

## MARK ZUCKERBERG

- Continue investments in security, safety & privacy.
  - ↳ Both in tech & people.
- Protect political discourse by making ads more transparent.
  - ↳ Will require everyone running political & issue ads or running a large page to be verified with a gov't ID.
  - ↳ Transparency on who is running political ads, who they're targeting, how much they're paying & what other messages they're sending to different people.
- Continued shifting from passive consumption to encouraging meaningful interactions.
- Rolling out more interactive video features like Watch Party that lets you watch video with your friends.
- Groups are also a major focus.
  - ↳ 200M ppl are members of meaningful groups on FB.
  - ⇒ Need to keep doubling to reach goal of helping 1B ppl belong to meaningful groups.
- Stories is also a big part of the future of video sharing, which is why FB is all in on it across its family.
- Clear trend towards sharing with smaller groups → messaging is important.
- 5-year: building out the business ecosystem around apps like Instagram, WhatsApp & Messenger.
  - ↳ Released WhatsApp Business. +3M ppl actively using it.
- An opportunity/challenge in making sure ads are as good as stories as they are in feed.
  - ↳ If not done well, as more sharing shifts to Stories, that could hurt business.
  - ⇒ Leading the way with Instagram.
- 10-year: work on long-term tech.
  - ↳ Connectivity: Internet.org effort have help ~100 M ppl get access to internet.
  - ↳ AI: help amplify the good as well as proactively remove the harmful.
  - ↳ VR: excited to get Oculus Go into ppl's hands soon.

## SHERYL SANDBERG

- FB uses information to target but they don't sell the information to anyone.
- There's an option to find out why you are seeing an ad and turn off ads from that advertiser entirely.
  - ↳ You can opt out of being targeted based on certain information like the websites you visit or your relationship status.
- Ppl prefer to see ads that are relevant to them. & effective advertising is critical to helping businesses grow.
- More than 80M small businesses using FB pages.
- Revenue growth was broad-based across regions, marketer segments & verticals.
- Made carousel ads available in stories so advertisers can share up to 3 images or videos per ad instead of just one. Ppl can swipe up on the ad to visit the advertiser's website.
- Rolled out more personalized shopping experience in the News Feed.
  - ↳ When ppl click on a collection ad, they'll see a full-screen catalog organized according to interest.
- Introduced new way to reach ppl before they're shown interest in making a specific purchase.
  - ↳ Run ads to inspire ppl to shop.
- Advertiser want 3rd party verification to prove FB is helping them achieve their marketing goals.
  - ↳ Recently accredited by the Media Rating Council for News Feed-served ad impression. Working with them in accreditation in other areas.

## DAVID WETNER

- Exchange rate tailwinds contributed \$536M
- Adoption of ASC 604 → \$130M incremental revenue due to change from net to gross accounting for Instant Articles.
- Added 2,600 employees (+46% YoY)
- Increase of stock repurchase plan.
- Outlook:
  - ↳ European MAU & DAU may be flat to slightly down sequentially in Q2 as a result of the GDPR Rollout.
    - ⇒ Do not believe this will impact revenue significantly.
  - ↳ Anticipate revenue growth rates will decelerate on a constant currency basis throughout the year.
  - ↳ Expense guidance: +50-60%.
    - ⇒ Significant investments in safety & security, content acquisition & our long-term innovation efforts.

## QUESTIONS

### ① Opportunities away from advertising.

- Ads is a great business model aligned with FB mission.
  - ↳ Build a service that can help connect everyone, offer that service for free & have it be affordable.

### ② How are product changes impacting engagement?

- Increased in some type of sharing & interactions between people.
- Continued decline in the passive consumption of video.
- Going in the direction of building a stronger community & stronger business over the long-term.

### ③ Positive momentum & commentary on messaging platforms. Outlook/Opportunity on the business side of WhatsApp & Messenger

- Messenger → focus on consumer growth & engagement. Slow & deliberate with monetization.
  - ↳ 18M businesses communicating with customers.
  - ↳ Launched new Quick Replies for customers.
  - ↳ Ads in inbox available to advertisers.
  - ↳ Click to Messenger ads on FB.

### \* No commentary on WhatsApp. Find out what was happening with the app at the time.

- ↳ WhatsApp Business was already working & they had Stories in status yet no apparent monetization plan.

### ④ Watch how it's going vs. expectations & how you see it evolving.

- Want to build a different experience than Youtube by enabling interaction.
  - ↳ Watch Party.

### ⑤ What did MZ learn from testifying in Capitol Hill?

- Questions on Cambridge Analytica \*Research.

⑥ Advertisers concern over the Platform after recent events.

- A handful paused spend, one of which has already come back.
- Haven't seen meaningful trend.
- Advertisers want to make sure their & their customers' data is protected.

⑦ Impact of GDPR on measurement capabilities & how would product experience change.

- FB uses data to make product better but will be clear on the impact as they roll out.
- Measurement is not a concern.
- GDPR is an industry level impact → advertiser will still be looking for highest ROI.
  - ↳ What's most important in winning budgets is relative performance in the industry.

⑧ Instagram. How you see product evolving.

- Launched hashtag following in december. → indirectly builds community.
- Private sharing both with stories & direct messaging are growing.

⑨ Payments through Messenger or WhatsApp.

- The point isn't to charge for Payments → messaging can be a more transactional medium than feed.
- View payment not as a goal but as something that's helping the business & the person succeed at having the transaction or doing what they're trying to do.
- Experiment with mobile financial services in Messenger.
  - ↳ ppl can buy access to data plans → allows carriers to sell data plan for ~10%

⑩ ML capabilities specifically for content filtering. More reliable now?

- Shifting towards a more proactive model of moderation.
- AI tools tend themselves toward identifying certain content a lot more than others.
  - ↳ Easier to identify terrorist content than hate speech.
  - ⇒ Hate speech has much more nuanced linguistically, depends on the local language → will take more years.
- Combination of AI & hiring people to work on these problems → meaningful progress going forward.

⑪ Long-term thinking about Oculus. Are we years away from something mass marketable?

- Vague response on why MZ believes they should keep investing in AR & VR as the future.
- Have a prototype & developer kit around the higher-end standalone

⑫ Subscription model are being broadly used. Has FB considered other revenue streams apart from advertising?

- See growth opportunity in converting ppl who advertise on FB to Instagram.
- Consider that strong focus on ads continues to be the best investment
  - ↳ Ads give ability to provide free service to the world.