

★ Facebook's Profit Rises, but Users Spend Less Time on Network

https://www.wsj.com/articles/facebook-posts-61-rise-in-operating-profit-in-the-fourth-quarter-1517434065?st=bpko2f50tbc3o6c&reflink=desktopwebshare_permalink

Updated Feb. 16, 2018 at 10:43 pm ET

- Facebook Inc.'s dominance in digital advertising powered another surge in quarterly profit, though it said users were starting to shave back their time on its platform as it tries to address critics' claims that the social network has harmful effects.
- The company said its profit, excluding a \$3.19 billion tax charge, soared 61% in the fourth quarter, typically the heaviest spending period for advertisers. About \$2.27 billion of the charge stemmed from the U.S. tax overhaul.
- In January, Chief Executive [Mark Zuckerberg](#) said [he has resolved to fix problems](#) that threaten to damage the company he co-founded in 2004, even if it sacrifices profitability, including discouraging users from passively consuming content found in their news feed.
- Those changes—including showing fewer viral videos in the latest quarter—reduced the collective time Facebook users spend on the platform by about 5%, or 50 million hours a day, in the three-month period, Mr. Zuckerberg said. That decline translates to a little more than two minutes a day on average for each of the company's 1.4 billion daily users.
- Facebook acknowledged the first-ever quarter-to-quarter decline in the number of users who log in to the service daily in its most lucrative market, the U.S. and Canada. Facebook lost about 700,000 daily users in that market to total about 184 million, though it gained 33 million globally.
- Still, Facebook's revenue leapt 47% from a year ago to \$12.97 billion, and it managed to extract nearly \$6 more revenue per user in the U.S. and Canada compared with three months earlier, a 26% increase. The average price per ad rose 43%.
- The growth underscores Facebook's still potent ability to attract new users and advertising dollars even as it confronts crises that have forced the company to rethink the way it [feeds content to roughly a quarter of the world's population](#).
- Some advertisers and ad agencies have joined the chorus in criticizing Facebook for failing to police its platform. They are also still wary of its video-ad products after the company disclosed a series of mistakes in the way it calculated advertising performance starting in the fall of 2016.
- Facebook accounted for about 17% of the global digital-ad market last year, behind [Alphabet](#) Inc.'s Google, which accounted for 32%, according to data from eMarketer.
- To improve news quality on its site, Facebook is starting to rank publisher posts in the U.S. based [on user evaluations of trustworthiness](#). Facebook has said the change will benefit "broadly trusted" publications.
- Analysts say many Facebook users in the U.S. are already starting to spend less time on the site. The last time Facebook provided a global figure for time spent on the site, in April 2016, it said users collectively spent 50 minutes a day on Facebook, its Instagram service and Messenger. According to a recent Pivotal Research analysis of Nielsen data, Facebook's U.S. users spent 7% less time on the site in August compared with a year ago and 4.7% less time in September.
- And there are broader, more existential challenges. Last fall, several U.S. lawmakers raised the prospect of [further regulating Facebook](#) after the company disclosed that Russian-backed actors had used its tools to foment U.S. social divisions during and after the 2016 presidential election. Last week, at an event at the World Economic Forum in Davos, Switzerland, the billionaire George Soros said Facebook and Alphabet Inc. have far-reaching consequences for the health of democracy. Facebook itself acknowledged the risks [in a blog post this month](#) that noted social media amplified both good and bad intentions.
- For now, the intensifying debate over Facebook's future doesn't appear to have undercut the company's financial performance. Facebook's results surpassed analyst expectations of \$1.94 per share, excluding the charge, and revenue of \$12.55 billion, according to FactSet. During Wednesday's call, Facebook executives said the average price per ad rose 43% in the fourth quarter while total supply rose just 4%.

★ Facebook Ignites Debate Over Third-Party Access to User Data

https://www.wsj.com/articles/facebook-ignites-debate-over-third-party-access-to-user-data-1521414746?st=j0xfd9yam0b7cbd&reflink=desktopwebshare_permalink

March 18, 2018 at 7:12 pm ET

- Facebook Inc. ignited a firestorm over how it manages third-party access to its users' information, after the social network said a firm with ties to the 2016 Trump campaign improperly kept data for years despite saying it had destroyed those records.
- U.S. and British lawmakers slammed Facebook over the weekend for not providing more information about how the data firm, Cambridge Analytica, came to access information about potentially tens of millions of the social network's members without their explicit permission.
- Damian Collins, the U.K. lawmaker who chairs a parliamentary committee on media and culture, said he intended to ask Facebook Chief Executive [Mark Zuckerberg](#) to testify before the group, or send a senior executive to do so, as [part of its inquiry](#) into how social-media manipulation affected Britain's referendum decision to exit from the European Union.
- Facebook said it learned in 2015 that Mr. Kogan broke Facebook policy and shared the user data with third parties. The company said it demanded he and third parties with access to the data delete those records but learned this month the data hadn't been destroyed.
- Facebook executives spent much of Saturday arguing what happened didn't constitute a data breach—even as they and the company acknowledged Mr. Kogan and Cambridge abused user data that previously was provided openly to third parties.
- The current controversy has its roots in a [2007 decision](#) by Facebook to give outsiders access to the company's "social graph"—the friend lists, interests and "likes" that tied Facebook's user base together. Tapping that rich store of information required that a person create an app and plug it into Facebook's platform.
- The move helped Facebook become a fixture in its members' lives, catapulting the company from 58 million users to more than 2 billion today.
- In 2014, Facebook said it would reverse course after users questioned their data being shared with outsiders without their knowledge. Those changes went into effect in 2015, forcing many dating, job-search and political apps to close their doors, and sparking a fresh [round of criticism](#) that Facebook changed its rules at whim.
- Despite the changes, Facebook couldn't ensure data already gleaned by developers wasn't shared with third parties. Such a move would violate the Facebook policies governing how third-party developers can deploy data they obtained from the company.
- In a Friday evening post, Facebook said it had learned in 2015 that Mr. Kogan broke its data policies when he shared user data he gathered from his personality-prediction app, "thisisyourdigitallife," to third parties including Cambridge and Mr. Wylie.
- Facebook said about 270,000 people downloaded the app, giving consent for Mr. Kogan to access information such as their city or content they had liked. Mr. Kogan also could see some information about friends whose privacy settings allowed the access of such data.
- A [2011 paper](#) co-written by Facebook researchers said the average Facebook user had 190 friends. That could mean that through the 270,000 people who downloaded Mr. Kogan's app, data from 51.3 million people were obtained.

European Union Pledges to Probe Facebook's Handling of User Data

https://www.wsj.com/articles/european-union-pledges-to-probe-facebooks-handling-of-user-data-1521464900?st=hsgsgjvov470uar&reflink=desktopwebshare_permalink

Updated March 19, 2018 at 10:19 am ET

- European Union officials said they would probe Facebook Inc.'s [handling of user data](#) on Monday, after the social network said it is investigating whether a firm linked to the 2016 Trump campaign improperly kept user's personal data for years despite saying it had destroyed those records.
- Sparks are flying because the revelation links two of the biggest and most politically sensitive complaints about Facebook. Privacy activists have long accused Facebook of taking too much information about users, leading to investigations in several parts of Europe. More recently, [evidence has emerged](#)—and the company has acknowledged—that politicians and Russian hackers attempted to manipulate the social network in an effort to influence elections in the U.S., U.K. and elsewhere.
- The EU officials' comments come after U.S. and British lawmakers slammed Facebook over the weekend for not providing more information about how data firm [Cambridge Analytica](#) came to access information about potentially tens of millions of users without their explicit permission.
- Mr. Wylie revealed to the New York Times and U.K. newspaper The Observer [how Cambridge used personal data without authorization](#) to build a system to target individual U.S. voters with political advertisements.

Facebook Security Chief Plans to Step Down

https://www.wsj.com/articles/facebook-security-chief-plans-to-step-down-1521506433?st=37i4qqk6pq3phjp&reflink=desktopwebshare_permalink

Updated March 19, 2018 at 11:36 pm ET

- The Wall Street Journal reported on March 19, 2018, that Facebook's chief information security officer, Alex Stamos, is expected to leave the company in August after a dispute over how the social media giant should handle the spread of disinformation on its platform. The disagreement was reportedly sparked by Facebook's decision to downplay the extent of Russia's influence in the spread of false information during the 2016 US presidential election. Stamos, who joined Facebook in 2015, has been a vocal advocate for transparency and the need to address the problem of election interference on the platform.
- He raised the alarm inside Facebook about Russian activity a month after the 2016 election by sending a memo to Chief Executive [Mark Zuckerberg](#) and other top officials saying that [Russia had run an information operation](#) campaign on the platform
- For Facebook, Mr. Stamos's departure would be "a blow," said Thomas Rid, a professor of strategic studies at Johns Hopkins University. "It's hard to think of a senior executive who works on security at any major technology company who has a better reputation," he said.
- "Facebook has gotten a lot of bad press, but let's also give them more credit for being more open than any other tech company in their space," Mr. Rid said.

Facebook, Other Tech Giants Scrutinized by Congress Over User Data

https://www.wsj.com/articles/facebook-other-tech-giants-scrutinized-by-congress-over-user-data-1521479672?st=x85c6l5bwfpj14i&reflink=desktopwebshare_permalink

March 19, 2018 at 1:14 pm ET

- The Wall Street Journal reported on March 19, 2018, that Facebook, along with other technology giants, including Google and Twitter, are facing scrutiny from Congress over how they handle user data. The companies are under investigation after reports that Cambridge Analytica, a data analytics firm, obtained data on millions of Facebook users without their knowledge or consent, which was then allegedly used to help influence the 2016 US presidential election. The investigation will look into the privacy policies and practices of the companies and whether they are doing enough to protect user data. The scrutiny highlights growing concerns over the role of tech companies in the political process and their responsibility to safeguard user information.

- Facebook shares fell 6.8% Monday. Pivotal Research analyst Brian Wieser said the weekend's episode was another sign of "systemic problems" within the company, elevating the risk that Facebook faces further regulation. Mr. Wieser has a "sell" rating on the stock.
- On Monday, Facebook said it hired a digital forensics firm, Stroz Friedberg, to do a "comprehensive audit" of Cambridge Analytica, which agreed to give "complete access" to its servers and systems.

Facebook Joins the Club

https://www.wsj.com/articles/facebook-joins-the-club-1521500287?st=q77e2kt645j1zy9&reflink=desktopwebshare_permalink

March 19, 2018 at 6:58 pm ET

- During the Obama years, Facebook, Google and other tech companies enjoyed a halo effect. But since [Donald Trump](#)'s election, Democrats have discovered that tech can be used for malicious purposes—such as helping Donald Trump. Minnesota Senator Amy Klobuchar and California Rep. Adam Schiff have called for an investigation of Facebook data controls, and more political scrutiny is sure to come.
- This week the Senate is expected to pass legislation that would allow trial lawyers and state attorneys general to charge internet companies for allegedly abetting sex-trafficking. This represents an erosion of Section 230 of the Communications Decency Act, which shields companies like Facebook and Google from liability for crimes committed by their users. It's only a matter of time before other crimes are exempted from Section 230. Mr. Trump is no fan of Big Tech, so watch out if Democrats win Congress.

U.K. Seeks Search Warrant for Cambridge Analytica After Facebook Data Scandal

https://www.wsj.com/articles/u-k-seeks-search-warrant-for-cambridge-analytica-after-facebook-data-scandal-1521545870?st=5df7v1obhgstj8j&reflink=desktopwebshare_permalink

Updated March 20, 2018 at 10:25 am ET

- The UK Information Commissioner's Office (ICO) is seeking a search warrant to enter the offices of Cambridge Analytica (CA), the data analytics firm that obtained information on millions of Facebook users without their knowledge or consent. The ICO's investigation is looking into whether CA and its parent company, SCL Group, illegally harvested and used personal data to influence the outcome of the Brexit referendum in 2016. The ICO has also ordered Facebook to stand down its own investigation into CA, saying that the social media giant could "prejudice" the regulator's inquiry. The move comes as lawmakers in the UK and the US call for tougher regulation of tech companies and their use of personal data.
- At issue is whether Cambridge Analytica, which helped the Trump campaign in 2016, collected and used data from the accounts of millions of users obtained through a Facebook app without appropriate permissions—and whether Facebook was too lax in protecting that information and ensuring it was deleted.
- The allegations connect two major complaints against Facebook—that it collects too much information about its users and that it is easily manipulated by bad actors like hackers, terrorists or political operatives. The scandal spurred calls from politicians in Europe and the U.S. on Monday for new regulations and probes

● Zuckerberg Says Facebook Probe Into Apps Won't Uncover All Data Abuse

https://www.wsj.com/articles/zuckerberg-says-facebook-probe-into-apps-wont-uncover-all-data-abuse-1521775456?st=s935x1xxodnsq2o&reflink=desktopwebshare_permalink

Updated March 22, 2018 at 11:37 pm ET

- Facebook CEO Mark Zuckerberg has said that the company's investigation into third-party apps that collect data from its users will not uncover all instances of abuse. The investigation was launched in response to the Cambridge Analytica scandal, which saw the data analytics firm obtain data on millions of Facebook users without their knowledge or consent. Zuckerberg said that the company will carry out a "full forensic audit" of any app with suspicious activity and will ban any developer who does not cooperate with the investigation. However, he added that it is "impossible to know" the full extent of data misuse, saying that Facebook's systems "unfortunately cannot always prevent" abuse.
- At the time, the social-media company's platform allowed outsiders access to extensive data about its users as well as their Facebook connections. By 2015, Facebook had severely restricted the amount of data available to outsiders, but by then app developers like Mr. Kogan already had data about Facebook users in hand.
- It isn't clear how many other developers might have done the same.
- Many of the offending apps may no longer exist and it is hard to pin down how much of the data they collected was copied or distributed or where those copies might exist.

Facebook's Public Reckoning

https://www.wsj.com/articles/facebook-public-reckoning-1521846210?st=faa2lqvnexo12z5&reflink=desktopwebshare_permalink

March 23, 2018 at 7:03 pm ET

- Facebook is facing a "public reckoning" over its handling of user data in the wake of the Cambridge Analytica scandal. The social media giant is under pressure from lawmakers, regulators, and users to improve its data privacy practices and increase transparency around how it collects and uses personal information. Facebook CEO Mark Zuckerberg has issued several public apologies and announced a series of measures to address the issue, including a full audit of all third-party apps that collect data from its users. The company is also facing a growing movement among users to delete their Facebook accounts in protest, with the hashtag #DeleteFacebook trending on social media. The scandal has highlighted the growing public concern over the role of tech companies in society and their responsibility to protect user data.
- Users give apps access to their data, which Facebook bars from being sold or shared though it has no controls to stop it. Developers can also exploit user data for their own purposes. This was how the Obama campaign targeted and turned out voters in 2012. Facebook in 2015 limited developers' access to friends' data, which made this harder to do. Yet users are suddenly outraged that their data may have fallen into the Trump campaign's hands.
- All of this despair over the Trump campaign and Facebook has had an incidental benefit: People are finally realizing that the sprawling social network isn't merely a place to share cat photos. Facebook is the world's biggest media conglomerate, depository of consumer data and communications network.
- Facebook lets algorithms curate users' news feeds and "trending" section. But its algorithms favor free and viral content that generate more ad revenue. Algorithms also allow Facebook to avoid responsibility—look ma, no hands!—for content on its site.
- Facebook lets algorithms curate users' news feeds and "trending" section. But its algorithms favor free and viral content that generate more ad revenue. Algorithms also allow Facebook to avoid responsibility—look ma, no hands!—for content on its site.
- The problem is that Facebook doesn't want to accept the responsibility of being essentially America's largest publisher.
- Section 230 of the Communications Decency Act protects "interactive computer services" like Facebook from liability for user-generated content. But politicians are getting tired of internet giants hiding behind a law that was intended to protect startups.

● Facebook Tries to Calm Advertisers After Cambridge Analytica Crisis

https://www.wsj.com/articles/facebook-tries-to-calm-advertisers-after-cambridge-analytica-crisis-1521836823?st=6dmctlp91fubew6&reflink=desktopwebshare_permalink

Updated March 23, 2018 at 10:06 pm ET

- A handful of marketers suspended advertising on Facebook Inc. as the company hustled to [quell anxiety about its platform](#) in the wake of revelations that an outside company improperly handled data on tens of millions of its users.
- The Wall Street Journal reported on March 23, 2018, that Facebook is trying to reassure its advertisers in the wake of the Cambridge Analytica scandal. The social media giant has been accused of failing to protect the personal data of its users and allowing third-party developers to harvest that data without consent. Facebook has responded by suspending the accounts of Cambridge Analytica and its parent company, SCL Group, and launching an investigation into all third-party apps that collect data from its users. Facebook has also announced a series of measures to improve data privacy and transparency, including making it easier for users to manage their privacy settings and control the information that is shared with third parties. Advertisers are concerned that the scandal will damage the trust of Facebook's users, leading to a drop in engagement and ad revenue. Facebook is working to rebuild that trust and reassure its advertisers that their ads are still reaching their intended audience.
- Facebook said Friday, "Advertisers look to us to help grow their businesses. They know how important it is for people to trust their information with Facebook, and we are committed to regaining that trust. Most of the businesses we've spoken with this week are pleased with the steps we've outlined to better protect people's data, and they have confidence that we'll respond to these challenges and become a better partner and company as a result."
- Many advertisers say privately they are content to remain on the platform in the wake of the latest data-handling controversy, while closely monitoring the situation, largely to see whether the crisis sparks an exodus of Facebook users.
- Facebook has also been contending with a groundswell of users claiming they are abandoning the platform, with many tweeting under the hashtag #DeleteFacebook.
- Another question, the executive said, is whether consumers will pull back on sharing on the platform, which could reduce Facebook's power as a marketing tool.
- Some advertisers have expressed concern that a backlash against Facebook could spark more regulation of tech companies and their ability to collect reams of data about their users—which could limit advertisers' ability to target specific audiences on social platforms.
- "If advertisers were suddenly unable to target certain segments, because of regulation—such as political affinities, income or wealth accumulation, or race/age/gender—that might challenge advertisers to look elsewhere for options," said James Douglas, head of media at Reprise, a digital agency owned by Interpublic Group of Cos.

Facebook's Data Policy Overhaul Looms Over Some Startups

https://www.wsj.com/articles/facebook-data-policy-overhaul-looms-over-some-startups-1522063817?st=84d9ec9ktk7pwgd&reflink=desktopwebshare_permalink

March 26, 2018 at 7:30 am ET

- The Wall Street Journal reported on March 26, 2018, that Facebook's planned overhaul of its data policy could have significant implications for some startups that rely on the social media platform for user data. The new policy is expected to impose tighter restrictions on third-party developers that collect data from Facebook users, in response to the Cambridge Analytica scandal. Some startups have built their businesses around data from Facebook, using it to target ads or personalize content for their users. However, the new policy could make it harder for these startups to access and use that data, potentially disrupting their business models. Facebook has said that it will work with developers to ensure that they can continue to use its platform in a way that is "consistent with the values and expectations of the

Facebook community." However, the changes are likely to add more uncertainty for startups that are already struggling to navigate Facebook's complex and evolving data policies.

- Mr. Zuckerberg announced last week that Facebook would reduce the data customers turn over to an app when they sign in; only their name, profile photo and email address will be shared. Among other new restrictions, app developers no longer will have access to data of customers who haven't used an app in three months.
- Facebook's stricter data-sharing policies seem most likely have their greatest consequences for dating, gaming and other social apps that sit on top of the social-network giant, investors said.

U.S., States Step Up Pressure on Facebook

https://www.wsj.com/articles/attorneys-general-profoundly-concerned-over-facebook-user-data-1522090027?st=q8ujroaiwrrz0t&reflink=desktopwebshare_permalink

Updated March 26, 2018 at 5:04 pm ET

- Attorneys general from 37 U.S. states and territories have sent a letter to Facebook CEO Mark Zuckerberg expressing profound concern over reports that the data of millions of Facebook users was harvested without their consent by a third-party app and then improperly shared with political consulting firm Cambridge Analytica. They requested more information about Facebook's data policies and practices, data-sharing partnerships with other companies, and how the company monitors and enforces its data policies. The attorneys general have the power to investigate and take legal action against Facebook if they believe the company has violated consumer protection or privacy laws.
- Analysts said the recent controversy could hurt the company's business by reducing the amount of time users spend on the platform or leading to curbs on how it deploys user data that could impede its advertising-targeting tools.

● Facebook's Zuckerberg Expects to Testify at Congressional Hearing

https://www.wsj.com/articles/facebooks-zuckerberg-expects-to-testify-at-congressional-hearing-1522172611?st=5ae6d1j8spk8uxu&reflink=desktopwebshare_permalink

Updated March 27, 2018 at 8:31 pm ET

- Facebook CEO Mark Zuckerberg is expected to testify at a congressional hearing in the coming weeks.
 - The hearing will address Facebook's handling of user data and its relationship with political consulting firm Cambridge Analytica.
 - Zuckerberg has come under increasing pressure to testify in person, after initially offering to send another executive to speak on behalf of the company.
 - The hearing is part of a broader investigation by Congress into the role of social media in the 2016 U.S. presidential election, and the use of user data by political campaigns and other groups.
- Zuckerberg states that he is willing to testify if he is "the right person" to do so - he seems somewhat reluctant to speak directly to this issue.
- The episode shed light on how little Facebook has invested in [ensuring developers follow its rules](#). Selling user data violates Facebook policies., and Cambridge Analytica has said it followed Facebook's policies.
- On March 21, after days of silence on the matter, Mr. Zuckerberg announced a series of steps meant to rein in outsiders' access to Facebook user data.
- The news intensified political pressure on Facebook, which was already under fire for failing to detect Russian-backed manipulation of its platform and for allowing fabricated news articles, violent live videos and other forms of objectionable content spread across its services.

- Congressional aides who were briefed by Facebook staffers last week said the meetings left some 60 questions unanswered. Facebook officials promised to answer them at a later date, including whether firms other than Cambridge Analytica mishandled user data.
- The hearing is expected to place Mr. Zuckerberg in the kind of public, unpredictable spectacle that he has largely avoided. His public appearances, in town hall gatherings with Facebook users or students or during [his tour of America last year](#), are often tightly scripted. When he acknowledges shortcomings or criticism of Facebook in such settings, often there isn't time for follow-up questions.

Facebook to Streamline Privacy Settings

https://www.wsj.com/articles/facebook-to-streamline-privacy-settings-1522234802?mod=Searchresults_pos1&page=1

March 28, 2018 at 7:00 am ET

- FB will make it simple for users to examine and change some of the data about them that the social network tracks.
 - Say that any information users delete will be wiped from servers.
- [Facebook is limited](#) in its ability to uncover instances of data misuse because the information is impossible to track once it is downloaded off Facebook servers.
- Mr. Sherman also said Facebook faces challenges in determining how data provided to app creators in the past may have been misused over time. But he said the effort is vital. "People will only feel comfortable using Facebook if they have confidence that their information will be protected," he said.

● Why Advertisers Won't Rush to Unfriend Facebook

https://www.wsj.com/articles/why-advertisers-wont-rush-to-unfriend-facebook-1522413259?st=blfk3du3a4mlpfp&reflink=desktopwebshare_permalink

March 30, 2018 at 8:34 am ET

- Perhaps most notable is that the majority of analysts haven't brought down their projections for Facebook's ad business even as [controversy has engulfed the company](#) over the last two weeks. Many instead are taking a wait-and-see approach. Questions over Facebook's handling of user data has sparked an [online campaign to #DeleteFacebook](#). But little is known now about whether that is having any effect. Facebook's next quarterly report—likely about a month from now—will be the first real opportunity to see if users are fleeing or largely sticking around.
- In the latter case, most advertisers likely will too. As controversial as Facebook may be right now, its scale and reach [make the platform unique](#) among advertising channels.
- The social network ranked highest in terms of return on investment among online advertising platforms in a survey by RBC Capital Markets. Interestingly, most of the survey took place in the latter half of March as the negative headlines about Facebook piled up. RBC analyst Mark Mahaney noted that Facebook even managed to edge out [Alphabet](#) Inc.'s Google for the top ranking for the first time.
- Large advertisers are most certainly [making their feelings](#) about Facebook known. The RBC survey found a drop in the number who said they planned to increase their spending on the platform. But Facebook actually has a "long tail" of small to midsize advertisers that make up about 75% of its total ad business, according to analyst Michael Nathanson of MoffettNathanson. Those advertisers have few other options that generate the same level of return so they are unlikely to just disappear, Mr. Nathanson said.
- Earlier this week, the company promised to [improve its data privacy settings](#) for users while also limiting the information accessible to [third-party data brokers](#) that help advertisers better target their ads. It is unclear how these changes will affect usage and the attractiveness of the platform for advertisers. The company also could enact more sweeping changes as it races to improve its image and possibly ward off government regulation.

Facebook Memo Reveals Angst Over Growth Culture's Consequences

https://www.wsj.com/articles/facebook-memo-reveals-angst-over-growth-cultures-consequences-1522454861?st=qjc8urq4xxmfig2&reflink=desktopwebshare_permalink

March 30, 2018 at 8:07 pm ET

★ Facebook to Check Groups Behind 'Issue Ads'

https://www.wsj.com/articles/facebook-to-check-groups-behind-issue-ads-1523037600?st=a5zbgmfx1bmk2w&reflink=desktopwebshare_permalink

Updated April 6, 2018 at 6:58 pm ET

- Facebook Inc. will soon require that advertisers wanting to run ads on hot-button political issues go through an authorization process first, a move the social network hopes will prevent the spread of misinformation across its platform.
- The company announced in blog posts on Friday that it plans to work with third parties to develop a list of key issues, which will be updated over time.
- Starting this spring, election-related ads will carry a "Political Ad" label, alongside information on the advertisers who paid for them. In June, Facebook will make public a searchable archive of the ads carrying that label, including information on the amount the advertiser spent and the intended target audience.
- Additionally, the company also will soon require people who run Facebook pages with large numbers of followers to go through an authorization process, as it looks to make it harder for fake accounts to spread divisive content that has the potential to go viral.
- In a call with reporters on Wednesday, Mr. Zuckerberg said he had made a "huge mistake" in not focusing more on the potential abuse of users' personal information. He also said he had been "too flippant" in 2016 when he dismissed the idea that fake news could influence an election as "crazy."

Facebook to Launch Research Group on Election Influence

https://www.wsj.com/articles/facebook-to-launch-research-group-on-election-influence-1523288641?st=qkul8p9cn8vqvn&reflink=desktopwebshare_permalink

April 9, 2018 at 11:44 am ET

- Facebook Inc. is starting a research initiative to look into how social media can be manipulated to affect democracy and elections, the company's founder and chief executive, Mark Zuckerberg, said in a post on the platform Monday.
- The move is among a flurry of proposals and changes the company has announced ahead of Mr. Zuckerberg's much-anticipated congressional testimony this week.
- In response to criticism that the company hasn't done more to protect users' privacy and guard against other abuses, Facebook has proposed revisions to its data policy and terms of service, banned more Russian trolls from the site and required that advertisers wanting to spotlight hot-button political issues to get authorized first.

★ Some Facebook Workers Feel Outrage Is Misplaced

https://www.wsj.com/articles/for-facebooks-employees-crisis-is-no-big-deal-1523314648?st=fh3yde2qitkiirr&reflink=desktopwebshare_permalink

Updated April 9, 2018 at 9:06 pm ET

- The state of employee morale is being closely monitored at Facebook, according to some employees, which must compete for talent in Silicon Valley even as it embarks on a raft of changes in response to mounting criticism from regulators and users.

- But thus far, many employees appear to have adopted a siege mentality, with some saying they feel the outrage toward Facebook is misplaced, according to interviews with a number of current and former staffers. One common refrain: The issues are mostly being hyped by the news media.
- Many within Facebook said they continue to believe the company is being unfairly picked on. Several said they viewed the privacy failure as incompetent, but not malicious. As Facebook CEO [Mark Zuckerberg](#) has done, they argue that the company's ability to connect people is overall a good thing for society, and that Facebook will emerge from this episode stronger for having learned from its mistakes.
- There are some signs the crisis is having an effect on luring talent: Since the disclosures, more candidates for jobs in some units at Facebook have withdrawn from consideration than during any other period in memory, according to a person familiar with the company's recruiting. Mr. Zuckerberg said in a recent company meeting that the Cambridge Analytica flap didn't seem to be deterring job applicants broadly across the company, according to a person familiar with the matter.
- Some employees said a small number of people have left Facebook since the 2016 election because they said they couldn't stay there in good conscience.
- A spokesman for Facebook said the company has examined employee departures and found "the numbers are consistent over time and we are currently in line with prior averages."
- Indeed, Facebook's rating on Glassdoor, an online marketplace where employees can anonymously review their workplaces, has remained between 4.5 and 4.6 out of 5 during the past nine quarters and hasn't dropped since the Cambridge Analytica breach was announced.

Facebook's Mark Zuckerberg Testifies Before Congress: What to Watch

https://www.wsj.com/articles/facebooks-mark-zuckerberg-testifies-before-congress-what-to-watch-1523352600?st=eo6duls1noda73u&reflink=desktopwebshare_permalink

April 10, 2018 at 5:30 am ET

★● Facebook's Mark Zuckerberg Hints at Possibility of Paid Service

https://www.wsj.com/articles/facebooks-mark-zuckerberg-hints-at-possibility-of-paid-service-1523399467?st=0jdvf3jj04vtmzm&reflink=desktopwebshare_permalink

Updated April 10, 2018 at 7:58 pm ET

- During one notable moment early in his Senate testimony, Mr. Zuckerberg seemed to leave open the possibility the social network could introduce a paid version of its service following the latest furor over Facebook's handling of users' personal information.
- Mr. Zuckerberg was pressed by Sen. Orrin Hatch (R., Utah) over whether the service will always rely on targeted advertising using personal data. The Facebook co-founder replied that "there will always be a version of Facebook that is free."
- By not rejecting the possibility of a paid product, Mr. Zuckerberg's comment could be interpreted as endorsing the idea that Facebook might experiment with a version of its social network that relies on subscription revenue instead of advertising.
- Mr. Zuckerberg has long insisted that Facebook will always be free and supported by advertising, as a way to make it available to people of all incomes, so any suggestion of adding a paid option would be a marked change
- Mr. Zuckerberg said that in general people prefer to not pay for services, so he said he believes that the free, advertising-supported version "is going to be the best one."
- A premium service could appeal to people who don't want to see ads in their news feeds and possibly allow them to better control their personal information.

- Subscription models are common among web companies offering content, but Facebook, Twitter Inc., Snap Inc. and other popular social networks have long shied away from premium accounts. Professional networking site LinkedIn, owned by [Microsoft](#) Corp., does offer several paid plans with more features.
- The notion of a Facebook paid service cropped up last week after the company's chief operating officer, Sheryl Sandberg, said in an NBC News interview that allowing users to opt-out of all data collection wasn't consistent with a free service. "We don't have an opt-out at the highest level," she said. "That would be a paid product."

★● Silicon Valley to Washington: Why Don't You Get Us?

https://www.wsj.com/articles/silicon-valley-to-washington-why-dont-you-get-us-1523451203?st=vzhn3n77cmlv3af&reflink=desktopwebshare_permalink

Updated April 11, 2018 at 3:34 pm ET

- Some tech workers tuning in to [Mr. Zuckerberg's hourslong session](#) some 2,500 miles away on Tuesday said they cringed at his interrogators, worried that their understanding of the internet could result in poorly crafted or overly burdensome regulation.
- Government officials and tech executives have a long history of poor communication. But the pressure to educate the public and find a common language is growing with the threat of greater government oversight.
- "Most people in Congress don't have a clue about what [tech] actually does," he said. "That's a very dangerous situation to be in."
- Michael Fertik, founder of venture firm Heroic Ventures and privacy-management firm Reputation.com Inc., said he worries that lawmakers aren't asking Facebook tough questions. Change is overdue, he said, but he worries Congress will cripple young startups with carelessly crafted rules.
- Mr. Zuckerberg mostly remained poised as he answered questions from the senators, many more than twice his age, but having to repeatedly explain how Facebook works left him seeming agitated at times. During one exchange, Sen. Kennedy asked whether Facebook would allow users to have certain controls over their data. Mr. Zuckerberg replied, seven times, that Facebook already does.
- Chris Nolan, founder of ad-buying firm Spot-On, which works with tech companies, said Mr. Zuckerberg risks coming across as a "smarty-pants" from Silicon Valley.
- "I don't think that is going to serve Facebook well in the long run," she said. "Congress likes to see conciliation and humility."
- The Wall Street reaction to Mr. Zuckerberg's testimony was largely positive; Facebook shares rose 4.5% Tuesday.

★ Facebook Doesn't Expect Revenue Impact Over Privacy Concerns

https://www.wsj.com/articles/facebook-doesnt-expect-revenue-impact-over-privacy-concerns-1523555498?st=u75fdx267vg07d3&reflink=desktopwebshare_permalink

Updated April 12, 2018 at 4:58 pm ET

- Facebook Inc. doesn't expect the recent uproar over its users' [digital privacy](#) to affect sales significantly
- Facebook users largely haven't changed their privacy settings in the past four weeks amid heightened scrutiny over how it shares individual data
- The company also doesn't expect [stricter privacy laws, which](#) could lead consumers to opt out of targeted ads, to cut into its ad sales, she added. "We are not anticipating major changes to our overall revenue and business model."
- Facebook's expenses will rise because it will hire more people to monitor the abuse of its services.

★ What Mark Zuckerberg Didn't Say About What Facebook Knows About You

https://www.wsj.com/articles/what-mark-zuckerberg-didnt-say-about-what-facebook-knows-about-you-1523726008?st=ajkivbj7rswcef3&reflink=desktopwebshare_permalink

April 14, 2018 at 1:13 pm ET

- The inner workings of Facebook's data-harvesting behemoth are so byzantine, that in some ways Mr. Zuckerberg is just as confused as the rest of us about how it all works.
- There are important classes of information Facebook collects on us that we can't control. We don't get to "opt in" or remove every specific piece. Often, we aren't even informed of their existence—[except in the abstract](#)—and we aren't shown how the social network uses this harvested information.
- When you [request and download your data from Facebook](#)—a feature Mr. Zuckerberg repeatedly referred to in answers to questions about control—this stored browsing history isn't there.
- Another reason Facebook doesn't give you this data: The company claims recovering it from its databases is difficult. In one case, [it took Facebook 106 days](#) to deliver to a Belgian mathematician, Paul-Olivier Dehaye, all the data the company had gathered on him through its most common tracking system. Facebook doesn't say how long it stores this information.
- When you [opt out of interest-based ads](#), the system that uses your browsing history to target you, Facebook [continues tracking you](#) anyway. It just no longer uses the data to show you ads.
- There is more data Facebook collects that it doesn't explain. It encourages users to upload their phone contacts, including names, phone numbers and email addresses. Facebook never discloses if such personal information about you has been uploaded by other users from their contact lists, how many times that might have happened or who might have uploaded it.
- This data enables Facebook not only to keep track of active users [across its multiple products](#), but also to fill in the missing links. If three people named Smith all upload contact info for the same fourth Smith, chances are this person is related. Facebook now knows that person exists, even if he or she has never been on Facebook. And of course, people without Facebook accounts certainly can't see what information the company has in these so-called [shadow profiles](#).

Facebook Provides a Preview of Its Privacy Makeover

https://www.wsj.com/articles/facebook-provides-a-preview-of-its-privacy-makeover-1524027600?st=acibiwrjeap7nbh&reflink=desktopwebshare_permalink

April 18, 2018 at 1:00 am ET

- The changes aim to give users more control over their personal data and make it easier to understand how it is used.
- Facebook is introducing a new privacy center, which will provide a central location for users to access and manage their privacy settings. Additionally, users will be able to download a copy of the data Facebook has collected on them.
- Even with the updates, opting out of those features will remain more difficult than sharing such information with the social-media giant.
 - Facebook hasn't built a way for users to decline to provide more data with a single tap. Instead, its permission screens include an "accept and continue" button in bright blue and a more subtle white button called "manage settings" for those who don't want to provide the site with more information.

Facebook Plans to Build Its Own Chips as Part of Hardware Push

https://www.wsj.com/articles/facebook-plans-to-build-its-own-chips-as-part-of-hardware-push-1524095525?st=88vwqfds8llfr0&reflink=desktopwebshare_permalink

April 18, 2018 at 7:52 pm ET

- Facebook Inc. is planning to design chips that could be used in its consumer devices, artificial-intelligence software and data centers, according to a person familiar with the matter and recent job listings.
- The project to design custom chips, still in its early stages, could give Facebook greater control over the design and development of its various hardware projects under way, which include connected speakers and virtual-reality headsets
- Other tech giants have gone the same route, including [Alphabet](#) Inc.'s Google, which developed [its own microprocessor chips](#) to advance its work in artificial intelligence, search ranking and other features. In 2009, Apple Inc. launched [its own chip-making effort](#) to boost the power and efficiency of its devices.
- Facebook is looking for engineers with experience designing “semi-custom and fully custom” ASICs, or application-specific integrated circuits, which are processors built for a specific purpose. Facebook is also seeking experts in chips called field programmable gate arrays, or FPGAs, that are used in large data centers.

Facebook Has a New Data Policy—Here's the Short Version

https://www.wsj.com/articles/facebook-has-a-new-data-policyheres-the-short-version-1524230950?st=vp1dcigcvt8xcet&reflink=desktopwebshare_permalink

April 20, 2018 at 9:29 am ET

- Facebook has updated its data policy in response to recent data-privacy concerns and the implementation of the EU's General Data Protection Regulation (GDPR).
- The new policy clarifies what types of data Facebook collects and how that data is used, including information about users' device usage, location, and purchases.
- The policy also outlines how Facebook shares data with third-party partners and provides users with more control over how their data is used and shared.

[Mark Zuckerberg testifies on Capitol Hill \(full Senate hearing\)](#)



April 10, 2018

- Initial Congress Commentary:
 - Users do not have enough information to decide about their data that is shared. Even though you accept terms and conditions the information isn't clear to users.
 - FB knew about these breaches since 2015 but did not act until this moment.
 - Consumers do not understand what is done with their data.

- Identified that it was also used by the Obama administration during the 2012 elections where they even made an app where they did data scrapping which was allowed at the time by FB in order to option information on users interested in their campaign as well as their friends.
- FB has the responsibility to protect user information.
- See Mark as genuine and willing to change in order to better protect data.
- Mark Zuckerberg Statement:
 - Focused on all the good that FB could do but didn't do enough in order to protect from bad actors.
 - Have to make sure that connections are positive and that misinformation is not spread + developers are also guarding correctly people's information.
 - What they are doing so that this does not happen again:
 - Investigating deeply what exactly happened with the Cambridge Analytica.
 - Are investigating every app that had access to information before it was locked in 2014 and see what they did with it and will ban from FB those that used it suspiciously + tell everyone involved.
 - Are limiting data that developers have access to in the future.
- Questions:
 - Audits in the past?
 - Have reports of audits that have done in the past but will reenforce further investigation in the future. Doesn't have the exact figures of how many were done but it is something that was done regularly in the past. Plan to be more proactive about it.
 - Why does privacy policy only contain some of the ways in which data can be used - it is short. Why doesn't it include the detail of all the ways the data can be used?
 - If you make it detailed and long, the percentage of people who would actually read it would reduce significantly.
 - Also have controls that are enforced during use like specifying when you post a picture on FB if you want it to be public or share with a select group of friends.
 - Are you considering that FB user would have to pay in order for FB to not use their information for ads?
 - You can turn off use of 3rd party information.
 - People would rather have show relevant ads than not relevant ads.
 - Currently do not offer paid version but if it weren't for ads FB would need a new business model, since their business is basically ad based.
 - Data is owned by users.
 - Why did you not notify the 87M users that their data had been sold to Cambridge Analytica even though you noticed this in 2015?
 - When discovered, they removed the app and asked both the app owner and CA to delete the information.
 - When they confirmed they had done so, FB considered it a closed case, therefore, did not notify the FTC or the users.
 - Should have done a full audit in order to confirm that the data had in fact been deleted as it clearly wasn't.
 - Would act differently today, and would notify all pertaining parties.
 - This is not the first time FB has had issues with privacy policies and MZ has in the past apologized. What makes this apology different?
 - Are going through a philosophical change as a company, initially saw it as making tools for people to connect and assumed they would use it for good.
 - Have to take a more proactive approach. More active view in policing the system.
 - Are using AI tools in order to identify terrorist content and hate speech. Hate speech is more difficult as it is linguistically nuance depending on the language or region. Expect to eventually develop AI tools that will get better at identifying hate speech. AI tools also help identify fake accounts and take them down in order to fight fake information.

- CA was not using FB in 2015 and therefore could not be banned at that time when the data that was sold was identified.
- The issue is more about transparency so that consumers have the information in order to decide if they should be
 - There will always be a version of FB that is free.
- What sort of legislation/ regulation would be helpful so that something like CA doesn't happen again and which would not help?
 - Simple and practical way of saying what you do with data.
 - Giving people complete control.
 - Enabling innovation - example of facial recognition.
- Will require all people who place political ads to identify themselves as well as page organizers in order to control situations like the Russian interference.
- Cross devices tracking as a concern from the FTC.
- Messenger Kids: guarantee that data will not be accessed or saved.
 - Parents wanted to communicate with kids and asked for an app like this where they would have total control with who they talk to.
- Mr. Cohen (person who sold the data to CA) provided terms and services where it specifies that it could archive the data and sell it.
- MZ says that FB is a platform for all ideas after facing concerns from a Republican Senator that FB was polarizing political views towards the democratic side.
- Honest Ads Act.
- FB obtains two kinds of data, data directly from the user - what they decide to share and post & data collected from 3rd parties which is used to make ad experience better.
 - On both of these accounts users have full control. Shared data can be deleted and 3rd party collection can be opted out but ad experience would be worse.
- Not all regulation is bad, it's not a question of if there should be regulation but more of what regulation should be in place.
 - Regulation could cement the position of FB as it would make new entrants more difficult to emerge as it would have to follow more rules.
- Does FB consider itself as a publisher or a tech company?
 - Even though most Americans do get their news from FB and it does feel responsible for the content in its platform, it is inherently a tech company because what they do is build tools and products with engineers, they don't create content and the ability to control and police the content in its platform does not go against it being a tech company.
- It can be perceived that most members of congress do not understand exactly how FB works and how it has changed over the years.
- Growing sense of distrust in FB and its ability to not incentivize racism as what happened with the housing segmentation in which black community was discriminated. Also concerns associated with the lack of diversity in the people in the tech sector. Are concerned about the sense of urgency.
- Concern of surveillance of activist groups by law enforcement on the platform.
 - MZ says that there is a strong commitment to protecting this and unless law enforcement subpoenas and has an order for specific data, FB will fight against not releasing it.
- Conspiracy theory that FB listens to audio on phones - MZ confirms that this is false, but it does allow audio in videos.
- Have AI ethics themes to make sure that it goes in the right direction and does not discriminate.
- 100M worth of ads can be attributed to IRA in FB revenue.
- Rewrite user agreement so that average American can understand.
- FB's business model is based on 2 things, time spent on app and gathering user data. It has been proven that increased time spent on social media can affect mental health and opting out of sharing data, which would be in pro of users, is also stated as a risk - FB's bottom line is based on things that are not good for their users even though FB has said that its purpose is to make the

world a more connected place. Why would congress think that FB on its own will make the moves to protect user's privacy?

- In the long term it needs to maintain user trust so there is financial gain in the long term.
- Would FB commit to regulations? Yes - what is the right framework.
- Should it include financial consequences?