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TECH

Facebook's Restrictions on User Data Cast a Long Shadow

Curbs disrupt startups, academic research and even political strategy

By *Deepa Seetharaman* and *Elizabeth Dwoskin*

Sept. 21, 2015 8:22 pm ET

A few months ago, social psychologist Benjamin Crosier was building an app to look for links between social-media activity and ills like drug addiction.

Then, he was stopped in his tracks after **Facebook** Inc. **FB -1.43%** limited outsiders' access to information about its roughly 1.5 billion users. Dr. Crosier, a postdoctoral fellow at Dartmouth College, is petitioning the company to get some of that data back.

His experience highlights how Facebook's restrictions on its user data, which were announced last year and put into effect in May, are rippling through academia, business and presidential politics.

Dozens of startups that had been using Facebook data have shut down, been acquired or overhauled their businesses. Political consultants are racing to find new ways to tap voters' social connections ahead of the 2016 presidential election.

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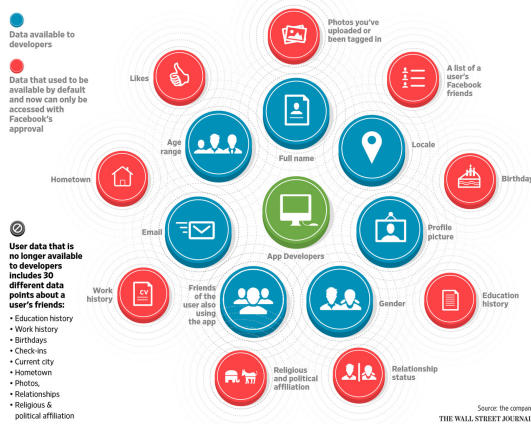
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"Facebook giveth and Facebook taketh away," said Nick Soman, who collected the locations of Facebook users' friends to enhance his anonymous-chat app, Reveal. He later sold the app to music service Rhapsody International Inc. Mr. Soman said he admires Facebook, but learned a lesson about relying on third parties for a key component of his app.

Social Clampdown

Facebook's stricter rules on allowing outsiders access to its data have prompted some companies to shut down or overhaul their businesses.



The new rules reflect Facebook's shifting attitude toward third parties using its data, considered one of the world's richest sources of information on human relationships. In 2007, with great fanfare, Facebook founder and Chief Executive Mark Zuckerberg invited outsiders to access to Facebook's "social graph," the friend lists, interests and "likes" that knit Facebook users together.

Facebook said it reversed course after users raised concerns about their data being shared with outsiders without their knowledge.

The new rules don't "make it harder for developers to build social experiences," said a Facebook spokeswoman. The rules "simply require them to do so in a more privacy-protective way."

Other social networks, including like LinkedIn Corp. and Twitter Inc., also have restricted access to their data in recent years. But Facebook's changes have generated more controversy.

Many developers who use the social graph count on subtle-yet-powerful nudges, sending users reminders to ask friends to join a game, vote in elections, or confirm that two people about to go on a date share a mutual friend.

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Without a window into friend networks, apps and other businesses lose a key channel for growth, while users may find their networks less useful for landing a job or a date. The move also could give rise to data-mining tactics that users find more objectionable, privacy experts say.

To some, the data restrictions reflect Facebook's growth and emergence as the world's largest social network. In 2007, the year Mr. Zuckerberg opened up the company's data, Facebook had 58 million users and generated \$153 million in revenue. This year, Facebook is expected to post revenue of \$17.2 billion; last month, the company said one billion people had used the network on a single day.

"Companies are open until they have liquidity and users. Then they start to control," said Chris Moore, a partner at Redpoint Ventures, a venture-capital firm that has backed companies affected by Facebook and LinkedIn's rule changes. "I'm becoming increasingly skeptical that you can build a lasting, stand-alone business based on access to someone

else's social graph."

A Facebook spokeswoman says the changes aren't about money, but giving users more control.

Facebook allows outsiders to request access to specific types of information, such as users' birthdays. But data about their friends—coveted by developers to expand their user base—is largely off limits. Some developers say Facebook's process for considering these requests is time-consuming and opaque, yielding unexpected outcomes.

Managers at the popular dating app Tinder approached Facebook about the changes shortly after they were announced last year, because the restrictions on data about mutual friends would have harmed the app's business. In monthslong talks, the two companies reached a compromise that allows Tinder to access the photos and names of mutual friends, but nothing more.

Facebook's changes doomed College Connect, an app aimed at helping prospective first-generation college students find friends who attend schools or hold jobs they are considering. The app wouldn't function without broad access to Facebook's data, said co-creator Nicole Ellison, a University of Michigan professor.

Recruiting app Jobs with Friends also closed. Founder Chris Russell built it to connect users with friends, and friends of friends, with similar professional interests. The app was available for a year before Facebook's rule change.

Dr. Crosier, the Dartmouth researcher studying drug addiction, hopes to salvage his project by asking Facebook for access to eight types of data, including photos in which a user is tagged. He hopes to reconstruct a person's friend network by seeing who they socialize with through their photos. Dr. Crosier says he won't be able to see the images themselves, just that a user was tagged and by whom.

The changes also stymied a voter-outreach tool used by President Barack Obama's 2012 re-election campaign. The app identified potential Obama supporters among a Facebook user's friends, and measured the closeness of the friendship.

A user who was a close friend would then be asked to encourage that person to vote, possibly by sending them a message or a video about voter registration. The targeted voters were five times as likely to click on material that came from a close friend as a randomly selected Facebook connection.

Some companies are trying to build their own social networks from scratch. YesGraph Inc. uses data-mining techniques known as predictive analytics to help apps find new users by analyzing email and phone-contact lists of an app's existing users. If a person receives invitations from a corporate email account, the startup presumes they have a business relationship. If two people share a last name, it guesses they are related. The more frequently two people email one another, the closer they are thought to be.

YesGraph CEO Ivan Kirigin said the users of his clients' apps have consented to sharing their information with the app. Many apps are social, he said, so connecting a user to others' contacts is "about improving the experience."

Some industry watchers worry that such data-mining techniques might result in users having less control over their personal information than with Facebook. "It may turn out that stricter policies on Facebook do not mean a safer world for users," said David

Robinson, principal at Upturn, a technology-policy consulting firm.

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