

MARK ZUCKERBERG

- Launched Community Help → allows people to give & get things like food, shelter or transportation in the wake of natural disaster.
 - ↳ Also launched fund raising tools.
- Will continue to build new tools to keep people safe → planning on increasing headcount.
- Working with independent fact checkers
 - ↳ All these actions might be impact of Trump election → validate.
- Launched Town Hall: help ppl find & connect with government representatives on a local, state & federal level in the US.
- Short term (3 year)
 - ↳ Launched new set of cameras.
 - ⇒ In FB app, you can now swipe right from News Feed to access new camera with masks, frames & filters.
 - ⇒ Part of making the camera the 1st AR platform.
 - ↳ Expanded stories format to give people more ways to share
 - ⇒ More than 200M DAU of Instagram stories.
 - ⇒ WhatsApp status + 175M DAU
 - ⇒ Rolled out Messenger Day & FB stories.
 - ↳ Going to keep putting video at the center of all services.
- Mid-term (5 years)
 - ↳ Live video: 11.5 FB videos is live
 - ↳ Messenger +1.2B MAU
- Long-term (10 years)
 - ↳ Connectivity:
 - ⇒ Beamed 16 GB of data → to power Aquila
 - ↳ VR:
 - ⇒ Launched FB Spaces → First social VR platform that lets you create your own avatar & hang out with your friends.
 - ⇒ Released FB 360 app for Gear VR → discover & experience 360 photos & videos.
 - ↳ Will continue to aggressively invest in infrastructure
 - ⇒ Announced 2 new datacenters in Denmark & Nebraska.

SHERYL SANDBERG

- +70M businesses on FB Pages on a monthly basis.
- +5M businesses actively advertising on FB, including +1M in emerging markets.
 - ↳ Most start using free Pages b/c it's easy to use.
- Creative Hub is providing tools that make it easier to create ads optimized for mobile.
- Continue to improve dynamic ads.
- Helping marketers use video to capture shoppers' attention.
 - ↳ 43% of mobile shoppers said video is the best way to discover new products. (Kantar study)
- Introduced New Ad Format → Collection
 - ↳ Helps tell stories on mobile by combining creative videos/photos of product images.
 - ↳ Clicking on the product leads to an immersive shopping experience, driving purchase consideration & ultimately sales.
- Launched full-screen sound-on ads in Instagram stories.
- For measurements → introduced new & expanded verification partnership & committed to audits with the Media Rating Council.

Media Rating Council:

- The Media Rating Council (MRC) is a United States-based nonprofit organization that manages accreditation for media research and rating purposes
 - It performs accreditations for rating and research companies like Nielsen, comScore, and multiple digital measurement services.
 - The MRC does not conduct the audit of the companies being accredited itself. The audits are done annually by accounting firms such as Ernst & Young. The company being accredited pays for the audit, with fees that could be in the hundreds of thousands or even millions of dollars. Each time a company that was previously audited changes its methodology, it needs to be audited again to continue to qualify for MRC accreditation.
- In Q1, started testing set of advanced measurement tools to make it easier for marketers of all sizes to compare effectiveness of FB, Insta & Audience Network alongside other publishers.

DAVID WEHNER

- Community growth in Q1 was driven by product improvements, Internet.org & ongoing 3rd Party promotional data plans in markets like India (FB has no control over these promotions).
- Ad growth strongest in Best of the World & Asia Pacific (60% & 60% respectively) → stronger advertiser demand.
- Desktop grew 22% despite decline in desktop usage → efforts to limit impact of ad blocking tech.
- Avg Price/Ad 114% & total ads served 132% driven by mobile ad fees.
- Expectation for rest of 2017:
 - ↳ Ad revenue growth rates to come down meaningfully
 - ↳ Ad load will play a less significant factor after mid-2017
 - ↳ Desktop ad revenue growth will slow in cith Q → in Q3 begin to lap efforts to limit ad blockers.
 - ↳ Payments & other fees to continue declining.
 - ↳ Expenses will grow 40-50% vs. 2016
 - ↳ Capex to support growth will increase 50% vs 2016.
- Under the new accounting guidance, tax rate will vary based on stock price.
↳ How does this work? Validate implications of new accounting policy.

QUESTIONS

① Instagram: growth, future prospect

- 700M MAU
- Don't specifically break out Insta revenue as it's sold through the same FB ad interface
- 1M advertisers + 8M Instagram business profile.

② Evolution of video strategy → content licensing & featuring in video tab. Economics → revenue share / gross margins.

- Looking at investing in kickstarting an ecosystem for longer-form content on FB.
 - ↳ Involves FB working with content providers to develop that content.
 - ⇒ Expect it to be a revenue share model.

③ Engagement across FB family of apps.

- Are seeing time spent growth per DAU across all apps, including FB.
- Instagram is strong especially with feed ranking & stories.

④ Messenger Monetization.

- First they need to get a lot of businesses interacting organically & build behavior of people that reach out to businesses for different things for both Messenger & WhatsApp.
- Currently experimenting with some strategies according to those behaviors.
 - ↳ Ads that display on News Feed but link to the ability to communicate with businesses directly in Messenger or eventually WhatsApp
- Top priority in building up the base of organic interactions

⑤ What is contributing to growth?

- Supply growth come from users, time spent & ad load.
- Improvement in pricing is driven by strong demand → Auction motivates the pricing.

⑥ Impressing growth.

- Decision to rank longer-form video higher in News Feed → come at expense of some impression growth in News Feed.

⑦ FB ads as complement to TV or are they seeing some shift?

- Still seeing FB used as a complement.
- Dollars will shift with eyeballs
- The question is not what you can do without TV but if you can do without mobile.

⑧ How is AI being employed?

- There are certain things AI can do in terms of understanding text, video & photos.
 - ↳ It will take a period of years to get the quality level that FB wants.
- Over time AI will also be able to identify & report but until then, they have increased their community ops team.

⑨ Ad breaks?

- Currently testing the ability of putting short ad breaks on longer-form live & on-demand videos.
- First focused on building the best video experience & growing longer-form content as a priority.
 - ↳ Ad breaks would be a monetization strategy for longer-form content.

⑩ Potential commercial application of AR?

- Right now being used for face masks & transfer styles.
- We presented in FB → object recognition + computer vision to be able to point your camera at something & then tap on it & get a card of information or even a buy button.
- All other possible opportunities are 5-10 years
- Zuckerberg believes FB is a bit late to the trend initially around making cameras the center of how sharing works.

⑪ Showing the economics of influencer marketing.

- Financial arrangement remain between sponsor & publisher.

⑫ Recent stories of gender bias amongst engineers in FB. (underappreciated female talent)

- Study conducted by a former employee with incomplete data.
- Code was sent at different rates was not correlated with gender but with level → more male Sr engineers.
 - ↳ In engineer level there's not this gender discrepancy.
 - ↳ Specifying that they are promoting women at same rate as men.
- There are not enough Sr Female Engineers or enough women going into computer science in general.

⑬ Marketplace

- FB started working on marketplace b/c when they were exploring what the largest use case were of Groups, FB uncovered that a very large % of ppl (hundreds of millions) use Groups to buy & sell different things.