

ESTTA Tracking number: **ESTTA478212**

Filing date: **06/14/2012**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91198355
Party	Plaintiff Facebook, Inc.
Correspondence Address	JEFFREY T NORBERG COOLEY LLP 777 6TH ST NW, SUITE 1100 WASHINGTON, DC 20001 UNITED STATES trademarks@cooley.com, krobinson@cooley.com, gcharlston@cooley.com, nmcMahon@cooley.com, jnorberg@cooley.com, mweiand@cooley.com, peckah@cooley.com
Submission	Testimony For Plaintiff
Filer's Name	Brendan J. Hughes
Filer's e-mail	bhughes@cooley.com, vbadolato@cooley.com
Signature	/Brendan J. Hughes/
Date	06/14/2012
Attachments	Redacted Yu Trial Ex 2 - 5.pdf (38 pages)(5187745 bytes)

Exhibit 2



Email Password

☐ Keep me logged in

[Forgot your password?](#)

[Blog](#) [About](#) [Press Releases RSS](#)

Timeline

COMPANY

[Press Room](#)

[Factsheet](#)

[Statistics](#)

[Timeline](#)

[Management Team](#)

[Founder Bios](#)

[Platform](#)

[B-Roll](#)

[Press Releases & Announce...](#)

CONTACTS

[Speaker Requests](#)

[Interview Requests](#)

[Facebook Stories](#)

2011

July

Facebook reaches over 750 million active users

2010

August

Facebook launches Places

July

Facebook reaches over 500 million active users

July

Facebook launches beta of Questions

February

Facebook reaches over 400 million active users

2009

December

Facebook reaches over 350 million active users

September

Facebook reaches over 300 million active users

August

Facebook acquires FriendFeed

July

Facebook reaches over 250 million active users

EXHIBIT 2
Ashley Scovyn, CSR No. 12019
Date: 12/22/11
Witness: YU

June	Facebook launches Facebook Usernames
May	Digital Sky Technologies makes a \$200 million investment for preferred stock at a \$10 billion valuation
April	Facebook reaches over 200 million active users
February	Facebook reaches over 175 million active users
	Facebook joins OpenID board
	"Like" feature added
January	Facebook reaches over 150 million active users
	CNN Live/Facebook integration
2008	
December	Facebook Connect becomes generally available
August	Facebook reaches over 100 million active users
April	Facebook launches Facebook Chat
	Facebook releases Translation application to 21 additional languages
March	Facebook updates privacy controls to include Friend List privacy
	Facebook launches in German
February	Facebook launches in Spanish and French
January	Facebook co-sponsors Presidential Debates with ABC News
2007	
November	Facebook launches Facebook Ads

October	Facebook reaches over 50 million active users Facebook launches Facebook Platform for Mobile Facebook and Microsoft expand advertising deal to cover international markets; Microsoft takes a \$240 million equity stake in Facebook
July	Facebook acquires startup ParaKey
May	Facebook launches Marketplace application for classified listings Facebook hosts F8 event to launch Facebook Platform Facebook Platform launches with 65 developer partners and over 85 applications
April	Facebook reaches 20 million active users Facebook updates site design and adds network portals
March	Facebook reaches over 2 million active Canadian users and 1 million active UK users
February	Virtual gift shop launches as a feature
2006	
December	Facebook reaches more than 12 million active users
November	Share feature added on Facebook, simultaneously launched on over 20 partner sites
September	News Feed and Mini-Feed are introduced with additional privacy controls Facebook expands registration so anyone can join
August	Facebook development platform launches Notes application is introduced Facebook and Microsoft form strategic relationship for banner ad syndication
May	Facebook expands to add work networks
April	

Facebook raises \$27.5 million from Greylock Partners, Meritech Capital Partners and others
Facebook Mobile feature launches

2005

December

Facebook reaches more than 5.5 million active users

October

Photos is added as an application

Facebook begins to add international school networks

September

Facebook expands to add high school networks

August

The company officially changes its name to Facebook from thefacebook.com

May

Facebook raises \$12.7 million in venture capital from Accel Partners;

Facebook grows to support more than 800 college networks

2004

December

Facebook reaches nearly 1 million active users

September

Groups application is added; the Wall is added as a Profile feature

June

Facebook moves its base of operations to Palo Alto, Calif.

March

Facebook expands from Harvard to Stanford, Columbia and Yale

February

Mark Zuckerberg and co-founders Dustin Moskovitz, Chris Hughes and Eduardo Saverin launch Facebook from their Harvard dorm room

Facebook © 2011 · English (US)

Mobile · Find Friends · Badges · People · Pages · About · Advertising · Create a Page · Developers · Careers · Terms

Exhibit 3



Email

Password

☐ Keep me logged in

[Forgot your password?](#)

Statistics

[Blog](#) [About](#) [Press Releases RSS](#)

COMPANY

- [Press Room](#)
- [Factsheet](#)
- [Statistics](#)
- [Timeline](#)
- [Management Team](#)
- [Founder Bios](#)
- [Platform](#)
- [B-Roll](#)
- [Press Releases & Announce...](#)

CONTACTS

- [Speaker Requests](#)
- [Interview Requests](#)
- [Facebook Stories](#)

People on Facebook

More than 800 million active users
 More than 50% of our active users log on to Facebook in any given day
 Average user has 130 friends

Activity on Facebook

More than 900 million objects that people interact with (pages, groups, events and community pages)
 Average user is connected to 80 community pages, groups and events
 On average, more than 250 million photos are uploaded per day

Global Reach

More than 70 languages available on the site
 More than 75% of users are outside of the United States
 Over 300,000 users helped translate the site through the translations application

Platform

On average, people on Facebook install apps more than 20 million times every day
 Every month, more than 500 million people use an app on Facebook or experience Facebook Platform on other websites
 More than 7 million apps and websites are integrated with Facebook

Mobile

More than 350 million active users currently access Facebook through their mobile devices
 More than 475 mobile operators globally work to deploy and promote Facebook mobile products

EXHIBIT 3
 Ashley Seay, CSR No. 12019
 Date 10/22/11
 Witness: YU

Exhibit 4

DOUBLE ISSUE

DECEMBER 27, 2010 / JANUARY

Person of the Year

TIME

**Facebook's
Mark
Zuckerberg**
THE CONNECTOR

$\Delta \pi$ EXHIBIT 4

Deponent yo

Date 12/22/11 Rptr. Soavyn

WWW.DEPOBOOK.COM

\$5.99US \$6.99CAN



0 72440 10092 3

14 | 10 QUESTIONS

Ben Bernanke

16 | INBOX

BRIEFING

19 | VERBATIM

Unforgettable quotes
of 2010

20 | THE MOMENTS

Forty-nine images that
captured the news
events we couldn't
look away from

22 | WORLD From

Haiti to North Korea,
the most important
international stories

26 | NATION The Gulf,

immigration, health
care and more; the U.S.
stories of the year

30 | AT THE WATERCOOLER

Fifty conversation
starters of 2010

32 | NEWSMAKERS The

highs and lows of
2010's most notable
figures

34 | 15 MINUTES Of

fame, that is. A look
back at who had a brief
turn in the spotlight

COMMENTARY

39 | WORLDVIEW Fareed

Zakaria on the coming
threat from global
microterrorismON THE COVER
AND ABOVE:Photographs by Martin
Schoeller for TIME

His own best customer At 26, Facebook CEO Mark Zuckerberg has already built a company that brings together more than 550 million people

Person of the Year | Mark Zuckerberg

43 | **The Case** How Zuckerberg and Facebook are changing our lives
by Richard Stengel

44 | **Manifest Destiny** Facebook connects a network of people that's larger than every country except China and India. Along the way, the company is realizing its founder's vision of a more empathetic and less private world
by Lev Grossman

TIME (ISSN 0040-781X) is published weekly, except for two issues combined at year-end, by Time Inc. Principal Office: Time & Life Building, Rockefeller Center, New York, N.Y. 10020-1293. Jack Griffin, Chairman, CEO. Periodicals postage paid at New York, New York, and at additional mailing offices. Canada Post Publications Mail Agreement No. 40110178. Return undeliverable Canada addresses to: Postal Sin A, P.O. Box 4322, Toronto, Ont., M5W 3G9. GST #122781974PT © 2010 Time Inc. All rights reserved. Reproduction in whole or in part without written permission is prohibited. TIME and the Red Border Design are protected through trademark registration in the United States and in the foreign countries where TIME magazine circulates. U.S. subscriptions: \$49 for one year. Subscribers: If the Postal Service alerts us that your magazine is undeliverable, we have no further obligation unless we receive a corrected address within two years. Postmaster: Send address changes to TIME, P.O. Box 30601, Tampa, Fla. 33630-0601. CUSTOMER SERVICE AND SUBSCRIPTIONS—For 24/7 service, please use our website: www.time.com/customer-service. You can also call 1-800-843-TIME or write to TIME at P.O. Box 30601, Tampa, Fla. 33630-0601. Mailing list: We make a portion of our mailing list available to reputable firms. If you would prefer that we not include your name, please call, or write us at P.O. Box 60001, Tampa, Fla. 33630, or send us an e-mail at privacy@time.customersvc.com. Printed in the U.S.

The 2010 Person of the Year

Only Connect. Mark Zuckerberg and Facebook are changing how we interact—and what we know about each other

BY RICHARD STENGEL

*"On or about December 1910, human character changed."
—Virginia Woolf, 1924*

SHE WAS EXAGGERATING—BUT ONLY A LITTLE. WOOLF saw a fundamental shift in human relations taking place at the beginning of the 20th century "between masters and servants, husbands and wives, parents and children." Those changes, she predicted, would bring about transformations in every sphere of life, from religion to politics to human behavior. Few would say she got it wrong.

A century later, we are living through another transition. The way we connect with one another and with the institutions in our lives is evolving. There is an erosion of trust in authority, a decentralizing of power and at the same time, perhaps, a greater faith in one another. Our sense of identity is more variable, while our sense of privacy is expanding. What was once considered intimate is now shared among millions with a keystroke.

More than anyone else on the world stage, Facebook's Mark Zuckerberg is at the center of these changes. Born in 1984, the same year the Macintosh computer was launched, he is both a product of his generation and an architect of it. The social-networking platform he invented is closing in on 600 million users. In a single day, about a billion new pieces of content are posted on Facebook. It is the connective tissue for nearly a tenth of the planet. Facebook is now the third largest country on earth and surely has more information about its citizens than any government does. Zuckerberg, a Harvard dropout, is its T-shirt-wearing head of state.

Evolutionary biologists suggest there is a correlation between the size of the cerebral neocortex and the number of social relationships a primate species can have. Humans have the largest neocortex and the widest social circle—about 150, according to the scientist Robin Dunbar. Dunbar's number—150—also happens to mirror the average number of friends people have on Facebook. Because of airplanes and telephones and now social media, human beings touch the lives of vastly more people than did our ancestors, who might have encountered only 150 people in their lifetime. Now the possibility of connection is

accelerating at an extraordinary pace. As the great biologist E.O. Wilson says, "We're in uncharted territory."

All social media involve a mixture of narcissism and voyeurism. Most of us display a combination of the two, which is why social media are flourishing faster and penetrating deeper than any other social development in memory. Social media play into the parts of human character that don't change, even while changing the nature of what once seemed immutable.

Like two of our runners-up this year, Julian Assange and the Tea Party, Mark Zuckerberg doesn't have a whole lot of veneration for traditional authority. In a sense, Zuckerberg and Assange are two sides of the same coin. Both express a

desire for openness and transparency. While Assange attacks big institutions and governments through involuntary transparency with the goal of disempowering them, Zuckerberg enables individuals to voluntarily share information with the idea of empowering them. Assange sees the world as filled with real and imagined enemies; Zuckerberg sees the world as filled with potential friends. Both have a certain disdain for privacy: in Assange's case because he feels it allows malevolence to flourish; in Zuckerberg's case because he sees it as a cultural anachronism, an impediment to a more efficient and open connection between people.

At 26, Zuckerberg is a year older than our first Person of the Year, Charles Lindbergh—another young man who used



technology to bridge continents. He is the same age as Queen Elizabeth when she was Person of the Year, for 1952. But unlike the Queen, he did not inherit an empire; he created one. (The Queen, by the way, launched a Facebook page this year.) Person of the Year is not and never has been an honor. It is a recognition of the power of individuals to shape our world. For connecting more than half a billion people and mapping the social relations among them (something that has never been done before); for creating a new system of exchanging information that has become both indispensable and sometimes a little scary; and finally, for changing how we all live our lives in ways that are innovative and even optimistic, Mark Elliot Zuckerberg is TIME's 2010 Person of the Year. ■

2010 Person of the Year Mark Zuckerberg

By Lev Grossman
Photographs by Martin Schoeller for TIME



2010 Person of the Year
Mark Zuckerberg

On the afternoon of Nov. 16, 2010, Mark Zuckerberg was leading a meeting in the Aquarium, one of Facebook's

conference rooms, so named because it's in the middle of a huge work space and has glass walls on three sides so everybody can see in. Conference rooms are a big deal at Facebook because they're the only places anybody has any privacy at all, even the bare minimum of privacy the Aquarium gets you. Otherwise the space is open plan: no cubicles, no offices, no walls, just a rolling tundra of office furniture.

The team was going over the launch of Facebook's revamped Message service, which had happened the day before and gone off without a hitch or rather without more than the usual number of hitches. Zuckerberg kept the meeting on track, pushing briskly through his points—no notes or whiteboard, just talking with his hands—but the tone was relaxed. Much has been made of Zuckerberg's legendarily awkward social manner, but in a room like this, he's the Silicon Valley equivalent of George Plimpton. He bantered with Andrew "Boz" Bosworth, a director of engineering who ran the project. (Boz was Zuckerberg's instructor in a course on artificial intelligence when they were at Harvard. He says his future boss didn't do very well. Though, in

fairness, Zuckerberg did invent Facebook that semester.) Apart from a journalist sitting in the corner, no one in the room looked over 30, and apart from the journalist's public relations escort, it was boys only.

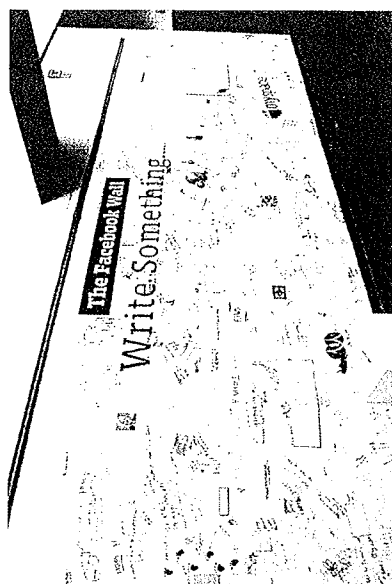
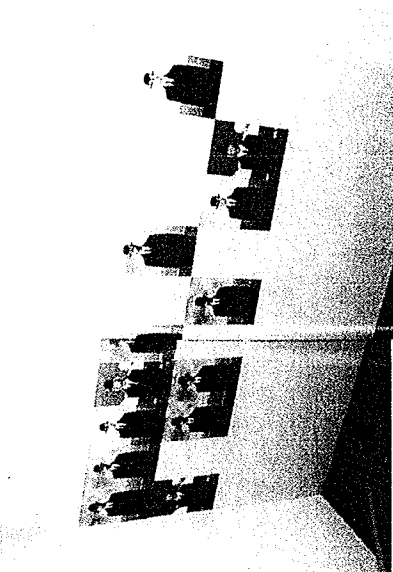
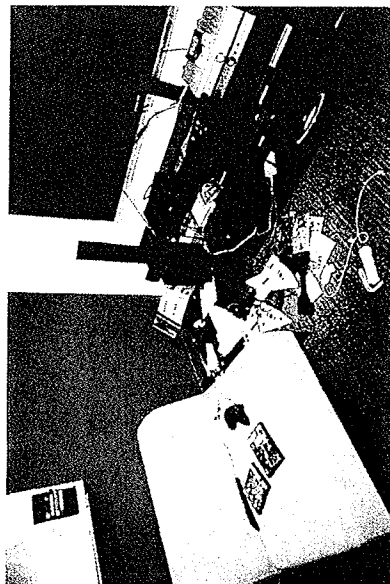
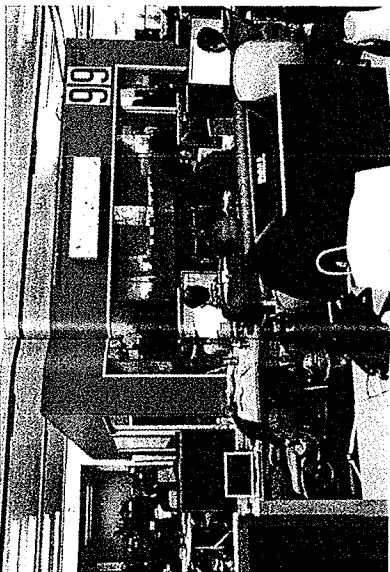
The door opened, and a distinguished-looking gray-haired man bustled in—it's the only way to describe his entrance—trailed by a couple of deputies. He was both the oldest person in the room by 20 years and the only one wearing a suit.

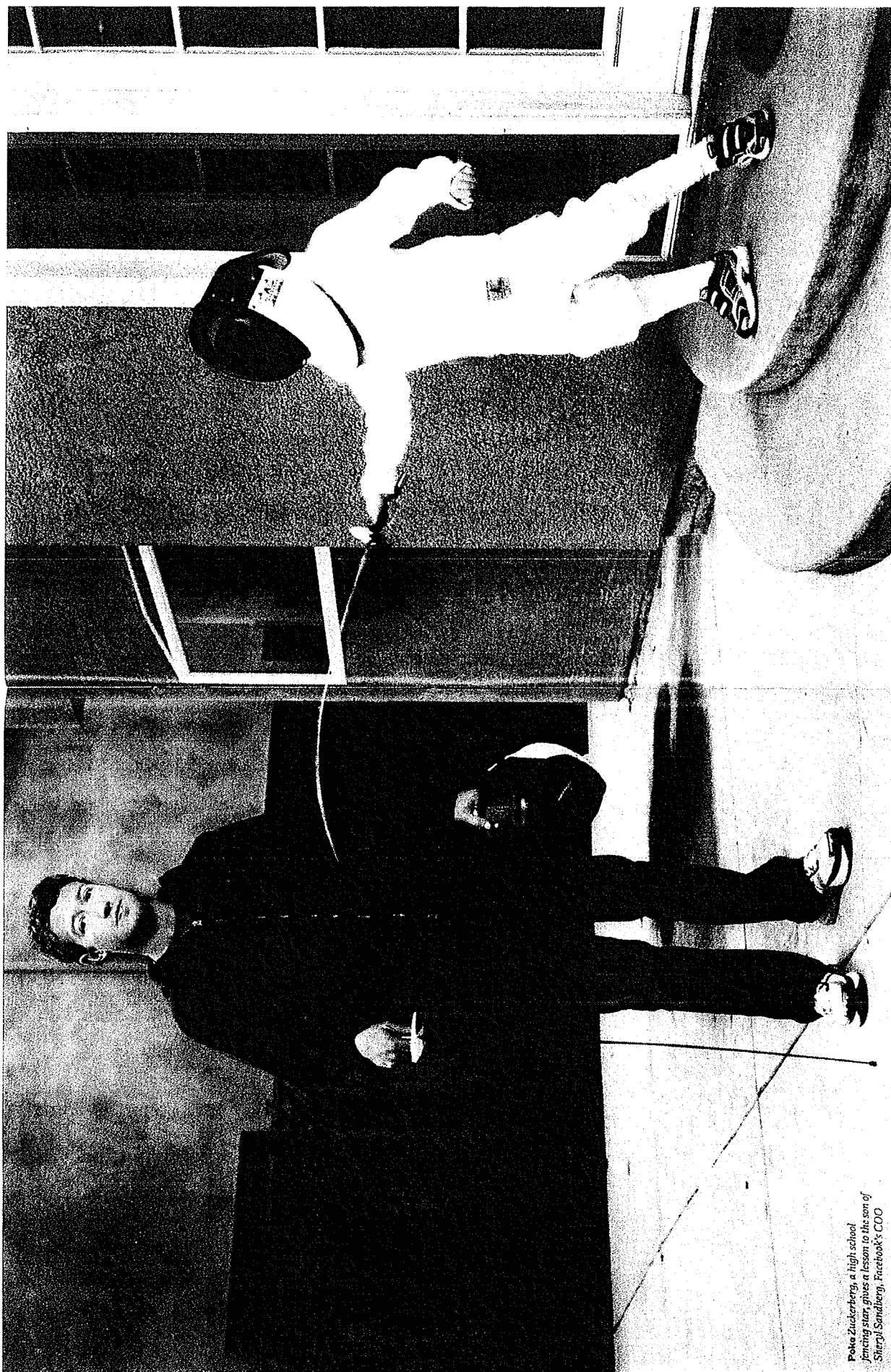
He was in the building, he explained with the delighted air of a man about to secure ironclad bragging rights forever, and he just had to stop in and introduce himself to Zuckerberg. Robert Mueller, director of the FBI, pleased to meet you. They shook hands and chatted about nothing for a couple of minutes, and then Mueller left. There was a giddy silence while everybody just looked at one another as if to say, What the hell just happened?

It's a fair question. Almost seven years ago, in February 2004, when Zuckerberg was a

The Blue House

Facebook's headquarters in Palo Alto, Calif., are decorated in quirky, postmodernist Silicon Valley style. But they attract some high-ranking guests: Former President George W. Bush and Vice President Al Gore made recent visits. So did Keith Urban.





Poka Zuckerberg, a high school fencing star, gives a lesson to the son of Sheryl Sandberg, Facebook's COO

2010 Person of the Year

Mark Zuckerberg



FAB FIVE, 1989
Zuckerberg, age 5. Some Facebook staffers marked the site's fifth anniversary in 2009 by replacing their profile photos with pictures of themselves at that age

His father describes the young Mark as 'strong-willed and relentless'

19-year-old sophomore at Harvard, he started a Web service from his dorm. It was called Thefacebook.com, and it was billed as "an online directory that connects people through social networks at colleges." This year, Facebook—now minus the *the*—added its 550 millionth member. One out of every dozen people on the planet has a Facebook account. They speak 75 languages and collectively lavish more than 700 billion minutes on Facebook every month. Last month the site accounted for 1 out of 4 American page views. Its membership is currently growing at a rate of about 700,000 people a day.

What just happened? In less than seven years, Zuckerberg wired together a twelfth of humanity into a single network, thereby creating a social entity almost twice as large as the U.S. If Facebook were a country it would be the third largest, behind only China and India. It started out as a lark, a diversion, but it has turned into something real, something that has changed the way human beings relate to one another on a species-wide scale. We are now running our social lives through a for-profit network that, on paper at least, has made Zuckerberg a billionaire six times over.

Facebook has merged with the social fabric of American life, and not just American but human life: nearly half of all Americans have a Facebook account, but 70% of Facebook users live outside the U.S. It's a permanent fact of our global social reality. We have entered the Facebook age, and Mark Zuckerberg is the man who brought us here.

ZUCKERBERG IS PART OF THE LAST generation of human beings who will remember life before the Internet, though only just. He was born in 1984 and grew up in Dobbs Ferry, N.Y., the son of a dentist—Painless Dr. Z's slogan was, and is, "We cater to cowards." Mark has three sisters, the eldest of whom, Randi, is now Facebook's head of consumer marketing and social-good initiatives. It was a supportive household that produced confident children. The young Mark was "strong-willed and relentless," according to his father Ed. "For some kids, their questions could be answered with a simple yes or no," he says. "For Mark, if he asked for something, *yes* by itself would work, but *no* required much more. If you were going to say no to him, you had better be prepared with a strong argument backed by facts, experiences, logic, reasons. We envisioned him becoming a lawyer one day, with a near 100% success rate of convincing juries."

The Zuckerberg children were much given to pranks: on New Year's Eve 1999 their par-

ents were worried about the Y2K bug, so that night Mark and Randi waited till the stroke of midnight, then shut off the power. They were also great undertakers of projects. One year, over winter vacation, they decided to film a complete *Star Wars* parody called *The Star Wars Sill-ogy*. "We took our job very seriously," Randi says. "Every morning we'd wake up and have production meetings. Mark's voice hadn't changed yet, so he played Luke Skywalker with a really high, squeaky voice, and then my little sister, who I think was 2, we stuck her in a garbage can as R2D2 and had her walk around."

It will not amaze you to learn that Mark had a *Star Wars*-themed bar mitzvah, or that he was a precocious computer programmer, beginning on a Quantex 486DX running Windows 3.1. When he was 12, he created a network for the family home that he called ZuckNet; this was at a time when home networks didn't come in a box. (He clarifies, out of both modesty and a compulsion for accuracy, that they brought in a professional to do the wiring.) He also wrote computer games: a version of Monopoly set at his middle school and a version of Risk based on the Roman Empire.

Zuckerberg went to a local high school and then to Phillips Exeter Academy in New Hampshire, where he showed an aptitude for two incongruously old-fashioned pursuits: ancient languages and fencing. He also co-wrote with a classmate a music-recommendation program called Synapse that both AOL and Microsoft tried to buy for around a million dollars. But Zuckerberg would have had to drop out of school to develop it. He decided to go to Harvard instead.

Zuckerberg's life at Harvard and afterward was the subject of a movie released in October called *The Social Network*, written by Aaron Sorkin and directed by David Fincher. *The Social Network* is a rich, dramatic portrait of a furious, socially handicapped genius who spits corrosive monologues in a monotone to hide his inner pain. This character bears almost no resemblance to the actual Mark Zuckerberg. The reality is much more complicated.

He's not a physically imposing presence: maybe 5 ft. 8 in. (173 cm), with a Roman nose, a bantam-rooster chest and a close-fitting cap of curly brown hair. He dresses like a frat boy, in T-shirts and jeans, though his fingernails are fastidiously neat. His most notable physical feature is his chin, which he holds at a slightly elevated angle. In the movie, this played as him looking down his nose at you, but in real life it's more like he's standing on his tiptoes, trying to see over something.

Zuckerberg has often—possibly always—

been described as remote and socially awkward, but that's not quite right. True: holding a conversation with him can be challenging. He approaches conversation as a way of exchanging data as rapidly and efficiently as possible, rather than as a recreational activity undertaken for its own sake. He is formidably quick and talks rapidly and precisely, and if he has no data to transmit, he abruptly falls silent. ("I usually don't like things that are too much about me" was how he began our first interview.) He cannot be relied on to throw the ball back or give you encouraging facial cues. His default expression is a direct and slightly wide-eyed stare that makes you wonder if you've got a spider on your forehead.

Most alarmingly, if your signal-to-noise ratio drops below a critical threshold, Zuckerberg will turn his head and look off to one side as if he's hearing noises offstage, presenting you with his Roman-emperor profile. "If you're not making compelling points, he kind of just tunes out," Bosworth says. "He's not trying to be rude. He's just like, 'O.K., you're not the best use of this time anymore.' He's going to find a better use of his time, even if you're sitting right there."

In spite of all that—and this is what generally gets left out—Zuckerberg is a warm presence, not a cold one. He has a quick smile and doesn't shy away from eye contact. He thinks fast and talks fast, but he wants you to keep up. He exudes not anger or social anxiety but a weird calm. When you talk to his co-workers, they're so adamant in their avowals of affection for him and in their insistence that you not misconstrue his oddness that you get the impression it's not just because they want to keep their jobs. People really like him.

The Zuckerberg of the movie is a simple creature of clear motivations: he uses his outsize gifts as a programmer to acquire girls, money and party invitations. This is a fiction. In reality, Zuckerberg already had the girl: Priscilla Chan, who is now a third-year med student at University of California, San Francisco. They met at Harvard seven years ago, before he started Facebook. Now they live together in Palo Alto.

As for money, his indifference to it is almost pathological. His lifestyle is modest by most standards but monastic for someone whose personal fortune was estimated by *Forbes* at \$6.9 billion, a number that puts him ahead of his Palo Alto neighbor (and fellow college dropout) Steve Jobs. Zuckerberg lives near his office in a house that he rents. He works constantly; his only current hobby is studying Chinese. He drives a black Acura TSX, which for a billionaire is the automotive equivalent of a hair shirt. For Thanksgiving break, he took his fam-

ily to the Wizarding World of Harry Potter in Orlando. He bought a wand at Ollivander's.

One of the interests Zuckerberg lists on his Facebook page is "Eliminating Desire." "I just want to focus on what we're doing," Zuckerberg says. "When I put it in my profile, that's what I was focused on. I think it's probably Buddhist? To me it's just—I don't know, I think it would be very easy to get distracted and get caught up in short-term things or material things that don't matter. The phrase is actually 'Eliminating desire for all that doesn't really matter.'"

This would all be so much dorm-room philosophizing if it weren't for the fact that Zuckerberg is a billionaire at an age when most people are vigorously maximizing their desires, and also for the fact that he appears to be making good on it. In July, Zuckerberg went to a conference in Sun Valley, Idaho, where he was seated at a dinner with Cory Booker, the mayor of Newark, N.J. It must have been an interesting dinner, because in September, Zuckerberg announced that he would put up \$100 million of his personal Facebook equity to help the Newark school system. He isn't even from Newark.

Zuckerberg has a personal connection to the teaching profession—Chan taught grade school after Harvard—but more than that, he finds the state of education in the U.S. mathematically inelegant. "It just strikes me as this huge issue that teaching isn't respected or compensated in our society for the economic value that it's actually probably producing for society," he says. On Dec. 9, as part of a campaign organized by Bill Gates and Warren Buffett, he pledged to give away at least half his wealth over the course of his lifetime.

When *The Social Network* came out, Zuckerberg rented out a bunch of movie theaters and took the whole company to see it. Afterward they all went out for appetinis, his signature drink in the movie. He'd never had one before. "I found it funny what details they focused on getting right," he says. "I think I owned every single T-shirt that they had me wearing. But the biggest thing that thematically they missed is the concept that you would have to want to do something—date someone or get into some final club—in order to be motivated to do something like this. It just like completely misses the actual motivation for what we're doing, which is, we think it's an awesome thing to do."

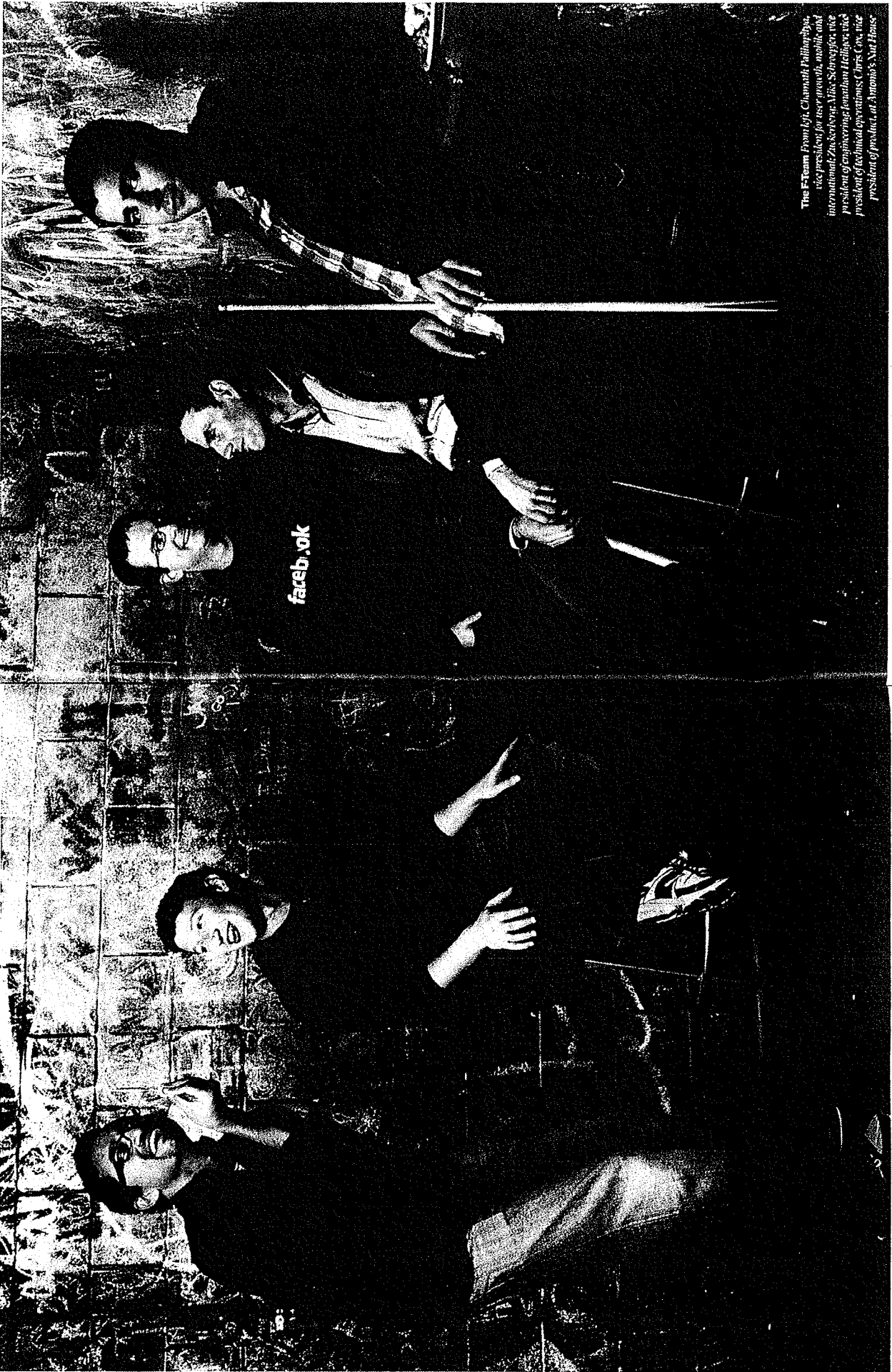
The reality is that Zuckerberg isn't alienated, and he isn't a loner. He's the opposite. He's spent his whole life in tight, supportive, intensely connected social environments: first in the bosom of the Zuckerberg family, then in the dorms at Harvard and now at Facebook, where his best friends are his staff, there are no offices



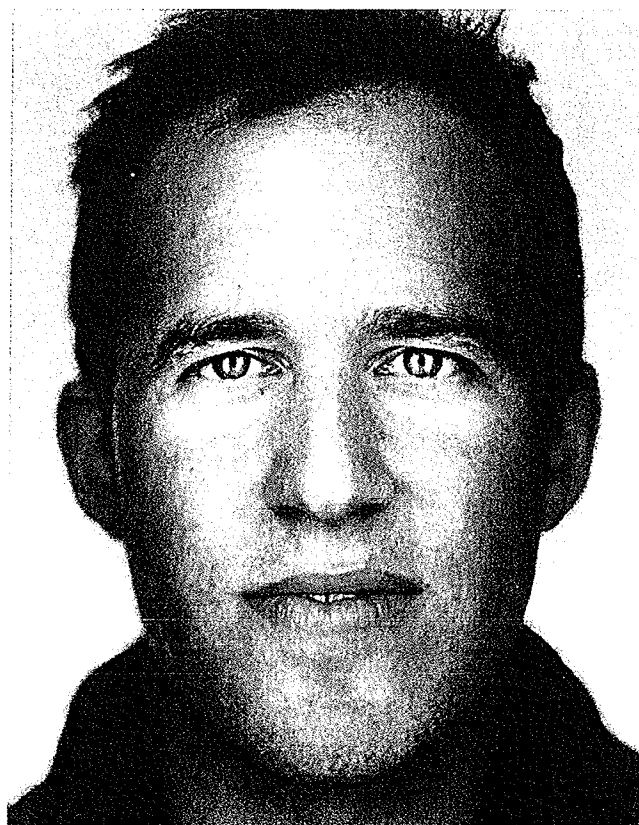
OWL ABOARD, 2010

Zuckerberg and his family visit the Wizarding World of Harry Potter in Orlando over Thanksgiving vacation

He drives a black Acura TSX, which for a billionaire is the automotive equivalent of a hair shirt



The F-Team From Left: Chamath Palihotiya, vice president for user growth, mobile and international; Zuckerberg; Mike Schroepfer, vice president of engineering; Jonathan Heiliger, vice president of technical operations; Chris Cox, vice president of product, at Antonio's, N.Y. House



Profile pictures COO Sandberg and chief technology officer Bret Taylor

and work is awesome. Zuckerberg loves being around people. He didn't build Facebook so he could have a social life like the rest of us. He built it because he wanted the rest of us to have his.

FACEBOOK IS THE REALIZATION OF A DREAM. BUT it's also the death of a dream, one that began in the late 1960s. That's when the architecture of the Internet was first laid out, and it's a period piece. The Internet is designed the way it is to accommodate any number of practical considerations, but it's also an expression of 1960s counterculture. No single computer runs the network. No one is in charge. It's a paradise of equality and anonymity, an electronic commune.

In the 1970s the communes faded away, but the Internet only grew, and that countercultural attitude lingered. The presiding myth of the Internet through the 1980s and 1990s was that when you went online, you could shed your earthly baggage and be whoever you wanted. Your age, your gender, your race, your job, your marriage, where you lived, where you went to school—all that fell away. In effect, the social experiments of the 1960s were restaged online. Log on, tune in, drop out.

We all know how that ended. When the Web arrived in the early 1990s, it went mainstream. The number of people on the Internet exploded, from 2.6 million in 1990 to 385 million in 2000, and we messed up the scene. The equality and anonymity that made the Internet so liberating in its early days turned out to be disastrously disinhibiting. They made the Internet a haven for pornographers and hatemongers and a free-for-all for scammers, hackers and virus writers.

Zuckerberg is two generations removed from the 1960s. He has no sentimental feelings about equality and anonymity. He started Facebook as a way for people on college campuses to communicate with and keep track of one another—and occasionally poke each other and leer at each other's pictures—but in a broader sense he was firing the first shot in his generation's takeover of the Internet. Zuckerberg just wanted people to be themselves. On earlier social networks like Friendster and Myspace, identity was malleable and playful, but Facebook was and is different. "We're trying to map out what exists in the world," he says. "In the world, there's trust. I think as humans we fundamentally parse the world through the people and relationships we

MOST PHOTO UPLOADS

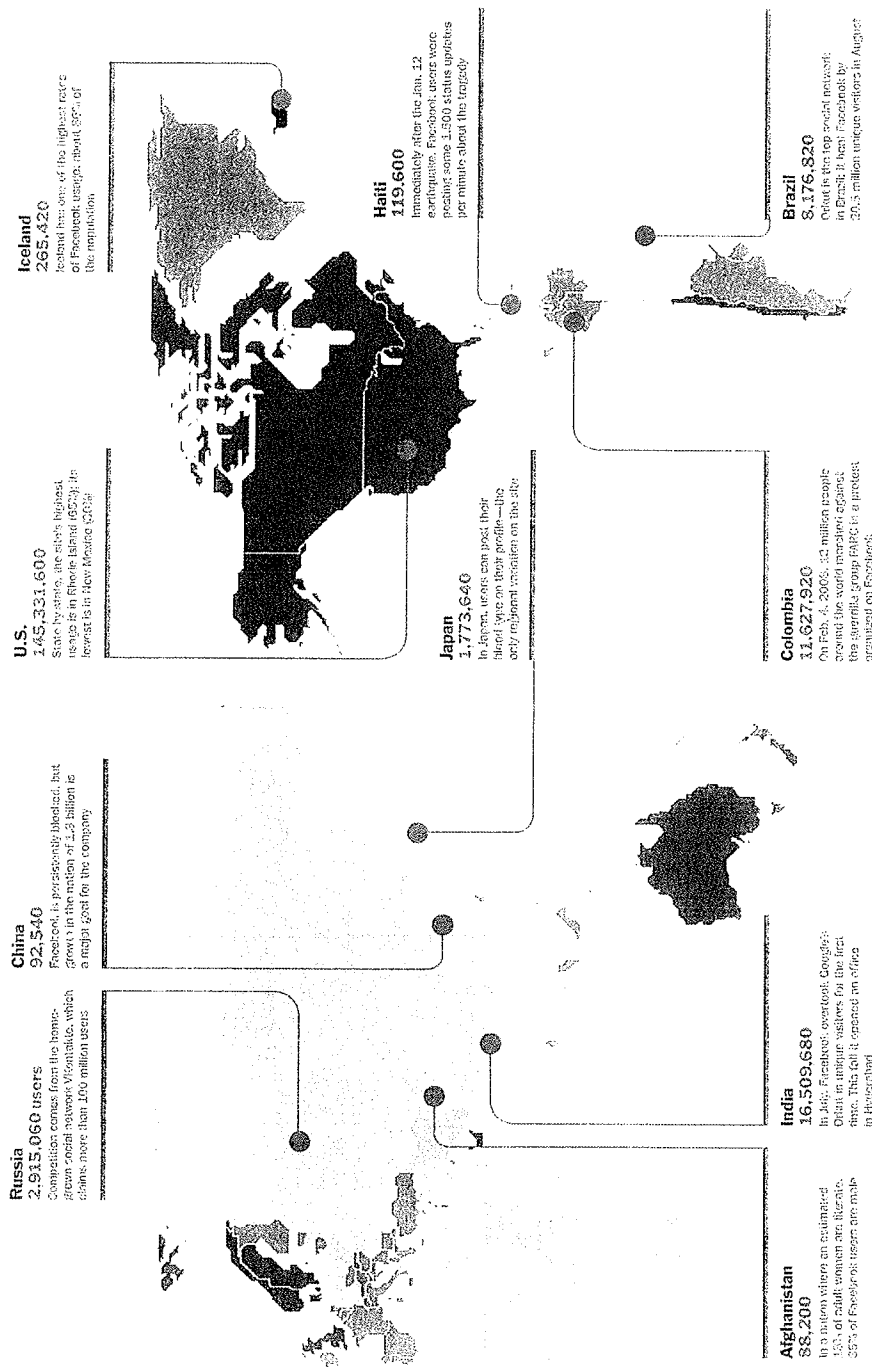
339 million
Halloween
2010

305 million
The day after
Halloween
2010

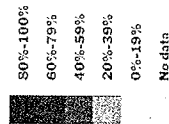
2010 Person of the Year
Mark Zuckerberg

The Global Network Facebook has conquered America. Can it take over the world?

By Andréa Ford



Active Users

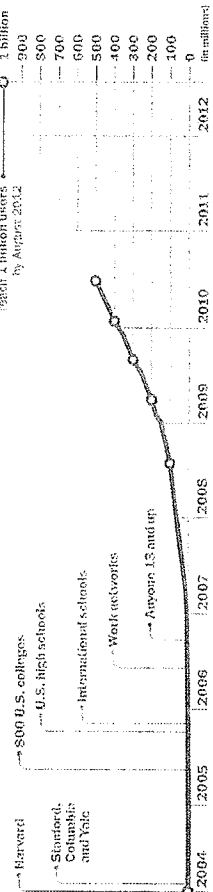


Sources: Facebook, Nielsen//NetRatings. Calculations are based on advertising reach estimates from Dec. 2, 6.

Graphics by Carl DeTorres for TIME

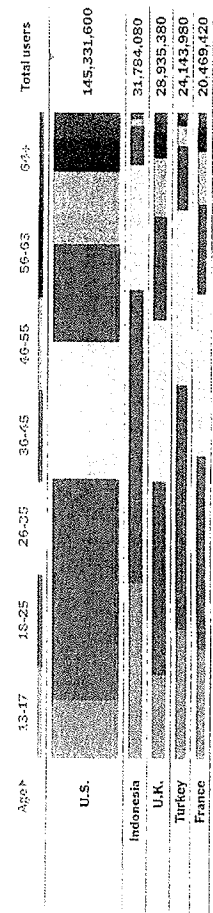
The March to a Billion

As Facebook has opened its doors to more users, its membership has soared.



Friends of All Ages

The site now attracts sizable chunks of both young and middle-aged users.



have around us. So at its core, what we're trying to do is map out all of those trust relationships, which you can call, colloquially, most of the time, friendships." He calls this map the social graph, and it's a network of an entirely new kind.

Facebook didn't stay on campus. Zuckerberg and his partners—including his roommate Dustin Moskovitz and Sean Parker, who had co-founded Napster—led Facebook on a Risk-style forced-march campaign to conquer the world. By the end of 2004, Facebook was on several hundred U.S. college campuses. In 2005 it expanded to high schools and foreign schools, in 2006 to workplaces and eventually to anybody over the age of 13. Its growth was astonishing. In December 2006 it had 12 million users. By December 2009 it had 350 million.

It grew because it gave people something they wanted. All that stuff that the Internet enabled you to leave behind, all the trappings of ordinary bourgeois existence—your job, your family, your background? On Facebook, you take it with you. It's who you are.

Zuckerberg has retrofitted the Internet's idealistic 1960s-era infrastructure with a more pragmatic millennial sensibility. Anonymity may allow people to reveal their true selves, but maybe our true selves aren't our best selves. Facebook makes cyberspace more like the real world: dull but civilized. The masked-ball period of the Internet is ending. Where people led double lives, real and virtual, now they lead single ones again.

THE FACT THAT PEOPLE YEARNED NOT to be liberated from their daily lives but to be more deeply embedded in them is an extraordinary insight, as basic and era-defining in its way as Jobs' realization that people prefer a graphical desktop to a command line or pretty computers to boring beige ones.

This is another area in which the angry-robot theory of Mark Zuckerberg doesn't really pan out: he understands a remarkable amount about other people. Sometimes it seems like the understanding of an alien anthropologist studying earthlings, but it's real. "In college I was a psychology major at the same time as being a computer-science major," he says. "I say that fairly frequently, and people can't understand it. It's like, obviously I'm a CS person! But I was always interested in how those two things combined. For me, computers were always just a way to build good stuff, not like an end in itself."

There are other people who can write code as well as Zuckerberg—not many, but some—but none of them get the human psyche the way he does. "He has great EQ," says Naomi Gleit,

Facebook's product manager for growth and internationalization. "I'll often ask him for advice about, like, a girl issue that I'm dealing with. And he'll very rationally give me his opinion on the situation." His mother Karen, a psychiatrist who left the profession to manage her husband's office, attributes what she calls Mark's "sensitivity" to the fact that he was raised with three sisters.

Wherever it comes from, this acute awareness of how other people's brains work characterizes all of Zuckerberg's projects, even the projects he did before Facebook. Facemash—the samizdat website he made his sophomore year, where Harvard students could compare the relative hotness of their peers—was crude, some said offensive, but it hooked people. They wanted it. (You can go even further back: one day in the ZuckNet era, Mark turned to Randi and said, "I bet I can make Donna come upstairs in five seconds." He'd rigged his sister's computer to announce that it was self-destructing in 5, 4, 3, 2 ... and up the stairs she came.) Whereas earlier entrepreneurs looked at the Internet and saw a network of computers, Zuckerberg saw a network of people.

This is not, on the face of it, a thunderously radical vision, but it's turning out to be an incredibly powerful one. Consider: in 2005 one of the most competitive markets on the Internet was photo sharing. Into this space charged Facebook, and it can truly be said that the company brought a knife to a gunfight. "It was possibly the least functional photos product on the Internet," says Bret Taylor, Facebook's chief technology officer. "The resolution of the photos was not good enough to print. There were no real organizing capabilities." Facebook had only one thing the others didn't: people. If you put up a photo of somebody, you could tag that photo with his or her name.

As it turned out, that, more than anything else, was what people wanted. They didn't want to organize their photos by folder; they wanted to organize them by who was in them. As Zuckerberg would say, that's how people parse the world. Facebook launched its crappy photo-sharing service in late October 2005. By 2007 it was getting more traffic than Photobucket, Flickr or Picasa. Now Facebook hosts over 15 billion photos on its site, and people upload 100 million more every day.

This is the modus operandi of Facebook and the ecosystem of developers who create applications for it: move into a market and take it over by making it social, as the in-house parlance has it. They have one big weapon, the social graph, and it's a category killer. Games are another good example. There's a company called Zynga that makes games designed to be



IN THE BEGINNING, 2003
*From left, Facebook founders
Dustin Moskovitz, Chris
Hughes and Zuckerberg*

There are other people who code as well as Zuckerberg. But none get the human psyche the way he does

2010 Person of the Year Mark Zuckerberg

see your friends' reviews. On YouTube, you might see what your friends watched or see their comments first. These reviews and comments will be meaningful because you know who wrote them and what your relationship to those authors is. They have a social context. Not that long ago, a post-Google Web was unimaginable, but if there is one, this is what it will look like: a Web reorganized around people. "It's a shift from the wisdom of crowds to the wisdom of friends," says Sandberg. "It doesn't matter if 100,000 people like x. If the three people closest to you like y, you want to see y."

Now take it off the Web. Put it on TV. Imagine a slate of shows sorted by which of your friends likes them, instead of by network. Now pull it on your phone. Take it mobile. "We have this concept of serendipity—humans do," Zuckerberg says. (The clarification is vintage Zuckerberg.) "A lucky coincidence. It's like you go to a restaurant and you bump into a friend that you haven't seen for a while. That's awesome. That's serendipitous. And a lot of the reason why that seems so magical is because it doesn't happen often. But I think the reality is that those circumstances aren't actually rare. It's just that we probably miss like 99% of it. How much of the time do you think you actually visit the same restaurant as that person but you're at opposite sides so you don't see them, or you missed each other by 10 minutes, or they're in the next restaurant over? When you have this kind of context of what's going on, it's just going to make people's lives richer, because instead of missing 99% of them, maybe now you'll start seeing a lot more of them."

Facebook wants to populate the wilderness, tame the howling mob and turn the lonely, antisocial world of random chance into a friendly world, a serendipitous world. You'll be working and living inside a network of people, and you'll never have to be alone again. The Internet, and the whole world, will feel more like a family, or a college dorm, or an office where your co-workers are also your best friends.

FACEBOOK OCCUPIES TWO PALO ALTO OFFICE buildings that are a few minutes apart. On the outside, they're brutalists: concrete bunkers. On the inside, they're decorated in a quirky, postindustrial Silicon Valley style you might call Flourishing Start-Up Chic—high ceilings, concrete floors, steel beams, lots of windows. There's a giant chessboard, and the word *hack* has been doodled and graffitied everywhere. The halls are littered with RipSticks, those two-wheeled skateboards that you move by wiggling, which Zuckerberg doesn't ride (he tried once and fell off; that was enough).

played on Facebook. They're laughably simple by today's big-budget, high-concept standards, but they're social. In FarmVille, you can visit your friends' farms. In Mafia Wars you can take a hit out on your friends. Mafia Wars currently has 19 million players. FarmVille has 54 million. Investors value Zynga, which is only four years old, at \$4.4 billion. That's more than Electronic Arts, which is the second-largest games publisher in the world.

But Facebook is in the process of taking over something even bigger than a market. Even if you're not on Facebook, you may have noticed traces of it here and there across the Web, as if seeds from inside its walled garden had scattered in the wind and taken root. Websites entreat you to log onto them using your Facebook ID—the New York Times does and so do Myspace and YouTube. Tiny cornflower-blue buttons invite you to Like things and Share them on Facebook. Your Facebook membership is becoming the Internet equivalent of a passport: a tool for verifying your identity.

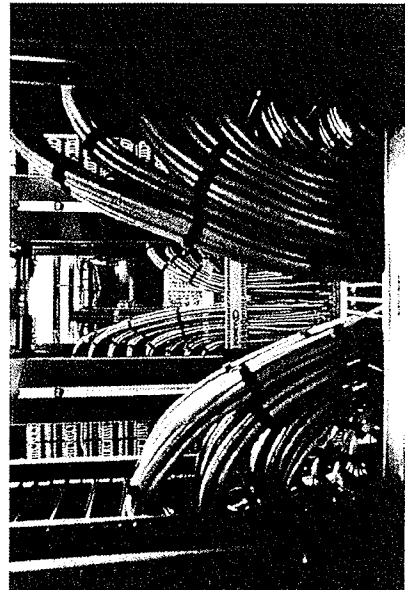
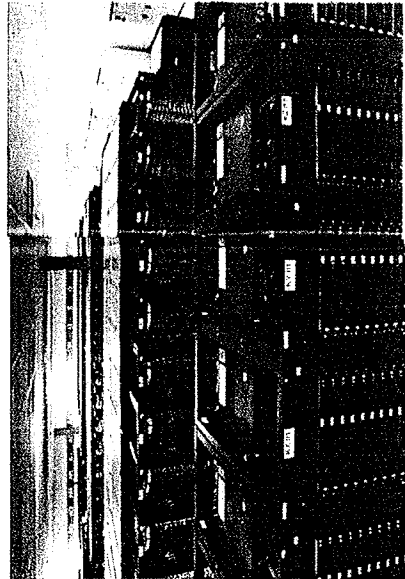
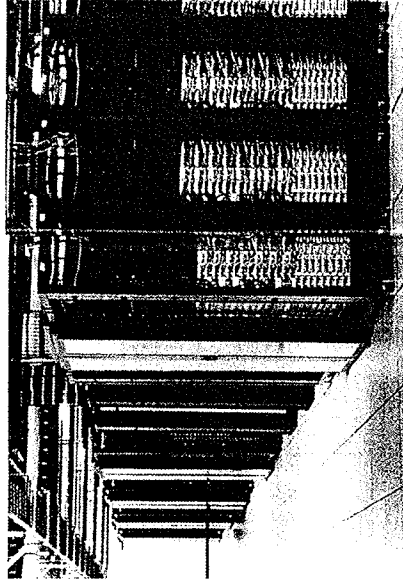
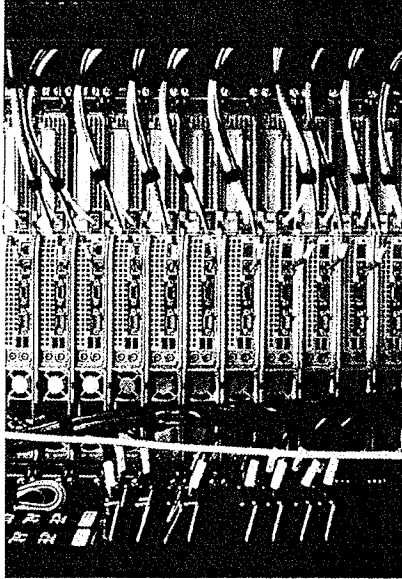
Most people think of Facebook as a way to enviously oggle their co-workers' vacation pictures, but what Zuckerberg is doing is fundamentally changing the way the Internet works and, more importantly, the way it feels—which means, as the Internet permeates more and more aspects of our lives and hours of our day, how the world feels.

Right now the Internet is like an empty wasteland you wander from page to page, and no one is there but you. Except where you have the opposite problem: places like Amazon.com product pages and YouTube videos, where everyone's there at once, reviewing and commenting at the top of their lungs, and it's a howling mob of strangers.

Zuckerberg's vision is that after the Facebookization of the Web, you'll get something in between: wherever you go online, you'll see your friends. On Amazon, you might

Servers with a Smile

Throughout its history, Facebook has made maintaining downtime a major priority. This data center in Santa Clara, Calif.—about a 15-minute drive from the Palo Alto headquarters—houses tens of thousands of servers that both back up the social network and make it run. It was constructed using a "layered replication" model that makes failure almost impossible, even if the greater San Francisco power system blacks out. In expectation of further growth, Facebook is building a new state-of-the-art facility in Prineville, Ore., and there are plans for another data center in North Carolina.



2010 Person of the Year

Mark Zuckerberg



FAMILY BUSINESS, 2006
Zuckerberg with his older sister Randi, Facebook's head of consumer marketing and social-good initiatives

Facebook has a richer, more intimate hoard of information about its citizens than any nation has ever had

Silicon Valley companies squabble incessantly and viciously over personnel. Employees change hands like poker chips, and right now Facebook has the best hand at the table. Everyone at Facebook was a star somewhere else: Taylor, for example, led the team that created—maybe you’ve heard of it?—Google Maps. You don’t get a lot of shy, retiring types at Facebook. These are the kinds of power nerds to whom the movies don’t do justice: fast-talking, user-friendly, laser-focused and radiating the kind of confidence that gives you a sunburn. Sorkin did a much better job of representing Facebook when he wrote *The West Wing*.

Facebook employees get treated well—three free, good meals a day; unlimited snacks; free dry cleaning—but make no mistake: the main attraction is Zuckerberg’s vision. All the key engineers tell the same conversion story. “I was like, I’m not interested. I’m working on a serious problem. Facebook is a complete waste of time,” says Chris Cox, Facebook’s vice president of product, who was doing a master’s in artificial intelligence at Stanford at the time. “And the interview completely changed my mind. I saw the vision. I came in, and I saw it on a whiteboard.”

THE COMPANY IS ON ITS SEVENTH headquarters in almost as many years. It keeps outgrowing its offices, and pretty soon it will outgrow these. Zuckerberg is scouting for a Microsoft-style campus for Facebook. This is because, in addition to adding a lot of users, Facebook is starting to make a lot of money. The users are Zuckerberg’s contribution, but the money is largely attributable to Sheryl Sandberg.

Coiffed, elegant and terrifyingly smart, Sandberg, 41, arrived at Facebook in early 2008. Before that, she ran Google’s ad business, and before that, she was Lawrence Summers’ chief of staff at the Treasury Department. She spent her time talking to Bono about curing leprosy. Now she is the first meeting Zuckerberg takes on Monday morning and the last on Friday afternoon. “I never thought I’d work in a private company,” she says. “But from the outside in D.C., you watched what was going on out here, and it really felt like it was changing the world. And I always wanted to work in places that felt like they were going to have an impact on the world.”

For all its technological, social and philosophical complexity, Facebook has only one major source of revenue: advertising. Before Sandberg arrived, Zuckerberg grew that part of the business slowly. He refused to sell banner ads. He felt that overly obtrusive ads would compromise the personal feel of the site, so he confined them to little rectangles on one side of the page.

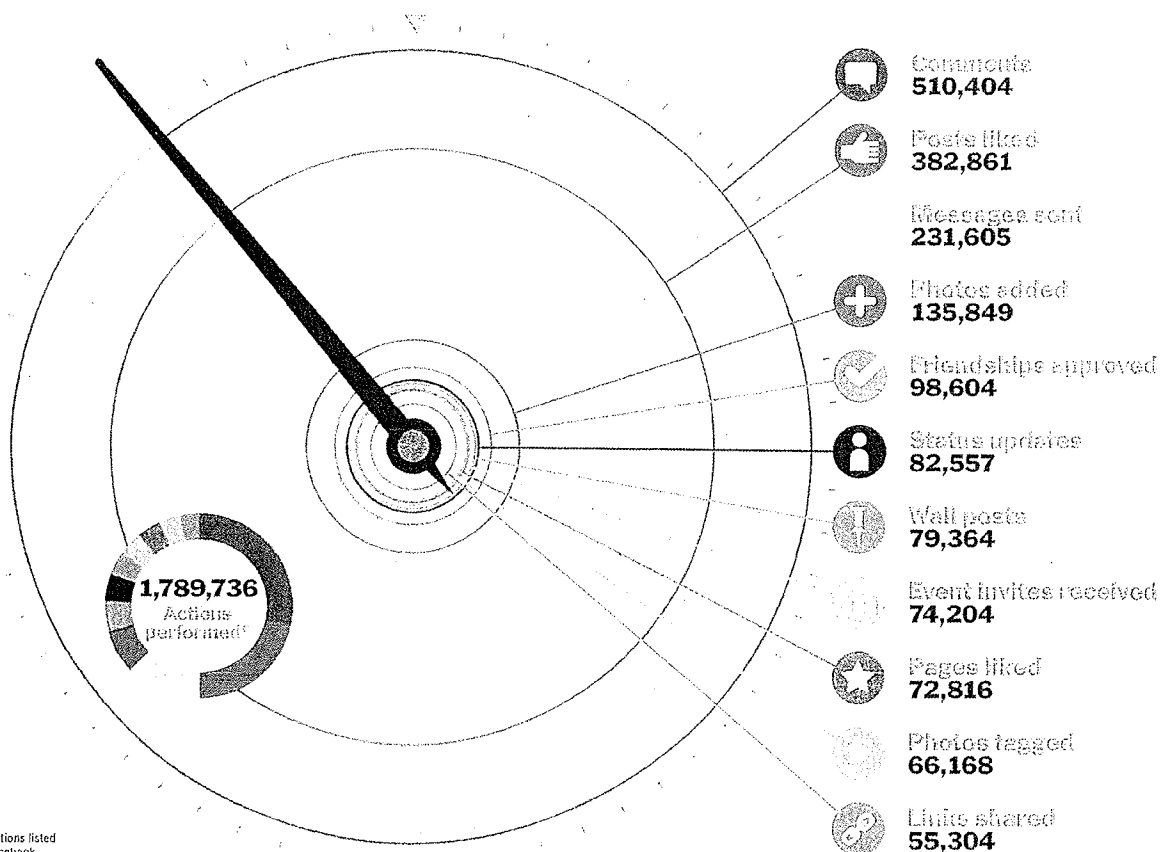
Facebook still doesn’t sell banner ads. But Sandberg has been able to attract a roster of A-list advertisers, such as Nike, Vitaminwater and Louis Vuitton, by pointing out things they hadn’t noticed about Facebook, like how much it knows about its users. Google can serve ads to you on the basis of educated guesses about who you are and what you’re interested in, which are based in turn on your search history. Facebook doesn’t have to guess. It knows exactly who you are and what you’re interested in, because you told it. So if Nike wants its ads shown only to people ages 19 to 26 who live in Arizona and like Nickelback, Facebook can make that happen. In the world of targeted advertising, Facebook has a high-powered sniper rifle.

It also has social. Facebook users have the option, should they choose to exercise it, to “like” certain advertisements. When you anoint an ad in this fashion, it moves out of its assigned place at the edge of the page and into your News Feed and therefore into the News Feeds of your friends. Suddenly the advertisement has a social context. It is presented to your friends, by you, carrying your personal endorsement. For marketers, this is a holy grail. “What marketers have always been looking for is trying to get you to sell things to your friends,” Sandberg says. “And that’s what you do on Facebook.”

Facebook has a dual identity, as both a for-profit business and a medium for our personal lives, and those two identities don’t always sit comfortably side by side. Looked at one way, when a friend likes a product, it’s just more sharing, more data changing hands. Looked at another way, it’s your personal relationships being monetized by a third party. People have to decide for themselves which way is their way. If “liking” an ad the same way you “like” a news article or a photo of your spouse seems creepy to you—it’s more or less the definition of what Marx called commodity fetishism—you don’t have to do it. Like everything on Facebook—like Facebook itself—it’s voluntary. But plenty of people are willing, even eager, to make their social lives part of an advertising pageant staged by a major corporation. When Nike put up an ad last year during the World Cup, 6 million people clicked on it.

Facebook is a privately held company and doesn’t release financial statements, but Sandberg sounds confident. “I think it’s totally fair to say we are a very good business,” she says. “Not ‘we will be,’ but ‘we are.’” Zuckerberg confirms that Facebook is profitable, and not just technically: its cash flow—positive. Analysts and

One Hot Minute. On Facebook, every 60 seconds is packed with a lifetime's worth of social interactions



journalists, who know less but can say more, estimate Facebook's 2010 revenue at anywhere from \$1.1 billion to \$2 billion.

FACEBOOK IS THE WAY IT IS BECAUSE OF WHO Zuckerberg is. The colors scheme is blue and white because Zuckerberg is red-green color-blind: there are a lot of colors he can't see, but blue he can see. Likewise, Zuckerberg has a metaphoric vision, a big-picture vision, for Facebook. And as with his literal vision, there are a few things he has trouble seeing. Take, for example, privacy.

There's a school of thought that goes something like, Mark Zuckerberg is a scheming profiteer who uses his control of Facebook to force people to share more and more of their personal lives publicly, sucking up their innermost thoughts like some kind of privacy vampire so he can feed their data to advertisers and increase traffic to his network, thereby adding to his massive personal fortune.

This is a red herring. Cynicism and greed are not character traits that appear in Zuckerberg's feature set. Facebook doesn't sell your data to advertisers. (It uses the aggregated statistics of its millions of users to more effectively target the ads it serves, but that's a long way from the same thing.) And he doesn't force anybody to share anything. The idea would genuinely, honestly horrify him.

But he does have a blind spot when it comes to personal privacy, which is why that issue keeps coming up. It came up in November 2007 when Facebook launched Beacon, an advertising system that told your friends about your buying habits. You could turn off the alerts, but it was tricky, and as a result, people lost control of their information. Girlfriends found out about surprise engagement rings. Family members found out about Christmas presents. You didn't have to be a computer genius to see that coming; in fact you pretty much had to be

2010 Person of the Year

Mark Zuckerberg

one to *not* see it coming. Users hated Beacon. A month after it launched, Zuckerberg apologized, and he eventually scrapped it.

Incredibly, the same thing happened all over again in 2009, when Facebook rolled out a complicated new set of privacy controls. Again, users saw their information going places they didn't want it to go. Again they revolted. Zuckerberg has a talent for understanding how people work, but one urge, the urge to conceal, seems to be foreign to him. Sometimes Facebook makes it harder than it should be. It is biased in favor of sharing. That is, after all, what Facebook is for. "The thing that I really care about is making the world more open and connected," Zuckerberg says. "What that stands for is something that I have believed in for a really long time." Pressed to define it, Zuckerberg gamely expands. "*Open* means having access to more information, right? More transparency, being able to share things and have a voice in the world. And *connected* is helping people stay in touch and maintain empathy for each other, and bandwidth."

Empathy and *bandwidth*—you could inscribe the words on Zuckerberg's coat of arms. And they are without a doubt both good things. But are they good for everybody all the time? Sometimes Zuckerberg can sound like a wheedling spokesman for the secret police of some future totalitarian state. Why wouldn't you want to share? Why wouldn't you want to be open—unless you've got *something to hide*? "Having two identities for yourself is an example of a lack of integrity," Zuckerberg said in a 2009 interview with David Kirkpatrick, author of *The Facebook Effect*. This is a popular attitude among the Silicon Valley elite, summed up by a remark Google CEO Eric Schmidt made last year on CNBC: "If you have something that you don't want anyone to know, maybe you shouldn't be doing it in the first place."

Zuckerberg will defend privacy to the death—and he relies on a fair amount of it himself—but there's still a level on which, for him and for a lot of other people driving the Web's evolution, it's a technical, economic and aesthetic inconvenience. Exchanging information at less than full power is just inefficient. ("People are very sensitive about privacy, and I think they're right to be," Zuckerberg says. "But we still just come to work every day and make the decisions that we think are best for the product.") As a result, technology has nudged us to the point where we're hemorrhaging data. Look at the flap over Google Maps Street View or the TSA scanners or WikiLeaks. Zuckerberg doesn't register on any particular political seismometer—hours after meeting the director of the FBI, he had to be reminded of Mueller's

name—but he does remark about WikiLeaks that "technology usually wins with these things." And he's right: the Internet was built to move information around, not keep it in one place, and it tends to do what it was built to do.

But what makes life complicated in the post-modern technocratic aquarium we're collectively building is that there actually are good reasons to want to hide things. Just because you present a different face to your co-workers and your family doesn't mean you're leading a double life. That's just normal social functioning, psychology as usual. Identity isn't a simple thing; it's complex and dynamic and fluid. It needs to flex a little, the way a skyscraper does in a high wind, and your Facebook profile isn't built to flex.

For all of Zuckerberg's EQ, Facebook runs on a very stiff, crude model of what people are like. It herds everybody—friends, co-workers, romantic partners, that guy who lived on your block but moved away after fifth grade—into the same big room. It smooshes together your work self and your home self, your past self and your present self, into a single generic extruded product. It suspends the natural process by which old friends fall away over time, allowing them to build up endlessly, producing the social equivalent of liver failure. On Facebook, there is one kind of relationship: friendship, and you have it with everybody. You're friends with your spouse, and you're friends with your plumber.

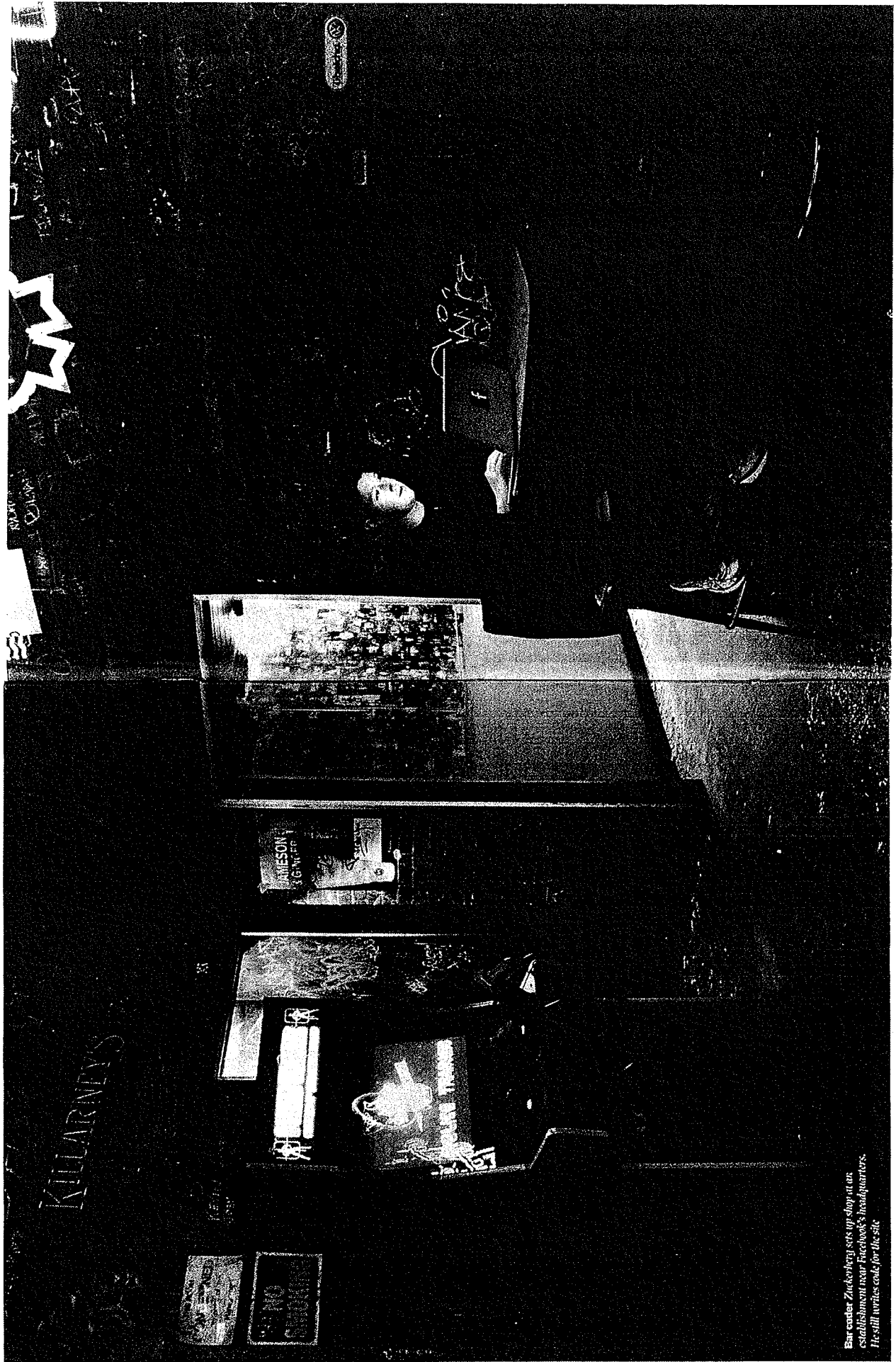
When it comes to privacy, it's entirely possible that Zuckerberg will turn out not to be wrong, just prescient. Social norms change. People hated Facebook's News Feed when it was introduced in 2006. They thought it was creepy and intrusive. Zuckerberg stood his ground, and now Facebook is unimaginable without it. He moved the chains, and we went with him, setting up our defense that much farther toward the end zone. "The world is changing," Cox says. "When caller ID came out, people went psycho. You know, because, Oh my God, now people are going to know I'm calling them! This is terrible! I'm going to end up being tracked, and Big Brother and Orwell and all that! The reality is now you won't pick up a call unless you know who's calling you."

But there is another danger, which is that instead of feeling forced to share, we won't be able to stop ourselves from sharing—that we will willingly, compulsively violate our own privacy. Relationships on Facebook have a seductive, addictive quality that can erode and even replace real-world relationships. Friendships multiply with gratifying speed, and the emotional stakes stay soothingly low; where there isn't much privacy, there can't be much intimacy either. It's like an emotional

GENDER BREAKDOWN

49.6%
Female
monthly active
members

6.6%
Percentage
difference
in number of
friends
of women
over men



Bar reader Zuckerberg sets up shop at an establishment near Facebook's headquarters. He still invites code for the site

2010 Person of the Year

Mark Zuckerberg

Ponzi scheme, where you keep putting energy in and getting it back tenfold, even though the dividends start to feel a little fake.

An article published earlier this year in *European Psychiatry* presented the case of a woman who lost her job to a Facebook addiction, and the authors suggested that it could become an actual diagnosable ailment. (The woman in question couldn't even make it through an examination without checking Facebook on her phone.) Facebook is supposed to build empathy, but since 2000, Americans have scored higher and higher on psychological tests designed to detect narcissism, and psychologists have suggested a link to social networking. According to the American Academy of Matrimonial Lawyers, 81% of its members have seen a rise in the number of divorce cases involving social networking; 66% cite Facebook as the primary source for online divorce evidence. Openness and connectedness are all well and good, but someone should give two cheers at least for being closed and disconnected too.

For all its industrial efficiency and scalability, its transhemispheric reach and its grand civil integrity, Facebook is still a painfully blunt instrument for doing the delicate work of transmitting human relationships. It's an excellent utility for sending and receiving data, but we are not data, and relationships cannot be reduced to the exchange of information or making binary decisions between liking and not liking, friending and unfriending. It's as if Zuckerberg read E.M. Forster's famous rallying cry in *Howards End*, "Only connect," and took it literally: only connect, do nothing else. (There's no chance that this actually happened. I asked Zuckerberg if he'd read Forster and got the spider stare. He'd never heard of him.)

However much more authentic the selves we present on Facebook are than they were in the anonymous Internet wilderness that came before it, they still fall far short of our true selves, and confusing our Facebook profiles with who we really are would be a terrible mistake. We are running our social lives over the Internet, an infrastructure that was not designed for that purpose, and we must be aware of the distortions it creates or we will be distorted by them. The standard cliché for describing viral technology like Facebook has always been, "The genie is out of the bottle." But Facebook inverts that. Now Facebook is the bottle, and we're the genie. How small are we willing to make ourselves to fit inside?

YOU DON'T HEAR THESE KINDS OF QUESTIONS asked much at Facebook headquarters. The place hums with a sense of high purpose, a feel-

ing that the world is changing for the better, and this is where the change is coming from. "It shocks me that people still think this is like a trivial thing," Bosworth says. "Like it's a distraction or it's a procrastination tool. I don't get it. This is so fundamentally human, to reach out and connect with people around us." Sam Lessin, Facebook's project manager, has known Zuckerberg since college. He left his own start-up to go to work for him. "You get at most one—if you're incredibly lucky, two—shots, maybe, in your lifetime to actually truly affect the course of a major piece of evolution. Which is what I see this as."

How big could Facebook get? It's big enough that it's starting to bump up against governments as well as other companies. Mueller's visit wasn't a one-off. He was there because Zuckerberg has a better database than he does. Facebook has a richer, more intimate hoard of information about its citizens than any nation has ever had, and the U.S. government sometimes comes knocking, subpoena in hand, looking to borrow some. "We feel like it's our responsibility to push back on that stuff," Zuckerberg says, "so oftentimes someone will come with a subpoena, and we'll go to court and say, 'We don't think this is enough.' Ultimately I think this stuff gets used for good."

Conversely, some governments fear Facebook's great database and the ease with which Facebook can be used to form networks and spread information. China has blocked the site since 2009. Iran, Pakistan and Saudi Arabia have all banned it at one point or another. Zuckerberg will be visiting China over the holidays—his girlfriend has family there—and you can't help but wonder if he'll be doing some stealth market research. That's almost a fifth of the world's population he's not reaching.

But even without China, there's a distinct feeling of manifest destiny about Facebook. Plot its current growth on a curve and it hits a billion members in 2012. There are 6.9 billion people in the world, 2 billion of whom are on the Internet. Is there a point at which all of them are on Facebook? "That's one reality that I think is totally possible," Cox says. "But Mark's vision is not that it's all happening in this blue-and-white zone that we built, but that it's happening everywhere. Literally everything you use could be a conduit between you and people around you. The television could. The GPS on your car could. Your phone could. iTunes could."

Zuckerberg is more cautious. He's non-committal about how far Facebook can go. (Far, obviously, but to him it hinges on the ultimate extent of Internet penetration in the world, which in turn hinges on the adoption of smart

ACROSS THE WEB

**2 million
Websites
integrated
with Facebook**

**10,000
New websites
integrating
with Facebook
every day**

phones in areas where Internet-connected computers are scarce.) Criticize Facebook and Zuck doesn't duck, exactly, though his positivity can be a bit relentless. For example: Isn't it possible that Facebook creates more interpersonal connections but that those connections are of a lower, less satisfying quality? "That's been a criticism that people have had for a while," he says. "But this isn't zero-sum. I think what we're doing is enabling you to stay in touch with people who you otherwise wouldn't. When I'm at home and I want to talk to my girlfriend, I don't IM her. I walk downstairs, and we talk." (Really? You don't IM in the house? "Only when you're in bed at the same time," he says. "Because then it's just ironic." And then he laughs in the easy, natural way he doesn't do much in public.)

All technologies come with trade-offs, but for now Zuckerberg just doesn't seem that interested in the other side of the trade, the downside. There are some eloquent, persuasive critiques of life on Facebook out there, including Jaron Lanier's *You Are Not a Gadget* and MIT psychologist Sherry Turkle's forthcoming *Alone Together*. But they don't fuss him, particularly. "They're just looking at it through a completely different lens," he says. "And I appreciate that. Because it would be impossible for me to dissociate myself to that extent, to get that perspective. I mean, people write all kinds of different things, from 'It's the greatest thing that's ever existed' to 'It's the worst thing that's ever existed.'"

Zuckerberg tries to put himself in the heads of people who don't have his weapons-grade mental hardware, his immunity to peer pressure, his absolute mastery of his privacy settings and his gift for inspiring loyalty. In other words, most of the people who use Facebook. But it's a stretch. His EQ has its limits. He'll play at fallibility—"Almost any mistake you can make in running a company, I've probably made," he says—and he readily owns up to miscalculations like Beacon. But this is a guy so sure of himself that he walked away from a million-dollar payday when he was barely out of high school, who turned down a billion-dollar offer for Facebook from Yahoo! when he was 22 and whose self-control is so total that he drives an Acura when he could afford a Bentley. No wonder he doesn't see how challenging Facebook can be for the rest of us. He's his own perfect customer.

And he's just getting started. What looks like a meteoric rise to the rest of us, he sees as an opening act. Because now that Facebook has scaled up to a species-level event, the real work can start: taking a 550 million-person network out on the highway and seeing what it can do. Zuckerberg could take the company public, but neither he nor Facebook needs the cash right

now, so what's the point? Why give up control to a bunch of shareholders? This isn't the go-go '90s, when the goal was to sell up and cash out. It isn't, and never has been, about the money. "I think the next five years are going to be about building out this social platform," Zuckerberg says, on a long walk around Facebook's neighborhood in Palo Alto in December. "It's about the idea that most applications are going to become social, and most industries are going to be rethought in a way where social design and doing things with your friends is at the core of how these things work. If the last five years was the ramping up, I think that the next five years are going to be characterized by widespread acknowledgment by other industries that this is the way that stuff should be and will be better."

This won't make life any easier for people who aren't on Facebook. The bigger social networks get, the more pressure there is on everybody else to join them, which means that they tend to pick up speed as they grow, and to grow until they saturate their markets. It's going to get harder and harder to say no to Facebook and to the authentically wonderful things it brings, and the authentically awful things too.

But while this happens, Zuckerberg is going to be growing too. The Zuckerberg who built Facebook won't be the same person as the Zuckerberg who runs it. He'll be getting older, traveling, maybe getting married, having kids, and as his life outside Facebook gets more complicated, maybe Facebook, the world he built in his own image, will get more complicated too: more sensitive to the richness that exists outside it, in the real world, and to the richness that passes through it in such enormous volumes every second of every day.

But for all its flaws, there was no other way for Facebook to begin. Only someone like Zuckerberg, someone as brilliant and blinkered and self-confident and single-minded and social as he is, could have built it. "The craziest thing to me in all this," he says, "is that I remember having these conversations with my friends when I was in college. We would just sort of take it as an assumption that the world would get to the state where it is now. But, we figured, we're just college kids. Why were we the people who were most qualified to do that? I mean, that's crazy!"

He shakes his head, with the same perplexed expression as when the director of the FBI crashed his meeting. Then he decides.

"I guess what it probably turns out is, other people didn't care as much as we did." ■

To read more about Mark Zuckerberg on Kindle, go to time.com/expandedpoy or search "TIME POY 2010" in the Kindle Store

Now that Facebook has scaled up to a species-level event, the real work can start

Exhibit 5

FREE 52-week subscription to FT.com with an approved application of The Premier Rewards Gold Card from American Express.

LEARN MORE

Monday Dec 6 2010
All times are London time

FT.com
FINANCIAL TIMES

Front page
World
Companies
Markets
Global Economy
Lex
Comment
Video
Podcast
Interactive
Management
Business Education
Personal Finance

Arts
FT Magazine
Food & Drink
House & Home
Style
Books
Pursuits
Travel
Columnists
How To Spend It

Wealth
depth
Special Reports
Jobs & classified
Services & tools

ALPHAVILLE
Instant market insight



DEBT

MONEY SUPPLY

Add FT.com
RSS Feeds

FINANCIAL TIMES
LEXICON

BLOGS

beyondbricks
Brussels Blog
Clive Crook
Don Stull
Economists' Forum
Energy Source
FT Alphaville
Gavin Davies
Gideon Rachman
John Gapper
Material World
The 4 Blog
Money Supply
Tech Blog

SEARCH

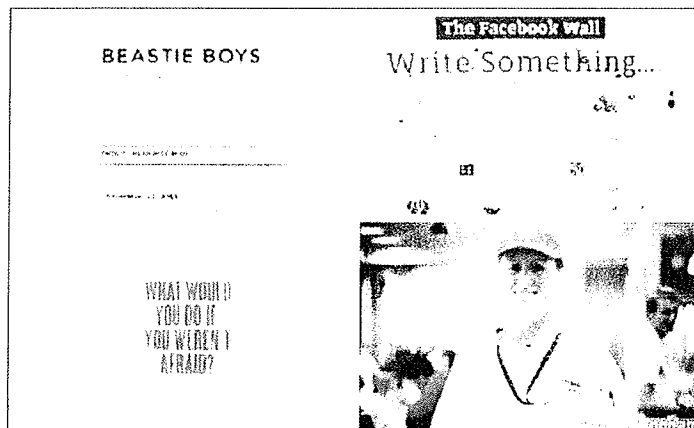
FT Magazine

FT Home Arts & Leisure FT Magazine

Facebook's grand plan for the future

By David Gelles

Published: December 3 2010 17:24 | Last updated: December 3 2010 17:24



Mark Zuckerberg is pacing before a crowd in Facebook's Palo Alto, California, cafeteria just before lunch on a Wednesday in November. Fit and jovial, with pale skin and curly brown hair, his boyish face gives away his 26 years. "Zuck", as friends call him, is wearing what he always wears: a grey T-shirt with an embroidered Facebook logo, blue jeans and tennis shoes. With this perennially casual demeanour, he is showing off new technologies to a few hundred employees, partners and the press. "It's a good day to launch some stuff," he says with a laugh. And with that, Zuckerberg introduces **Facebook Deals**, a new service that in a matter of days will transform the way local businesses reach consumers as they walk down the street.

With Deals, smartphone users who download Facebook's application can "check in" to a physical location, such as their local coffee shop, and get a little reward. If the coffee shop is so inclined, it can create a "deal" for users who check in – 50 per cent off, for example, an incentive just to show up. Two days after Zuckerberg's presentation, the power of Deals became clear as The Gap gave away free jeans to the first 10,000 people who checked in to its stores. As Zuckerberg was still on stage, an analyst leans over to me and says, "They just changed local commerce forever." It wasn't even lunchtime yet.

During his presentation, Zuckerberg uses words such as "revolution" and "disruption". He talks in sweeping terms and with no sense of irony, telling the crowd, "our goal is to make everything social". This is bold talk from the young chief executive, yet he has reason to be bullish. In recent years, as individuals, businesses and political movements have embraced Facebook, the company's clout has only grown. Though still a start-up by some measures, it is now squarely one of the three or four most influential technology companies in the world.

After the public presentation I join Zuckerberg and a couple of bloggers in a glass-walled conference room in

EDITOR'S CHOICE

The Inventory: Facebook's co-founder Chris Hughes - Dec 3

If money grew on trees - Dec 3

The skinhead terrorists - Dec 3

Friends, Romans, schoolchildren - Dec 3

What are we bid for a World Cup? - Dec 3

Up a gum tree - Dec 3

SUBSCRIBE TO THE FT

Sign up today and get a 4 week RISK-FREE trial to the Financial Times Newspaper.

More

EXHIBIT 5

Ashley Seevyn, CSR No. 12018

Date 12/22/11

Witness: YU

LATEST HEADLINES FROM CNN

Pakistan blasts kill 50
Russia checking citizenship of arrested aide to UK lawmaker
Airline and mechanic guilty in deadly Concorde crash
WikiLeaks cables assess terrorism funding in Gulf states
Tourists warned after Egypt shark attacks

More

Jobs Business for sale Contracts & tenders

SEARCH Enter keywords

- Westminster Blog
- Women at the Top

ARCHIVED BLOGS

- Banque's blog
- Budget blog 09
- FTim
- FT-dot-comment
- Future of capitalism blog
- G20 blog
- Health & Science Blog
- Lex Wolf blog
- Management Blog
- Margaret McCartney's blog
- Martin Lukes
- Money Matters
- Science blog
- Undercover Economist
- Willem Buiter's Maverecon

REGIONAL PAGES

- China
- India
- Brussels

INTERACTIVE

- Podcasts
- Ask the expert
- Markets Q&A
- Audio slideshows
- Interactive graphics

the middle of Facebook's offices. He and I sit on a couch, and for 40 minutes he talks animatedly, cracking the occasional joke, expounding on his world view and his vision of the future.

"If you look five years out, every industry is going to be rethought in a social way," he says. "You can remake whole industries. That's the big thing." His ambition, it turns out, is not simply to make Facebook an influential technology company, but the most important company in the world.

"You can integrate a person's friends into almost anything and make [it] instantly more engaging and viral," he told me. "You care so much more about your friends. It's not an intellectual thing. It's hard-wired into humans that you need to focus on what the people around you are doing. It's this very visceral, deep thing. That, I think, is the structural thing that is going to make it so that all these industries change."

Zuckerberg uses the word "social" a lot, and it's not always obvious what he means. He is not simply talking about telling your friends what you had for breakfast with a status update. To Zuckerberg, a more social world is one where nearly everything – from the web to the TV to the restaurants you choose to eat at – is informed by your stated preferences and your friends' preferences, and equipped with technology that lets you communicate and share content with people you know. What Zuckerberg is talking about is a new way of organising and navigating information.

This is a somewhat different Zuckerberg to the one the public knew just a year ago. In recent months he has transformed from an awkward wunderkind with a preternatural ability to anticipate where the web is going, into an amicable executive unafraid of laying out his grand plan. It is not just that he is a bit more confident and articulate, though he is both; what is striking is that for the first time in my two years of interviewing him, Zuckerberg seems at ease. "The fear is behind him," said a friend of Zuckerberg's. "Until a year ago, he thought this might be the next Google, but he wasn't sure. Now he's sure. The fear is gone."

Facebook's soaring user base and booming revenues are, strangely, not really what is behind this shift in disposition, impressive as both figures are. (Facebook now has more than 500 million active users, and is expected to take in at least \$1.5bn in revenue this year, mostly from advertising. Facebook does not charge users, and as a private company, it does not share its financials.) Nor is it Facebook's "stickiness": the site is the largest on the web in terms of time spent and page views. Instead, what has endowed this company with a new confidence is a more subtle transformation.

The change is this: Facebook is no longer merely a social network, where users check out updates from friends, glance at photos and play some games. Rather, it is making moves to be an essential part of the entire online experience. The company is becoming people's homepage, e-mail system and more. Much in the way Google extended its capabilities from search to include e-mail, maps and books, Facebook is becoming a part of ever more daily services on the web. The company is also making strides to achieve one thing Google has not: it is well on its way to becoming the de facto identity platform for the internet.

With its map of profiles of people from Australia to Venezuela – what it calls the "social graph" – Facebook is becoming the virtual driver's licence, house keys and passport for those travelling around the web. Since 2008, users have been able to log in to other sites using their Facebook credentials. And in April, the company rolled out a suite of new features that made it even easier for other websites to tether themselves to Facebook. These include the Like button, which enables people to quickly express their affinity for a product and share it back to their Facebook newsfeed, and other "social plug-ins" that enable users to interact with their Facebook friends on other sites.

It is a global phenomenon. There are millions of users in countries such as Indonesia, Taiwan, Colombia and



Deputy Money Laundering Reporting Officer (MLRO)

Charities Aid Foundation (CAF)

Non Executive Director

Leasingstock & North Hampshire NHS

Retail Consultants – Strategy and Transformation

Global, award-winning consultancy

Global Director of Business Transformation FTSE 50

Retail

RECRUITERS

FT.com can deliver talented individuals across all industries around the world

Post a job now

RELATED SERVICES

FT Lexicon

FT Bespoke Forums

Market research

Growth companies

Corporate subscriptions

Luxury Travel brochures

Analyst Research

MBA-Direct.com

FT Newspaper subscriptions

FT Diaries

FT Conferences

FT Syndication services

The Non-Executive Director

Turkey. Zuckerberg has said he wants to push further into the developing world, and Facebook has a range of products that allow users with the simplest mobile phone to access the site.



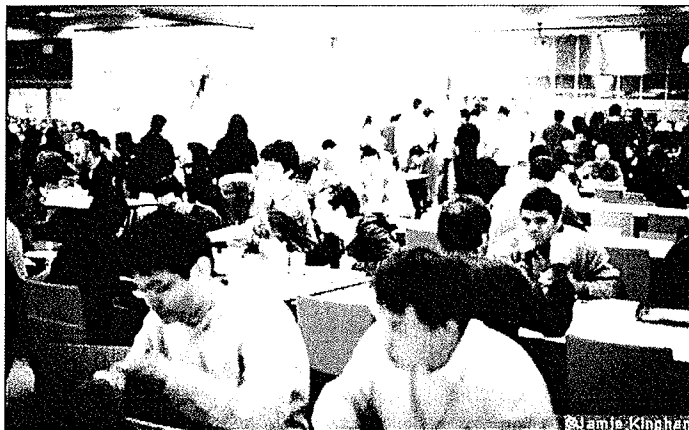
More than two million sites have integrated with Facebook since 2008, including 90 per cent of the top 1,000 sites on the internet. That number is growing by about 10,000 sites a day. Nearly one-third of Facebook's 500 million users interact with it on third-party sites every month. In this way, a growing portion of online activity involves Facebook, even though it is not happening on Facebook.com.

"They made this very ballsy decision to transform themselves from a place where everyone came to – a destination – into a service that lets me take my information everywhere," says Sam Altman, chief executive of Loopt, a location services company that works with Facebook.

Facebook colours this as a win-win for the sites with which it works. By giving sites such as The Times of India and TVGuide.com access to Facebook's graph of friends, it allows them to draw in new traffic and easily acquire new users. When movie review site Rotten Tomatoes integrated with Facebook, the number of reviews on the site doubled. Facebook, of course, benefits too. By implanting its links and cornflower blue "f" logo on millions of pages, the company is enmeshing itself deeper into the fabric of the web, one site at a time.

B.J. Fogg is a researcher at Stanford University who studies how machines influence human behaviour. In 2007 he began teaching classes about Facebook at Stanford, a matter of miles from the company's offices. "It was pretty apparent to me, even before they had half a billion people onboard, that they were in a position to win the game," he told me. "Now that they have their tentacles in many millions of websites, it will be really hard for them to ever go away."

...



Zuckerberg's troops take a break

It can be tempting to write off Zuckerberg as an overzealous youth too excited with his own ideas. In the six years since its founding, however, Facebook has already reshaped at least two industries online. The first was photos. By 2004, when Facebook arrived, online photos were nothing new. The digital photography revolution was in full swing. Film was on its way out, and sites like Snapfish and Shutterfly were processing millions of snapshots. Flickr, founded the same year as Facebook, quickly became a popular venue to share photos, and was soon acquired by Yahoo. But as Facebook expanded it surpassed Flickr as the largest photo-sharing site on the web. By February this year, more than 3bn photos were being uploaded to the site each month. Though the company has made little effort to make any money from its photos service, it has invested heavily in it, designing new software and building data centres to cope with this torrent of data.

What made Facebook the largest photo site on the web was not simply its enormous user base – it was the ability to "tag" people in a photo, or link that photo back to their profile. In this way, you don't have to look through all of your

aunt Gertrude's holiday pictures; you can just quickly see the ones she appears in. "The takeaway from that is that the social features are really the killer part of this," Zuckerberg told me. "Having good social integration is more important than high-res photos."

More recently, Facebook has upended the video-game industry. In 2007, it began allowing outside companies to build simple applications and games that run on Facebook.com. Games proved the most popular, and lucrative too. The largest of the social-gaming companies, Zynga, will reportedly take in revenues in excess of \$600m this year. Playfish, one of the largest social-gaming companies, was bought by Electronic Arts, the second-largest video-games company, for up to \$400m in 2009. And earlier this year, Playdom, another social-games company, was **acquired by Disney** for up to \$735m. Today, upwards of 200 million people play games on Facebook, more than on the Xbox 360, PlayStation 3 and Wii combined.

This change in behaviour points to the key reasons for Facebook's success, according to Sam Altman. Whether it be in photos, games or location, users tend to be more engaged if their friends are involved. "In the past three months there's been this massive change in terms of acceptance of Log In with Facebook," Altman said. "We've gone from something most of my friends didn't use, to something most of them use several times a day on the web. That is what has made people realise how much value there is with Facebook."

This more personalised world is already appearing online. Among the bevy of features Facebook introduced in April was Instant Personalisation. It's a wonky term for an intuitive, if somewhat creepy, feature: if a user is logged in to Facebook and then goes to a handful of other sites, such as internet radio Pandora or the local reviews site Yelp, the user is automatically logged in to those sites as well, which are customised to promote content relevant to a user and his or her friends.

Even Instant Personalisation, however, is a "light" integration. "This is really just the early stage," Zuckerberg told me, after the Deals launch. It's a big change for the web. For the past 15 years we've all had the same experience when we went to a website. That is over now. If Zuckerberg is to be believed, we are rapidly moving from a world where the web doesn't know who you are, to a world where the web knows exactly who you are.

"What we're imagining is very different," says Chris Cox, who dropped out of Stanford to join the company in 2005 and is now one of Zuckerberg's closest lieutenants. "If you imagine a television designed around social, you turn it on and it says, 'Thirteen of your friends like *Entourage*. Press play. Your dad recorded *60 Minutes*. Press play.'" In other words, the world will be experienced through the filter of one's Facebook friends.

Zuckerberg points to companies such as Zynga (built on Facebook's Platform) and Quora (a question and answer service founded by former Facebook employees, which relies almost exclusively on Facebook for users) as examples of companies building around social "from the ground up". "The real disruption is going to come from people who are rethinking these spaces," he said.

This is a sly piece of semantics. Zuckerberg and other Facebook executives talk about the importance of building new companies and services around "friends" and of being "social". But seeing as Facebook alone is the keeper of the most comprehensive social graph on earth, what they really mean is building new companies and services around Facebook. And while this may sound hubristic, it reflects Zuckerberg's belief that Facebook's map of human relationships is among the most important developments in business history. "That, I think, is the strongest product element we have," he said. "And [most] likely one of the strongest product elements that ever has existed."

Not everyone is onboard with Zuckerberg's mission. Users have revolted against many of the changes Facebook has made this year, calling for more **control over their own information**. Privacy advocates and regulators, too, are demanding that the company proceed cautiously as it grows.

There are also concerns that by encouraging users to share more information about themselves online, Facebook is changing the very nature of privacy. Zuckerberg acknowledged these shifting mores in an interview earlier this year. "People have really gotten comfortable not only sharing more information, and different kinds, but more openly and with more people," he said. "That social norm is just something that has evolved over time."

Whether Facebook is responding to changing social norms or, in fact, leading the charge is an unresolved question. "There's no point in demonising Facebook,

which is obviously providing a great service to hundreds of millions of people," said Alessandro Acquisti, associate professor of information technology and public policy at Carnegie Mellon University. "But to use a famous saying, 'With great power comes great responsibility.'"

The concern expressed by Acquisti and others is that while Facebook itself may be benign, the same cannot be said about everyone online. And it is the unintended consequences of a more social world that cause the most consternation. In one nightmare scenario, a user shares information about their eating and exercise habits on Facebook, and this is paired with other information, such as web browsing history, by any number of so-called "data mining" companies. These companies create a profile of the user that is sold to various parties, potentially including health insurers. Based on some of this unflattering information, the insurer decides to deny the user coverage.

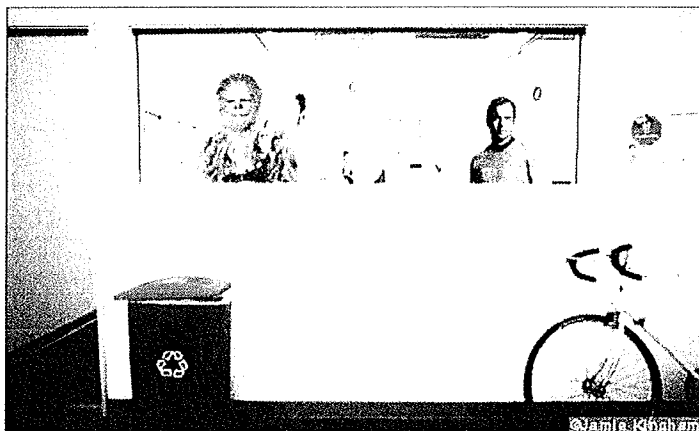
Such salacious anecdotes are thus far the stuff of speculation. But as Acquisti said: "The major concern is that we are getting used to more and more information about ourselves being available to others. It's often invisible how much information is available about us, how much can be inferred from that, and how that can be recombined and misused. The more this happens, the more consumers become adjusted to this being the new normal."

When Facebook launched Instant Personalisation and made other changes to its privacy policy in April, there was initially very little resistance to the moves. But in the weeks after the launch, a growing chorus of critics, including privacy groups and US senators, began calling for Facebook to roll back some of the changes.

The row shook the company to its core. "The privacy backlash was my most difficult time at the company," says Chris Cox. "We were on 100 front pages. That was a moment as a company when we came to grips with how important we are."

Facebook responded the following month, giving users more control of their data. "We really do believe in privacy," Zuckerberg said at the time. It was a familiar pattern. Since Facebook's earliest days, its users have resisted changes to the service. Facebook has routinely made some concessions, only to push further ahead. Users have never left the site in droves. For now, Facebook has succeeded in quieting its critics. But if history is any guide, it is only a matter of time before the company is in hot water once more.

...



An engineers' office at Facebook HQ

On June 2, Zuckerberg appeared for an on-stage interview at the "D: All Things Digital" conference in southern California. The privacy backlash was still fresh, and the interviewers confronted him on the subject. Zuckerberg broke into a profuse sweat, stuttering his way through largely incoherent answers. "D was a low point," a longtime confidant of Zuckerberg's acknowledged. "It was hot in there. He started sweating. He was suddenly really self-conscious. It was a fuck-up. We all fuck up."

Since then, however, Zuckerberg has spoken in public several times, seeming more confident at each appearance. "Mark has always been really good at getting better," Cox told me. "It's one of his two or three superpowers. This year he had to be a better communicator. He did that."

The need for a more polished public persona was amplified this year by the emergence of Zuckerberg as a celebrity in his own right. He has appeared on front pages and magazine covers nearly every week, and guest-starred as himself on *The Simpsons*. An authoritative book about the company, *The Facebook Effect*, came out. An unauthorised movie, *The Social Network*, took the box office by storm, even as it portrayed Zuckerberg in an unflattering light. (Zuckerberg said he wasn't going to see the film, but eventually hosted a screening for Facebook employees.) It was enough to elevate the young chief executive to A-list status. "Zuckerberg is the Angelina Jolie of the internet," said Nick Denton, founder of gossip website Gawker, earlier this year.

A few weeks before Zuckerberg launched Deals, I was at Facebook for another event. After the presentation in the cafeteria, the company hosted a barbecue on the lawn. I saw Zuckerberg sitting alone on a picnic blanket and joined him. I had meetings later in the day, and happened to be wearing a suit (most people in Silicon Valley wear jeans and T-shirts). Zuckerberg told me to be careful not to get grass stains on my trousers and made some more room on the blanket for me. Then, without prompting, he said: "At least in the movie they got that part right. The first time I met venture capitalists, I really was wearing pyjamas." It was a flip remark, but it indicated a new self-awareness in Zuckerberg. Others who know him confirmed as much. "I met him six years ago, and he was in shorts and flip-flops," said Ron Conway, an angel investor and early adviser to Facebook. "Now you see him and he's literally a business leader."

He has also become a philanthropist. In September, just as *The Social Network* hit cinemas, Zuckerberg appeared on *The Oprah Winfrey Show* to announce he was donating \$100m to the troubled schools of Newark, New Jersey. Some wrote off the gift as a publicity stunt, but people close to Zuckerberg say the decision was months in the making, and heartfelt. As a longtime friend of his said, "He's excited about the opportunity to do something good for the world, beyond Facebook."

These distractions have done little to knock Zuckerberg off balance. "He's always been very focused," said the longtime friend. Today, he seems more intent than ever on extending Facebook's influence. With photos, video games and local deals already feeling the effects of Facebook, Zuckerberg is now looking for other industries that are ripe for disruption. "We're going to see that in probably the other entertainment-type verticals first." Music and movies, he argues, are poised to change. "Those are naturally social things," he said.

Meanwhile, Facebook's power as an identity platform keeps growing. The site will most likely hit 600 million users soon, giving it more muscle as it moves to be the default single sign-on for the web.

Industry veterans stress that Facebook may not be the only identity one has on the web. "I think there will be a couple of different identities on the web," said John Donahoe, chief executive of Ebay. (Ebay, which owns PayPal, works closely with Facebook.) "Facebook will be one of the identities you carry with you. The identity we're focused on with PayPal is your monetary identity. It's not one where you want to share all your information."

And while Facebook has the early lead, the changing nature of social structures makes this an inherently dynamic industry. "The fluidity of social networks is one of the reasons it's not entirely clear that Facebook will be the be-all and end-all," says one prominent social media executive. So far, however, no credible alternative has caught on. OpenID, a single sign-on service designed to work across many companies, is foundering; while Microsoft tried, and failed, in the 1990s with a single sign-on product called Passport. "Facebook has done a much cleaner job of exactly the same thing," says the executive. "It has basically figured out how to create a quasi-monopoly on the address book of the web, a universal people directory. It's a fundamental service. If you own the address book at some point you can actually monopolise communications."

Last month, Facebook took another step in this direction when Zuckerberg announced that the site would now offer @facebook.com **e-mail addresses** to its members. He noted that users were already sending 4bn messages a day via Facebook Messages.

...

Facebook's burgeoning power caught the attention of the biggest companies in Silicon Valley years ago. Many, including Yahoo, Microsoft and Ebay have sought to partner with Facebook. Google tried to invest in Facebook in 2007 but was beaten off by Microsoft. Since then, it has increasingly become Facebook's **main adversary**.

The fear, according to people close to Google, is that as Facebook users index the web through their Likes and shares, Google's algorithmic indexing of the web will become less relevant. "Search is a business that will be pretty profoundly disrupted by social media," said Augie Ray, an analyst with Forrester Research. "Ultimately, what matters to you is not what Google thinks is important, it's what your friends think is important."

Advertisers are already voting with their dollars. While Google still commands the lion's share of online ads, big brands are increasingly turning to Facebook, where they can target users based on stated preferences. According to comScore, about one in four online display adverts in the US now appears on Facebook.

In an effort to respond, Google is developing its own more coherent social product. Buzz, a social service it launched earlier this year, flopped. A new effort is tentatively called GoogleMe. "It feels like Google is on red alert," says one source close to both companies. "There is a feeling at Google that this could be for them what search was for Microsoft."

Few in Silicon Valley are optimistic that Google will deliver a Facebook killer. That Google just doesn't get social is widely accepted as fact. This being the case, Facebook looks on track to become an increasingly important part of people's online lives. The benefits should be easy to spot: as more sites integrate with Facebook, there will be fewer new accounts to create, fewer passwords to remember. Sites will be pre-populated with content you find interesting. The web, once anonymous, will be customised to each person.

"Facebook has always thought that anything that is social in the world should be social online," said Matt Cohler, an early employee at Facebook who has gone on to work as a venture capitalist. "Anything where people ask their friends to help them make decisions – whether it's food or movies or travel – could be transformed online by social."

Though it can seem a tad Orwellian, Zuckerberg is resolute in his belief that the future is at once more social and better. "To be a technologist is fundamentally to be an optimist," Cohler said. "Technology is an amplifier and enabler of human behaviour, so when you're creating it you'd better have an optimistic view of human nature."

Cohler and others close to Zuckerberg attest to his desire to do good in the world. That is reassuring, seeing as Facebook is a company with big plans for the future. "If you look at their behaviour, they are not optimising for the short term, or even the medium term," says one source close to the company. "They have a 20-year horizon." Exactly where this will lead is unclear. Technology moves fast. Last month, Yuri Milner, chief executive of a Russian investment group that owns about 10 per cent of Facebook, said he believed Facebook would be powering artificial intelligence within 10 years.

Instead of maximising revenue as soon as possible ("They haven't tried to make money yet," says one source who works directly with Zuckerberg. "They've made enough to keep the lights on"), Facebook is instead trying to weave itself as deeply as it can into the fabric of the worldwide web. Last year, Facebook board member Marc Andreessen told me the company's user base would "cap out at some point at the number of people who have electricity". Since that interview, Facebook has added more than 300 million users. "It's getting to the point where it is very hard to unseat Facebook," Forrester analyst Augie Ray told me. "Not just because people have their social graph established and don't want to recreate it, but because the more Facebook becomes integrated into the web and mobile applications, the harder it is to ever replace."

See also The Inventory with **Chris Hughes**, Facebook's co-founder

Timeline

2004

Facebook launches at Harvard. Peter Thiel invests \$500,000. By the end of 2004, there are nearly 1 million users.

2005

Accel Partners invests \$12.7m. International networks are added. Facebook passes 5.5 million users.

2006

Consortium of venture capital firms invests \$27.5m. Zuckerberg rejects offers from Viacom and Yahoo to buy Facebook for \$1bn. 12 million users.

2007

Google tries to invest in Facebook, but a 1.6% stake is sold to Microsoft instead, for \$240m. Passes 50 million users.

2008

Passes 100 million users.

2009

DST invests \$200m. 350 million users.

2010

Passes 500 million users.

I was there at the dawn of Facebook

I don't have much in common with the Flashmen and Zelig's of history. But when it comes to the great "Where were you when ... ?" moments of our time, I do have one claim to fame. While Mark Zuckerberg coded his way through a little thing called Facebook, I was happily reading, sleeping and gossiping on my sofa just metres across the campus at Harvard. Rather like Rip Van Winkle with less facial hair, I snoozed through the revolution.

Of course, in those distant college days, the site was simply known as thefacebook. Its inspiration – a book of photographs compiled by the university, and occasionally scrawled on with ink moustaches – still sat above the phone in freshman dorms. But those phones rarely rang; the age of mobiles and instant messaging was upon us. And then Zuckerberg sat down at his desk.

In the beginning, thefacebook numbered its users. Rumour has it that the first three memberships were test accounts. Zuckerberg was number four. My savvy roommate was an early convert: number 51. Old e-mails show that I wasn't ashamed to capitalise on the foresight of others: "Can I borrow your Facebook password and user name? I want to stalk this one person ..."

There was no fanfare. Before the hype, before the movie, before the billions, there was just a new verb: "Facebook me". A poke could provoke hours of analysis. Meanwhile, the midnight glow of a hundred library laptops was dotted with miniature Zuckerberg heads as students facebooked the night away.

Today, people ask me how I missed the warning signs of genius breaking. Hadn't I seen an absent-minded Zuckerberg wandering through our shared Kirkland dining hall in pyjamas, muttering code? Well, yes, quite possibly. Unfortunately, in the days before jobs and personal grooming, that wasn't enough to single him out.

Still, journalistic instinct kicked in eventually. In November 2004, Current, a student magazine I edited, ran an exclusive interview: Zuckerberg's first cover story. Re-reading it, you can see the college student and emerging entrepreneur battling for ascendancy. One minute, Zuckerberg is talking through the site's expansion plans and admitting one of his motivations for starting it: "Harvard is a fairly unfriendly place." The next, he's revealing his computer's nickname – "Tinkerbell". Asked if thefacebook helped him to pick up girls, he responded, "It helps my friends to pick up girls" – showcasing an early ability to handle the press.

And with that he was off our cover and on to his second, then his third.

Palo Alto and 500 million members beckoned. It turns out revolutions really can happen while you're sitting on the sofa down the hall.

Alice Fishburn is deputy editor of FT Weekend Magazine

Copyright The Financial Times Limited 2010. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

▶ Print article ▶ Email article ▶ Clip this article ▶ Order reprints

 Twitter
  Digg
  LinkedIn
  Yahoo! Buzz
  Delicious

 reddit
  BX
  Facebook
  stumbleupon
  Viadeo

Minimum delay 15 minutes

All rights reserved. 2010

FT Home

Site map Contact us About us Help

Advertise with the FT Media centre FT Newspaper subscriptions FT Conferences FT Syndication Corporate subscriptions FT Group Careers at the FT
 Partner sites: Chinese FT.com The Mergemarket Group Investors Chronicle Exec-Appointments.com Money Media The Banker I&D Intelligence MBA-Direct.com The Non-Executive Director
 © Copyright The Financial Times Ltd 2010. "FT" and "Financial Times" are trademarks of The Financial Times Ltd. Privacy policy Terms