

MARK ZUCKERBERG

- 42.1B MAU & 42.1B DAU overall.
- Settlement with the FTC over privacy concerns.
 - ↳ \$5B fine
 - ↳ Major changes to how FB builds their services & run their company.
 - ⇒ Will require investing significant amount of engineering resources & building tools to review products & the ways they use data.
 - ⇒ Significantly increases accountability by bringing the process for auditing privacy control more in line with how financial control work at public companies with Sarbanes-Oxley.
 - Will have to certify quarterly that they're meeting all privacy commitments.
 - Will also have a new Privacy Committee of their Board that will oversee their privacy program & work with an independent privacy auditor that will report to this new committee & to the FTC.
 - ⇒ Most experienced leaders in product will assume role of Chief Privacy Officer.
 - ⇒ Will be more rigorous in monitoring developers who access data through their platform.
 - ↳ Expect that these changes will also result in FB taking longer to ship new products, especially while they are getting this up & running.
- Will start publishing transparency reports quarterly.
- Expect to form independent oversight board for decisions on content by the end of this year.
- Continue to invest heavily in protecting elections, including more advanced efforts to stop coordinated & inauthentic behavior, new ads transparency tools & more fact-checking partnerships.
- In delivering qualitatively new experiences for their community:
 - ↳ Excited about their privacy-focused division for the future of social networking, starting with secure, private & interoperable messaging.
 - ⇒ Messenger reuniting the app from scratch to make it the fastest & most secure major messaging platform in the world.
 - Working towards making end-to-end encryption & reduced permanence the default for all conversations.
 - ⇒ With that foundation, FB is starting to explore how their private social platform could become the center of your social experience, for example, by bringing together all of your ephemeral stories from your different apps into one place.
 - ↳ Building things like the ability to watch videos together.
 - ⇒ Shows how something like video chat (has grown quickly) can become more of a platform for more ways we'd want to interact privately in the future.
 - ↳ WhatsApp:
 - ⇒ Status is already the most popular ephemeral stories products in the world.
 - ⇒ Millions of small businesses using WhatsApp Business.
 - Building new tools like product catalog that entrepreneurs around the world can use for free.
- Commerce & Payments
 - ↳ New Libra project announced to 21 other companies.
 - ↳ Continuing to test Payments on WhatsApp in India & are close to launching in other countries.
 - ↳ In the future, will enable people to use same Payments account to send money to friends & businesses on WhatsApp, shop on Instagram or make transactions on Facebook.
 - ⇒ Send money as easily as you can send a photo.
 - ↳ Working with 21 other organizations to form the Libra Association.
 - ⇒ Create new currency called Libra powered by blockchain.
 - ⇒ Independent of Facebook or any other member but plan to support currency across their services.
 - ⇒ Goal: empower billions of people who use services like WhatsApp but might be excluded from banking services with access to safe, stable & well-regulated cryptocurrency.
 - ⇒ Released a white paper → **Look for whitepaper & read.**
 - ↳ AR VR
 - ⇒ Shipped Oculus Quest this Q: First all-in-one headset with no wires.

SHERYL SANDBERG

- Introduced automated ads to take the guesswork out of creating effective ad.
 - ↳ Advertisers answer a few questions & get a customized marketing plan with up to 6 creative options targeting suggestions on a recommended budget.
- Launched new video editing tool to help SMBs quickly create eye-catching video with images they already have.
- Dynamic Ads in Instagram Stories → show people ads for products they've already browsed on a retailer's website or app.
- Constantly making incremental improvements to FB feed ads:
 - ↳ This Q improved how quickly they refreshed the ad ppl see.
 - ⇒ Ads are refreshed while ppl are scrolling instead of pre-selected at the beginning of a feed session.
 - Ppl get more relevant ads → improves engagement → better ROI for advertisers.
 - ↳ 50% of accounts on Instagram use explore every month to discover photos & videos related to their interests.
 - ↳ This Q started rolling out ads in explore on Instagram.
 - Launched branded content ads in Instagram → allow businesses to promote creators' posts with feed ads.
 - Continuing clinical beta of checkout on Instagram & launched new feature this Q that enables creators to tag products in their posts.
 - ↳ Would be interesting to see how online shopping has evolved & what percentage of the shopping is done on mobile.

DAVID WEHNER

- Impression growth rate continues to be driven by IG Stories, IG feed & FB Feed.
- Vol decline in avg price per ad reflects mix towards stories & graphics that monetize at lower rates.
- Vol growth in Payments was primarily driven by sales of new products, notably Oculus Quest & the Rift apps.
- Tax rate was 46% → higher than expected.
 - ↳ Tax treatment of the FTC accrual.
 - ⇒ Court ruling in the IRS vs Alterra case.
 - ⇒ Ninth Circuit reversed a prior tax court decision addressing the tax treatment of certain short-based compensation expenses.
 - FB changed their treatment this Q to reflect the Ninth Circuit opinion, which resulted in a one-time income tax charge of \$1.1B.
- Outlook
 - ↳ Continue to expect revenue growth, rate deceleration.
 - ⇒ Expect more pronounced deceleration in Q4 & into 2020, partially driven by ad targeting related headwinds & uncertainties.

QUESTIONS

- ① **Opposition received so far around Libra.**
 - Feedback from a few years ago would have probably just showed up & tried to release the product on their own.
 - ↳ Approach now is to outline ideas & values that they think an eventual service should have.
 - Have opened a period of however long it takes to address regulators' & different experts' & constituents' questions about this & then figure out what the best way to move forward is.
- ② **Higher demand on privacy impact of expense growth.**
 - Not giving guidance on 2010 & already factored into 2019.
 - Impacts → reallocation of resources around privacy → impact on overall product development.
- ③ **Instagram Checkout: Early learning + key hurdles for scaling.**
 - Still very early - want to make sure to get the experience right.
 - Think about this primarily from a consumer & closing the loop point of view more than monetization.
 - ↳ Consumer engagement → show products directly (ads are more valuable) → Help ppl check out & pay / buy the products → better consumer experience.
 - ⇒ Also closes loop on data & measurement.
- ④ **WhatsApp Status → plans as it relates to ads. Tested or have plans to test?**
 - WhatsApp Status Ads are not available.
 - Very focused for WhatsApp on consumer experience.
 - Sheryl's side track response & status talking of the importance of making the transition to a different ad format easy in order to increase / accelerate adoption.
 - ⇒ WhatsApp is constantly avoided when monetization questions are asked.
 - ⇒ Research if CEOs have already left & what the current landscape is.
- ⑤ **WhatsApp Payment beta in India. Factors causing delay / launch in other markets?**
 - Regulatory approval question in India → overall positive feedback.
 - ↳ Had a license to roll it out as part of an initial test.
 - Also working beyond India in a number of other countries & hope to have this rolled out to a large percent of the people who use WhatsApp within the next year.