

MARK ZUCKERBERG

- Response to COVID-19:
 - ↳ Focused on 3 areas:
 - 1- Helping people stay connected while we're apart.
 - 2- Assisting the public health response.
 - 3- Working on economic recovery, especially for small businesses.
- ① Assisting public health response.
 - Connecting people to authoritative health information.
 - ↳ Built a COVID-19 information center with authoritative information from health officials & governments & messages encouraging people to stay home, that are coming from public figures that they trust.
 - ⇒ Put at the top of everyone's FB app.
 - Limiting spread of misinformation.
 - ↳ Don't allow content that puts ppl at imminent risk of physical harm.
 - ↳ Partner with independent fact checkers who have marked more than 4,000 pieces of content related to COVID as false.
 - ⇒ Resulted in 140M warning labels across services.
 - Helping government & health authorities get better data in a privacy protective way to inform key policy decisions that they need to make
 - ↳ Widespread symptom survey on FB.
 - ⇒ Help local govt & health officials plan how to allocate scarce resources.
- ② Helping people stay connected.
 - Major increase in the use of services.
 - ↳ +3B MAU overall
 - In many of the places that have been hardest hit by the virus, messaging volume increased more than 50%, & voice & video calling have more than doubled across Messenger & WhatsApp.
 - Making sure that their services are stable & reliable during this period is top priority.
 - ↳ Are monitoring usage closely & adding capacity in datacenters where they can.
 - ⇒ Has been a challenge with FB teams working remotely.
 - Don't expect this spike in usage will sustain over a longer period of time.
 - ↳ But in some areas are seeing acceleration of pre-existing long-term trends → dramatic increase in online private social communication.
 - Between WhatsApp & Messenger +700M daily Actives participating in calls.
 - ↳ Are doubling the size of WhatsApp video calls from 4 to 8.
 - ↳ WhatsApp is the most popular end-to-end encrypted calling service.
 - Announced Messenger Rooms.
 - ↳ You can create a room for an activity or event, send a link to your friends or have them discover your room on Facebook, & then they can just drop in & hang out for a bit.
 - Live streaming has become the primary venue for many events.
 - ↳ 1800M daily actives are engaging with livestreams across workout classes, concerts & more.
 - ↳ Pivoted Facebook events to help ppl create online events, including enabling ppl & small businesses to change ppl to join events in order to support small businesses that rely on in-person services before.
- ③ Helping with economic recovery.
 - Businesses forced to close physical storefronts are looking to build their digital presence
 - ↳ Working on ways to deepen this experience, helping people buy items & services directly within their apps.
 - Partnership with Jio Platforms in India
 - ↳ Largest Facebook & WhatsApp communities in the world are in India.
 - ↳ JioMart → small business initiative to connect millions of shops across India with WhatsApp.
 - ⇒ Create a much better shopping & commerce experience.
 - Are planning to hire at least 10,000 more people in product & engineering roles this year to continue building & making progress.
 - ↳ Affects R&D costs.
 - With advertisers spending less & business performance below expectations, will moderate some areas of expense growth, especially in business functions.
 - ↳ Profit margin will decrease this year as they continue investing.

SHERYL SANDBERG

- Significant impact as a consequence of the pandemic from the 2nd week of March onwards.
 - ↳ Strong growth in gaming & relative stability in technology & e-commerce (one of FB's largest sectors)
 - ⇒ As ppl stay at home, these sectors are seeing more use of their products & services.
 - ⇒ Advertisers in these sectors tend to optimize for measurable objectives & FB is generating sales at lower prices due to overall reduction in ad demand.
 - ↳ Significant declines in travel & auto
 - ⇒ Trend continues in the first 2 weeks of Q2.
- People are looking for businesses on Facebook & Instagram, more than usual during this crisis.
 - ↳ Free products are particularly important to many brick & mortar businesses pivoting quickly online.
 - ⇒ Even in the US, before the crisis, 1/3 companies didn't have a website b/c they can be expensive & difficult to set up.
- WhatsApp & Messenger also being used by businesses to reach customers with delivery options.
- Launched Gift Cards available on both Facebook & Instagram.
- Made it possible for people to create fundraisers for local businesses with a few simple clicks.
- Launched temporary service changes to make it easier for businesses to share critical information like inventory updates, shipments details or new ways to buy.
- Business Resource Hub launched in May → one-stop shop where businesses of all sizes can find support & virtual training that can help them migrate online.
- Announced a \$100M grant program to help 30,000 small businesses across more than 30 countries they call home.
- Announced a \$100M investment to support the news industry, with \$25M in grant funding for local news organizations & \$75M in marketing spend to get money to publishers.

DAVID WEHNER

- All employees moved to WFH status. (95% of full-time employees)
- Safety is #1 priority for essential workers who need to go to data centers & other facilities.
- Impression Growth (+39%) driven by Facebook mobile News Feed due to product optimization prior to the pandemic as well as from increased engagement.
- Decline in Avg Price per ad (-16%) driven by reduction in advertiser demand during the last 3 weeks for March.
- Other revenue (+58%) driven by sales of Oculus products (launched May 2019)
- Expenses grew 1%. If removed FTE cost, grew 3%.
- Outlook:
 - ↳ COVID-19 crisis brings period of unprecedented uncertainty.
 - ↳ After initial steep decrease in ad revenue in March, have seen signs of stability reflected in first 3 weeks of April.
 - ⇒ Ad revenue has been flat vs same period 2019.
 - ↳ Expect to realize operational savings as well as slower headcount growth in business functions.
 - ⇒ Will continue to hire for E&D.
 - ↳ Have committed +\$300M to date in investments to help broader community.
 - ↳ Capex reduced but due to shelter-in-place orders which will delay construction & deployment of datacenters.

Questions

- ① What happened in the decline in March compared to the stability in April, what changed in those verticals?
 - Pullback was broad-based with some concentration in things like travel & auto.
 - Few categories like gaming saw strength, where you have always-on campaigns that we're able to pick up some supply b/c the lower pricing cleared the levels that those advertisers were trying to acquire users.
 - E-commerce was stable.
 - All trends continued to Q2.
- ② Mark mentioned in opening remarks that high margins are important for the company, especially given the economic environment. How do you think about balancing levels of investment with revenue in the long-term?
 - Important to keep on building & investing for the new needs that people have & especially to make up for some of the stuff that other companies would pull back → opportunity.
 - Other reflection is that if you're going to have a business like advertising that is more volatile & sensitive to the macro economy, you really want to maintain high margins.
 - ↳ When you go through periods like this, you can remain stable & healthy if able to keep building the things that are important long-term.
 - ↳ Are willing to accept a reduction in margin in the near term, but know importance of maintaining high margins over time.
 - ⇒ will look for ways to manage expenses to make sure that they can maintain high margins over time.
- ③ Discuss performance of gaming platform including Oculus.
 - Ppl live streaming gaming content is certainly one big category that's growing quickly & FB is investing in.
 - ↳ Had big launches of an app in that area & are going to keep investing there.
 - * validate what app they are referring to.
 - Quest so far has done better than expected & wish they could make more.
 - ↳ Both Quest & Portal have seen especially large spikes in usage.
 - It's possible that this accelerates some of the trends around adoption of things like virtual & augmented reality.
- ④ Surge in usage of WhatsApp. Is there a more interesting monetization vehicle b/c of the surge of usage in WhatsApp?
 - Huge opportunity if for no other reason than that it has 2B people using it & FB hasn't done significant work on building out the business yet.
 - Ad units like click-to-messaging ads are performing well.