

## MARK ZUCKERBERG

- Big bets with WhatsApp & Oculus.
- Grew headcount 45% + opened new Datacenter in Iowa.
- Focus next 3-years is to continue to grow + serve community by delivering better service for people & businesses around the world.
- Instagram has now 300 million MAUs.
- In 2014, FB invested aggressively in improving ad tech or measurement tools.
- Launched updates to FB Search to make it easier to find content + posts on mobile & desktops.
- Working with developers to help build, grow + monetize their apps.
  - ↳ Launched Audience Network worldwide. \* What is Audience Network?
- Launched 3 basic internet services in 5 countries with Internet.org
  - ↳ More than 150 million people now have the option of connecting to the Internet through Internet.org.
- Good showing at CES of Oculus as developers' interest continue.

## SHERYL SANDBERG

- First quarter with +\$3 billion ad revenue with \$2 billion in mobile.
- Growth in video:
  - ↳ 75% increase in video upload
  - ↳ 50% of total US user view at least 1 video daily.
- Expanded autoplay video ads internationally.
- Scaled Instagram ads in 2014.
- Made progress growing the number of marketers using FB ad products.
  - ↳ Custom Audiences has become essential tools for segmenting current & potential clients.
  - ↳ Conversion Tracking (tool for marketers to measure impact of online campaigns) is also seeing wider adoption.
- Improved relevance + measurement:
  - ↳ Introduced ad buying capabilities based on frequency + reach which is similar to TV ads
    - ⇒ Allows for better comparison.
- Re-launched Atlas to help marketers reach real people + measure results across multiple devices.

## DAVID WEHNER (DIFFERENT CFO?)

- DAU increased in 18% & represent 84% of MAU.
- Mobile remains main driver of growth.
- In Q4 average price per ad increased 335% even though ad impression declined 65%.
  - ↳ Price & volume trends driven by redesign of right hand column ad
- Payments up 7% ⇒ growth driven by revenue of acquisition made in 2014.
  - ↳ On an organic basis, revenue from games payment declined 10% as use of desktops continue to decline.
- Assuming a 5% decrease in income due to foreign exchange rates
- Expect a +50% increase in expenses.
- Investing in new initiatives such as Ad Tech \* Validate what is Ad Tech.

## QUESTIONS

- Conversation focus with advertisers around brand advertising.
  - ↳ People are bigger believers of FB because they have been able to do more measurement over the past year.
  - ↳ Video has also helped with creativity & storytelling.
  - ↳ Have been able to A/B test FB ads vs no FB ads & the impact on their sales.
    - ⇒ Overall are showing very competitive ROI.
- How are people interacting with the new search functionality?
  - ↳ Currently on the indexing of data phase.
  - ↳ Started by introducing Graph Search, now introduced Post Search
  - ↳ People have immediately understood how they can find content in the News Feed that they've seen or posted themselves with just some key words.
  - ↳ Not thinking of how to incorporate advertising just yet.
- Do you view FB as a video platform?
  - ↳ FB has passed an evolution of how content is shared throughout the years. Started mostly as text and has been slowly moving towards richer content.
    - ⇒ This creates an opportunity for marketers to create this type of content & become more seamless.

- How do you continue to grow from here?
  - ↳ It's not about just bringing more marketers, having more ad products but through better targeting.
    - ⇒ Better targeting makes for better experiences + better results for marketers.
  - ↳ They have increased in the time spent on the app by 10% per person.
- Opportunity in other apps (WhatsApp, Messenger + Instagram).
  - ↳ They see great opportunity but they don't want to rush.
    - ⇒ Still in early end of the curve.
- North American market vs other regions:
  - ↳ Even though it is FB's most important market, the percentage of the ad spending companies use on FB is low, so there is still potential to continue growing.
  - ↳ Rolled a new product called Lift where companies can setup ads with A/B testing with control groups with no ads in order to validate effectiveness.
  - ↳ Other markets also impacted by exchange rates.
- Are video ads effective?
  - ↳ Consumers are using video ⇒ Video ads provide a better experience.
    - ⇒ if consumers weren't using video, a video ad would seem jarring.
    - ⇒ Atlas helps to measure results better.
- Strategy focused on increasing the quality of ads, not the quantity.
  - ↳ This has impacted on more time being spent on FB which later drives more ad #'s per person.
- E-commerce opportunity for FB / buy button?
  - ↳ Buy button enabled in Pages.
  - ↳ When you click the buy button you aren't buying from FB, but directly from the merchant.
    - ⇒ It's an SMB product.
  - ↳ FB sees it as an opportunity to connect consumers with the products that they purchase.

The Server Message Block protocol (SMB protocol) is a client-server communication protocol used for sharing access to files, printers, serial ports and other resources on a network. It can also carry transaction protocols for interprocess communication.

- WhatsApp: what are the primary ways growth will come from?
  - ↳ It's a distribution business like FB + Instagram. How you most effectively convert it into business opportunities will be figured out in the future.