EXHIBIT 177


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**From:**      Alex Schultz </O=THEFACEBOOK/OU=FIRST ADMINISTRATIVE
              GROUP/CN=RECIPIENTS/CN=ASCHULTZ>
**Sent:**      Sunday, November 25, 2012 9:57 PM
**To:**        Mike Vernal
**Subject:**   RE: Platform Model Thoughts

You got it :)

-----Original Message-----
From: Mike Vernal
Sent: Sunday, November 25, 2012 9:56 PM
To: Alex Schultz
Subject: Re: Platform Model Thoughts

Will do. I really want us to win here, and have been frustrated with my team's execution to date so welcome the help in getting our ducks in a row.

-mike

-----Original Message-----
From: Alex Schultz <aschultz@fb.com>
Date: Sun, 25 Nov 2012 21:50:54 -0800
To: Mike Vernal <vernal@fb.com>
Subject: RE: Platform Model Thoughts

Great... let me help drive this forward as much as needed. I feel we have a chance to really change the direction of our games revenue here AND the success of games developers at the same time.

Also please keep being direct with me (and I'll keep being direct with you). I expect I'll probably upset folks as we go through this and it'll be helpful if you can let me know and guide me through making things work (while still getting to the right result).

Alex

-----Original Message-----
From: Mike Vernal
Sent: Sunday, November 25, 2012 6:46 PM
To: Alex Schultz
Subject: Re: Platform Model Thoughts

Yeah, definitely.  I think we're 100% aligned here.  I've been pushing Gareth + Bruce (now Aaron) to have a concrete proposal here, but we've been moving too slowly which is my fault (and something I intend to fix).

-----Original Message-----
From: Alex Schultz <aschultz@fb.com>
Date: Sun, 25 Nov 2012 18:39:42 -0800
To: Mike Vernal <vernal@fb.com>
Subject: Re: Platform Model Thoughts

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Sweet!

Is this all ok for you?

A

Sent from my iPhone

On Nov 26, 2012, at 11:32 AM, "Mike Vernal" <vernal@fb.com> wrote:

> Yes.  Gareth/I will set something up.
>
> -----Original Message-----
> From: Alex Schultz <aschultz@fb.com>
> Date: Sun, 25 Nov 2012 18:31:31 -0800
> To: Mark Zuckerberg <zuck@fb.com>
> Cc: Mike Vernal <vernal@fb.com>, Sean Ryan <seandryan@fb.com>, Dan
>Rose  <drose@fb.com>, Sam Lessin <sl@fb.com>, Douglas Purdy
><dmp@fb.com>, Javier  Olivan <jolivan@fb.com>, Ed Baker <edb@fb.com>,
>Chris Cox <ccox@fb.com>,  Mike Schroepfer <schrep@fb.com>, Chris
>Daniels <chrisd@fb.com>, Sheryl  Sandberg <sheryl@fb.com>, David
>Ebersman <ebes@fb.com>, Vladimir Fedorov  <vladf@fb.com>, Cory Ondrejka
><cory.ondrejka@fb.com>, Greg Badros  <badros@fb.com>, Justin Osofsky
><josofsky@fb.com>, Gareth Davis  <gareth@fb.com>, Aaron Brady
><abrady@fb.com>
> Subject: Re: Platform Model Thoughts
>
> Awesome.
>
> We should be able to do something simple in one or two Asian markets
> (where only android matters so we can focus) pretty fast, I hope.
>
> Mike do you just want us all to get together without Zuck since we
> have the green light to go forward?
>
> I am hopping on a plane now but will be in the office Monday.
>
> A
>
> Sent from my iPhone
>
> On Nov 26, 2012, at 10:15 AM, "Mark Zuckerberg" <zuck@fb.com> wrote:
>
>> We don't have time for a meeting tomorrow, but I'll give you the
>> green light to start exploring this immediately. I agree we really
>> want to do this.
>>
>> As folks have noted, the biggest issue here will be App Center
>>distribution. That's what I'm most interested in hearing about and
>>learning what our choices are and how difficult this will be. This
>>seems like a very large amount of design and technical work and we

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>>need to involve the mobile team in this soon if we want to get
>>anything done.
>>
>>
>> On Nov 25, 2012, at 4:05 PM, "Mike Vernal" <vernal@fb.com> wrote:
>>
>>> +Gareth, Aaron who have been working on a deck/plan around this
>>>
>>> Agreed that (a) these games want distribution primarily and (b) we
>>>need  to move quickly as Kakao + Line are building interesting
>>>businesses here.
>>>
>>> My net is that we should decide to have a special program for mobile
>>> games where they get special treatment in exchange for a 30% net
>>> (21%
>>> gross) rev share.  We should start small (e.g., ~5 games) and in
>>> Asian markets and expand from there if its promising.
>>>
>>> We should start with distribution features, but once we have those
>>> in place I think this is a good proving ground for premium
>>> engagement features like the ones below.
>>>
>>> Monday's agenda is really tight (we've got an hour for
>>>privacy/browse  stuff and an hour for all this platform business
>>>model stuff), but I'll  talk to the team + Anikka to try to find some
>>>time for Sean, Alex,  Gareth, George, Vishu, Aaron, et al. to meet w/
>>>Mark about options here.
>>>
>>> -mike
>>>
>>> From: Sean Ryan <seandryan@fb.com<mailto:seandryan@fb.com>>
>>> Date: Sun, 25 Nov 2012 10:55:16 -0800
>>> To: Dan Rose <drose@fb.com<mailto:drose@fb.com>>, Alex Schultz
>>> <aschultz@fb.com<mailto:aschultz@fb.com>>, Mike Vernal
>>> <vernal@fb.com<mailto:vernal@fb.com>>, Mark Zuckerberg
>>> <zuck@fb.com<mailto:zuck@fb.com>>, Sam Lessin
>>> <sl@fb.com<mailto:sl@fb.com>>, Douglas Purdy
>>> <dmp@fb.com<mailto:dmp@fb.com>>, Javier Olivan
>>> <jolivan@fb.com<mailto:jolivan@fb.com>>, Ed Baker
>>> <edb@fb.com<mailto:edb@fb.com>>, Chris Cox
>>> <ccox@fb.com<mailto:ccox@fb.com>>, Mike Schroepfer
>>> <schrep@fb.com<mailto:schrep@fb.com>>, Chris Daniels
>>> <chrisd@fb.com<mailto:chrisd@fb.com>>, Sheryl Sandberg
>>> <sheryl@fb.com<mailto:sheryl@fb.com>>, David Ebersman
>>> <ebes@fb.com<mailto:ebes@fb.com>>, Vladimir Fedorov
>>> <vladf@fb.com<mailto:vladf@fb.com>>, Cory Ondrejka
>>> <cory.ondrejka@fb.com<mailto:cory.ondrejka@fb.com>>, Greg Badros
>>> <badros@fb.com<mailto:badros@fb.com>>, Justin Osofsky
>>> <josofsky@fb.com<mailto:josofsky@fb.com>>
>>> Subject: RE: Platform Model Thoughts
>>>
>>> Watching the aggressive moves by Kakao and Line (Line Pop now #1

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>>> free IOS game in 6 countries) to expand their mobile games platforms
>>> outside of their home countries, plus the extraordinary revenue they
>>> believe they can generate, we need to move faster and with a simpler
>>> approach than a complex set of premium read-side services will require.
>>>
>>> These devs really want straight distribution first, followed by
>>>viral  features as secondary options, meaning we need to  be able to
>>>experiment  quickly with the mobile UI changes that Alex has
>>>suggested in at least  one of the Asian countries to see if we can
>>>drive a few games to massive
>>> success.    This is not about driving a higher level of App Center
>>> downloads - it's about king-making a few games whose developers then
>>> tell everyone else.   Plus it should show significant financial returns
>>> in countries where we don't make that much money right now, and if
>>>it's  done outside of the feed, it won't cannibalize Neko or any
>>>other  ads-related features - but we need to move faster and with
>>>more wood  behind the spear.
>>>
>>> Sean
>>>
>>> From: Dan Rose
>>> Sent: Sunday, November 25, 2012 8:49 AM
>>> To: Alex Schultz; Mike Vernal; Mark Zuckerberg; Sam Lessin; Douglas
>>> Purdy; Javier Olivan; Ed Baker; Chris Cox; Mike Schroepfer; Chris
>>> Daniels; Sheryl Sandberg; David Ebersman; Vladimir Fedorov; Cory
>>> Ondrejka; Greg Badros; Justin Osofsky; Sean Ryan
>>> Subject: Re: Platform Model Thoughts
>>>
>>> I agree with Alex's framing of this.  Here's a few more thoughts as
>>> it relates to our platform business model:
>>>
>>> Kakao and Line are developing distribution platforms for mobile
>>> games, similar to our desktop canvas platform.  Vernal's team has
>>> been exploring a similar approach on mobile, but as Alex points out
>>> this model really hinges on our ability to leverage App Center for
>>> distribution, which currently gets very little traffic on mobile.
>>> Changing our mobile UI to drive more traffic to App Center is
>>> obviously tied-up in our broader redesign, but worth considering as
>>> we think through the future of bookmarks, etc.
>>>
>>> Mark's idea is different from what Kakao and Line are doing.  He's
>>>suggesting we offer premium read-side services ‹ instant
>>>personalization, coefficient, full friends list ‹ to mobile game
>>>developers in exchange for 20-30% net rev-share (net of
>>>Apple/Google's  take).  If mobile game developers were willing to do
>>>this, it would help  us price these services more broadly by
>>>surfacing data on how much value  they create.
>>>
>>> If we did both of these at the same time, it would be very powerful.
>>>
>>> Here's a few additional data points on Kakao and Line as we try to
>>> learn from their success: (as Alex said, most of this intelligence

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>>> is coming from Jess Lee on Sean's team who recently moved to
>>> Singapore to lead our games partnership team in Asia)
>>>
>>> Kakao and Line are able to get game developers to sign-up to global
>>>exclusivity, without committing to traffic or revenue guarantees.
>>> Getting featured by them can king-make a game in these markets, so
>>>they  have developers lining-up to get into their equivalent of our
>>>app center.
>>>
>>> They charge 30% net rev-share (net of Apple/Google's take), but they
>>>don't publish apps on behalf of their developers.  They rely instead
>>>on contractual agreements and developers being honest about their
>>>revenue.
>>> They probably also align incentives by featuring apps that generate
>>>the most revenue.  (Sean ‹ let's try to learn more).
>>>
>>> It's becoming a norm in Asia to list the social network with which
>>>you're associated in the title of your game (see Alex's screen shots
>>>below where LINE or Kakao are listed in the title of these apps), and
>>>to  put the social network's favicon in the bottom right corner of
>>>your app  icon.
>>>
>>> From: Alex Schultz <aschultz@fb.com<mailto:aschultz@fb.com>>
>>> Date: Saturday, November 24, 2012 8:17 PM
>>> To: Mike Vernal <vernal@fb.com<mailto:vernal@fb.com>>, Mark
>>> Zuckerberg <zuck@fb.com<mailto:zuck@fb.com>>, Sam Lessin
>>> <sl@fb.com<mailto:sl@fb.com>>, Doug Purdy
>>> <dmp@fb.com<mailto:dmp@fb.com>>, Javier Olivan
>>> <jolivan@fb.com<mailto:jolivan@fb.com>>, Ed Baker
>>> <edb@fb.com<mailto:edb@fb.com>>, Chris Cox
>>> <ccox@fb.com<mailto:ccox@fb.com>>, Mike Schroepfer
>>> <schrep@fb.com<mailto:schrep@fb.com>>, Dan Rose
>>> <drose@fb.com<mailto:drose@fb.com>>, Chris Daniels
>>> <chrisd@fb.com<mailto:chrisd@fb.com>>, Sheryl Sandberg
>>> <sheryl@fb.com<mailto:sheryl@fb.com>>, David Ebersman
>>> <ebes@fb.com<mailto:ebes@fb.com>>, Vladimir Fedorov
>>> <vladf@fb.com<mailto:vladf@fb.com>>, Cory Ondrejka
>>> <cory.ondrejka@fb.com<mailto:cory.ondrejka@fb.com>>, Greg Badros
>>> <badros@fb.com<mailto:badros@fb.com>>, Justin Osofsky
>>> <josofsky@fb.com<mailto:josofsky@fb.com>>
>>> Subject: RE: Platform Model Thoughts
>>>
>>> I asked mark why he added me to this thread (since I wasn't in the
>>> meetings) and he said he wanted my input on growth and games.
>>>
>>> As such please take this in that light and I apologize if anything I
>>>say is duplicative or has been discussed before. These are just my
>>>thoughts (after mulling on the earlier emails for a while). My reply
>>>is  focusing primarily on the [3]partnering with mobile games[2]
>>>component of  this proposal and I think is in line with what you guys
>>>are saying, just  a little more fleshed out tactically. Sean Ryan has
>>>taught me a lot  about games over the last half year and so much of

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>>>this thinking is  stuff I have learnt from him.
>>>
>>> The actual, tactical, execution on distributing mobile, social,
>>> games (without spamming users) will be key to our success. The
>>> revenue model/charging for value exchange is much, much easier here
>>> (as Zuck points out in his original email). We should simply
>>> replicate Kakao's 30% revenue share (post google/apple's take). If
>>> executed right, this could massively re-accelerate revenue from our
>>> games business and make it a billion $$$ (web+mobile) business next
>>> year. Kakao is already on a $400MM p.a. run rate in just Korea alone.
>>>
>>> I am really excited about the chance of us taking our games business
>>> from expected decline to massive growth in 2013 but I think we'll
>>> need to do some stuff that we aren't, historically, comfortable with.
>>>
>>> Detailed thinking:
>>>
>>> -        Games payments can be a major revenue growth business again
>>> for Facebook if we attack the revenue share models that are kicking
>>> ass in Asia right now. Kakao talk, alone, is reported to be doing
>>> >1/3 of our total payments revenue just in Korea
>>>
>>>(http://thenextweb.com/asia/2012/11/20/after-making-money-in-korea-mo
>>>bil
>>>e
>>> -chat-app-kakao-talk-takes-its-games-service-global/). Sean Ryan &
>>>the  Asian growth managers deserve a lot of credit in their work to
>>>explore  these business models and partner interest then surface this
>>>to the  canvas revenue and games teams.
>>> [Description: kakao games graph 520x329 After making money in Korea,
>>>mobile chat app Kakao Talk takes its games service global]
>>>
>>> -        I believe (based on developer feedback) it is more important
>>> to solve distribution for the games developers than to focus on
>>> social graph and retention
>>>
>>> -        I feel this way because the useful social graph is really
>>> getting commoditized in address books and we know getting 1000
>>> friends isn't important, 10-100 is
>>>
>>> -        Looking at the top apps in TW/KR it seems LINE/Kakao have
>>> been good at driving this:
>>> [cid:image002.png@01CDCAF9.F6C0A460]
>>>
>>>
>>> -        In order to do that I think we need to figure out
>>> distribution of app center, making it a first class citizen in
>>>Facebook.
>>> Right now it's not an awesome distribution vehicle for our partners
>>>and  that's not surprising as it's buried deep in our, hard to find,
>>>bookmarks.
>>>

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>>> - I believe we should take a leaf out of the book of other
>>> excellent mobile first apps for navigation (Instagram/Kakao
>>> Talk/Line/Whatsapp/Spotify/Foursquare) and have a nav bar with our
>>>main sections (Timeline, Newsfeed, Messaging, Games/Apps, Other). I
>>>think whatsapp, Instagram and spotify have successfully integrated
>>>that number of sections really well. I believe we are trying to be
>>>too clever on mobile navigation.
>>>
>>>[cid:image003.jpg@01CDCAF9.F6C0A460][cid:image004.jpg@01CDCAF9.F6C0A4
>>>60]
>>>
>>> - At a minimum, we should test this combination of business
>>> model (30% rev share post apple/google's take) and distribution
>>>(through more prominent, heavily editorialized app center) in Asia
>>>where we know it's working already.
>>>
>>> - Gaming is massively over-indexed there already for us (e.g.
>>> Taiwan) and where Sean is doing a brilliant job staffing up and
>>>building connections to give us a run at trying this. Can we please
>>>have permission to take a run at this business model (including some
>>>different nav designs for distribution) in Asia with
>>>Sean/Gareth/George?
>>> (I would also love to test Brazil, which is about to explode on
>>>android/mobile and has a similar chat dynamic to asia, except we own
>>>the market, for now).
>>>
>>> Alex
>>>
>>> p.s. a lot of this is skewed from being in Korea for the last 11days
>>> and spending a lot of time with Korean families and colleagues and
>>> really seeing how they are using mobile/kakao/etcŠ Also watching
>>> gaming/chat on metro and buses. It has all been super eye opening.
>>> One big factor is the number of people with Galaxy Notes out here is
>>> ridiculous and those screens are huge.
>>>
>>> From: Mike Vernal
>>> Sent: Tuesday, November 20, 2012 12:28 AM
>>> To: Mark Zuckerberg; Sam Lessin; Douglas Purdy; Javier Olivan; Alex
>>> Schultz; Ed Baker; Chris Cox; Mike Schroepfer; Dan Rose; Chris
>>> Daniels; Sheryl Sandberg; David Ebersman; Vladimir Fedorov; Cory
>>> Ondrejka; Greg Badros; Justin Osofsky
>>> Subject: Re: Platform Model Thoughts
>>>
>>> +Justin O.
>>>
>>> Adding a couple of more thoughts. Again, really excited about this
>>> direction:
>>>
>>> - As context, we've been talking about all these changes as
>>>"Platform 3.0," as it really represents a substantial relaunch of
>>>platform. I think there are a lot of changes we'll need to bundle
>>>into Platform 3.0, including the Invitations feature. To really be

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>>>able to take away non-app-user friends, we also really need to make
>>>Invitations an effective channel (requests are really ineffective,
>>>especially on mobile). We'll come back to you with mocks and a more
>>>concrete product vision in the next few weeks.
>>>
>>> - Our intuition around # of friends and usefulness of coefficient
>>> was the opposite - if you only have 5-10 friends in an app, then
>>> providing coefficient isn't that useful (especially if we're just
>>> giving ranked coefficient). It only really becomes useful when you
>>> have 20+ friends and you have to rank them for engagement reasons.
>>> Given I think it would be awkward to give coefficient free to some
>>> threshold, then take it away, then charge for it, I'd probably just
>>> keep it as a premium feature.
>>>
>>> - We agree we should charge for API usage above a threshold. No
>>> strong opinion on tiered model vs. charging above a certain usage
>>> level. We should just make sure the tiered model doesn't have weird
>>> arbitrage loops (e.g., the top tier makes people feel they can make
>>> an infinite # of calls or prices good apps out of the market, etc.).
>>>
>>> - I think partnering with mobile games on premium read/engagement
>>>features is a really good idea/framing and probably the right
>>>go-to-market for these features. Also agree this is lower priority
>>>than getting the base model right.
>>>
>>> The only thing I was surprised / confused by was the News Feed
>>> scenario below (letting a user import everything they can _see_ from
>>> another app onto Facebook, e.g., all your friends' pins). We
>>> haven't talked about that before in-depth, I'm not really sure why
>>> Pinterest or others would allow us to do this, etc. Would be good
>>> to dive on that use case in person (or if there is someone who can
>>> educate me about it in the interim, that would be good).
>>>
>>> Like I said, feel really good about that rest.
>>>
>>> -mike
>>>
>>> From: Mike Vernal <vernal@fb.com<mailto:vernal@fb.com>>
>>> Date: Mon, 19 Nov 2012 09:59:37 -0800
>>> To: Mark Zuckerberg <zuck@fb.com<mailto:zuck@fb.com>>, Sam Lessin
>>> <sl@fb.com<mailto:sl@fb.com>>, Douglas Purdy
>>> <dmp@fb.com<mailto:dmp@fb.com>>, Javier Olivan
>>> <jolivan@fb.com<mailto:jolivan@fb.com>>, Alex Schultz
>>> <aschultz@fb.com<mailto:aschultz@fb.com>>, Ed Baker
>>> <edb@fb.com<mailto:edb@fb.com>>, Chris Cox
>>> <ccox@fb.com<mailto:ccox@fb.com>>, Mike Schroepfer
>>> <schrep@fb.com<mailto:schrep@fb.com>>, Dan Rose
>>> <drose@fb.com<mailto:drose@fb.com>>, Chris Daniels
>>> <chrisd@fb.com<mailto:chrisd@fb.com>>, Sheryl Sandberg
>>> <sheryl@fb.com<mailto:sheryl@fb.com>>, David Ebersman
>>> <ebes@fb.com<mailto:ebes@fb.com>>, Vladimir Fedorov
>>> <vladf@fb.com<mailto:vladf@fb.com>>, Cory Ondrejka

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>>> <cory.ondrejka@fb.com<mailto:cory.ondrejka@fb.com>>, Greg Badros
>>> <badros@fb.com<mailto:badros@fb.com>>
>>> Subject: Re: Platform Model Thoughts
>>>
>>> I'm generally really happy with this direction.
>>>
>>> There's a lot to process here, but one quick question on the
>>> reciprocity point.
>>>
>>> As part of our reciprocity policy, I think we have to require that
>>>apps  allow us to enable Facebook integrations _from Facebook_.
>>>Basically,  we'd have the Action Importer UI on your Timeline, and
>>>when you clicked  "Turn On" we'd let you login to the app and setup
>>>continual importing of  your social activity from the app.  I think
>>>this is really important for  us to actually realize the value of
>>>full reciprocity (otherwise I worry  we'll be arguing about pixels on
>>>a partner's site, which won't be that  productive).
>>>
>>> I wasn't sure if this impacted your thinking, as you assume below
>>>that  25% of data is flowing back to Facebook (which I think is too
>>>low, which  is why I want the ability to upsell this from FB).
>>>
>>> -mike
>>>
>>> From: Mark Zuckerberg <zuck@fb.com<mailto:zuck@fb.com>>
>>> Date: Mon, 19 Nov 2012 02:53:51 -0800
>>> To: Sam Lessin <sl@fb.com<mailto:sl@fb.com>>, Mike Vernal
>>> <vernal@fb.com<mailto:vernal@fb.com>>, Douglas Purdy
>>> <dmp@fb.com<mailto:dmp@fb.com>>, Javier Olivan
>>> <jolivan@fb.com<mailto:jolivan@fb.com>>, Alex Schultz
>>> <aschultz@fb.com<mailto:aschultz@fb.com>>, Ed Baker
>>> <edb@fb.com<mailto:edb@fb.com>>, Chris Cox
>>> <ccox@fb.com<mailto:ccox@fb.com>>, Mike Schroepfer
>>> <schrep@fb.com<mailto:schrep@fb.com>>, Dan Rose
>>> <drose@fb.com<mailto:drose@fb.com>>, Chris Daniels
>>> <chrisd@fb.com<mailto:chrisd@fb.com>>, Sheryl Sandberg
>>> <sheryl@fb.com<mailto:sheryl@fb.com>>, David Ebersman
>>> <ebes@fb.com<mailto:ebes@fb.com>>, Vladimir Fedorov
>>> <vladf@fb.com<mailto:vladf@fb.com>>, Cory Ondrejka
>>> <cory.ondrejka@fb.com<mailto:cory.ondrejka@fb.com>>, Greg Badros
>>> <badros@fb.com<mailto:badros@fb.com>>
>>> Subject: Platform Model Thoughts
>>>
>>> After thinking about platform business model for a long time, I
>>>wanted  to send out a note explaining where I'm leaning on this. This
>>>isn't  final and we'll have a chance to discuss this in person before
>>>we decide  this for sure, but since this is complex, I wanted to
>>>write out my  thoughts. This is long, but hopefully helpful.
>>>
>>> The quick summary is that I think we should go with full reciprocity
>>>and access to app friends for no charge. Full reciprocity means that
>>>apps are required to give any user who connects to FB a prominent

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>>>option to share all of their social content within that service (ie
>>>all content that is visible to more than a few people, but excluding
>>>1:1 or small group messages) back to Facebook. In addition to this,
>>>in the future, I also think we should develop a premium service for
>>>things like instant personalization and coefficient, but that can be
>>>separate from this next release of platform. A lot more details and
>>>context below.
>>>
>>> First, to answer the question of what we should do, the very first
>>>question I developed an opinion on was what we should be optimizing
>>>for.
>>> There's a clear tension between platform ubiquity and charging, so
>>>it's important to first fully explore what we're trying to get out
>>>of platform.
>>>
>>> The answer I came to is that we're trying to enable people to share
>>>everything they want, and to do it on Facebook. Sometimes the best
>>>way to enable people to share something is to have a developer build
>>>a special purpose app or network for that type of content and to
>>>make that app social by having Facebook plug into it. However, that
>>>may be good for the world but it's not good for us unless people
>>>also share back to Facebook and that content increases the value of
>>>our network. So ultimately, I think the purpose of platform -- even
>>>the read side -- is to increase sharing back into Facebook.
>>>
>>> If we do this well, we should be able to unlock much more sharing in
>>>the world and on Facebook through a constellation of apps than we
>>>could ever build experiences for ourselves. We should be able to
>>>solve the audience problem partially by giving people different
>>>audiences in different apps and linking them all together on
>>>Facebook. The current state of the world supports that more social
>>>apps enables sharing, so the biggest challenge for us is to link them
>>>all together.
>>>
>>> This makes it somewhat clearer that we want platform to be
>>>ubiquitous and to strongly encourage sharing back to Facebook, but
>>>it's not yet definitively clear that having full reciprocity and no
>>>charge is optimal.
>>>
>>> For one thing, it's conceivable that we'd get more net sharing
>>>overall and more net sharing into Facebook if we didn't have a
>>>reciprocity mandate. This would be true if many developers dropped
>>>out over the reciprocity mandate. The reason I don't think they will
>>>is that almost no developers will even be giving us the majority of
>>>their data since many of their users won't log in with Facebook and
>>>many of those who do won't choose to share it back to Facebook.
>>>Assuming for a heavily FB-dependent app each of those is 50%
>>>participation, then only 25% of the data is shared to Facebook. As
>>>long as apps always have a sustainable advantage over Facebook, most
>>>will participate. For more sensitive companies like Amazon and Yelp
>>>that value their reviews a lot more, way fewer than 50% of their
>>>users will connect to Facebook, so this will represent a tiny

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>>>portion of their reviews and social data. My guess is that they
>>>should still rationally want to connect with Facebook at these
>>>levels, but if they don't then that probably means they're
>>>competitive with us and we're better off not letting them integrate
>>>with us anyway. This all makes me think full reciprocity is the way
>>>to go.
>>>
>>> For charging, the question is whether we could charge and still
>>>achieve ubiquity. Theoretically, if we could do that, it would be
>>>better to get ubiquity and get paid. My sense is there may be some
>>>price we could charge that wouldn't interfere with ubiquity, but
>>>this price wouldn't be enough to make us real money. Conversely, we
>>>could probably make real money if we were willing to sacrifice
>>>ubiquity, but that doesn't seem like the right trade here. After
>>>looking at all the numbers for a while, I'm coming around to the
>>>perspective that the write side of platform is a much bigger
>>>opportunity for us and we should focus the vast majority of our
>>>monetization effort on that and not this.
>>>
>>> The last question is whether we should include app friends (ie the
>>>user's friends who are also using this app). Ultimately, it seems
>>>like this data is what developers want most and if we pulled this
>>>out of the package then most of the value proposition falls apart.
>>>This is especially true if we require full reciprocity without
>>>offering our most valuable data.
>>>
>>> So that's essentially how I got to thinking we should do full
>>> reciprocity with app friends and no charge.
>>>
>>> There's some more nuance to this opinion though:
>>>
>>> First, in any model, I'm assuming we enforce our policies against
>>>competitors much more strongly. The good news about full reciprocity
>>>is that for bigger social companies we might otherwise be worried
>>>about, if they're enabling their users to push all of their social
>>>content back into Facebook then we're probably fine with them.
>>>However, for folks like WeChat, we need to enforce a lot sooner.
>>>
>>> Second, if we're limiting friends to app friends, we need to make
>>>sure we build the appropriate distribution tools that developers
>>>want to invite the rest of the user's friends. We keep saying that
>>>theoretically this is part of the write side platform and it's a
>>>premium feature, and those things may be true, but I think we need
>>>to build them and make sure they're ready when we roll this out or
>>>else we're just taking away functionality without replacing it with
>>>something better. It seems like we need some way to fast app switch
>>>to the FB app to show a dialog on our side that lets you select
>>>which of your friends you want to invite to an app. We need to make
>>>sure this experience actually is possible to build and make as good
>>>as we want, especially on iOS where we're more constrained. We also
>>>need to figure out how we're going to charge for it. I want to make
>>>sure this is explicitly tied to pulling non-app friends out of

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>>>friends.get.
>>>
>>> Third, there's the data that suggests that if we share app friends
>>> only, then most apps will only get fewer than 10 friends from each
>>> person. If this is the case, then we may want to consider including
>>> coefficient ranking for those app friends for free -- or at least
>>> the top 5-10 app friends. This doesn't seem like much leakage and
>>> could encourage more people to use our tools by differentiation our
>>> product further from anything else that's out there.
>>>
>>> Fourth, for products like Ansible and Newsstand, it will be very
>>>important to enable people to import their feeds of content from
>>>other  apps into Facebook. That is, we'd be pulling those people's
>>>friends'
>>> data from those apps -- eg your friends' pins on Pinterest to make a
>>>Pinterest section for you in Newsstand or include the pin images on
>>>your  Ansible lock/home. Since this is going to be an important
>>>upcoming push,  we need to consider whether it's still the right
>>>thing to remove our own  stream.get API if we're requiring full
>>>reciprocity. I still want to  remove it, but if the spirit is full
>>>reciprocity, it may just be  difficult to refuse access to the app
>>>that are pushing streams into us.
>>> The good news is that those services aren't the ones we're typically
>>>worried about, so we'd still get to prevent almost all troublesome
>>>apps  from having it. The bad news is this would prevent us from
>>>really  deprecating this. I haven't thought through this fully and
>>>need to think  about it some more.
>>>
>>> Fifth, not charging still means people will overuse and abuse our
>>>APIs  and waste money for us, so I still think we should implement
>>>some kind  of program where you have to pay if you use too many of
>>>our resources.
>>> That said, the goal of this won't be to charge for actual usage so
>>>we  can build a less precise system of for monitoring than the full
>>>accounting systems we would have had to have built for the other
>>>system  we discussed. What I'm assuming we'll do here is have a few
>>>basic  thresholds of API usage and once you pass a threshold you
>>>either need to  pay us some fixed amount to get to the next threshold
>>>or you get rate  limited at the lower threshold. One basic
>>>implementation of this could  be to have a few different fees for
>>>developers, with basic starting at
>>> $100 and then having levels at $10k, $1m, $10m, etc. This should be
>>>relatively simple, achieve the goal of controlling costs and make us
>>>some money if we want.
>>>
>>> Finally, I want to discuss the premium read services for a bit.
>>>
>>> One of the big ideas I took away from our discussions was Ed Baker's
>>>framing that every business wants growth, engagement and monetization.
>>>I
>>> like this framing because it explains what the read side of platform
>>>is

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>>> -- it increases engagement, or more specifically, it takes a user
>>>and turns them into a more engaged user through adding real identity
>>>and social connections to them. This is real value and it's
>>>different from anything else we do. We have ads and some organic
>>>distribution for driving growth, the read side of platform for
>>>driving engagement and the ad network and payments for driving
>>>monetization. We'll offer the full stack of services.
>>>
>>> How our premium read services add value is pretty clear -- through
>>> simply eliminating friction. Our free services let you get basic
>>> info, app friends and let you pay to get access to a dialog to
>>> invite more friends. Developers can always get these critical flows
>>> to perform better if they have more of the data and more control
>>> though. Through instant personalization, they can encourage a person
>>> to sign in more effectively and will therefore convert more
>>> unregistered users to ones with real identity and friends. Through
>>> coefficient and full friends list, they can upsell a person to
>>> invite their friends much more effectively throughout their app as
>>> well. I'd estimate that these two things alone would increase
>>> conversion by ~20-30% for developers. That means they should be
>>> willing to pay us roughly 20-30% of the value of each user who signs
>>> up. That's a big deal because engagement is very valuable.
>>>
>>> I have a specific proposal for how to get started with this and it's
>>>that we should work with mobile games. The feedback we're getting
>>>from almost every other type of developer is they don't know how to
>>>value our services or really much of their engagement at all. But
>>>game developers generally track this and have a better sense. They
>>>would certainly be willing to try it out in new games and they'd be
>>>able to figure out how well it worked. Once it works for most game
>>>developers, then we can start letting other developers in as well.
>>>
>>> Working with game developers has a few other nice properties. It
>>>means doing something nice for our game developers first and making
>>>them feel valued. It's fairly natural to offer IP on mobile since we
>>>already offer it to them on canvas. This could also be an important
>>>part of helping us transition our canvas business onto mobile if it
>>>effectively lets us take a 20-30% cut of the value of FB-connected
>>>users.
>>>
>>> On pricing, there are a couple of ways I could see this working.
>>>First, we could charge based on the value our ads auction computes
>>>for each user. I'm still fairly confident that's the most efficient
>>>way to charge if we can't just take a straight rev share. That said,
>>>the second choice, since this is just games, is to actually figure
>>>out how to just take a straight revenue share. This might be
>>>possible in conjunction with some sort of publisher model for games
>>>that I know the team is already thinking about.
>>>
>>> This all said, while I'd love to build this premium engagement model
>>> as quickly as possible, there's definitely more low hanging fruit on
>>> the growth/distribution side that almost all developers will be able

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>>> to use if we build out correctly. So we should probably prioritize
>>> that before premium engagement.
>>>
>>> We also need to first prioritize all the tools required to make
>>>these  policies work, including making it so developers can actually
>>>share  everything social in their apps back to Facebook if we're
>>>requiring them  to offer that option, the premium invite channel that
>>>will replace  access to non-app friends, etc.
>>>
>>> Overall, I feel good about this direction. The purpose of platform
>>>is to tie the universe of all the social apps together so we can
>>>enable a lot more sharing and still remain the central social hub. I
>>>think this finds the right balance between ubiquity, reciprocity and
>>>profit.
>>>
>>> Again, this isn't final but I wanted to let you all know where I'm
>>> leaning. I'm looking forward to discussing when I'm back after
>>> Thanksgiving.
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