The Business
- Our Pitch



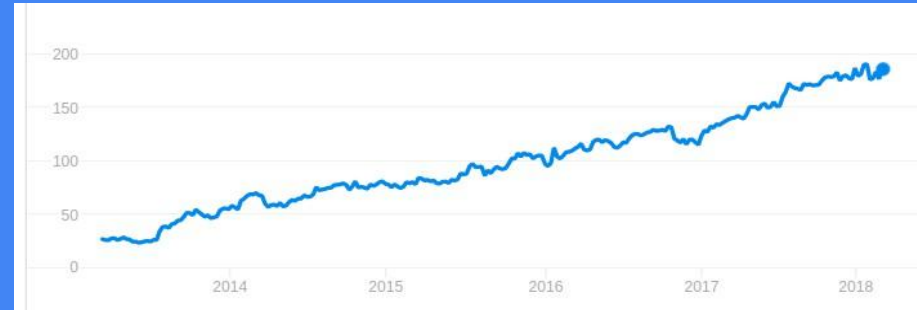
# Brief History

- Founded in February 2004 with only 10 users by Mark Zuckerberg
- 2005 Facebook Photos introduced
- 2006 Mobile version launched
- 2007 Facebook Platform launched
- 2009 Facebook Chat unveiled
- 2010 500 million users, 30,000 servers, and 15,000 apps
- 2012 Purchased Instagram
- 2014 Acquired Whatsapp

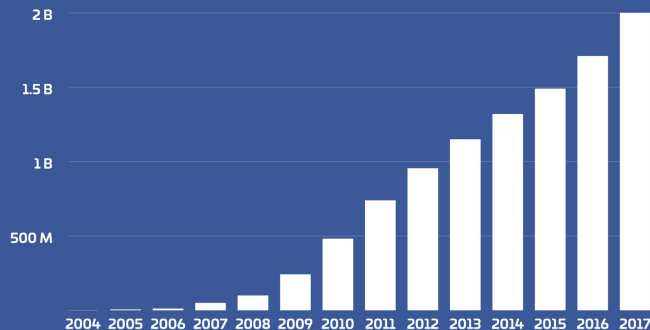




## Facebook Stock

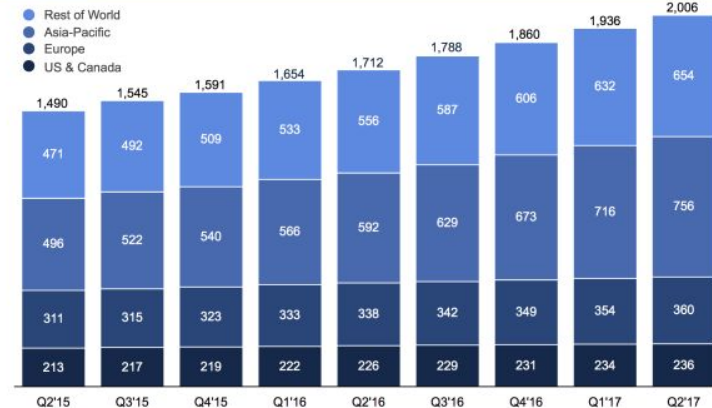


## FACEBOOK MONTHLY ACTIVE USERS JUNE 2017



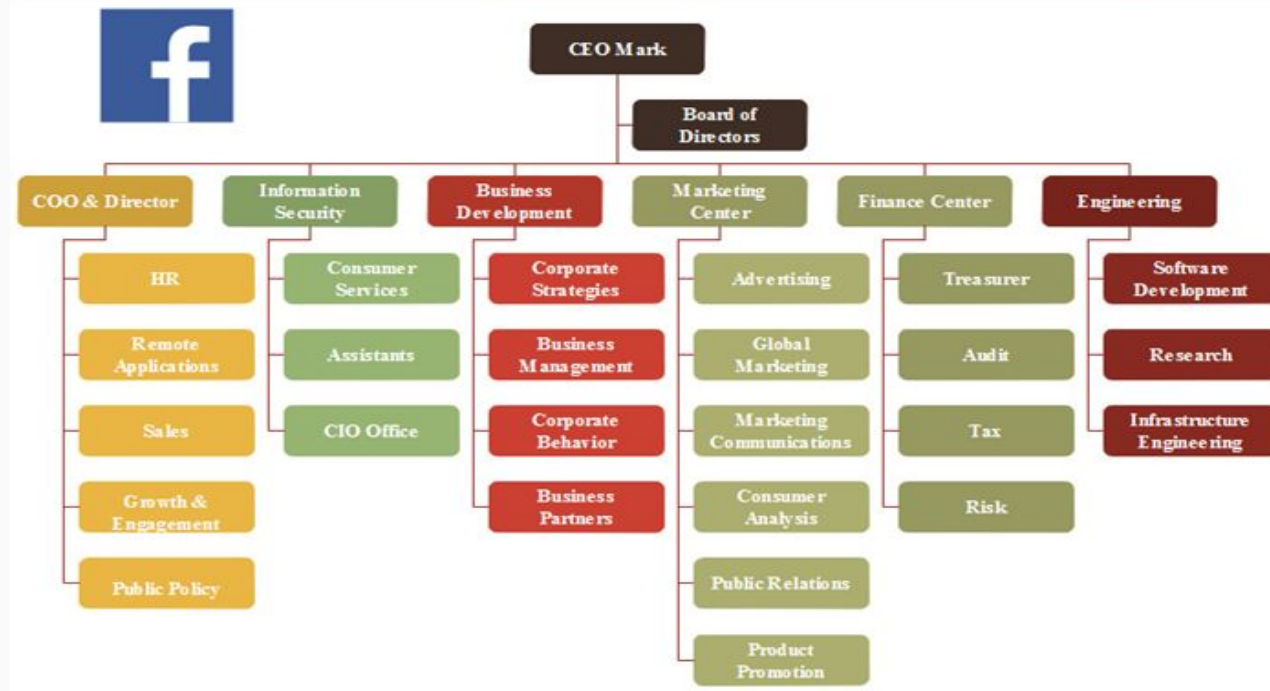
## Monthly Active Users (MAUs)

In Millions



# Facebook as an Organization

# Matrix Organizational Structure



# Organizational Advantages & Disadvantages

## Advantages & Opportunities

Flexibility to easily respond to changing market trends via

- **Geographic Divisions** to address social networking and online advertising market dynamics
- **Product-Based Divisions** to run activities pertaining to specific products of the organization

## Risks

Potential difficulties in implementing corporate directives due to **variations** in **Geographic Divisions** initiatives

**Medium RISK**

# Dynamic Workplace

- Zuckerberg enjoys a 99.3% approval rating by employees
- open-door policy and direct communication with all levels of employees
- focus on getting results: the work that matters, not the minutiae
- **80/20 rule of creative thinking:** promotes creativity and high morale
- Attracts top talent





# Organizational Risk & Opportunity: Zuckerberg is Facebook

- Facebook is a controlled company with Zuckerberg's majority voting power of 58.5% with Class B stock, which has 10 votes per share
- Zuckerberg can only sell approximately 13.5% of his shares before losing majority voting power
- Can't move onto other projects without losing voting power
- Zuckerberg remaining relevant as social media evolves and many youngers opting to forego Facebook already

**MEDIUM RISK**

# The Business

# facebook

10 YEAR ROADMAP



# Current Products

- Homegrown



- The Facebook

- Makes money from Ads
    - Advertising revenue of \$40 Billion worldwide
    - User Base of 2.2 Billion active users around the globe

- Messenger



- Instant messaging application
    - Launched in 2011
    - 1 Billion downloads worldwide
    - Voted number ONE application for communication on Playstore

- Key Acquisitions



- Whatsapp

- Cross-platform application
    - Allows users to send texts messages and voice calls
    - Acquired in 2014 for \$19 Billion
    - User Base of \$1.2Billion around the globe
    - Net Worth today: \$9.2 Billion



- Instagram

- Mobile and desktop based photo sharing application
    - Acquired in 2012 for \$1 Billion
    - User Base of more than \$1 Billion
    - Net worth today : \$1.55 Billion

# Future Scope

- **Augmented Reality**

- **Oculus Rift**

- It is a Virtual Reality headset
      - Applications:
        - Gaming
        - Education
        - Entertainment
    - Acquired in 2014 for \$3 Billion
    - Invested 3 billion for 10 years scope
    - Prediction : Increase in revenue from 2 billion in 2017 to 6 billion in 2018



- **Opportunities:**

- Huge number of profits
  - Customer acquisition around the world
  - Dominate the VR technology world

- **Risks:**

- User Base is targeted mainly for gamers
  - Overcoming big competitors

- **Mitigation**

- Expand the application of the product
  - Smartly develop investment and marketing strategies

**MEDIUM RISK**

# Future Scope cont.

- **Artificial Intelligence**

- **AI for the Blind:**

- Vision: Helping the blind to see the world
    - Automatic Alternate Text developer



- **Connectivity**

- **Aquila**

- Vision: To cover the planet with a blanket of Internet
    - A drone beaming Internet signals from space to remote areas of earth

# Current Issues

- Threat of Ad Blockers
- PR Issues
  - Combating violent, and hateful videos & fake news
  - Emotional Well being
  - Security concerns/hacking
- Complying with General Data Protection Regulation (GDPR)

# Threat Of Ad Blockers

## Effect of Ad blocking

- Websites are free because of the revenue that they get from ads
- Ad blockers have an exception policy, allow ads for a fee.

## Effect on Facebook

- Effects only Desktop application
- Accounts for \$2.5 billion of \$17 billion of ad sale revenue

**Medium Risk**



# Threat Of Ad Blockers : Mitigation Strategy

Stay ahead in the  
Technical race.

A PR campaign against  
Ad Blockers: 50%

Persuade consumers to  
use newer version of  
Chrome: 33%

Promote Facebook app  
on mobile devices: 45%

Pay a fee to the Ad  
blockers

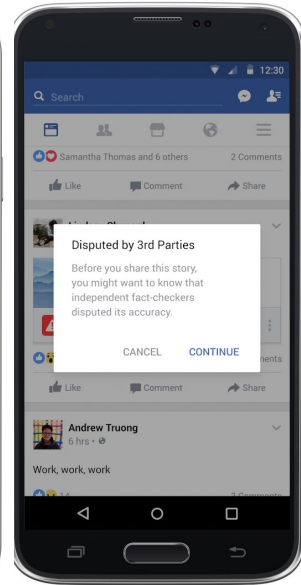
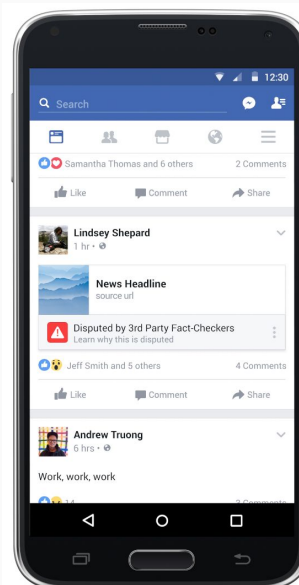
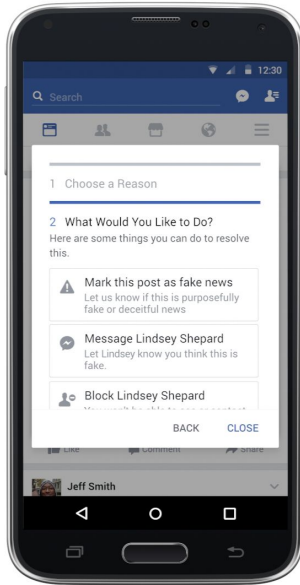
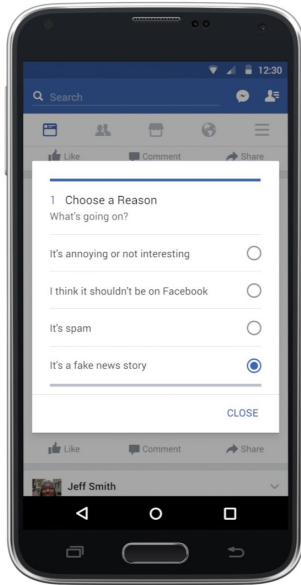
Combine two or more  
strategies : 90% chance  
of success

# PR Nightmares & Mitigation Strategy

- Violent, and Hateful Videos
  - Workforce of 7500 people to monitor posts
  - Use of Artificial Intelligence
  - Risky as technology is still in its infancy
- Fake News
  - Voluntary 3rd party fact checking
  - Make it easier to report hoax
  - Red Flag questionable posts

**MEDIUM RISK**

# Combating Violent and Misleading Information



# PR Nightmares

- Emotional Well being
  - Snooze Feature helps hide people and pages
  - Hide posts of your Ex boyfrind/ girlfriend
- Security Concerns
  - Bug Bounty program



**Low Risk**

# General Data Protection Regulation (GDPR)

- GDPR--EU Policy Enforceable May 2018
  - Enable individuals to better control their personal data
  - Obviousness to subject what data is going to be used for
  - How data is processed is known
- Implication on Facebook
  - 20% of users fall into GDPR ruling
  - Must ask EU users to store or share their data
  - A hit to FB's data currency
  - Penalty 4% of FY revenue or ~\$25 Million

Make changes to User Interface;  
Centralize privacy

Change the default settings "Opt in" vs  
"Opt out".

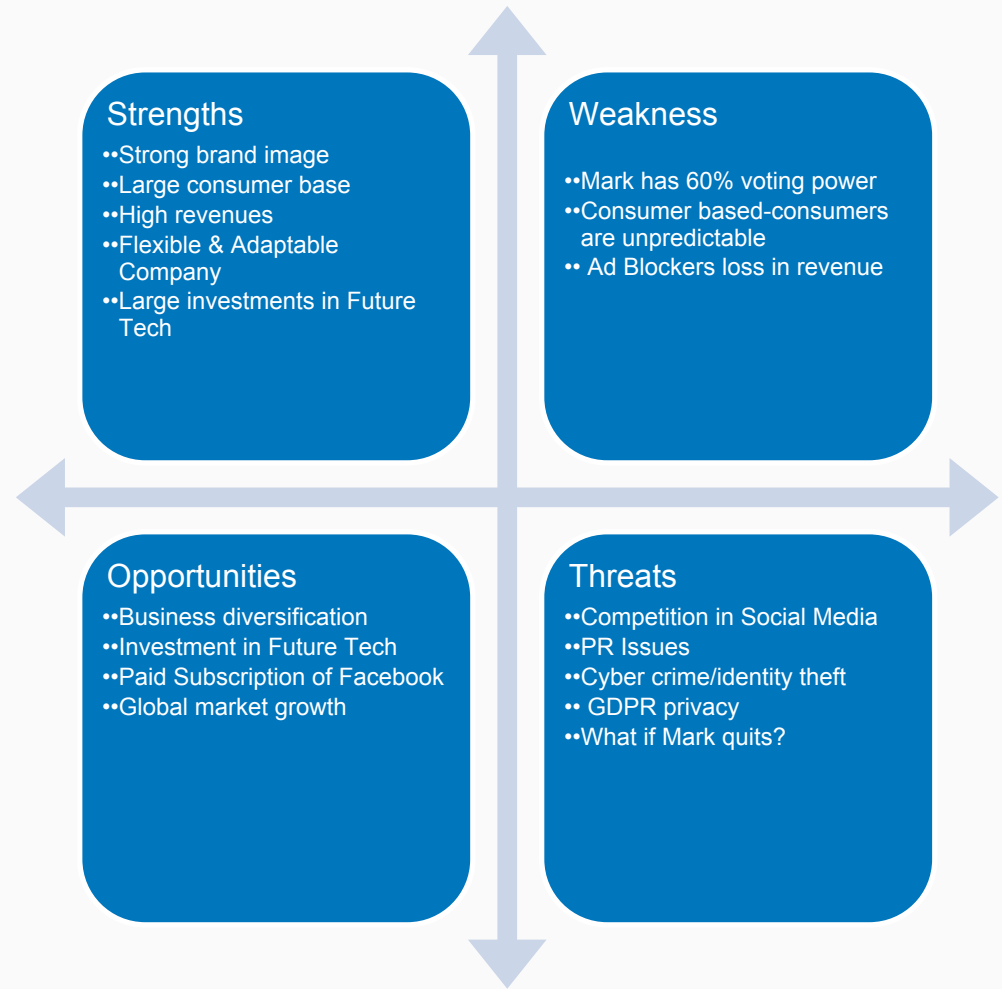
Make all changes global not just EU local

**MEDIUM RISK**



# Our Pitch

- As long as Facebook continues to be innovating and flexible we see Facebook as a company that will continue to grow
  - Business Diversification: Enterprise business
  - Continue with Acquisition and development of AR, AI
  - Paid subscription of Facebook



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