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<u>Case #3 - Facebook</u>

Facebook is one of the largest and most successful companies in the world. They have a market cap of over $400 billion, and have the reach and capability to influence all aspects of the modern day world, whether it be social, political, or economic. As a result, Facebook has fallen under increasing legislative scrutiny for its failures in defending user privacy and allowing the promotion of manipulative and false news stories. CEO Mark Zuckerberg testified in front of the US Senate in June of 2018, and faced an onslaught of questions about Facebook's ability to protect user privacy [1]. In July 2018, Facebook lost $120 billion in market capitalization, from a peak of $600 billion, after it was reported the company missed expectations on revenue and showed slowing user growth. Additionally, weak guidance and the previous scandals had rattled investors [2]. Since then, the market cap has continued to decline. Facebook, therefore, faces a series of challenges if it is ever to increase monthly users towards 4 billion people.

Challenge 1: Dealing with Privacy Concerns

It is no secret that Facebook has been abusive with user privacy. The Senate hearings prompted the introduction of two new bills that would protect consumer privacy online [1]. Privacy concerns are one of the biggest issues Facebook is currently dealing with, but is also one of the easiest ones to solve. In order to contend with privacy concerns, Facebook must stop obfuscating privacy toggles, make data usage more transparent, and prove to investors and users alike that it takes data management seriously. Facebook should adopt a lock and key policy like Apple - one of the most famous cases of Apple defending user privacy was when the FBI demanded Apple unlock a phone that was recovered at the crime scene of the San Bernardino shooting in 2015. Apple has no way of decrypting its own software, and the FBI demanded Apple to write new software that would let the government bypass these devices' security and unlock the phones. Apple, appropriately, said no, citing how creating back doors to their products set a dangerous precedent for violating user privacy, and Apple was commended for their stance. Likewise, Facebook could adopt a similar policy to defend user privacy when it is threatened. Their move would change public perception of their ability to protect users and prove to the US Government that there is no need for the proposed regulatory bills. How many people in particular would this bring back? It is quite possible the people who abandoned the platform are permanently gone, their faith in Facebook shaken by their past actions. This kind of press is damaging to any company, and it is hard to regain consumer trust. One thing is for sure, people who didn't previously have Facebook will likely sign up for it and give it a try if they know privacy issues will no longer be a concern.

Challenge 2: Preventing Manipulative Stories

Facebook has also been under scrutiny for allowing the promotion of false stories and fake news. Facebook has network effects - the more people on the network, the more value that network holds. The result of having more people on Facebook means posts can have a larger reach, impacting a much larger audience. So when someone sees a click-bait article and shares it, that post can potentially reach millions of people in a very short amount of time. Since so many people turn to Facebook as a centralized place to find daily news, Facebook has been called a news company more than a social media network. Some argue that since Facebook usage is shifting more towards news consumption, they should reign in on what kinds of content get promoted by their algorithm. However, this enters some rather tricky waters for Facebook... avoiding censorship.

It is no surprise that Silicon Valley is extremely left leaning and liberal. Companies are often openly political, and do not hide their biases. These biases are particularly damning for a company the likes of Facebook. Facebook is, quite simply put, massive. It has global influence, and in the Digital Age, there has never been more at stake for the First Amendment. Facebook, in its efforts to shut down "fake news", has been silencing and "shadowbanning" content that is more right leaning and conservative. Outlets that have fallen victim to Facebook's latest tactics are PragerU (a non-profit who creates videos on economic and social policy), InfoWars (run by the ever controversial Alex Jones), and Diamond and Silk (two prominent conservative bloggers). In Zuckerberg's senate hearing, he was questioned as to why Diamond and Silk's page was shut down. He responded simply by saying it must have been in error. It appears that Facebook's new algorithms for weeding out content that it deems fake news has a bias of its own. Even if the intent is to make sure real and trustworthy content is promoted, the issue at large is whoever is programming these algorithms has implicit biases that prevent it from operating in a fair and just manner. Who determines what is "fake news"? To a conservative, CNN might be the last place one looks for the daily news. To a liberal, Fox News has the same effect. People search for confirmation bias, and at the moment, it appears confirmation bias has made Facebook's unbiased algorithm... biased.

One of the points brought up at the Senate hearings is that since Facebook is so large, the platform should be subject to a constitutional litmus test [1], protecting ideas and rhetoric that employees of Facebook might not like. But this raises further concerns, particularly about the government's role in regulation. If the government gets involved in Facebook's actions, then it would be disrupting the free market and its ability to appropriately deliver on consumer demand. During the Senate hearings, Facebook saw a large abandonment of its platform on both sides of the political isle, and user signup has slowed drastically. It stands to reason that the free market will filter Facebook out on its own over time, since more moderate users are getting fed up with Facebook's recklessness over privacy, censorship, and fake news. If Facebook were to find a way to perfectly balance its weeding out of fake news while simultaneously maintaining its ability to prevent biases from locating false positives, it would most certainly gain much needed political respect, and many millions of new users would flock to the site, knowing they can find a healthy balance of news in their feed.

Challenge 3: Logistics

Facebook faces a massive challenge with appealing to younger generations, and has logistical issues with getting users from underdeveloped nations. The International Telecommunications Union, a branch of the United Nations, estimated about half of the global population currently has access to the internet, so about 3.5 billion people [3]. If Facebook is to ever reach its monthly goal of 4 billion active users, it needs to find a way to ensure every single person currently alive in the world has the potential to access to the internet. But the challenge does not stop there - Facebook then faces the challenge of making sure that, once these new users are connected to the internet, they actually start using the service. But the global population also accounts for children, so Facebook has to find a way to make it appealing to kids. Clearly, this "world domination" approach is not a very viable strategy. Facebook currently has about 2.5 billion users, but it faces major shortcomings with younger generations. Millennials and Gen Z'ers flock to Instagram and Snapchat as opposed to Facebook, saying the platform is something their parents and older people use. What most people don't realize is Facebook owns Instagram. What Facebook engineers should focus on is taking the beneficial aspects of Instagram, like an easy to use layout, and its simple and minimalist features, and apply them to Facebook. At the very least, they should integrate Facebook into Instagram better, and provide platform incentives to draw more younger users to Facebook. Their eventual goal should be to merge the platforms, which would bring plenty of currently-non-Facebook users to the platform. Facebook published some metrics in June showcasing how many users are on its different apps. As of June, approximately 1 billion people use Instagram alongside the 2.5 billion on Facebook [4]. Those numbers do not detail how many use Instagram instead of Facebook, but making the platform more accessible to younger audiences would certainly help the user migration to Facebook.

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