ANNIE TA

Facebook, Past and Present: Part I

Building a mission and building a business go hand in hand. The primary thing that excites me is the mission. But we have always had a healthy understanding that we need to do both.

⸺ Mark Zuckerberg

Annie Ta felt like the luckiest person on earth. She had just graduated from Stanford and had landed a job at Facebook, a young but high-velocity startup, in 2007. Just three short years prior, the company had been founded on the Harvard campus and had rocketed to almost 100 million registered users. It was a type of hypergrowth and engagement that had never been seen before. By 2007 when Ta joined, Facebook had over 100,000 business and was beginning to figure out how it would monetize a platform that was quickly becoming the leading social network.

 Pledging in its mission to "make the world more open and connected," Facebook by 2007 also faced high investor expectations. In April 2005, Accel Partners agreed to make a $12.7 million venture capital investment in a deal that valued Facebook at $98 million. In April 2006, Facebook closed its Series B funding round, raising $27.5 million led by Greylock, valuing the company at about $500 million.[1]

With the sale of social networking website MySpace to News Corp on July 19, 2005, rumors surfaced about the possible sale of Facebook to a larger media company. Zuckerberg had already stated that he did not want to sell the company, and denied rumors to the contrary. On March 28, 2006, *BusinessWeek* reported that a potential acquisition of Facebook was under negotiation. Facebook reportedly declined an offer of $750 million from an unknown bidder, and it was rumored the asking price rose as high as $2 billion.

In September 2006, serious talks between Facebook and Yahoo! took place concerning acquisition of Facebook, with prices reaching as high as $1 billion. A Facebook board member indicated that Facebook's internal valuation was around $8 billion based on its projected revenues of $1 billion by 2015, comparable to Viacom's MTV brand, a company with a shared target demographic audience.

On October 24, 2007, Microsoft announced that it had purchased a 1.6% share of Facebook for $240 million, giving Facebook a total implied value of around $15 billion. And then in November 2007, Hong Kong billionaire Li Ka-shing invested $60 million in Facebook. Expectations for the company came fast and furious.

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[1] History and funding history of Facebook excerpted from https://en.wikipedia.org/wiki/History_of_Facebook.

It was in this environment that Annie Ta joined the company as one of the first members of its public relations team. Ta led PR for all new business products, developed and promoted Facebook's narrative as it monetized businesses and its mobile app, and expanded internationally. Shortly after Ta joined Facebook, Facebook crossed 100 million users. By the time Ta left Facebook in 2012, the company had grown a full order of magnitude: it became the first social network in history to have more than 1 billion users.

Ta helped to launch several foundational Facebook technologies that would lay the groundwork for the company's utter dominance in future years. As she excitedly worked on product and company announcements that she was convinced would be positive for herself and the company, a bright future beckoned – or so she thought. (See **Exhibits 1, 2, and 3** for examples of announcements that Ta led.)

Exhibit 1: Facebook Connect allowed Facebook to share users' "real names and real identities" with third-party advertisers and websites in a construct it called "dynamic privacy." (May 9, 2008)

Announcing Facebook Connect

At Facebook, we're committed to enabling people to communicate and stay connected wherever they go.

In August 2006, we introduced the first version of the Facebook API, enabling users to share their information with the third party websites and applications they choose. Hundreds of companies have leveraged these APIs, allowing users to dynamically connect their identity information from Facebook, such as basic profile, friends, photos information and more, to third party websites, as well as desktop and mobile applications.

In May 2007, we launched Facebook Platform, which allowed third party developers to build rich social applications within Facebook. More than 350,000 developers and entrepreneurs from 225 countries have signed up, and started developing applications, and have seen significant adoption by Facebook users worldwide.

Today we are announcing Facebook Connect. Facebook Connect is the next iteration of Facebook Platform that allows users to "connect" their Facebook identity, friends and privacy to any site. This will now enable third party websites to implement and offer even more features of Facebook Platform off of Facebook – similar to features available to third party applications today on Facebook.

Here are just a few of the coming features of Facebook Connect:

Trusted Authentication
Users will be able to connect their Facebook account with any partner website using a trusted authentication method. Whether at login, or anywhere else a developer would like to add social context, the user will be able to authenticate and connect their account in a trusted environment. The user will have total control of the permissions granted.

Real Identity
Facebook users represent themselves with their real names and real identities. With Facebook Connect, users can bring their real identity information with them wherever they go on the Web, including: basic profile information, profile picture, name, friends, photos, events, groups, and more.

Friends Access
Users count on Facebook to stay connected to their friends and family. With Facebook Connect, users can take their friends with them wherever they go on the Web. Developers will be able to add rich social context to their websites. Developers will even be able to dynamically show which of their Facebook friends already have accounts on their sites.

Dynamic Privacy
As a user moves around the open Web, their privacy settings will follow, ensuring that users'

information and privacy rules are always up-to-date. For example, if a user changes their profile picture, or removes a friend connection, this will be automatically updated in the external website.

These are just a few steps Facebook is taking to make the vision of data portability a reality for users worldwide. We believe the next evolution of data portability is about much more than data. It's about giving users the ability to take their identity and friends with them around the Web, while being able to trust that their information is always up to date and always protected by their privacy settings.

We look forward to working with other leading identity providers to develop the best policies and standards for enabling the portability and protection of users' information.

We expect that Facebook Connect will be available publicly within the next several weeks. If you want to learn more about bringing Facebook users to your website, application or device, send us an email at: connect@facebook.com.

Exhibit 2: Implementation of enhanced "Like" button features allowed users to disclose their preferences more easily. (September 9, 2010)

New Like Button Features Mean More Opportunities for Liking

Since we launched social plugins in April, we've been listening to user feedback and working with developers to optimize the Like button to make it as seamless as possible for people to like content around the web and share it with their friends.

Today, we're officially launching three new updates for the Like button:

- The ability to like canvas URLs for Facebook applications that represent things such as a cause, movie, or any other real world object
- The ability to link a Like button to a Facebook Page
- "Box count" layout that displays the total number of likes above the button

Enabling the Like button for canvas URLs on Facebook
Based on feedback from the developer community, we're making it possible to like content within an application on Facebook. Now your users can like pages within your application just as they've been doing with Facebook Pages, and other pages on the web.

The resulting News Feed story will link directly back to the application, giving users more opportunities for liking content on Facebook.

To implement this feature, add Open Graph protocol<meta> tags in the <head> of the IFramed page or the canvas endpoint. Your canvas application's ID will be automatically added as the fb:app_id. The og:url automatically points to your apps.facebook.com URL, and the og:site_name will be filled in as your application's name.

For example, if you're interested in gaining distribution for content or giving users the ability to like a virtual good, add the following pieces of the Open Graph protocol:

- og:title - The title of your object
- og:image - An image URL which should represent your object. The image must be at least 50px by 50px and have a maximum aspect ratio of 3:1.

If you have a real-world object that expects to publish updates to users (e.g., a cause, movie, product), include the og:type tag with the appropriate type. You can verify that the Open Graph tags have been entered correctly by using the URL Linter.

Enabling the Like button for Facebook Pages
We've also made it possible for the Like button to link to Facebook Pages. Page owners now have the option of either using the Like button or Like Box to generate connections. Simply enter the Facebook Page URL into the configurator.

Displaying Number of Likes with New "box count" Layout

We've added another layout option that shows the total number of likes above the button. Simply include layout="box_count" to get this button and your website visitors will have an easy view into how popular a piece of content is. Use the configurator and select the "box count" layout style.

This layout provides another option to suit different website designs. To determine which Like button is most effective at driving referral traffic for your site, use our ref attribute for tracking.

We're continuing to develop features for the Like button and look forward to your comments in the Forum.

Exhibit 3: Facebook Exchange is launched, a "more aggressive advertising mechanism," in which users "can't opt out of completely." (June 13, 2012)

[Facebook Exchange: A New Way For Advertisers To Target Specific Users With Real-Time Bid Ads](#)

Facebook is testing and will soon launch Facebook Exchange, a real-time bidding ad system where visitors to third-party websites are marked with a cookie, and can then be shown real-time bid ads related to their web browsing when they return to Facebook. This retargeting option could be a huge money maker for Facebook as it will allow for more relevant direct advertising.

For example a travel site could serve ads about a flight to Hawaii to someone who almost bought a flight on their site. Advertisers might pay big premiums for highly-accurate targeting. Users will be able to opt out of Facebook Exchange via third-party demand-side platforms, but they can't opt out of the program completely from within the social network.

Facebook just notified TechCrunch that Exchange is currently in testing with eight advertising demand-side platforms, and it will become more widely available in the next few weeks for traditional Facebook sidebar ads charged at cost-per-thousand-impressions, but not Sponsored Stories or mobile.

The demand-side platforms currently testing Facebook Exchange, or FBX as some Facebook employees are calling it internally, are: TellApart, Triggit, Turn, DataXu, MediaMath, AppNexus, TheTradeDesk, and AdRoll.

Here's how Facebook Exchange works:

1. A user visits a travel site that's hired a DSP rigged up with Facebook Exchange
2. A cookie is dropped on that user's computer, typically when they've shown purchase intent
3. If the user fails to make a purchase, or the advertiser wants to market to them more, the DSP contacts Facebook and gives them the user they wish to target's anonymous User ID
4. The advertiser pre-loads creative for ads that would target that user
5. When the user visits Facebook it recognizes the cookie dropped by the DSP
6. The DSP is notified and allowed to make a real-time bid to show the user ads
7. The DSPs with the highest bids get their highly-targeted ads shown to the user
8. If the user disapproves of being shown the ad and 'X's it out, they're shown a link to the DSP where they can opt out of future Facebook Exchange ads

Visitors To Ford's Escape SUV Page Could Be Marked With A Cookie, and Then Shown Ford Escape Ads On Facebook
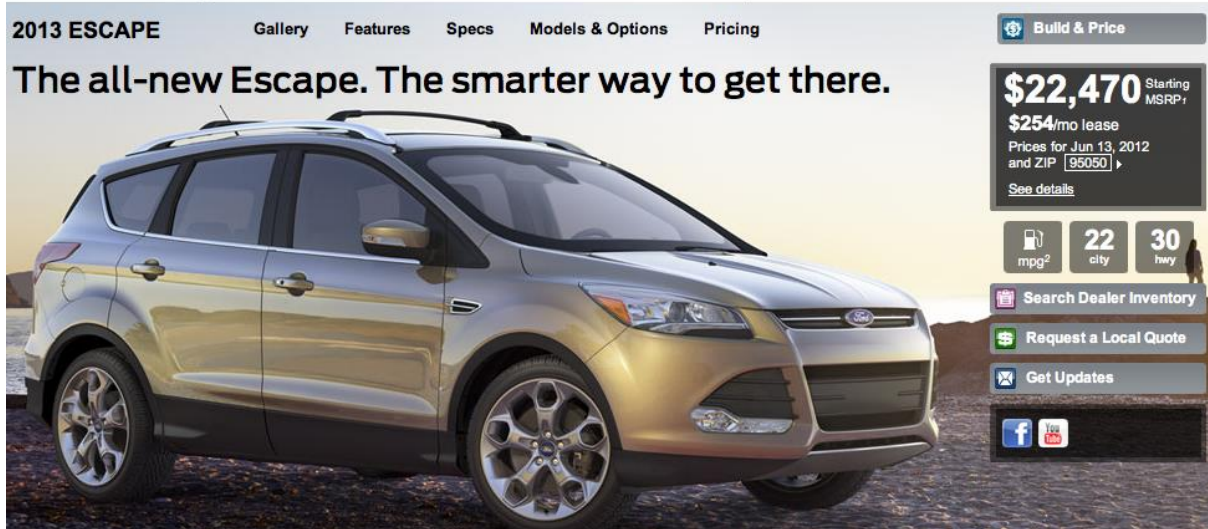
Facebook's Annie Ta tells me the idea behind Exchange is to let advertisers show users more relevant ads. To date, Facebook has been generally viewed as a home for institutional or brand advertising. However, it's seen as much less useful to direct marketers than search ads because users on Facebook haven't shown purchase intent as when they search for a related keyword on engines like Google.

Facebook Exchange could change all that.

For example, Ford could drop a cookie on a user who looks at the new Escape SUV on its website, but doesn't request a local quote. Then Ford could bid to show that user ads stating "Ford Escape: Just $21,000". These would be much more relevant than generic Ford ads showing sedans or trucks that the user might not be interested in. And Ford would likely be willing to pay a high price to reach that qualified lead.

[Update: As Bloomberg's Douglas MacMillan notes, FBX could also power time-sensitive advertising because ads are bid on and delivered to users in real-time as the browse the site. That permits urgent advertising, such as ads directing users to a turn on currently airing TV show or sporting event.]
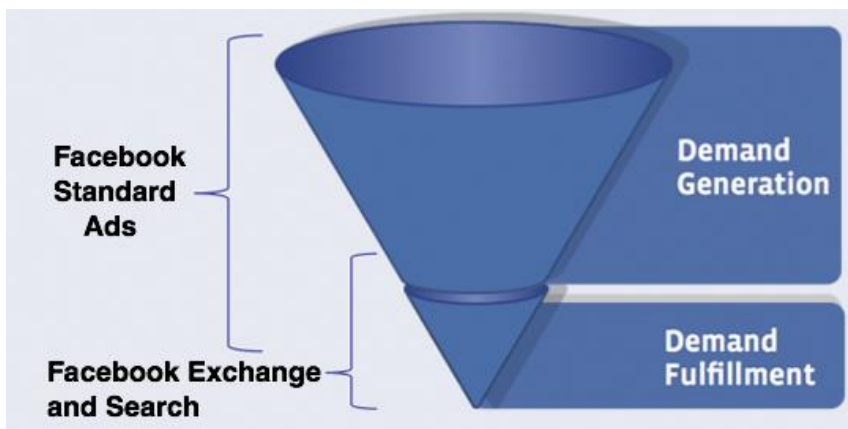
Facebook may make some users uneasy in order to cash in on this new revenue stream, though. Cookie-based ad retargeting is common across the web, and Facebook is going the protecting privacy by not allowing advertisers to combine cookie retargeting with the with the extensive biographical, social, and behavioral data Facebook has on its users. Still, some people just dislike being targeted. Those people will be able to use a third-party opt-out on the sites of demand-side platforms to stop receiving the cookies.

However, I asked if Facebook would offer users an easy, one-click way to deny the social network the ability to target them based on cookies from all DSPs, and it said that won't be offered for now. That's in part because it can't control whether DSPs drop cookies or not, though it can make the call of whether to use them. Not allowing retargeting to be combined with Facebook's own ad targeting data is a pretty strong privacy protection, and makes Facebook Exchange ads the same as any other retargeted ads around the web.

If investors were looking for clues as to how Facebook could ever get to the $104 billion valuation it IPO'd at, Facebook Exchange should excite them. It shows Facebook is willing to shift towards slightly more aggressive advertising mechanisms.

While just a year ago Facebook ad targeting was only based on user-entered personal information and interests, now both browsing behavior and activity within apps, for example listening to a specific artist on Spotify. Facebook already leads the overall US display advertising market which totaled $12.4 billion in 2011, with the social network's share of market revenue growing to 14% in 2011 from 11.5% in 2010. If Facebook Exchange gains traction, Facebook could beat eMarketer's estimate that Facebook's share will grow to 16.8% of the predicted $15.39 billion market in 2012.

But most importantly for the long-term health of Facebook, FBX means that users could see more ads for things they actually want to buy, rather than viewing the ads as annoying distractions.