

Exclusive: The Rags-To-Riches Tale Of How Jan Koum Built WhatsApp Into Facebook's New \$19 Billion Baby

<https://www.forbes.com/sites/parmyolson/2014/02/19/exclusive-inside-story-how-jan-koum-built-whatsapp-into-facebooks-new-19-billion-baby/?sh=1366f7cd2fa1>

- SUMMARY PAGE IN PRESENTATION. USED THIS SOURCE FOR WHATSAPP BACKGROUND HISTORY.

Inside The Facebook-WhatsApp Megadeal: The Courtship, The Secret Meetings, The \$19 Billion Poker Game

<https://www.forbes.com/sites/parmyolson/2014/03/04/inside-the-facebook-whatsapp-megadeal-the-courtship-the-secret-meetings-the-19-billion-poker-game/?sh=18d612db350f>

- Its 470 million users have already erased \$33 billion in SMS revenue from wireless carriers that got rich and fat charging per text. WhatsApp charges nothing for the first year and then asks you to pay \$1 a year thereafter. No ads, no stickers, no premium upgrades. In later discussions Zuckerberg promised the WhatsApp founders "zero pressure" to make money, saying, "I would love for you guys to connect 4 to 5 billion people in the next five years."
- The big risk, as always, is a mass exodus of users to the next new thing. That doesn't seem likely right now. WhatsApp, Acton confirms, has been signing up a million new users *per day* since Dec. 1, 2013.

BLOWING BUBBLES

Facebook's acquisition of WhatsApp is the second-biggest alltime for a venture-backed firm.



- "Sometime in the not too distant future," says Sequoia's Goetz, "WhatsApp is likely to eclipse all SMS traffic across the globe." (Perhaps it's no surprise that Zuckerberg [reportedly held a private meeting](#) with 20 telecom executives last week to ease their fears of being buried by free web-based services like Facebook and WhatsApp.)
- One source close to the company says WhatsApp's founders were more interested in independence than money, but another says they also believed themselves to be worth at least \$20 billion, a number calculated by looking at the market capitalization of Twitter (currently \$30 billion), WhatsApp's global user base and the company's future plans for monetization.

- WhatsApp's success boils down to a couple of technical advantages: Koum made it one of the first mobile apps to sync with a phone's contacts. After he got fed up with forgetting his Skype user name and password, he went through the painstaking process of phone-number normalization for WhatsApp, ditching logins and passwords to make his service as simple as sending an SMS. The numbers on your phone are "your real life network," he says.
- Koum and Acton also picked up years of experience at Yahoo in building networks to scale, servers that could handle hundreds of millions of people's data without buckling. They knew to restrain their user growth in the early days where other startups would have ramped up.
- WhatsApp's speed and deceptively simple interface could see it permanently trump its peers in the same way Facebook beat out rivals MySpace and Orkut, but its old-fashioned business model is unusual. Though other messaging apps like China's WeChat, South Korea's KakaoTalk and Canada's Kik significantly trail WhatsApp in active users, they're free and they sell ads, games and digital stickers that have seen them book hefty revenues.
- Such extras are "junk," says Acton. He fears stickers would draw WhatsApp into the content business; LINE's series of bunny and bear sticker characters have already made appearances on TV shows in Japan. The unsexy mission of WhatsApp is reliability.
- Koum thinks the real money will start flowing by 2017 and beyond, at which point he plans to have 1 billion users.
- For now Koum is staying focused on the two priorities: keeping WhatsApp running and keeping users from going away. He can do so without the burden of building out the financial and legal infrastructure of a wholly independent company. "Fundamentally what we care about is building a product and great user experience," he says. "[Mark] understands the network effect and he always talked about making the world more open and connected. Connected is where we come in."

Google offered to acquire WhatsApp for \$10B, report says

<https://www.cnet.com/tech/services-and-software/google-offered-to-acquire-whatsapp-for-10b-report-says/>

- At the same time that Facebook was wooing WhatsApp, Google offered to acquire the messaging service for \$10 billion, Fortune [reported](#) Thursday, citing multiple people who claimed to have knowledge of those negotiations. Unlike Facebook, Google wasn't willing to offer a seat on the board of directors, according to Fortune.