


Facebook Revenue Jumps Again, Buoyed by Mobile Advertising

https://www.wsj.com/articles/facebook-revenue-jumps-again-1485983393?st=b6s2m3vbgccjrx0&reflink=desktopwebshare_permalink

Updated Feb. 1, 2017 at 7:27 pm ET

- Users spent more time watching videos on Facebook and its photo-sharing app Instagram, providing the social media giant with more slots for ads.
- “In most mature markets, to see people come on the platform more often, that’s a very good trend,” said JMP Securities analyst Ron Josey. “And the mature markets are your most profitable.”
- Facebook was at the [center of political discourse](#) during the fourth quarter, as voters, media organizations and presidential candidates flooded the site with posts. Yet political advertising stemming from the U.S. presidential election had a limited effect on Facebook’s business during the quarter, Chief Operating Officer Sheryl Sandberg said during a conference call. Political spending—even in the U.S.—didn’t crack the top 10 advertising categories for Facebook during the fourth quarter, she said.
-  This shows that FB does not necessarily depend from one business and/ or sector but its revenue is distributed between many smaller clients. This give FB's costumer low power while FB has high power and influence over their results and what business they can drive to their website.
- Nearly every product team at Facebook is working on video projects, including a video-centric [app for set-top boxes](#). Facebook is promoting longer videos in its news feed, and late last year, it rolled out a video-only tab for U.S. users.
- Today, Facebook’s users open the app “when they have a few minutes” and want to see what’s going on in the world, Mr. Zuckerberg said. “That’s very different from saying hey, I want to watch video content now. That’s what I think we’re going to unlock with this tab,” he said.
- Separately, a court in Dallas on Wednesday found Oculus guilty of unfairly using the code of a videogame publisher, ZeniMax Media Inc., to build its headset. The court awarded ZeniMax \$500 million.
- Executives on Wednesday reiterated warnings from November that it will stop jamming more ads into the news feed, and expects advertising revenue growth to drop “meaningfully” later this year.

Have We Seen Peak Facebook?

https://www.wsj.com/articles/have-we-seen-peak-facebook-1485991772?st=502kh5c3vxlhwok&reflink=desktopwebshare_permalink

Feb. 1, 2017 at 6:29 pm ET

- The social-networking company’s [fourth-quarter revenue and earnings](#) announced Wednesday were well above analysts’ expectations, but the nature of its growth may soon struggle to support its lofty valuation.
- Facebook’s monthly active user base grew 17% year over year to 1.86 billion users, accelerating from the third quarter’s 15% growth rate. That was a remarkable feat, but the growth in Facebook’s average revenue per user decelerated to 29% from the prior quarter’s 35%. Many of its new users are coming from less developed parts of the world that don’t spend as much on advertising. Indeed, revenue growth slowed even in the revenue powerhouse of U.S. and Canada, where Facebook had average revenue per user of nearly \$20 in the quarter.
- The company already dominates the digital advertising market, along with Alphabet’s Google. To achieve its next leg of growth, it must win over ad dollars from TV.

★ Facebook Loses Virtual-Reality Headset Coding Lawsuit Against ZeniMax

https://www.wsj.com/articles/facebook-loses-virtual-reality-headset-coding-lawsuit-against-zenimax-1485992608?st=hme5ety4utr0jd6&reflink=desktopwebshare_permalink

Feb. 1, 2017 at 6:43 pm ET

- Facebook Inc. and its co-defendants were ordered to pay \$500 million to ZeniMax Media Inc. after a jury found the social network's Oculus VR unit unfairly used ZeniMax code to build a virtual-reality headset.
- The verdict Wednesday was another setback for Oculus, which Facebook bought in 2014 for more than \$2 billion. The unit already was grappling with the bungled launch last year of its Rift virtual-reality headset and mounting competition from HTC Corp. and [Sony](#) Corp.
- Facebook plans to appeal, a spokeswoman said
- Shortly after Facebook's deal for Oculus [was announced](#), ZeniMax sued. The videogame publisher claimed one of its former employees, John Carmack, took proprietary code with him when he joined Oculus. ZeniMax claimed Oculus [improperly used the code](#) and "technical know-how" belonging to ZeniMax to create the Rift headset.
- "It is pretty common when you announce a big deal or do something that all kinds of people just kind of come out of the woodwork and try to claim that they own some portion of the deal," Mr. Zuckerberg said during hours of testimony. "I think, like probably a lot of the people in the court, I had never even heard of ZeniMax before."

Facebook Earnings Enjoy a Nearly \$1 Billion Tax Windfall From Accounting Change

https://www.wsj.com/articles/facebook-earnings-get-near-1-billion-tax-windfall-from-accounting-change-1486044709?st=ln1t23ne4kcp9ga&reflink=desktopwebshare_permalink

Updated Feb. 2, 2017 at 4:35 pm ET

- Facebook Inc.'s 2016 earnings got a boost of more than \$900 million from an accounting change—and the same change could help lift earnings at other technology companies.
- The change, which accounting-rules makers enacted last March, is expected to increase the earnings of companies like Facebook that are heavy users of employee stock compensation and have seen their stock prices rise
- The accounting is changing in several different ways, but most of the effect on earnings has to do with the tax benefits that companies get when their employees exercise the stock options they have been granted.
- Under the old rules, those excess tax benefits go into the company's shareholder equity. But under the FASB change, they will be recognized on the income statement immediately—and that reduces the company's provision for taxes, boosting net income.
- The opposite could also happen—a "tax deficiency" that would lower earnings, if options expire unexercised—though almost all of the companies adopting the change so far have reported benefits.
- The FASB change also boosts Facebook's operating cash flow, because the excess tax benefits are now classified as cash flow from operations instead of from financing. The company's total cash flow remains the same.

CMO Today: Facebook Talks Up Video as Revenue Surges

https://www.wsj.com/articles/cmo-today-facebook-talks-up-video-as-revenue-surges-1486039567?st=8em37xs7rkasmq7&reflink=desktopwebshare_permalink

Feb. 2, 2017 at 7:46 am ET

- But the real key will be that users are spending more time watching video on Facebook and Instagram, which gave it more ad slots to sell. [CEO Mark Zuckerberg called video a "mega trend" that he likened to mobile.](#)
- Facebook also confirmed WSJ's scoop that it will push further into TV-like video content, [as Mr. Zuckerberg said he wants people to come to Facebook regularly for premium shows "they watch episodically week-over-week."](#)

- As the social network runs out of new ad space, growth will slow later this year, but this latest report makes that eventuality seem far off.
- **SNAP INCUBATOR:**
 - [the company is partnering with ad holding company Interpublic Group of Cos. and its digital agency R/GA for a startup investment program](#), which is aiming to find promising companies that will help advertisers craft mobile creative and better collect and crunch mobile data
 - It's the kind of pact that would seem to help Snap execs cozy up to key advertising decision makers while ideally unearthing the next hot marketing tech startup.
- **FACEBOOK'S BLACK BOX:** Advertisers love Facebook for many reasons (size, data, targeting), but the most important reason may be that they know what they are getting, which is no small feat in digital media these days. However, with the Facebook Audience Network—its ambitious play to use its powerful audience data to target ads all over the web—that's not always the case. Like many an ad network, Facebook doesn't necessarily tell advertisers where their ads are going to run or could run. [That's been a deal breaker for ad buying giant GroupM](#), reports MarketingLand. It seems a strange position for Facebook to take considering the broad push among digital marketers for transparency, coupled with Facebook's well-chronicled data mishaps. Facebook is talking about opening up its network to more scrutiny, says MarketingLand, but that would seem to be a modest gesture when companies like GroupM aren't in the mood to give anybody the benefit of the doubt in digital.

☑ A Rival's Shadow Looms Over Snapchat IPO

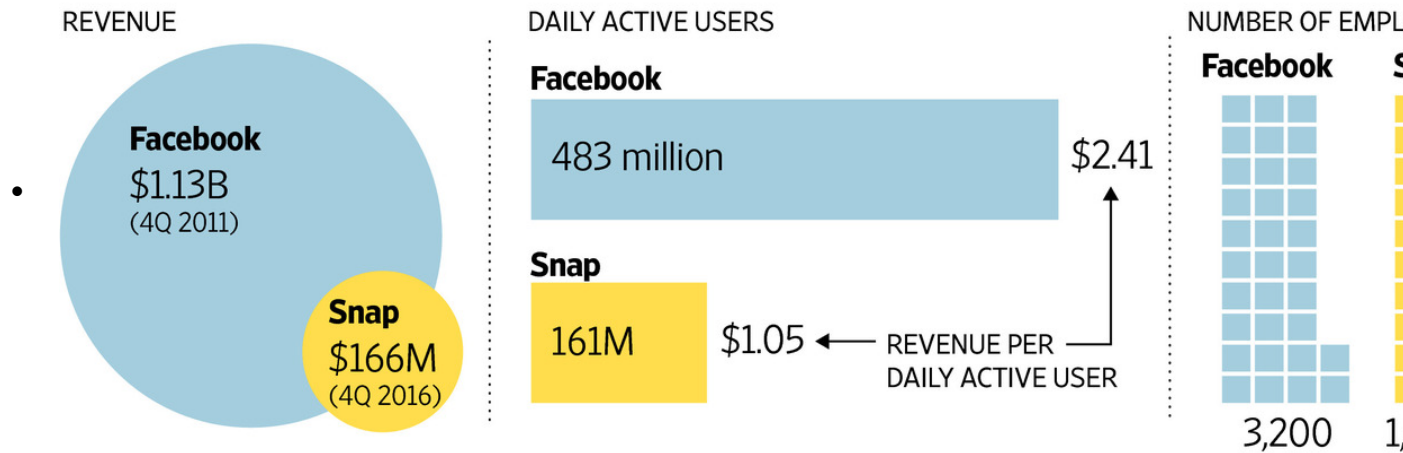
https://www.wsj.com/articles/a-rivals-shadow-looms-over-snapchat-ipo-1486296005?st=8q6j0x6zxnyebc0&reflink=desktopwebshare_permalink

Updated Feb. 6, 2017 at 12:26 am ET

- Two years ago, as Facebook Inc. was struggling to get its users to post more, the social-media giant turned for inspiration to a messaging app called Snapchat.
- Yet for all Snapchat's popularity, it has reason to worry, as Facebook rips pages out of its playbook. Facebook's launch in August of [Stories on Instagram](#) is especially ominous.
- Growth in daily active users of Snapchat is slowing, with users growing by 5% in the last three months of 2016, compared with 11% in the year-earlier quarter.
- Snap and Facebook are chasing the same juicy user demographic: people under the age of 35, who have become increasingly hard to reach with ads in traditional media. Snapchat's ease of use appeals to these consumers and is a big reason why it has become [teens' favorite place to hang out](#).
- Facebook executives were keenly aware of how Snapchat's core features differed from their own. Determined to out-Snap Snapchat, Facebook launched or tested several new features including Stories on Instagram. Users create text, photo and video montages that vanish after 24 hours—remarkably similar to Snapchat's Stories feature, which was introduced a little more than three years ago.

Social Profiles

At the time of their IPO filings, Facebook was larger and about three years older than Snap.



Note: Data are for the quarter immediately preceding the S-1 filing

Source: the companies

THE WALL STREET JOURNAL

- Going it alone, both companies grew rapidly. But users, especially younger ones, were posting less on Facebook even as they spent more time on the site, according to the people familiar with the matter. Internally, Facebook called this the “audience problem,” where users stopped posting for fear of revealing too much to their sprawling Facebook networks, according to those people.
- Meanwhile, Snapchat was gaining traction. It removed psychological barriers to sharing by allowing photos to disappear. A constantly changing variety of photo filters made even sitting on the couch worth capturing.
- Last spring, Mr. Spiegel [started calling Snap a “camera” company](#), rather than a maker of an app. That seemed to intensify Mr. Zuckerberg’s focus on making it easier for users to create content with the Facebook camera. “It lit a fire under him,” one former employee said.

Facebook Community Help Will Connect People With Assistance During Emergencies

https://www.wsj.com/articles/facebook-community-help-will-connect-people-with-assistance-during-emergencies-1486590643?st=x955hfgzveighkx&reflink=desktopwebshare_permalink

Feb. 8, 2017 at 4:50 pm ET

- Facebook Inc.’s Safety Check has become a significant tool within its namesake social network, helping people find out if their friends and family are safe in situations of widespread emergency, such as terrorist attacks or floods. Now, Facebook is expanding Safety Check to offer help to people who are not safe.
- On Wednesday, it announced [Community Help](#), a Safety Check feature that connects people in need with urgent resources such as food, shelter and transportation.
- In the event of a widespread emergency in your area, Facebook activates Safety Check, prompting nearby users to respond. The only options Safety Check offers are “tell friends you’re safe” or “not in the area.” The page also lists friends who’ve either marked themselves safe or not.
- Facebook came up with the idea after seeing people use Facebook groups and posts to offer and organize resources in emergency events, Ms. Gleit wrote.

Facebook Agrees to Audit of its Metrics Following Data Controversy

https://www.wsj.com/articles/facebook-agrees-to-audit-of-its-metrics-following-data-controversy-1486735200?st=nadutibd0h1i8rh&reflink=desktopwebshare_permalink


Updated Feb. 10, 2017 at 9:17 am ET

- Facebook has pledged to undergo audits by the media industry's measurement watchdog, the Media Rating Council, people familiar with the matter say, a move that will likely please ad-industry executives who are skeptical of the tech giant's data-reporting practices.
- Ad executives have been [clamoring for more independent verification](#) of Facebook's metrics, especially after a series of disclosures by the company in recent months [about mistakes in its data](#).
- Ms. Everson informed the group that Facebook plans to provide more granular data to third-party measurement partners such as Integral Ad Science and Moat. That will include metrics such as how many ads in a given campaign are viewable, how long these ads appear on various screens and whether sound was on for video ads.
- That could mean that more Facebook data will be vetted by independent third parties, which advertisers can then use when evaluating media buys on the platform.
- In addition, Ms. Everson pledged that Facebook will undergo MRC-administered audits to help marketers feel that Facebook is more accountable, the people familiar with the matter said.
- "Facebook's actions on media transparency are a positive step forward, particularly coming from one of the largest media players in the industry," he said in a statement. He said he hopes Facebook's move "builds more momentum to create a clean and productive digital media supply chain."

WhatsApp Adds Two-Factor Authentication Security to Popular Messaging App

https://www.wsj.com/articles/whatsapp-adds-two-factor-authentication-security-to-popular-messaging-app-1486757904?reflink=desktopwebshare_permalink

Updated Feb. 10, 2017 at 3:36 pm ET

- WhatsApp's 1.2 billion users now have access to one of the best safeguards any online service can offer: two-step verification.
- This security measure, which requires an extra security code in addition to a password, has long been offered by [Apple, Google, Facebook, Twitter, Microsoft](#) and most other major online companies, services and banks. (Among the exceptions are Amazon and AOL.) Also known as two-factor authentication (2FA) or, in Facebook's case, "login approvals," the feature began rolling out to users Friday on WhatsApp's iOS, Android and Windows apps.
-  This is aligned to FB's goal of being most trust worthy messaging service, an attribute they hope that will give them an advantage vs their competitors. Generally in the market I believe that people are not necessarily aware of what their privacy settings are for their messaging services and therefore this will not be considered important until users start to care and understand.

Startup Backed by Spielberg and Studios Seeks to Create VR Experiences for Malls

https://www.wsj.com/articles/startup-backed-by-spielberg-and-studios-seeks-to-create-vr-experiences-for-malls-1486990802?st=3qhilyg3nc43wfp&reflink=desktopwebshare_permalink

Updated Feb. 13, 2017 at 4:25 pm ET

- A new venture backed by three studios and director Steven Spielberg has raised \$11 million as it aims to launch its first VR storefront at a Los Angeles mall this fall with plans for a wider rollout next year.
- Dreamscape Immersive will feature original VR experiences and ones tied to major film franchises, said co-chairman Walter Parkes, a former DreamWorks motion picture chief and longtime producer.
- The company's technology, developed by Swiss firm Artanim, allows multiple people to interact in a single virtual reality environment. It uses 16 cameras and sensors on as many as six users' hands and feet, making it more advanced than the home systems currently offered by companies such as [Sony](#) Corp. and Facebook Inc.'s Oculus.

- “Studios and shopping centers have the same challenge, to create experiences that draw people in,” Mr. Parkes said in an interview. “That overlap is where we saw an opportunity.”
- Dreamscape’s investors include a trio of large media companies—Time Warner Inc.’s Warner Bros, 21st Century Fox and Metro-Goldwyn-Mayer Inc.—digital and large-screen exhibition company [IMAX Corp.](#), [IMAX -1.68%decrease; red down pointing triangle](#) venture-capital firm Bold Capital Partners and mall chain Westfield Corp.
- Dreamscape’s launch comes as IMAX has just opened its first out-of-home VR experience in Los Angeles, with [plans for expansion](#). It is more similar to the experiences people can get at home, but could still be competitive with Dreamscape.
- Studios have created relatively little VR content in-house thus far, choosing instead to invest in outside companies. [Walt Disney](#) Co. is backing the VR startup Jaunt Inc. and Warner previously invested in the augmented reality company Magic Leap Inc.
- Dreamscape’s chief executive is Bruce Vaughn, who worked at Disney for 23 years, most recently as chief creative officer of the Imagineering group that designs theme-park attractions.
- The startup’s retail locations will feature multiple “pods,” where people can have a VR experience in which they interact with each other and physical objects. Eventually, Dreamscape hopes to move into adjacent businesses where it could use virtual reality such as military and medical training, communications and tourism, said Mr. Parkes.

★☑ Facebook Announces Launch of Television App

https://www.wsj.com/articles/facebook-announces-launch-of-television-app-1487103975?st=a09hg36sph44dut&reflink=desktopwebshare_permalink

Updated Feb. 14, 2017 at 11:22 pm ET

- On Tuesday, the social-media giant announced a soon-to-come app that will allow users to stream videos in their news feed through set-top boxes such as Apple Inc.’s Apple TV and Amazon.com Inc.’s Fire TV as well as Samsung Electronics Co.’s internet-connected TVs.
- The video app, [first reported](#) by The Wall Street Journal, is the latest example of Chief Executive [Mark Zuckerberg](#)’s effort to transform Facebook into a “video-first” company and compete for TV ad dollars.
- Through the new video app, users can watch videos shared by friends or publishers and public figures they follow. It will also showcase top live broadcasts from around the world as well as videos a user has saved to watch later or already watched, shared or uploaded. Facebook also plans to recommend videos to users [based on their interests](#).
- Facebook also made three other video-oriented changes Tuesday, including automatically playing sound in videos in a user’s news feed if the user’s phone isn’t on silent. The same will be true of video ads.

★☑ Instagram Seeks Engineering Staff—From Wall Street

https://www.wsj.com/articles/instagram-seeks-engineering-stafffrom-wall-street-1487163603?st=04g0oz3lua0niio&reflink=desktopwebshare_permalink

Updated Feb. 15, 2017 at 11:24 am ET

- Facebook Inc.’s photo-sharing app plans to double its engineering staff in New York this year to 150 people. In particular, it is looking for machine-learning experts, many of whom work for hedge funds or investment banks. These “recovering quants”—as Instagram co-founder Mike Krieger calls them—will allow Instagram to more personally tailor its feed and other features to its 600 million users.
- The move signals a new stage of growth for Instagram. The expansion of its New York office—which it expects will have half of the company’s engineers by the end of next year—means Instagram can “tackle a broader portfolio of things within the product,” Mr. Krieger said. Instagram is adding more employees more rapidly than ever; it has already outgrown its brand-new offices in Menlo Park, Calif., which opened just last fall.
- Most of Instagram’s New York-based engineers will be experts in machine learning, a branch of artificial intelligence that enables computers to learn from enormous data sets with minimal human input.

- Machine-learning and personalization are at the heart of some of Instagram's top projects, such as [a change to its feed a year ago](#) that replaced its reverse-chronological feed with a ranked feed, reordered with posts Instagram predicted users would find interesting at the top. Facebook has had a ranked feed since 2006.
- Instagram also uses machine learning to assemble its "Top Live" feature, found on the Explore tab, which shows a montage of the best live-videos on Instagram world-wide. Instagram's safety team uses the technology to detect abusive comments.
- These tools came in handy [during last year's launch of Stories](#), a feature that lets users post photos and videos that vanish after 24 hours. The order of the stories at the top of users' feeds is ranked based on Instagram's predictions of what a user will find most interesting.
- Snapchat, the disappearing-chat app owned by Snap Inc., has a similar feature through its own Stories tab, but it is hand-curated.

★☑ Zuckerberg Lays Out Broad Vision for Facebook in 6,000-Word Mission Statement

https://www.wsj.com/articles/zuckerberg-lays-out-broad-vision-for-facebook-in-new-mission-statement-1487279562?st=pl2nls5mq78m3p0&reflink=desktopwebshare_permalink

Updated Feb. 16, 2017 at 7:08 pm ET

- In a nearly 6,000-word manifesto Thursday, Mr. Zuckerberg outlined ambitions for the 13-year-old social network to play a larger role in tackling issues including terrorism, disease and climate change, alongside the work of governments, nonprofit organizations and other companies.
- Facebook is investing more in building products that can alleviate some of these issues, Mr. Zuckerberg wrote, outlining few concrete steps. He also said Facebook was developing tools to more effectively fight the spread of misinformation; detect terrorist propaganda through artificial intelligence, and to promote political engagement, both nationally and globally.
- The post also comes after a trying year at Facebook, which faced criticism for, among other things, the design of its news feed, which put legitimate news sites on equal footing with those peddling misinformation during the U.S. presidential campaign. The company also drew fire for [failing to catch violent live videos](#) and for inconsistently applying its content standards, such as when it [deleted posts containing a famous Vietnam War photo](#) of a naked girl fleeing napalm bombs last fall. After considerable public uproar, Facebook reversed that decision.
- Thursday, Mr. Zuckerberg said fake news and filter bubbles worried him, but a greater concern is "polarization."
- Additionally, Facebook is revamping the way it handles objectionable content to give users the ability to set parameters on how much nudity, violence, profanity and graphic content they can tolerate, Mr. Zuckerberg said. For users who don't take those steps, their settings will default to the content choices made by the majority of users in their region.
- Longer term, Mr. Zuckerberg wants to build artificial intelligence that can detect violent content and terror-recruiting networks. Some of that work can be done now, he said, but major advances are still needed to build effective systems that can catch hate speech, graphic violence or sex.

WhatsApp Adds Snapchat-Like Story Feature Called Status

https://www.wsj.com/articles/whatsapp-adds-snapchat-like-story-feature-called-status-1487610000?reflink=desktopwebshare_permalink

Feb. 20, 2017 at 12:00 pm ET

- WhatsApp's 1.2 billion users will soon find a new feature that looks like it came straight from Snapchat. The Status tool will let people share photos, videos and animated GIFs with friends, all of which will disappear after 24 hours.

- Just like Snapchat and Instagram stories, WhatsApp's ephemeral Status posts can be edited with text, emojis and finger drawings. WhatsApp will give users the option of sending Status postings to their entire contacts list, or to multiple specific users, just as Snapchat and Instagram do.
- Mr. Wieser said that given Snapchat's increasing popularity among teens, millennials and advertisers—not to mention Snap Inc.'s pending \$19.5 billion to \$22.2 billion [initial public offering](#)—Facebook has no other choice but to directly challenge Snapchat, even if that means looking like a copycat.
- When asked about the striking similarity to Snapchat, Randall Sarafa, a WhatsApp product manager overseeing the development of Status, replied that it is about meeting user expectations.
- One of WhatsApp's biggest advantages is the size of its user base. At 1.2 billion monthly active users, WhatsApp is up 200,000 from a year earlier, Mr. Sarafa said. Snap doesn't share Snapchat's [monthly active user numbers](#), but in its pre-IPO S-1 statement, it did report 158 million daily active users on average, as of Dec. 31—up 48% from the year before.
- "WhatsApp has deep penetration in Europe, Asia, Latin America, across age groups. They're popular in places and with age groups that don't use Instagram or Snapchat," Catherine Boyle, a principal analyst at eMarketer, said. "One of Snapchat's biggest challenges will be to reach the people and countries that WhatsApp already reaches."
- But Ms. Boyle said she thinks WhatsApp is taking a risk by adding such a media-intensive feature to its otherwise streamlined app. People like WhatsApp because it feels more like a utility, without so many bells and whistles, she said.
- "When it comes to online ads, Google and Facebook dominate. But advertisers don't want to be reliant on two players," Ms. Boyle said. "If Snapchat keeps growing, it would be awfully tempting for Facebook to place ads inside of WhatsApp's huge audience."
- Mr. Sarafa said that there are no plans to bring advertising to the messaging app.

Snap Tries to Jump-Start Spectacles' Sales as Novelty Fades

https://www.wsj.com/articles/snap-tries-to-jump-start-spectacles-sales-as-novelty-fades-1487595600?st=x9r9pmloqfzg6kv&reflink=desktopwebshare_permalink

Updated Feb. 20, 2017 at 9:11 pm ET

- But Ms. Peretz says she hasn't used the sunglasses for weeks. "Spectacles have become stale," the Los Angeles resident said. "At first it was the statement piece of your outfit. Now it's not."
- On Monday, Snap Inc. is expanding sales of Spectacles by making the sunglasses available to anyone in the U.S. through an online store at Spectacles.com. The launch coincides with the closure of Snap's New York City pop-up store, where as of early February there were often more employees than shoppers.
- But three months after the much-hyped launch, some early adopters say the novelty has worn off. The average price for the gadget on eBay has dropped to about \$180, from more than \$900 in early November, according to e-commerce analytics firm Terapeak Inc.
- Snap has tempered expectations of its first hardware product. Co-founder and CEO Evan Spiegel called Spectacles a "toy" in a [September interview with WSJ Magazine](#), saying the company would roll them out slowly. Snap in December quietly hired Ralph Diaz, the global director of retail operations at sunglasses company Oakley Inc., and installed him in a similar role.
- A move into hardware is a gamble for any internet company, let alone one that has only been around for five years. Managing inventory is a [challenge](#), as is appealing to fickle consumer tastes.
- [Alphabet](#) Inc.'s Google pulled the plug on smartphone manufacturing in 2014 just 22 months after a costly acquisition of [Motorola](#) Inc., and it stopped selling Google Glass video-recording glasses after they drew ridicule. [Amazon.com](#) Inc. has had success with Kindle tablets and Echo speakers, but it failed with a smartphone. Facebook Inc. struggled with last year's launch of its Oculus Rift virtual-reality headset.

★☑ Facebook Slashes the Price of Oculus Rift VR Headset

https://www.wsj.com/articles/facebooks-oculus-cuts-price-of-headset-to-entice-consumers-1488393004?st=r1ku4a42hepl0kv&reflink=desktopwebshare_permalink

Updated March 1, 2017 at 2:59 pm ET

- Facebook Inc.'s Oculus VR is dropping the price of its Rift virtual-reality headset by \$100, in a bid to spur sales after a rocky first year for the device.
- On Wednesday, the Facebook unit said the headset would now cost \$499. The price doesn't include the cost of a computer powerful enough to support the Rift. Oculus also said its Touch motion controllers are now \$99, down from \$199.
- The price cut comes as Oculus, which Facebook bought for more than \$2 billion in 2014, tries to regain momentum after shipping delays and a \$599 price tag hurt the April launch of its highly anticipated Rift goggles.
- In surveys conducted by Oculus, consumers who tried the Rift cited its cost as the main reason they wouldn't buying the headset
- "Our goal is to sell more units more quickly," he said, declining to provide details. "We've said all along making money on the hardware was not our goal."
- Oculus hasn't disclosed sales for the Rift, but industry tracker SuperData Research estimates that about 285,000 units have been sold. [That puts it in third place](#) behind [Sony](#) Corp.'s \$399 PlayStation VR headset and the Vive from [HTC](#) Corp., which costs \$799 and includes controllers.
- Some analysts aren't convinced that a lower price will make a difference for makers of high-end headsets such as the Rift, especially given they require a connection to a powerful computer or game console to work. "We're still talking about something multiples higher than a typical videogame console," said Ben Schachter, an analyst at Macquarie Securities. Content that is highly useful or compelling is just as important as price, if not more, he said.
- Virtual reality still doesn't have a hit game or app that would broaden its appeal to mainstream consumers. [To entice people into creating content](#), Facebook has provided more than \$250 million in funding to developers and plans to dole out \$250 million more over an undisclosed period, in addition to giving technical support.
- Oculus last spring hired Fitbit Inc. operating chief Hans Hartsmann, whose expertise is in supply-chain management, to help lower the cost of virtual reality. In addition to the Rift, the company is working on a stand-alone headset and its technology is already used in [Samsung Electronics](#) Co.'s \$99 Gear VR, which uses a mobile phone as a screen.

☑ Facebook Intensifies Hunt for TV-Like Video Programming

https://www.wsj.com/articles/facebook-intensifies-hunt-for-tv-like-video-programming-1488551106?st=dq4oxfldf3uarkq&reflink=desktopwebshare_permalink

Updated March 3, 2017 at 2:14 pm ET

- The company is mainly interested in weekly series, with episodes lasting up to 30 minutes. One genre Facebook isn't interested in at present is hard news—a fact rankling some news organizations that have dedicated significant resources to previous Facebook video initiatives, including its push into live video.
- Facebook has signaled it is willing to pay for some shows, and can offer a "premium digital rate" for scripted content, or roughly low- to mid-six figures per episode, according to one of the people familiar with the matter. High-budget TV shows from the likes of [Netflix](#) Inc. or major TV networks cost in the range of several million dollars per episode.
- The push on original programming is being led by CollegeHumor founder Ricky Van Veen, who joined Facebook last year. Beyond licensing payments for some content, Mr. Van Veen's team is promising creators a cut of the ad revenue and a prominent spot within the newly launched video tab in the Facebook mobile app, the people familiar with the matter said. Facebook has referred to the feature as "Spotlight" in the discussions.

- By offering content that can be found only on Facebook, Chief Executive [Mark Zuckerberg](#) is hoping the site's two billion monthly users will turn to the platform more often and for longer periods, as they would TV.
- Besides introducing the new video tab, a home for TV-like content, Facebook also launched [an Apple TV app](#) which it described as a way for consumers to "sit back, relax, and enjoy Facebook videos" on their TV sets.
- Facebook, which has been hit with criticism in recent months over alleged liberal bias and being a conduit for fake news, is avoiding hard news altogether for its latest video initiative, the people familiar with the matter said.
- The News Feed might feature short video clips or teaser trailers designed to drive users to long-form content, for example.

★☑ Facebook, Rushing Into Live Video, Wasn't Ready for Its Dark Side

https://www.wsj.com/articles/in-rush-to-live-video-facebook-moved-fast-and-broke-things-1488821247?st=3uks8f4cv5f2w5q&reflink=desktopwebshare_permalink

Updated March 6, 2017 at 2:05 pm ET

- At traditional companies, major product launches often take years. Technology firms, and Facebook in particular, emphasize speed even though they know it means there will be problems to iron out later.
- The live-video rush left unanswered many questions with which Facebook is still wrestling, especially how to decide when violence on camera needs to be censored. According to a tally by The Wall Street Journal, people have used Facebook Live to broadcast at least 50 acts of violence, including murder, suicides and the beating in January of a mentally disabled teenager in Chicago.
- Nearly a year later, many publishers say Facebook Live viewership is lackluster. Facebook is still tinkering with ways for them to earn money from their broadcasts.
- Mr. Zuckerberg, who highlighted feel-good, off-the-cuff videos while trying to get people to try live streaming, [conceded last month](#) that "in the last year, the complexity of the issues we've seen has outstripped our existing processes for governing the community," including its handling of some videos.
- Few technology leaders embody the industry's agility like Mr. Zuckerberg, 32 years old, who has a "high tolerance for ambiguity and a high tolerance for risk," as one former Facebook executive put it.
- Mr. Zuckerberg tries to preserve a startup mentality at Facebook even though it is now valued at nearly \$400 billion. Posters with Facebook's longtime motto "Move fast and break things" dot the headquarters campus, even though the motto was changed three years ago. (The new motto stresses speed and stability.)
- While the Facebook Live team had expected streams of weddings and holiday parties, many videos came from inside classrooms. And the young people who seemed to be taking an interest in Facebook Live were in the same demographic group that was drifting away from Facebook in favor of apps such as disappearing-message service Snapchat.

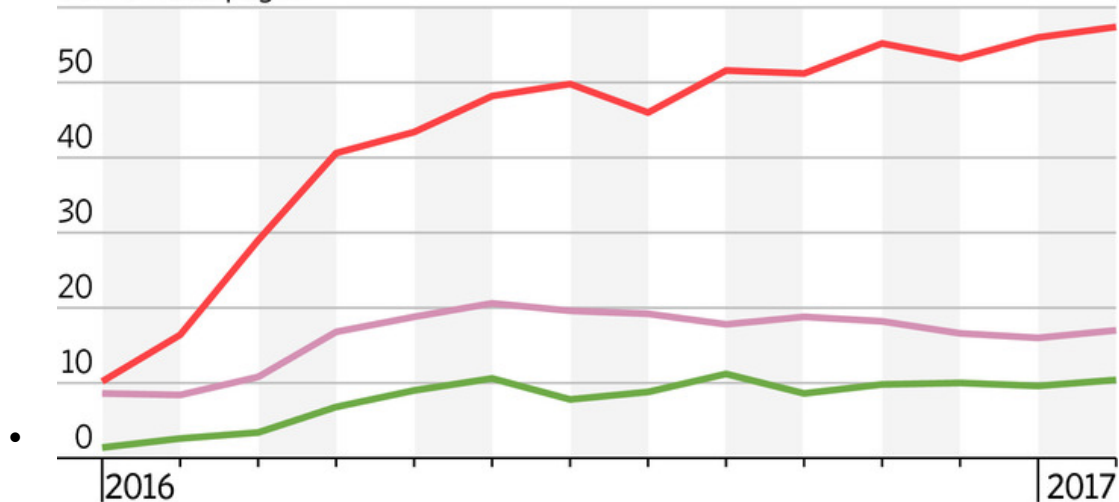
Going Live

Many celebrities, brand names and media outlets have embraced Facebook Live. Facebook promised to pay some live-video creators.

■ Celebrities ■ Brands ■ Media

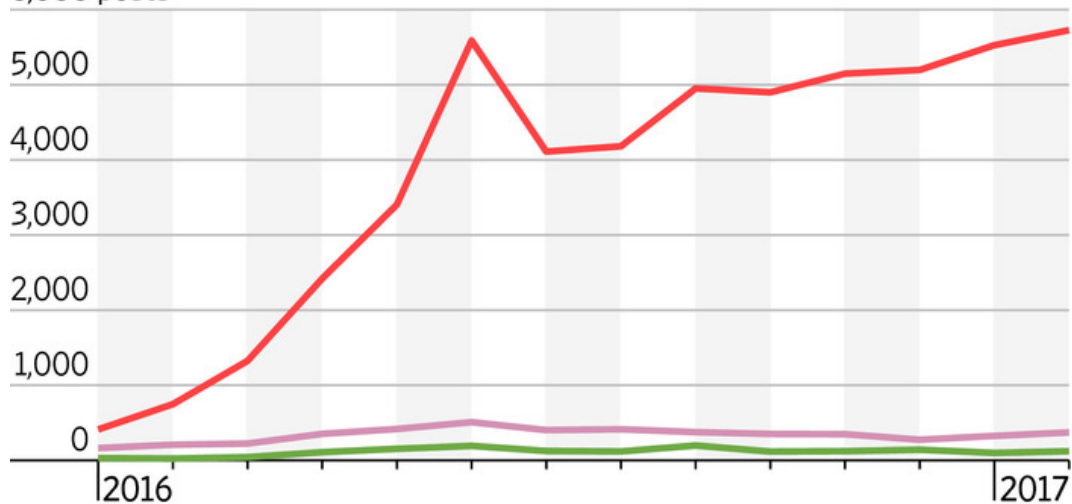
Adoption of Facebook Live

60% of total pages



Live videos posted

6,000 posts



Note: Based on a sample from the 500 largest Facebook pages

Source: Socialbakers

THE WALL STREET JOURNAL.

- Regular users were already broadcasting their own videos, and some were violent. In late March, just before the big rollout, a man in Chicago was shot several times while streaming himself standing in front of a convenience store.
- Facebook removed violent videos, and many employees were confident it could filter out objectionable content. The April push proceeded on schedule, and much of the early attention was grabbed by

whimsical videos, such as employees of online news and entertainment site BuzzFeed [snapping rubber bands](#) around a watermelon until it exploded.

- Current and former employees at Facebook said its content-moderation teams were trained to remove offensive or violent live videos, such as beheadings and pornography. Live videos are handled by a small team of contractors who work around the clock in eight-hour shifts.
- Yet live videos like Ms. Reynolds's fell into a gray area that challenged Facebook's guidelines, which are still evolving, according to other people familiar with the company's review process.
- The problem during the live video of Mr. Castile is that no one at Facebook could predict what was going to happen next. The attention the video immediately received was overwhelming.
- After the controversial live stream, Facebook said in a blog post that live video was a "new and growing format" with "unique challenges." Executives [said in December](#) that Facebook wants artificial-intelligence software to root out inappropriate live videos, perhaps even stopping them midstream. The technology isn't ready.
- Facebook Live still is generating the kind of attention that Facebook doesn't want. Video of the January [attack on the teenager](#) in Chicago stayed on the Facebook page of one of the alleged attackers for at least 23 hours and was viewed more than 16,000 times before Facebook's reviewers intervened.

Facebook Under Fire Over Policing of Questionable Content

https://www.wsj.com/articles/facebook-under-fire-over-policing-of-questionable-content-1488927808?st=pdgig57ubwp9akt&reflink=desktopwebshare_permalink

Updated March 7, 2017 at 6:13 pm ET

- Facebook Inc. is once again on the defensive about how it reviews content on its site after a British Broadcasting Corp. investigation showed it failed to remove 82 of the 100 child exploitation [images flagged](#) by the news service.
- Just 18 of the 100 flagged posts were taken down, the BBC said, adding that Facebook sent automated messages saying the remaining 82 didn't break its community standards.
- The BBC said it wanted to see if Facebook followed its guidelines, so it flagged content that included pages explicitly for men with a sexual interest in children; images of minors in highly sexualized poses, with obscene comments posted beside them; groups with names such as "hot xxxx schoolgirls" containing stolen images of children; and an image that appeared to be a still from a video of child abuse, with a request below it to share "child pornography."
- In an odd twist, Facebook also reported the BBC to law-enforcement officials focused on organized crime, child exploitation and other serious offenses after the news service provided Facebook with screenshots of the images.

Facebook in Soccer Streaming Deal With MLS, Univision

https://www.wsj.com/articles/facebook-in-soccer-streaming-deal-with-mls-univision-1489122001?st=p9su6k3xzxppbb8&reflink=desktopwebshare_permalink

March 10, 2017 at 12:00 am ET

- Facebook Inc. is stepping up efforts to acquire rights to stream professional sporting events, as that content becomes a key element of its strategy to grow its video business.
- The latest move: the social media giant signed a deal with Major League Soccer and Spanish-language broadcaster Univision Communications Inc. that gives it exclusive, English-language rights to stream at least 22 regular-season soccer games in the U.S. The first game will stream on March 18.

- MLS will also produce more than 40 “Matchday Live” analysis shows for Facebook that will be exclusive to the social media giant globally. The games will appear on Univision Deportes’ Facebook page, while the live shows will stream on MLS’ Facebook page.
- But the deal with MLS and Univision is a blueprint for how Facebook can get in the door, said Dan Reed, Facebook’s head of global sports partnerships. “We are actively working with both broadcasters and rightsholders” about similar partnerships, Mr. Reed said.
- Facebook said it is still testing out potential ad revenue-sharing models, such as inserting an ad break in the middle of a live stream. The streams will include unique camera angles optimized for mobile viewing, Facebook-specific commentators, as well as interactive graphics and fan polls.
- The MLS deal pits Facebook against Twitter Inc., which has signed [a raft of deals with sports leagues](#), including Major League Baseball, the National Hockey League, and the National Basketball Association. A year ago, Twitter edged out Facebook, [Verizon Communications](#) Inc., and [Amazon](#) Inc. with a \$10 million deal for the rights to stream [10 National Football League’s Thursday night games](#).

Facebook Bans Use of User Data for Surveillance

https://www.wsj.com/articles/facebook-bans-use-of-user-data-for-surveillance-1489433901?st=b6xnumjb91l5u86&reflink=desktopwebshare_permalink

March 13, 2017 at 3:38 pm ET

- Facebook Inc. said on Monday that data about its users cannot be used for surveillance, cracking down on a method police departments allegedly used to track protesters and activists.
- Geofeedia’s marketing materials, revealed by the ACLU, showed how police were able to track social-media activity in specific neighborhoods and get real-time alerts through Geofeedia. The firm also urged police to follow hashtags on Facebook, Instagram and Twitter Inc. associated with the Black Lives Matter movement.
- The report sparked a debate among advocacy groups over how closely Facebook was monitoring the way third parties used its data, considered one of the world’s richest sources of information on its users.
- By prohibiting the use of its data to track citizens, Facebook is asserting its power in the face of law enforcement. It also reveals the increasingly dominant role it plays in disseminating information.

★☑ U.S. Digital Ad Market to Grow 16% This Year, Led by Facebook and Google

https://www.wsj.com/articles/u-s-digital-ad-market-to-grow-16-this-year-led-by-facebook-and-google-1489489202?st=esoqcc6kclld1g7d&reflink=desktopwebshare_permalink

March 14, 2017 at 7:00 am ET

- Total digital ad spending in the U.S. will increase 16% this year to \$83 billion, led by Google’s continued dominance of the search ad market and Facebook’s growing share of display and mobile ads, according to eMarketer’s latest forecast.
- Google’s U.S. revenue from digital ads is expected to increase about 15% this year, while Facebook’s will jump 32%, more than previously expected, according to the market research company’s latest forecast report.
- But Facebook’s furious growth is also starting to slowly shrink the gap with longtime digital ad king Google. As the overall digital ad industry expands, Google’s share of the U.S. market will shrink slightly to 40.7% in 2017, as Facebook steals share from competitors to reach 19.7% of the market, eMarketer predicts.
- Facebook beats Google, Twitter and Yahoo when it comes to display advertising. The social media giant is on track to boost its U.S. display business to \$16.33 billion this year, with its market share topping 39%. Instagram is helping drive up Facebook’s mobile business, accounting for 20% of Facebook’s U.S. mobile revenue this year, up from 15% last year, according to eMarketer.

- Meanwhile, Twitter's [display ad revenue growth in the U.S. has stalled out](#) and will actually decline 4.7% this year. But the latest social darling, Snapchat, is poised for “explosive growth,” though it will account for only a small piece of the digital ad pie in the U.S., eMarketer expects.
- But the company's ad business, which is made up entirely of mobile display, isn't scooting into third place, behind Google and Facebook, just yet. Snapchat will account for 1.3% of the \$58 billion U.S. mobile ad market this year, compared with 57% for Facebook and Google combined, according to the forecast.
- “Google's dominance in search, especially mobile search, is largely coming from the growing tendency of consumers to turn to their smartphones to look up everything from the details of a product to directions,” Ms. Peart said in the report.
- Google continues to dominate the U.S. mobile ad market, controlling close to one-third of it, while almost one-quarter of mobile ad spending is directed to Facebook.

Google, Facebook Build a Data Highway to Asia— Financed by a Chinese Developer

https://www.wsj.com/articles/google-facebook-build-a-data-highway-to-asiafinanced-by-a-chinese-developer-1489575605?reflink=desktopwebshare_permalink

March 15, 2017 at 7:00 am ET

- A real-estate magnate is financing Google's and Facebook Inc.'s new trans-Pacific internet cable, the first such project that will be majority-owned by a single Chinese company.
- Wei Junkang, 56, is the main financier of [the cable between Los Angeles and Hong Kong](#), a reflection of growing interest from China's investors in high-tech industries. His son, Eric Wei, 33, who grew up in California, is spearheading the half-billion-dollar project, which needs to clear regulatory hurdles.
- It will be the world's highest-capacity internet link between Asia and the U.S
- For [Alphabet](#) Inc.'s Google and Facebook, the undersea cable provides a new data highway to the booming market in Southeast Asia. Google and Facebook, [which are blocked in China](#) but seeking ways back in, declined to comment on market possibilities in China.
- The two Silicon Valley companies, along with [Microsoft](#) Corp., have filled many of the roles phone companies traditionally played by financing their own fiber-optic-cable projects. Executives in charge of the cables say the investments help their cloud-computing operations by cutting out intermediaries, making the companies' networks more reliable and less expensive to run.
- Backers hope to have Pacific Light operating in late 2018. The elder Mr. Wei's company, Pacific Light Data Communication Co., will own 60%, Eric Wei said, and Google and Facebook will each own 20%. The project cost is estimated at \$500 million, and the Chinese company hired U.S. contractor TE SubCom to manufacture and lay the 17-millimeter wide, 7,954-mile long cable.

☑ EU Antitrust Chief Says Companies May Have Misled Regulator for Merger Clearance

https://www.wsj.com/articles/eu-antitrust-chief-says-companies-may-have-misled-regulator-for-merger-clearance-1490375108?st=9h3ves7q3im9pd2&reflink=desktopwebshare_permalink

March 24, 2017 at 1:05 pm ET

- The EU declined to identify the companies under the microscope but indicated the cases involve merger reviews that took place within the past five years. The commissioner said the EU was still deciding whether to file formal accusations outlined in what is called a statement of objections.
- If found guilty in such cases, companies face fines of up to 1% of global revenue. In an unlikely scenario, the EU could also revoke its clearance of the merger if more accurate information could have led to a different decision.

- The EU has already said its case against Facebook won't affect its clearance of the WhatsApp deal, which closed in 2014.
- The commission suspects Facebook inaccurately claimed during the review in 2014 that it couldn't routinely match Facebook and WhatsApp user accounts—something the company started doing two years later when [it began combining user data across the services](#). The antitrust regulator is currently analyzing Facebook's response to the accusations, Ms. Vestager said.
- Such cases are rare in Europe given the threat of fines and other sanctions. Lawyers representing companies in the merger-review process can also be stripped of their licenses to practice law if they are found to have intentionally misled regulators. The EU said that prior to the Facebook case it hadn't pursued such action since new rules that boosted fines came into effect in 2004.

Facebook Wants to Help You Be a Better Citizen

https://www.wsj.com/articles/facebook-wants-to-help-you-be-a-better-citizen-1490630400?st=ux1zkthrw6cs3b8&reflink=desktopwebshare_permalink

Updated March 27, 2017 at 12:40 pm ET

- “Our next focus will be developing the social infrastructure for community—for supporting us, for keeping us safe, for informing us, for civic engagement, and for inclusion of all,” Mr. Zuckerberg wrote in a manifesto last month.
- Facebook has a mixed record in tackling these issues. Its first major voter drive in the U.S. last year helped register more than two million people. But its main product, the News Feed, also had an invisible hand in [spreading misinformation](#) and [contributing to polarization](#) during the election season.
- Town Hall won't address all those concerns, but it offers civic information that can be devilishly hard to track down on your own. On the web, Town Hall is accessible via a blue icon on the right side of members' News Feed. On phones, it lives with other Facebook tools under a button with three vertical bars.
- And now when you post about one of your representatives on Facebook, the social network will prompt you to “share your thoughts directly” by more traditional means—phone, fax or mail. Particularly in Washington, phone calls and faxes from constituents can hold greater sway than emails, tweets and posts.

Facebook, Eye on Snapchat, Adds Camera Features

https://www.wsj.com/articles/facebook-eye-on-snapchat-adds-camera-features-1490702404?st=dvulj0rm6xql5wx&reflink=desktopwebshare_permalink

March 28, 2017 at 8:00 am ET

- On Tuesday, the social-media giant introduced three new camera-centric features to its main Facebook app, including one called Stories that allows users to create photo and video montages that vanish within 24 hours—just like a Snapchat feature of the same name.
- Facebook is also making the camera accessible with one swipe to the right and adding a variety of filters and masks.
- The third feature is a direct-messaging tool.
- Over the past two years, [Facebook has closely studied Snapchat](#) to better understand its appeal among younger users.
- Facebook's mimicry casts a shadow over Snap Inc., which has [said its growth has slowed](#) since Facebook ramped up the pressure. Facebook Stories marks the company's fourth clone of Snapchat Stories—introduced three years ago—since last summer.
- Mr. Hayes acknowledges Snap as the pioneer of the format. He said that users are sharing more often in markets where both Instagram and Facebook Stories have been available in testing.

Facebook's Virtual Reality Boy Wonder Departs

https://www.wsj.com/articles/facebooks-virtual-reality-boy-wonder-departs-1490908869?st=r5ymjvahlpknfh&reflink=desktopwebshare_permalink

Updated March 30, 2017 at 6:25 pm ET

- Facebook Inc. said Palmer Luckey, the co-founder of Oculus VR who had been sidelined for several months after a series of scandals, is leaving the company.
- Mr. Luckey's departure comes after a series of gaffes that strained his relationship with virtual-reality developers and Facebook, [which bought Oculus](#) for more than \$2 billion
- In September, Mr. Luckey [stoked anger for backing a pro-Donald Trump group](#) called Nimble America that paid for ads mocking Hillary Clinton. His \$10,000 donation to the group hit a nerve within the virtual-reality community, and many developers expressed disgust for Nimble America's mission.
- Facebook has kept the founders of its major acquisitions on board, making Mr. Luckey's departure unusual. The social media giant has had smoother relationships with the co-founders of Instagram and WhatsApp.
- In December, Mr. Luckey wasn't given a clear role during a [major reshuffle](#) of Oculus' top executives, which followed the bungled launch earlier in the year of its first headset, the Rift goggles. His co-founder, Brendan Iribe, stepped down as CEO to run the virtual reality unit's PC division. At the time, a spokeswoman confirmed Mr. Luckey was still at the company and that he would have "more to share on his role soon."
- The following month, when Chief Executive [Mark Zuckerberg announced that he had hired](#) technology veteran Hugo Barra to oversee all of Facebook's virtual-reality efforts, including Oculus, there was no additional clarity on Mr. Luckey's role.
- Mr. Luckey briefly resurfaced in January when he testified during a trial in Dallas over whether Oculus had unfairly used code by ZeniMax Media Inc. to build its Rift goggles. The jury sided with ZeniMax and ordered Mr. Luckey, who was named in the lawsuit, to pay \$50 million. Oculus was ordered to pay \$300 million.

Sony Goes Commercial After Virtual-Reality Check on PlayStation VR

https://www.wsj.com/articles/sony-goes-commercial-to-realize-the-potential-of-its-virtual-reality-headset-1491378818?st=ibe1hkso62jm453&reflink=desktopwebshare_permalink

April 5, 2017 at 3:53 am ET

- [Sony](#) Corp. [SONY -0.53%decrease; red down pointing triangle](#) plans to expand marketing of its PlayStation VR virtual-reality headset to commercial customers including entertainment facilities in Japan, people familiar with the matter said, after the technology took hold among consumers at a slower-than-expected pace.
- Since [its introduction in October](#), Sony's PlayStation VR has been the most popular high-end headset for homes, research firm IHS Markit says, but its adoption has mostly been limited to [gadget-savvy game fans](#). The technology remains unfamiliar to many general consumers.
- Some PlayStation users who bought the virtual-reality headset have said they put it aside because of the shortage of new [games designed for virtual reality](#).
- Possible locations for the commercial VR business include videogame arcades, which long ago passed their peak in most countries but remain a niche market in Japan, as well as theme parks and special events, said the people familiar with the matter. Nongame applications may also be studied.
- Sony's rivals in virtual reality have also pursued business-to-business-to-consumer sales for applications such as virtual tours and theme-park attractions. Other virtual-reality devices include Facebook Inc.'s [Oculus Rift](#) and [HTC](#) Corp.'s Vive, as well as the lower-end gadget Gear VR by [Samsung Electronics](#) Co.

Google and Facebook Up the Fight Against Misinformation

https://www.wsj.com/articles/google-and-facebook-up-the-fight-against-misinformation-1491581304?st=upd6kfcms3n2ebm&reflink=desktopwebshare_permalink

April 7, 2017 at 12:08 pm ET

- Google and Facebook Inc. took steps this week to combat the spread of misinformation on their platforms, though carefully stated they aren't themselves arbiters of truth.
- The tech companies have massive reach and influence over billions of users, and for years have been hesitant to police the content on social networks and search results.
- But after the divisive presidential election sparked a proliferation of sources peddling intentionally false or misleading news—often called “fake news”—the companies are [starting to highlight misinformation](#) on their platforms when it is marked as such by trusted third parties.
- Facebook plans to use machine learning to detect fraud and spam accounts, add ways for users to flag a false story, and make it more difficult for people to spread fake news through its advertising platform, the company said.

★ Instagram Finds Focus Under ‘Efficiency Guru’

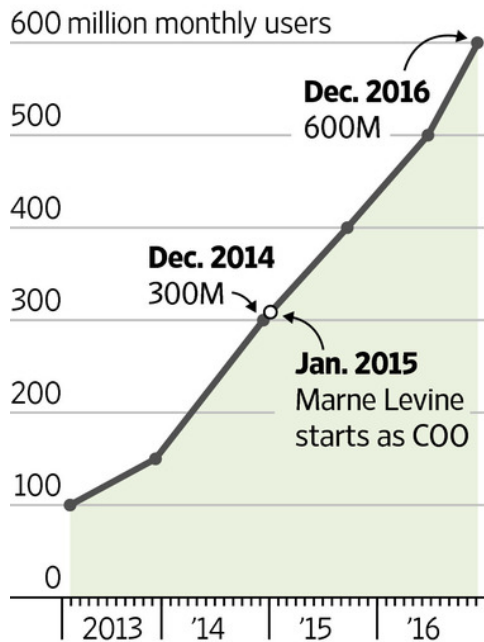
https://www.wsj.com/articles/instagram-finds-focus-under-efficiency-guru-1492075801?st=wxdrkmllipsb77l&reflink=desktopwebshare_permalink

Updated April 13, 2017 at 11:16 am ET

- Since the former White House official arrived in Silicon Valley in early 2015, Ms. Levine has been helping Instagram mature into a full-fledged business. The photo-sharing app owned by Facebook Inc. has hired hundreds of employees, doubled its user base to 600 million, and [made significant changes to its product designed to undercut](#) rival Snap Inc.'s Snapchat. It now has a budget to keep track of spending.
- Kevin Systrom, Instagram's co-founder and chief executive, calls Ms. Levine “an efficiency guru” who has helped the app avoid some of the pitfalls of rapid growth.

Picture This

Instagram's user base has doubled in the two years Marne Levine has been COO.



Source: the company

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- In 2014, Mr. Systrom said he realized he and his co-founder, Mike Krieger, needed help to grow Instagram. [Facebook had bought the startup](#) for \$1 billion two years earlier, when it had just 13 employees. The pressure was on for Instagram to make money and roll out products at a more rapid clip, and the co-founders saw the need for an executive to manage the expansion.
- Mr. Systrom asked Ms. Sandberg for advice and she suggested five or six potential candidates, including Ms. Levine. Instagram's needs dovetailed with Ms. Levine's, who was hungry for a more operational role.
- Once Ms. Levine moved over to Instagram at the beginning of 2015, she dove in with the creation of a formal budget, giving the company a comprehensive view of its spending for the first time. Until that point, executives leading Instagram's various teams didn't communicate regularly about their spending, with different teams hiring in different countries without coordinating.
- Some Facebook employees in policy and partnerships were working part time at Instagram, Ms. Levine discovered, which she thought was an inefficient arrangement. She successfully lobbied Facebook executives, including Ms. Sandberg, for the resources to hire more Instagram-dedicated staff.
- Over Ms. Levine's first year, Instagram's prospects brightened. In October 2015, Instagram estimated it would generate \$200 million in revenue over the next 12 months, but by December, the estimate jumped to \$1 billion, according to a person familiar with the figures. Instagram declined to comment on the figure.
- SunTrust analysts now predict Instagram will generate about \$3.5 billion in revenue this year.
- Ms. Levine's biggest contribution, Mr. Systrom says, is helping Instagram avoid a fate he recalls being described to him by the venture capitalist Ben Horowitz: "Companies break every time they double."

Fake News Tests Facebook Ahead of French Vote

https://www.wsj.com/articles/fake-news-tests-facebook-ahead-of-french-vote-1492215061?st=n0qo1bv130ho9rv&reflink=desktopwebshare_permalink

April 14, 2017 at 8:11 pm ET

- Facebook Inc. says it has ramped up efforts to curb misinformation, including removing accounts and labeling fake news. But video and images disseminating fake news are increasing faster, alongside delays in accrediting Facebook's fact-checking partners.
- But the disclosure raised questions about how swiftly and effectively Facebook has moved to address widespread criticism of its handling of fake news during the U.S. election. "Facebook hasn't really expressed what it wants to take down. What is the worst of the worst?" said Alexios Mantzarlis, head of the International Fact-Checking Network, affiliated with the Poynter Institute, which Facebook has put in charge of vetting groups before they can fact check. "We need a much clearer methodology."
- But social media experts say even a small number of fake accounts can, if properly organized, play an important role in amplifying disinformation, increasing the chances real users will pick up on them and spread them.
- Facebook, in particular, is adamant it doesn't want to play the role of "arbiters of truth," as Chief Executive [Mark Zuckerberg](#) calls it. The Menlo Park, Calif., company faced intense criticism after the 2016 U.S. presidential election for allowing fabricated and made-up news articles to spread unchecked on its platform, such as a story stating that the pope endorsed Donald Trump. Mr. Zuckerberg initially dismissed those concerns, but later acknowledged Facebook must find a way to prevent misinformation from going viral and announced a series of changes to its approach.
- Facebook also said in December it would outsource the delicate task of determining what stories are true or false to five external organizations in the U.S., all associated with Poynter, which can mark certain stories as disputed after enough users flag them. If two or more groups agree a post is false, it carries a "disputed" tag on Facebook and appear lower in users' feeds.
- So far this year, Facebook has partnered with 11 fact-checking organizations in France, Germany and the Netherlands to help slow the spread of misinformation on its platform, an extension of the U.S. program.
- But purveyors of fake news providers are managing to stay one step ahead of Facebook. Facebook only shows its fact-checking partners posts containing links to fake news stories. Much of the fake news being shared uses photos and videos embedded in posts, researchers say. That lets them dodge Facebook's software, which doesn't yet surface videos and images, according to Facebook and fact-checkers. Facebook plans to adapt its software to videos and images, according to a person close to the company.
- Mr. Borowski says fact checking is just a way for mainstream media organizations to denigrate new competition. "They are losing market share because of sites like mine," he says. Fact checking "is just a new way to censor."

Cleveland Murder Video Forces Scrutiny at Facebook

https://www.wsj.com/articles/cleveland-murder-video-raises-pressure-on-facebook-to-better-monitor-content-1492448639?st=8tqu20vax08gtmx&reflink=desktopwebshare_permalink

Updated April 17, 2017 at 7:13 pm ET

- Facebook Inc. is reviewing how it handles objectionable content after a Cleveland man posted a video of a murder on the site, sparking outrage over the social-media giant's failure to more closely monitor violence on its platforms.
- In a blog post Monday, Justin Osofsky, Facebook's vice president of global operations, acknowledged that its content review process is flawed and that it wants to improve how it allows users to flag objectionable content to Facebook. Mr. Osofsky said Facebook is also looking into how the company manages and prioritizes the reported content.
- The video is among the most extreme examples of Facebook's video tools being used to promote or showcase violence. It revives questions about Facebook's readiness to handle sensitive or violent content broadcast live on its platform, the subject of a [Page One article](#) in the Journal last month.
- But content moderation experts say it is difficult for tech companies to uphold their standards because of the sheer amount of content posted online every day and the comparatively small number of content

reviewers. Facebook is [developing technology to detect violent](#) and objectionable content, but understanding what's happening in a video is still complicated for software.

- “Because these processes cannot be easily and reliably automated—particularly those videos that are running as live streams—there is no reason to think that people will not continue to find terrible ways to use the platform,” said Sarah T. Roberts
- “The question that I have is why these consequences were not adequately weighed before the rollout of the Facebook Live tool,” Ms. Roberts added.
- Mr. Zuckerberg made Facebook Live his priority in early 2016 and directed employees to get the product ready for global consumption in two months. The rapid rollout reflected the common approach of product development in Silicon Valley: ship it out and work out the kinks along the way.
- U.S. law generally shields internet companies from liability for material posted on their platforms. But in recent months, Mr. Zuckerberg has said that while Facebook only builds tools for people to communicate, it bears some responsibility for how its technology is used.

Snapchat Unveils Augmented-Reality Feature to Enrich Surroundings

https://www.wsj.com/articles/snapchat-unveils-augmented-reality-feature-to-enrich-surroundings-1492520404?st=1gmjuhnc2fccfew&reflink=desktopwebshare_permalink

April 18, 2017 at 9:00 am ET

- On Tuesday, Snapchat launched an augmented-reality feature that allows users to add special effects to background scenes and surroundings of photos and videos they shoot on their smartphones. Previously, the feature was largely limited to images of faces. The new “lenses” consist of images such as hearts, clouds and short words such as “cute.”
- The benefit for parent company Snap Inc. is that it can obtain more data on products users have around them—potentially valuable to advertisers. Snap could also generate revenue by selling sponsorships for the lenses, [as it does with those users apply to their faces](#).
- Snap has an interest in learning what products users have near them: The company [wants to be able to tell marketers whether their ad campaigns on Snapchat](#) actually influence the behavior of its users. Snap could also discover whether its users visit certain locations, such as stores or restaurants, or whether they like certain products, such as a bottle of Pepsi or a [Nike](#) jersey.
- Until recently, Snap didn't share much data about its users with advertisers. When Snap launched advertising on its social network in 2014, the company said its high-production ads would be fun and informative, “the way ads used to be, before they got creepy and targeted”—a clear shot at Facebook Inc. and [Alphabet](#) Inc.'s Google, which employ extensive user data in advertising.
- Since then, Snap's advertising has become more sophisticated—and targeted. In early April, Snap [rolled out a tool called Snap to Store](#) to help marketers track correlations between users seeing a “snap” tagged with a specific advertiser and a visit to that advertiser in the real world. The tool works by applying a “geofilter” to a snap taken while a user is in a specific store.

Facebook Sets Sights on Augmented Reality

https://www.wsj.com/articles/facebook-sets-sights-on-augmented-reality-1492536654?st=jg6pm0y868tzza8&reflink=desktopwebshare_permalink

Updated April 18, 2017 at 4:22 pm ET

- To [Mark Zuckerberg](#), Pokémon Go wasn't just a fad from last summer. It was a sign that augmented-reality technology was coming more quickly than he expected.
- The mobile game was among the trends that helped the Facebook Inc. chief executive realize that augmented reality might catch on sooner than rival virtual reality technology -- where Mr. Zuckerberg had placed his biggest bet. On Tuesday, Mr. Zuckerberg shifted his view toward augmented reality, which mixes the physical and digital worlds, when he announced at Facebook's annual F8 developers' conference that Facebook would make its augmented-reality tools available to third-parties to create

custom masks, filters and other effects. Early partners include [Nike Inc.](#), [Electronic Arts Inc.](#) and Warner Bros.

- Facebook's focus on augmented reality at F8, which takes place Tuesday and Wednesday in San Jose, Calif., is a major new salvo in Facebook's competition with Snap Inc.'s Snapchat. Facebook's smaller rival popularized simple augmented reality tools, such as Snapchat filters, which overlay masks or dog noses on users' faces. Also on Tuesday, Snapchat [introduced a new feature](#) to capture backgrounds.
- For now, augmented-reality technology remains nascent, Mr. Zuckerberg said. But he predicts that eventually it will open the door to a broader set of services and perhaps one day replace household objects like a television set with \$1 apps.
- But the embrace of more visual forms of communication comes with challenges. Facebook is already struggling to moderate [objectionable videos](#) posted on its site.
- Facebook's other apps, including its two chat apps Messenger and WhatsApp and the photo-sharing app Instagram, are going through a similar shift toward more visual communication. All of Facebook's apps feature a "stories" tool, created by Snapchat, that allows users to post images and videos that vanish in 24 hours.
- But virtual reality has struggled to take off, at Facebook and at other companies developing the technology. Oculus built a headset to experience virtual reality, but it faced production delays and was expensive to purchase. In addition, no game or application has caught on as a must-have that would make a broader audience buy into virtual reality.
- Last year, Mr. Zuckerberg said his biggest takeaway from Pokémon's success was that most people would be introduced to augmented reality through their phones, not through glasses, as he previously expected. That made the barrier to using augmented reality much lower than virtual reality, which leans heavily on costly hardware. (Facebook is still developing augmented-reality glasses.)
- Facebook's focus on virtual reality means it has devoted much less time and investment to augmented reality. It made a minor acquisition last year of a startup called MSQRD, which also creates face filters. Now, in augmented reality, Facebook faces competition from companies like Snap; Microsoft Corp.; which is developing an augmented-reality headset called HoloLens; and Magic Leap Inc., an augmented-reality startup backed by Alphabet Inc.'s Google.
- Snap's new augmented reality feature could allow it to obtain more data on products users have around them—potentially valuable to advertisers. The feature could have the capability of spotting brands in a user's surroundings.

★☒ Mastercard Launches Fast Payments on Facebook Messenger

https://www.wsj.com/articles/mastercard-launches-fast-payments-on-facebook-messenger-1492548114?st=xt3tz8vixth45ae&reflink=desktopwebshare_permalink

April 18, 2017 at 4:41 pm ET

- [Mastercard MA -1.03%decrease; red down pointing triangle](#) said Tuesday that it is adding a new payments option to FacebookMessenger, the social-media company's messaging service.
- The card network added its digital wallet Masterpass on Tuesday, allowing consumers to place online orders on the Facebook's service with just a few clicks. The rollout is in early stages as the service is available with about a handful of merchants, including FreshDirect and Subway.
- The move follows a separate announcement by [PayPal Holdings Inc.](#) Tuesday that it will make its offerings available on [Alphabet Inc.](#)'s Android Pay, marking one of the payment company's biggest steps to bringing its digital wallet to physical stores. PayPal last year announced it would start rolling out its payment service on Facebook Messenger.
- Card networks [Visa](#) and Mastercard are putting resources into expanding consumer and merchant adoption of their digital wallets. Actual usage of these wallets is rising but remains low. Digital wallets account for less than one-hundredth of 1% of all card transactions at this time, according to The Nilson Report.

- With the new Mastercard rollout, consumers can search online merchants on Messenger and then place orders with a chat bot and finish off by paying with Masterpass. The entire purchase occurs online within Messenger, though depending on the store, consumers can pick up the order in a store or have it delivered to them.

Facebook Aims to Connect Directly to Your Brain

https://www.wsj.com/articles/facebook-aims-to-connect-directly-to-your-brain-1492642672?st=wl2g7g5jq9vahkm&reflink=desktopwebshare_permalink

April 19, 2017 at 6:57 pm ET

- Building 8, which was created at last year's F8, has been working on a "brain-computer interface" for several months, Ms. Dugan said. Recent job postings for Building 8 show the unit is hiring engineers for a two-year project "focused on developing advanced (brain-computer interface) technologies."
- Ultimately, the mind-reading technology could help people type 100 words a minute from their minds—about five times faster than we type from our smartphones, Ms. Dugan told developers at the conference in San Jose, Calif.
- Separately, Building 8 also is working on technology that could help people "hear" with their skin, Ms. Dugan said.
- Building 8 tackles Facebook's bleeding edge ideas—way beyond projects such as the [augmented reality technology](#) CEO [Mark Zuckerberg](#) announced Tuesday.
- Facebook hired Ms. Dugan from [Alphabet](#) Inc.'s Google last year with a mandate to develop what she called "[audacious science](#)."
- Billionaire executive Elon Musk has [launched a competing project](#), Neuralink Corp., with the aspiration to upload and download thoughts through implanted tiny brain electrodes.

Thai Man Kills Baby Daughter in Video Posted Live to Facebook

https://www.wsj.com/articles/thai-man-kills-baby-daughter-in-video-posted-live-to-facebook-1493160238?st=4is89chtr0qlowj&reflink=desktopwebshare_permalink

April 25, 2017 at 6:43 pm ET

- A man in Thailand this week live-streamed himself murdering his baby daughter on Facebook, the latest example of the use of the social-media platform to broadcast disturbing, violent videos.
- The incident highlights the global scale of Facebook's challenge in sifting through live video in different languages and countries largely from its offices in Silicon Valley.
- The footage of the killing on Monday was up for about 24 hours before Facebook took it down, according to media reports.
-  Shows the type of violent content that FB has had to deal with through their Live video platform. Controlling content in this platform is much more difficult as FB has no way to predict what a user will do and/ or if it has the potential to become dangerous content.
- In a blog post last week, Justin Osofsky, Facebook's vice president of global operations, acknowledged its content-review process was flawed and that it wanted to improve how it allowed users to flag objectionable content to Facebook. Mr. Osofsky said Facebook was also looking into how the company managed and prioritized the reported content.
- The team of contract workers that Facebook has tasked with handling live video reports for now is located in the Bay Area. It works around the clock in eight-hour shifts. It is unclear how the team works.
- According to a tally of local news reports by The Wall Street Journal, people have used Facebook Live to broadcast more than 60 sensitive or violent videos, including murder, suicide and rape. The episodes include the beating in January of a mentally disabled teenager in Chicago and a gang rape of a woman in Sweden in February.

Sony Finds Success in All the Right Places

https://www.wsj.com/articles/sony-finds-success-in-all-the-right-places-1493377529?st=942f1rziqjbw1m0&reflink=desktopwebshare_permalink

April 28, 2017 at 7:05 am ET

- There could be unexpected upside from [Sony's foray into one of the hottest technologies](#) of the moment, virtual reality. Sales of the company's virtual-reality goggles, PlayStation VR, have ramped up slowly so far, selling only around a million units as of February, but that has already [dwarfed the sales of rivals](#) including Facebook's Oculus and HTC. A better lineup of games could speed up adoption.

How Small Firms Can Use Pinterest and Facebook to Sell Directly to Customers

https://www.wsj.com/articles/how-small-firms-can-use-pinterest-and-facebook-to-sell-directly-to-customers-1493605265?reflink=desktopwebshare_permalink

Updated April 30, 2017 at 11:02 pm ET

- As social sites seek new sources of income—and people demand ever more convenient ways to buy online—they're giving companies the option to add "buy" buttons to their posts. And some small businesses are already seeing encouraging gains from this new capability, boosting sales by leveraging the close contact they have with customers on social sites.
- But experts warn that businesses should take a soft and helpful tone when reaching out, because customers can get turned off when companies try to use social media to push them into making impulse buys.
- The idea of buying straight from posts on social media isn't exactly new. But only now is the practice becoming feasible as third-party companies like Shopify and BigCommerce—or in the case of Pinterest, the site itself—make it easier to set up the purchasing options and handle the back-end processing.
- Companies pay the third-party companies a subscription fee, but the social sites aren't charging anything yet to monetize posts.
- On Instagram and Pinterest, companies post photos the way anybody else does, and people find the pictures the way they find any other photos: searching by keyword or seeing what their friends have marked as interesting—"pinned"—or otherwise shared. The only difference is that people have the option to buy items companies have posted.
- On Facebook, customers arrive at company pages either by searching on keywords or by joining a group devoted to the company. Purchasable items are found by clicking the shop tab, and the transactions are handled by manually entering credit-card numbers that can be stored for later use. Facebook doesn't charge for the transaction.
- The experts suggest that companies ease customers into the idea of buying on social media by gently letting them know, since the majority of online users are not even aware that they have the option to make direct purchases on social media.
- On Pinterest and Instagram, for instance, users are usually looking for ideas or inspiration, not to buy. Companies should not put aggressive sales pitches in the comments to photos, where most of the conversations on Pinterest and Instagram take place.
- Avoiding sales pitches is one thing. But companies should also be sure to post compelling content on these social-commerce storefronts that gives users a reason to visit, experts say. On Instagram or Facebook, that might mean streaming live video. In a Facebook shop, companies might offer a free PDF instructional guide for the product, along with a coupon.