

MARK ZUCKERBERG

- Good start, healthy growth in US, specially WhatsApp
- AI services:
 - ↳ Meta AI, Creator AI, Business AI, Hardware to interact with AI.
 - ↳ New release of Meta AI with Llama 3
 - ⇒ Positive feedback, people asking to roll out. Initial rollout in English speaking countries.
 - ⇒ Are moving to next worth phase & expanding
 - ⇒ Generates high quality images + Animation from still images
 - ↳ creates & updates as you type.
 - ↳ Pleased with Llama 3
 - ⇒ Expect to improve further with open-source.
 - ↳ Invest more to build better models. → Want to remain efficient.
 - ↳ Will increase in costs before monetizing. AI initiatives
 - ⇒ Multi-year investment cycle before monetizing.
 - ★ Large undertaking.
- There are various monetizing streams for AI. → Business Messaging, Ads or paid content into AI interactions, pay to use bigger AI models + access more compute.
- 50% of content on IG is AI recommended. → 30% of FB post are recommended
- Also using AI to help advertisers. → Deliver more relevant ads, Advantage + Shopping & Ads Campaigns: revenue has more than doubled since last year.
- Meta chip has allowed to be more efficient.

Metaverse

- ↳ Comes together with AI → glasses with AI assistant
- ↳ RL work now serves more AI work. Will have to find better way to articulate value generated across both segments.
- ↳ Rayban glasses are doing well. Optimistic about approach.
- ↳ Advancements with Horizon → making open.
- ↳ Many types of headsets. ← Opening ecosystem will help grow adoption.
- WhatsApp growth.
- Video continues to be hotspot. in both FB + IG → Reels + 50% of time spent on IG
- Threads also growing.

Susan Li

- Higher legal expenses. G+A grew +20%
- Capex: investment in servers, datacenters & infrastructure.
- FoA:
 - ↳ Online vertical + gaming
 - ↳ Rest of World + Europe strongest
 - ↳ Driven by impression growth.
 - ↳ Other revenue driven by messaging → WhatsApp Business
- RL:
 - ↳ +30% driven by Quest sales
 - ↳ Expense didn't increase that much

OUTLOOK

- Pleased with engagement trends.
- Video + 60% of time, Reels primary driver
- Unified video experience → more relevant recommendations.
- Meta AI integrations will help discover more

Monetization

- Optimizing ad delivery → are getting better
- Video + messaging as additional revenue streams.
- AI helping better performance.
 - ↳ Increased efficiency, automation.
 - ↳ Having enough infrastructure is key.

- RL → AI initiatives overlap into this.
 - ↳ Expect Gen AI to play bigger role.
- Active regulatory landscape + lawsuit
- Expense 96-99B USD, higher infrastructure + legal
- Expect RL loss to continue to increase
- Capex increase to support AI roadmap. Expect to increase next year.

QUESTIONS

① Investment cycle. Length & depth of this investment cycle for AI + RL.

AI adoption.

- Difficult to extrapolate. Usually couple of years.
 - ↳ Don't focus on monetization until reach significant scale.
- Sometimes they are making money but are displacing revenue.
- Focused on increasing engagement with AI products.

② Recommendation Engine. Areas of improvements.

AI tools for advertisers opportunities.

- Each product has had own recommendation model
 - ↳ Singular model architecture → starting with video in general.
- Are also applying these to ads.
- Seeing adoption of image expansion with AI
 - ↳ Have other features & are working on them being more performant.
- AI business messaging → are early.
 - ↳ Hearing positive feedback + are learning.

③ Next leg of monetization growth.

Ad market → Chinese.

- Reels continues to grow. Investing in ranking improvements.
 - ↳ Ads more native to Reels.
 - ↳ Seeing adoption for SMBs
 - ↳ Reels remains lower in time measure.
 - ↳ Personalizing ad loads.
- China: remains strong in online commerce & gaming
 - ↳ Saw strength in other regions as well.
 - ↳ Are lapping periods of strong demand.

④ Changed most in view of business. More cautious?

Ability to sustaining growth.

- Can build leading AI models which opens new opportunities
 - ↳ Have the ability to do leading work.
 - ↳ Encourages to continue investing.
 - ↳ Optimism & ambition has grown.
- 2024 will be lapping period of high demand.
 - ↳ See opportunity to increase engagement + ads more effective.
 - ↳ Few conversions at higher rate than impressions.

⑤ Capex. Returns on capital 2-3 years out.

- ROI on capex investments: Core AI work + Gen AI
 - ↳ Are at different stages
 - ↳ Core AI more ROI focused
 - ↳ Strategic bets with Gen AI → build new businesses.
 - ↳ Earlier on return wne
 - ↳ Building systems in flexible way.
- Are shifting resources from different areas.
 - ↳ Still committed with Metaverse.
 - ↳ Starting with glasses + are more positive.

⑥ Ban on TikTok → social media landscape.

Advantage + impact.

- TikTok too early to determine impact.
- Advantage + has seen growth in adoption especially with audience.
 - ↳ made it default.
- End to end products also seen strong growth. Began to expand conversion types.
- Building functionality over time.

⑦ Relationship between FoA + cost growth. Legal expenses.

- Legal → more detail in 10D
- Margin long term for FoA not guided but are disciplined to remain efficient.

⑧ Google + Bing partner with Meta AI. Search ad dollars → Subscription? AI tools for businesses + creators?

- Work with them to have real-time information.
 - ↳ Could have ads overtime.
 - ↳ People could also pay for premium features.
- Sees more work with business messaging
 - ↳ Want to make it easy
 - ↳ Creators will also be able to use to interact with audience.
 - ↳ Relatively undermonetized. → Cost is high but AI should bring this down.
- Are in the phase of getting people to use.

⑨ Optimizing growth in internal improvements? Long-term vision.

- Handling more complex tasks. → Agents vs Chat-Bot.
- Enable more interactions. Deeper interactions.
- Big opportunity. Have ability to build leading models.