

MARK ZUCKERBERG

- +3.1B MAU overall
- +150M Businesses & +9M advertisers → shifted businesses online.
- FB has a plan to further reduce harmful content.
 - ↳ AI systems already proactively identify about 90% of the hate speech
 - ↳ FB is having an independent audit done of community standards enforcement report → transparency report on how effectively FB is removing harmful content.
 - ↳ Opening to an audit from the Media Rating Council to look at content monetization policies & brand safety controls.
 - ↳ Going to work with Global Alliance for Responsible Media to provide greater transparency into measurement of hate speech numbers.
- Mark seems tense/angry in commentary, dedicating much of it to defend FB's views, how it impacts society in a positive way & initiatives towards safety & transparency.
 - ↳ Social Dilemma date? Check out news that could be related to public discomfort with FB. Maybe something related to US election?
- FB is continuing to show COVID information center to share authoritative information.
- Most employees can productively work remotely.
 - ↳ Had long-term goal to enable remote work before COVID.
 - ⇒ Aligned to core aspect of products → video & VR/AR.
 - ⇒ Using this moment to accelerate these plans.
- With the initial CARES Act stimulus ending in the US, it's unclear what the economic outlook will be during this next period.
- Launched Facebook Shops to let businesses set up a storefront & sell across apps.
- WhatsApp Business: +50M ppl using it & growing quickly.
- COVID has added a heightened level of uncertainty to this year's elections.
 - ↳ Built a voting information center to help voting registration by mail.
- Continue focusing on stopping election interference, including removing voter suppression.
- AR & VR:
 - ↳ Increase in Portal sales across the whole product line.
 - ↳ Quest already has more usage than any other device in their ecosystem.

SHERYL SANDBERG

- After seeing flat YoY revenue growth in the first few weeks of April, we saw considerable recovery in May & June.
- People are spending more & more time online so businesses need to be online, too.
 - ↳ Was true before the pandemic, but it's especially true now that people can't always get together in person.
- Launched Businesses Nearby tool to help people find businesses in their neighborhoods, & continue to develop shops to make online selling quick & easy.
- Launched summer support program to share advice for businesses, whether or not they use FB services.
- Announced additional \$100M investment in Black-owned small businesses, Black creators & nonprofits that serve the Black community in the US.

DAVID WETNER

- Strength from both new & existing online commerce & service advertisers who primarily leverage FB's direct response ad format.
- Growth primarily driven by small & medium-sized businesses around the world who leveraged ad platforms to connect with customers.
 - ↳ Increased diversification among advertiser base.
 - ⇒ Top 100 represented 16% of revenue, lower than last year.
- Impressions (+40%): Facebook mobile News Feed due to product changes & increased engagement.
- Avg Price per Ad (-21%): economic impact of the pandemic, although YoY pricing trends improve in the latter half of the quarter.
- Other revenue (+40%): sales of Oculus & Portal products.
- Deceleration of expense growth: decline in people-related costs (travel, event & amenities) → WFT.
- Had strongest hiring quarter ever adding 4,200 net new hires, primarily in technical functions.
- Lower capex due to pause in data center construction.
 - ↳ Have resumed efforts with proper safety precautions.
- Closed investment with Jio Platforms Limited in July.
- Outlook:
 - ↳ Expect DABs & MAUs to be flat vs. Q2 as shelter-in-place measures ease.
 - ↳ Revenue growth rate in line with Q2 (~10%)
 - ⇒ Continued macroeconomic uncertainty
 - ⇒ Engagement will normalize as regions reopen.
 - ⇒ Advertisers pausing spend related to current boycott reflected in July trends → **Research**
 - ⇒ Headwinds related to ad targeting & measurement including impact of regulations & mobile operating platforms.

QUESTIONS

- ① With so many SMBs struggling, what's driving the resurgence in growth from SMBs in the current environment?
 - A lot of SMBs are struggling but businesses have to pivot online.
 - ↳ New ways to reach consumers & deliver products.
 - You can set up a website & storefront in minutes for free on Facebook services.
 - Acceleration of e-commerce trend.
- ② Facebook Shops → monetization over time: incremental ad dollars or commission fees at checkout?
 - FB & IG are great for discovery and then increasingly are able to drive people down the funnel all the way to purchase.
 - Advertising is such a high margin business that it contributes more to the bottom line than any other fees they might charge.
 - Are focused on increasing the experience people have, going all the way through the funnel to purchase on FB & the experiences businesses can have closing the loop & migrating online.
- ③ WhatsApp Pay in India & Brazil → resistance.
 - Are working with regulators → taking longer than they would ideally like.
- ④ Incredible growth in gaming & streaming. FB recently got Mixer for Microsoft (3rd place in the market)
 - ↳ Value proposition vs. big competitors (Twitch & Youtube)? Monetization over time?
 - ↳ Could gaming become the 3rd leg of the stool, 3rd largest revenue source over time after FB & IG?
 - Value proposition is community / communication.
 - FB is also able to distribute the video & get it to a lot of ppl.
 - Gaming is going to be increasingly important in the future.
 - ↳ Large investments in VR & AR.
 - Gaming also continues to be a top 5 vertical in terms of advertising.
- ⑤ Ad boycotts issue & Political advertising prominence in revenues?
 - FB agrees in that they don't want hate speech → doesn't benefit them or anybody.
 - ↳ Have been working hard & will continue to work hard on identifying & removing.
 - Have worked & continue to talk with civil rights organizations that are boycotting them.
 - Continue working closely with other civil rights organizations as well as civil rights auditor on many improvements FB's trying to make.
 - Also working with industry groups (GARM & MRC).
 - ↳ GARM is working with them to partner on brand safety standards to help them come to definitions & independent oversight for the industry.
 - ↳ MRC is doing an independent brand safety audit.
 - Political ads are just a small part of overall advertising landscape even in election years.