

*An Organization Study Report of*  
**FACEBOOK**

*Submitted by*  
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*Submitted to*  
**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



*In partial fulfillment of the requirement for the award of the degree of*  
**MASTER OF BUSINESS ADMINISTRATION**

*Under Guidance of*

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## CERTIFICATE BY THE INSTITUTION

This is to certify that **Ms. MEGHA KARNE** bearing **USN 1CR19MBA47** is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on **FACEBOOK** is prepared by her under the guidance of **Mr. Manjunatha S**, Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.

  
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## **DECLARATION**

I, **Ms. Megha Karne**, bearing **USN 1CR19MBA47**, hereby declare that the organization study report of FACEBOOK at Embassy Golf Links Business Park, Domlur, Bengaluru, Karnataka, prepared by me under the guidance of **Mr. Manjunath. S**, faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

**Place: Bengaluru**  
**Date: 15-8-2020**

**Signature of the Student**  
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## **Executive Summary**

Facebook started life as a simple networking service for Harvard students. Its initial objective was to provide a place where students could share personal news, events, announcements and, perhaps most importantly, photographs. It was launched in February 2004 in California. The Facebook office is located in Embassy GolfLinks in Bengaluru. The team is responsible for working mainly with the online advertising and developer support team. It also provides multilingual support to the users.

Despite having over two billion users on its platform, Facebook doesn't actually make any money on content or directly through its user base. Instead, it makes billions via digital advertising, as Facebook has something that companies really want - access to billions of people around the globe who might buy their products or services. In fact, so many companies advertise on Facebook.

Facebook is designed to be free for its user, it should give them control of their information and who can access it, according to the company's statement of principles. It serves to allow individual users to connect with friends in a simple, shorthanded manner, sharing thoughts, news and multimedia content with them. Facebook allows users to connect with many of their friends at once through posts that go out to a set list of individuals; it allows them to keep up with their friends and connect directly with individuals through direct messaging. It also lets individuals connect with public figures and businesses. It was challenging as well as an opportunity to study the growing Facebook company and its market.

## **CHAPTER 1. INTRODUCTION**

### **1.1. SOCIAL MEDIA INDUSTRY**

The first social media site was a website called ‘Six Degrees’ that was launched in 1997. It allowed its users to create a profile and then befriend other users. From Six Degrees, the internet emerged into the era of instant messaging and blogging. Orkut topped among the social networking websites with a user share of 64 percent. Social networking websites provide rich information about the person and his network, which can be utilized for various business purposes.

India has embraced the internet with open arms, and its digital population has been rapidly growing in the past decade with over 680 million active internet users. What started with simple email correspondences, has expanded to a digital universe with social networking giants like Google, Facebook and Twitter becoming a part everyday life for millions of Indians.

Orkut was one of the first, big social networking websites in the country, owned by Google and named after the employee who created it. In 2008, it was one of the most visited websites in the country until its closing was announced in 2014. Not that this stopped Indians from keeping socializing virtually – the country simply transitioned to Facebook. As of 2020, India had the highest number of Facebook users across the globe with close to 300 million users.

As data packs get cheaper and internet becomes more accessible, more Indians are embracing the digital lifestyle. At the same time, smartphones are increasingly becoming the primary screen for Indian customers. In fact, it seems that India entirely skipped the desktop generation and went straight to mobiles. In 2019, a whopping 99 percent of the rural internet users in the country primarily used mobile phones to access the internet. This means mobile phone applications are a booming market in India.

As a gregarious country, Indians love their social networking apps. In 2020, the highest number of WhatsApp and TikTok mobile app downloads in the world were from India. The average internet user in the country spends over three hours per day on social media. And a large proportion of this user base were millennials and gen Z. In 2019, over 79 percent of Facebook users in India were between 18 and 29 years of age.



## 1.2. ORGANIZATION

Facebook, American company offering online social networking services. Facebook was founded in 2004 by Mark Zuckerberg, Eduardo Saverin, Dustin Moskovitz, and Chris Hughes, all of whom were students at Harvard University. Facebook became the largest social network in the world, with more than one billion users as of 2012, and about half that number were using Facebook every day. The company's headquarters are in Menlo Park, California.

Access to Facebook is free of charge, and the company earns most of its money from advertisements on the Web site. New users can create profiles, upload photos, join a pre-existing group, and start new groups. The site has many components, including Timeline, a space on each user's profile page where users can post their content and friends can post messages; Status, which enables users to alert friends to their current location or situation; and News Feed, which informs users of changes to their friends' profiles and status. Users can chat with each other and send each other private messages. Users can signal their approval of content on Facebook with the Like button, a feature that also appears on many other Web sites.

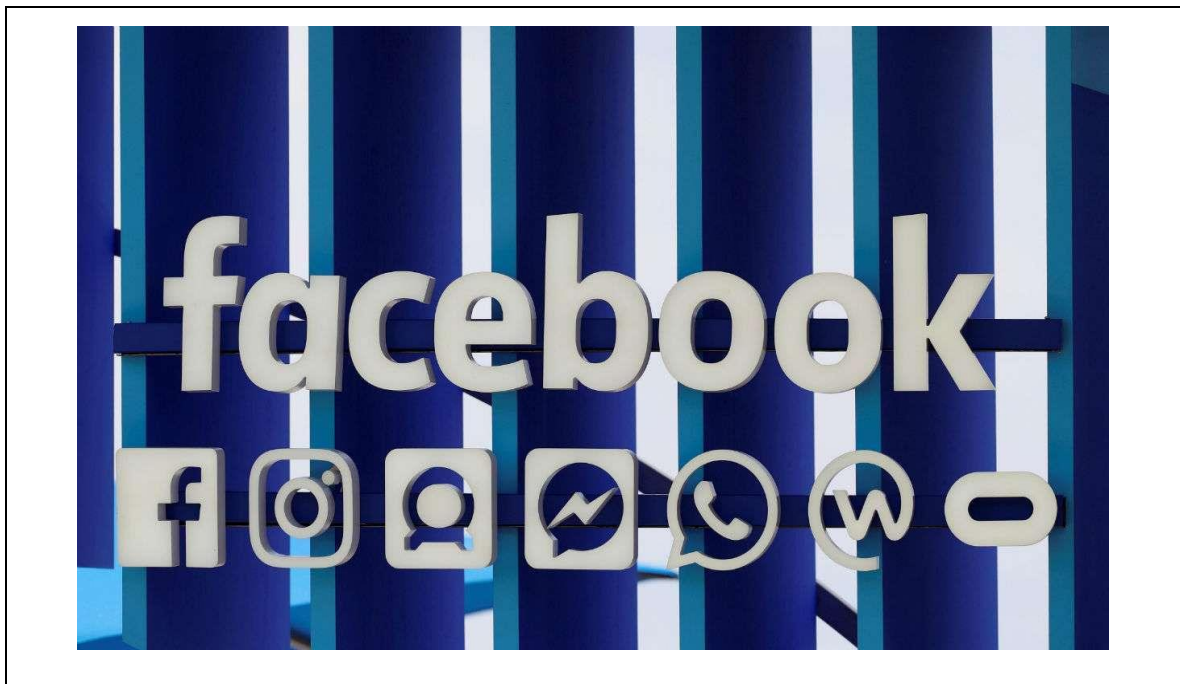


Figure 1: Facebook

The attractiveness of Facebook stems in part from cofounder Zuckerberg's insistence from the very beginning that members be transparent about who they are; users are forbidden from adopting false identities. The company's management argued that transparency is necessary for forming personal relationships, sharing ideas and information, and building up society as a

whole. It also noted that the bottom-up, peer-to-peer connectivity among Facebook users makes it easier for businesses to connect their products with consumers.

## **CHAPTER 2. ORGANIZATION PROFILE**

### **2.1. BACKGROUND**

Mark Zuckerberg, 23, founded Facebook while studying psychology at Harvard University. A keen computer programmer, Mr Zuckerberg had already developed a number of social-networking websites for fellow students, including Coursematch, which allowed users to view people taking their degree, and Facemash, where you could rate people's attractiveness.

In February 2004 Mr Zuckerberg launched "The Facebook", as it was originally known; the name taken from the sheets of paper distributed to freshmen, profiling students and staff. Within 24 hours, 1,200 Harvard students had signed up, and after one month, over half of the undergraduate population had a profile.

The network was promptly extended to other Boston universities, the Ivy League and eventually all US universities. It became Facebook.com in August 2005 after the address was purchased for \$200,000. US high schools could sign up from September 2005, then it began to spread worldwide, reaching UK universities the following month.

In 2006 Facebook opened its membership beyond students to anyone over the age of 13. As Zuckerberg had predicted, advertisers were able to create new and effective customer relationships. For example, that year, household product manufacturer Procter & Gamble attracted 14,000 people to a promotional effort by "expressing affinity" with a teeth-whitening product. This kind of direct consumer engagement on such a large scale had not been possible before Facebook, and more companies began using the social network for marketing and advertising.

Privacy remains an ongoing problem for Facebook. It first became a serious issue for the company in 2006, when it introduced News Feed, which consisted of every change that a user's friends had made to their pages. After an outcry from users, Facebook swiftly implemented privacy controls in which users could control what content appeared in News Feed.

In 2007 Facebook launched a short-lived service called Beacon that let members' friends see what products they had purchased from participating companies. It failed because members felt that it encroached on their privacy. Indeed, a survey of consumers in 2010 put Facebook in the bottom 5 percent of companies in customer satisfaction largely because of privacy concerns, and the company continues to be criticized for the complexity of its user privacy controls and for the frequent changes it makes to them.

In 2008 Facebook surpassed Myspace as the most-visited social media Web site. With the introduction of Live Feed, the company also took a competitive swing at the growing popularity of Twitter, a social network that runs a live feed of news service-like posts from members whom a user follows. Similar to Twitter's ongoing stream of user posts, Live Feed pushed posts from friends automatically to a member's homepage. (Live Feed has since been incorporated into News Feed.)

Facebook has become a powerful tool for political movements, beginning with the U.S. presidential election of 2008, when more than 1,000 Facebook groups were formed in support of either Democratic candidate Barack Obama or Republican candidate John McCain. In Colombia the service was used to rally hundreds of thousands in protests against the anti-government FARC guerrilla rebellion. In Egypt, activists protesting the government of Pres. Hosni Mubarak during the uprising of 2011 often organized themselves by forming groups on Facebook.

Facebook encourages third-party software developers to use the service. In 2006 it released its application programming interface (API) so that programmers could write software that Facebook members could use directly through the service. By 2009 developers generated about \$500 million in revenue for themselves through Facebook. The company also earns revenues from developers through payments for virtual or digital products sold through third-party applications. By 2011 payments from one such company, Zynga Inc., an online game developer, accounted for 12 percent of the company's revenues.

In February 2012 Facebook filed to become a public company. Its initial public offering (IPO) in May raised \$16 billion, giving it a market value of \$102.4 billion. By contrast, the largest IPO of an Internet company to date was that of the search-engine company Google Inc., which had raised \$1.9 billion when it went public in 2004. By the end of the first day of the stock's trading, Zuckerberg's holdings were estimated at more than \$19 billion.

## **2.2. VISSION MISSION AND QUALITY POLICY**

### **VISSION MISSION**

Facebook vision statement is "People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them." Its focus is on the influence the company has in the social media sector. Particularly, the statement

brings out the social building and dissemination of knowledge as critical factors that Facebook wants to be associated with. This mission statement has several primary characteristics:

1. **Freedom of expression:** This component is perhaps the most developed one in the vision statement of this company. Facebook has created an interactive and free of speech impediment platform. Within this site, users have a voice to air ‘what matters to them,’ critique and criticize any issues that affect them. The company has made it its role to help people have their voices heard and respected. In fact, the rules and regulations of the company on how it handles communication forms some of the most protective packages, and this has drawn billions of users to this platform.
2. **Information discovery:** Facebook shows that the company is more than simply giving an entertainment and social interactive platform. The firm has expanded its operations to include business and educative features to meet the diverse needs of its customers. In this way, there are no limits to what an individual can learn through Facebook. For instance, it has a section where users can learn consumer behaviour and marketing trends and many other skills with Facebook blueprint.
3. **Building family and friends bonds:** While Facebook has brought in interesting elements in its system, creating an environment where its users can bridge physical barriers to maintain relationships remains a top priority for the company. To achieve this, the firm creatively integrates other social media sites such as Instagram to ensure people stay in touch at all times without any limitations. The friendliness and ease of use of its text messaging and video calling feature also boosts its satisfaction of this element in its vision statement.

Facebook mission statement is “to give people the power to share and make the world more open and connected.” The statement focuses on its influential role to make a difference in the clients it serves. Due to the changing landscapes of the social networking business, Facebook has had to readjust and redefine its mission statement in the past. Through the changes, the company has revealed how critical leaving an impact on societies is as a reputation sustaining model. Based on this observation, one can identify several elements from this mission statement:

1. **Improvement of life:** To meet this component of its mission statement, Facebook has integrated various impactful programs in its platform to add value to the lives of its customers. The presence of these programs and assistive activities shows that the

company is more than simply giving a platform to exchange information among its users. It is an establishment whose presence leaves smiles on the faces of people irrespective of where they are across the globe. For instance, its industries section links people and companies with numerous opportunities with long-lasting impacts on the lives of individuals and the general societies.

2. Make the world more connected: Facebook has definitely gone beyond the expectations in satisfying this element in its mission statement. Its platform is an example of a modern tailored system for linking people with others and with institutions. There is no limit to how people can interrelate within this platform. The environment created by Facebook is exactly what the world deserves to continue to thrive as a global village.
3. Encourage sharing of ideas: In this component, Facebook continues to introduce a new feature that improves the usability of its platform for constructive purposes. Through Facebook fundamentals, and optimization mechanisms, users have unlimited ways to express their ideas to a wide audience.

## **QUALITY POLICY**

Facebook's stated mission is "to give people the power to share and make the world more open and connected." On its site, Facebook explains that it believes that increased connection between people through their site will lead to better understanding between disparate groups. Facebook is designed to be free for its users; it should give them control of their information and who can access it, according to the company's statement of principles.

Personal engagement in an online space is the core purpose of Facebook. It serves to allow individual users to connect with friends in a simple, shorthanded manner, sharing thoughts, news and multimedia content with them. Facebook allows users to connect with many of their friends at once through posts that go out to a set list of individuals; it allows allows them to keep up with their friends and connect directly with individuals through direct messaging. It also lets individuals connect with public figures and businesses.

Facebook allows businesses, organizations and public figures to connect with customers, fans and constituents through the website. Businesses and other brands create pages where they can post content, provide organizational news, offer deals, introduce products and manage customer service relationships. They also can reach a large number of people with targeted advertising, creating ads specifically for Facebook that are tailored to appear on the pages of specific groups of people they hope to reach.

Facebook is a business that has a purpose of creating revenue, enriching investors and providing jobs. Because it does not charge users for having Facebook pages, it needs to generate revenue from other sources. Facebook produces most of its revenue from advertising, including ads for both large and small advertisers. Facebook's advertising products include self-serve advertising, in which advertisers create and organize their own Facebook campaigns through an online service and interactive ads. Facebook also makes money through its virtual gift store, which allows users to buy virtual gifts for each other, according to AllFacebook.com.

### **2.3. WORKFLOW MODEL**

People consistently told that if they're going to see ads, they want them to be relevant. That means they need to understand our interests. So, based on what pages people like, what they click on, and other signals, they create categories—for example, people who like pages about gardening and live in Spain—and then charge advertisers to show ads to that category. Although advertising to specific groups existed well before the internet, online advertising allows much more precise targeting and therefore more-relevant ads.

The internet also allows far greater transparency and control over what ads we see than TV, radio or print. On Facebook, we have control over what information they use to show us ads, and we can block any advertiser from reaching us. We can find out why we are seeing an ad and change our preferences to get ads we are interested in. And we can use our transparency tools to see every different ad an advertiser is showing to anyone else.

Still, some are concerned about the complexity of this model. In an ordinary transaction, we pay a company for a product or service they provide. Here we get our services for free—and they work separately with advertisers to show us relevant ads. This model can feel opaque, and we're all distrustful of systems we don't understand.

Sometimes this means people assume they do things that they don't do. For example, they don't sell people's data, even though it's often reported that they do. In fact, selling people's information to advertisers would be counter to their business interests, because it would reduce the unique value of their service to advertisers. They have a strong incentive to protect people's information from being accessed by anyone else.

Some worry that ads create a misalignment of interests between them and people who use their services. They have often asked if they have an incentive to increase engagement on Facebook because that creates more advertising real estate, even if it's not in people's best interests.

## 2.4. SERVICE PROFILE

The Facebook Products include Facebook (including the Facebook mobile app and in-app browser), Messenger, Instagram (including apps like Direct and Boomerang), Portal-branded devices, Bonfire, Facebook Mentions, Facebook Shops, Spark AR Studio, Audience Network, NPE Team apps and any other features, apps, technologies, software, products, or services offered by Facebook Inc. or Facebook Ireland Limited under our Data Policy. The Facebook Products also include Facebook Business Tools.



Figure 2: Meeting room

Facebook Products does not include some Facebook-offered products or services that have their own separate privacy policies and terms of service – such as Workplace, Free Basics, and Messenger Kids.

### **Facebook for Marketing**

Facebook allows businesses, organizations and public figures to connect with customers, fans and constituents through the website. Businesses and other brands create pages where they can post content, provide organizational news, offer deals, introduce products and manage customer service relationships. They also can reach a large number of people with targeted advertising, creating ads specifically for Facebook that are tailored to appear on the pages of specific groups of people they hope to reach.



## **Facebook as a Business**

Facebook is a business that has a purpose of creating revenue. It does not charge users for having Facebook pages, it needs to generate revenue from other sources. Forms of advertising Facebook use to make its money:

1. **Self-Serve Advertising-** This type of advertising is widely used on Facebook - self-serve advertising enables anyone to create and put up an ad on Facebook. Self-serve advertisements appear on the right side (or "sidebar") on Facebook pages, for individuals, groups, user profiles, events, and third-party pages. Facebook's Ad Manager page helps advertisers create their own ads, offering granular target tools to ensure the ad reaches the intended audience.
2. **Targeted Advertisements-** Facebook holds a massive amount of personal data on its user base, including gender, age, hobbies, career choices, political preferences, shopping preferences - even their favourite baseball team. That allows Facebook to sell advertising space to companies and organizations who want to hone in on a specific demographic, like video game players or Range Rover owners. Or, more generically, advertisers can target ads to larger groups of people based on political preferences, religion, or even age.
3. **Facebook Messenger Ads-** Facebook's ubiquitous Messenger tool, which enables Facebook users to engage privately on a one-to-one basis, is increasingly being leveraged by advertisers to get the word out on their products and services. Facebook is looking to expand its use of messaging advertisements through its 2014 purchase of WhatsApp, the widely-used mobile messaging app.
4. **Video Ads-** Traditionally, Facebook Live has thrived as a digital tool that allows Facebook users to connect via video, enabling grandparents to check in with their grandkids thousands of miles away or old college friends to reconnect online to share stories of their days back on campus. Increasingly, Facebook views video as an effective means of connecting advertisers with Facebook users via Facebook Live. Broadcasts via Facebook Live are on the upswing, and Facebook is capitalizing by making video ads on its signature video platform commonplace.
5. **Facebook Mobile-** In 2016, Facebook's core mobile app generated 83% of Facebook ad revenues, making mobile its biggest money-making digital tool. As Facebook continues to explore new advertising platforms, expect Facebook mobile to carry the revenue

burden for the company, as mobile advertising grows at a double-digit growth rate on an annual basis.

Facebook Inc. hasn't only been limited to their first company Facebook, but they have acquired many new companies to be on top of the industry. It is considered as one of the Big Five technology companies along with Microsoft, Amazon, Apple, and Google. Facebook's strategy has been to buy potential rivals before they can get too big.



Figure 3: Facebook log in icon

Recently, whenever we log into Facebook you can see 5 icons at the bottom! Those are the popular companies owned by Facebook Inc.

## 1. Facebook

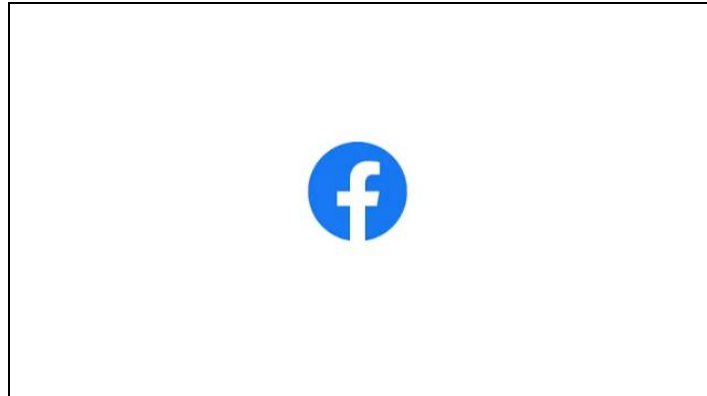


Figure 4: Facebook icon

Facebook is arguably the leader in the social media industry. It is the flagship service of the namesake company Facebook Inc. It was founded by Mark Zuckerberg, along with fellow Harvard College students and roommates Eduardo Saverin, Andrew McCollum, Dustin Moskovitz and Chris Hughes.

## 2. Messenger

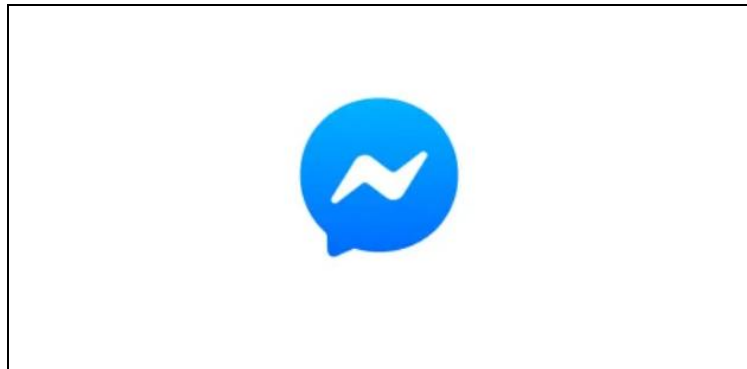


Figure 5: Messenger icon

Facebook Messenger, commonly known as Messenger, was originally developed as Facebook Chat in 2008. The company then revamped its messaging service in 2010, and subsequently released standalone iOS and Android apps in August 2011.

Facebook has launched a dedicated website interface and separated the messaging functionality from the main Facebook app, allowing users to use the web interface or download one of the standalone apps. In April 2020, Facebook officially released Messenger for Desktop, which is supported on Windows 10 and macOS and distributed on Microsoft Store and App Store respectively.

## 3. Instagram



Figure 6: Instagram icon

Instagram is a photo and video sharing app. It was created by Kevin Systrom and Mike Krieger and launched in October 2010 on iOS. The company remained independent until it was acquired by Facebook Inc. for \$1.0 billion in 2012.

It is now worth around \$100 billion. It is said that the purchase of Instagram turned the tide for Facebook. It is also believed that Instagram generates more revenue in advertising than its parent company.

#### 4. WhatsApp



Figure 7: WhatsApp icon

WhatsApp is a mobile messenger service. It was developed as an alternate for basic text messaging service on our phone. It is primarily built for mobile devices but is also accessible from desktop computers, as long as the user's mobile device remains connected to the Internet while they use the desktop app. The service requires users to provide a standard cellular mobile number for registering with the service.

Facebook Inc. acquired WhatsApp in 2014 for around \$19 billion. It became the world's most popular messaging application by 2015 and has over 2 billion users worldwide as of February 2020.

## 5. Oculus



Figure 8: Oculus icon

This company was founded in 2012 and is best known for its Oculus Rift product, a virtual reality headset that was designed for video gaming. Facebook Inc. acquired this virtual reality technology company in 2014 just after acquiring WhatsApp. Its acquisition costed around \$2.0 billion.

The company partnered with Samsung to develop the Samsung Gear VR in November 2015 for the Samsung Galaxy smartphones. Zuckerberg plans to have 1 billion virtual reality headsets in consumers' hands.

### **2.5. OWNERSHIP PATTERN**

Facebook filed for an initial public offering (IPO) on February 1, 2012. The preliminary prospectus stated that the company was seeking to raise \$5 billion. The document announced that the company had 845 million active monthly users and its website featured 2.7 billion daily likes and comments. After the IPO, Zuckerberg would retain a 22% ownership share in Facebook and would own 57% of the voting shares.

Underwriters valued the shares at \$38 each, pricing the company at \$104 billion, the largest valuation to date for a newly public company. On May 16, one day before the IPO, Facebook announced that it would sell 25% more shares than originally planned due to high demand. The IPO raised \$16 billion, making it the third largest in U.S. history. The stock price left the company with a higher market capitalization than all but a few U.S. corporations – surpassing heavyweights such as Amazon, McDonald's, Disney, and Kraft Foods – and made Zuckerberg's stock worth \$19 billion. The New York Times stated that the offering overcame questions about Facebook's difficulties in attracting advertisers to transform the company into a "must-own stock". Jimmy Lee of JPMorgan Chase described it as "the next great blue-chip" Writers at TechCrunch, on the other hand, expressed skepticism, stating, "That's a big multiple to live up

to, and Facebook will likely need to add bold new revenue streams to justify the mammoth valuation".

Trading in the stock, which began on May 18, was delayed that day due to technical problems with the NASDAQ exchange. The stock struggled to stay above the IPO price for most of the day, forcing underwriters to buy back shares to support the price. At closing bell, shares were valued at \$38.23, only \$0.23 above the IPO price and down \$3.82 from the opening bell value. The opening was widely described by the financial press as a disappointment. The stock nonetheless set a new record for trading volume of an IPO. On May 25, 2012, the stock ended its first full week of trading at \$31.91, a 16.5% decline.

On May 22, 2012, regulators from Wall Street's Financial Industry Regulatory Authority announced that they had begun to investigate whether banks underwriting Facebook had improperly shared information only with select clients, rather than the general public. Massachusetts Secretary of State William Galvin subpoenaed Morgan Stanley over the same issue. The allegations sparked "fury" among some investors and led to the immediate filing of several lawsuits, one of them a class action suit claiming more than \$2.5 billion in losses due to the IPO. Bloomberg estimated that retail investors may have lost approximately \$630 million on Facebook stock since its debut.

Standard & Poor's added Facebook, Inc. to its S&P 500 index on December 21, 2013.

On May 2, 2014, Zuckerberg announced that the company would be changing its internal motto from "Move fast and break things" to "Move fast with stable infrastructure". The earlier motto had been described as Zuckerberg's "prime directive to his developers and team" in a 2009 interview in Business Insider, in which he also said "Unless you are breaking stuff, you are not moving fast enough."

In May 2019, Facebook founded Libra Networks, reportedly in order to develop their own stable coin cryptocurrency. In recent developments it has been reported that Libra is being supported by financial companies like Visa, Mastercard, PayPal and Uber. The consortium of companies is expected to pool in \$10 million each to fund the launch of the cryptocurrency coin named Libra.

## **MERGERS AND ACQUISITION**

Throughout its existence, Facebook has acquired multiple companies (often identified as talent acquisitions).

One of its first major acquisitions was in April 2012, when Facebook acquired Instagram for approximately US\$1 billion in cash and stock.

In October 2013, Facebook acquired Onavo, an Israeli mobile web analytics company.

In February 2014, Facebook announced that it would be buying mobile messaging company WhatsApp for US\$19 billion in cash and stock. Later that year, Facebook bought Oculus VR for \$2.3 billion in stock and cash, which released its first consumer virtual reality headset in 2016.

In late July 2019, the company announced it was under antitrust investigation by the Federal Trade Commission.

In late November 2019, Facebook announced the acquisition of game developer Beat Games, responsible for developing one of the year's most popular VR titles, Beat Saber.

In April 2020, Facebook announced a \$5.7 billion deal with the Indian multinational conglomerate Reliance Industries to purchase approximately 10 percent of Jio Platforms, Reliance's digital media and services entity.

In May 2020, Facebook announced that they had acquired Giphy for a reported cash price of \$400 million. The product will be integrated with the Instagram team.

In 2019 Facebook spent \$16.7m on lobbying and had a team of 71 lobbyists, up from \$12.6m and 51 lobbyists in 2018.

## **STRUCTURE**

Facebook's key management personnel consists of:

1. Mark Zuckerberg (Chairman and Chief Executive Officer)
2. Sheryl Sandberg (Chief Operating Officer)
3. Mike Schroepfer (Chief Technology Officer)
4. David Wehner (Chief Financial Officer)
5. Chris Cox (Chief Product Officer)

## **BOARD DIRECTORS**

In April 2019, Facebook nominated Peggy Alford to be added as a board member during the May 2019 AGM. If this happens, she will become the first African-American woman to serve in this board, and the second African-American ever to do so. As of April 2019, Facebook's board consists of the following directors;

1. Mark Zuckerberg (Chairman, Founder and CEO)
2. Sheryl Sandberg (Executive Director and COO)
3. Marc Andreessen (Non-Executive Director, Co-Founder and General Partner, Andreessen Horowitz)
4. Erskine Bowles (Non-Executive Director, President Emeritus, University of North Carolina)
5. Kenneth Chenault (Non-Executive Director, Chairman and Managing Director, General Catalyst)
6. Susan Desmond-Hellmann (Non-Executive Director, CEO, Bill & Melinda Gates Foundation)
7. Reed Hastings (Non-Executive Director, Chairman, Co-Founder and CEO, Netflix)
8. Peter Thiel (Non-Executive Director, Co-Founder and Former CEO, PayPal, Founder and President, Clarium Capital)
9. Jeffrey Zients (Non-Executive Director, Former Director, U.S. National Economic Council)

## **2.6. ACHIEVEMENTS**

1. February 2004: Facebook Inc is founded in Cambridge, Massachusetts.
2. October 2005: Facebook launches its photos feature with unlimited storage.
3. September 2006: Facebook expands its platform from college and high school students to everyone over the age of 13 with a valid email address.
4. January 2007: Facebook launches mobile support with m.facebook.com.
5. November 2008: Facebook launches Facebook Credits to allow users to pay for gifts for friends through the platform.
6. September 2009: Facebook turns cash-flow positive for the first time ever.
7. June 2010: Facebook enables users to “Like” other users’ comments.



8. August 2011: Facebook launches Messenger for Apple Inc. AAPL 1.06%'s iOS and Alphabet Inc GOOG 0.71% GOOGL 0.67%'s Android platforms.
9. May 2012: Facebook goes public at \$38/share with an IPO that values the company at \$104 billion.
10. June 2013: Facebook announces support for hashtags in user posts.
11. March 2014: Facebook completes the acquisition of leading virtual reality technology company Oculus VR, Inc.
12. August 2015: CEO Mark Zuckerberg announces Facebook reached 1 billion active users in a single day for the first time in history.
13. January 2016: Facebook makes its Facebook Live streaming service available to all iPhone users.

## 2.7. FUTURE GROWTH AND PROSPECTS

Facebook's future will be all about the family. Specifically, Instagram, Messenger, and WhatsApp, the family of messaging apps that will steer the platform's growth.

Facebook's full-year 2019 costs and expenses came in at \$46.71 billion, up 51% compared to its total in 2018. That coincides with a drop in the company's operating margin, which fell from 45% in 2018 to 34% in 2019.

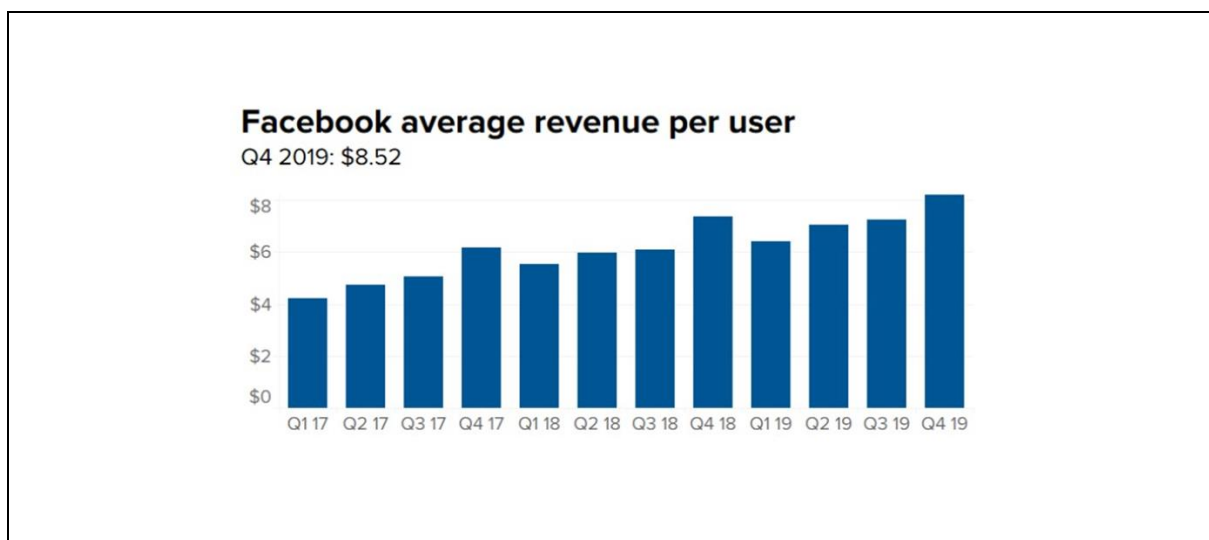


Figure 9-Average revenue per user

Facebook has turned into a cash-generating monster over the last few years. Revenue has grown over 1,800% since 2012, clocking in at \$71.0 billion in 2019. Free cash flow has been equally impressive, increasing 2,150% to end 2019 at \$21.1 billion. Facebook's user count expansion is one of the key ingredients to its meteoric rise.

Year – End Period	Monthly Active Users	Increase (YOY)
2012	1.06 billion	25%
2013	1.23 billion	16%
2014	1.39 billion	13%
2015	1.59 billion	14%
2016	1.86 billion	17%
2017	2.13 billion	14%
2018	2.32 billion	9%
2019	2.50 billion	8%

Facebook said it counts more than 2.89 billion monthly users across its family of apps, compared to 2.8 billion in the previous quarter. This metric is used to measure Facebook’s total user base across its main app, Instagram, Messenger and WhatsApp.

Facebook’s business model heavily relies on ads, as the majority of social network’s revenue comes from advertising. In 2019, about 98.5 percent of Facebook's global revenue was generated from advertising, whereas only around two percent was generated by payments and other fees revenue. Facebook ad revenue stood at close to 69.7 billion U.S. dollars in 2019, a new record for the company and a significant increase in comparison to the previous years. For instance, the social network generated almost seven billion U.S. dollars in ad revenue in 2013, about 10 billion less than the 2015 figure.

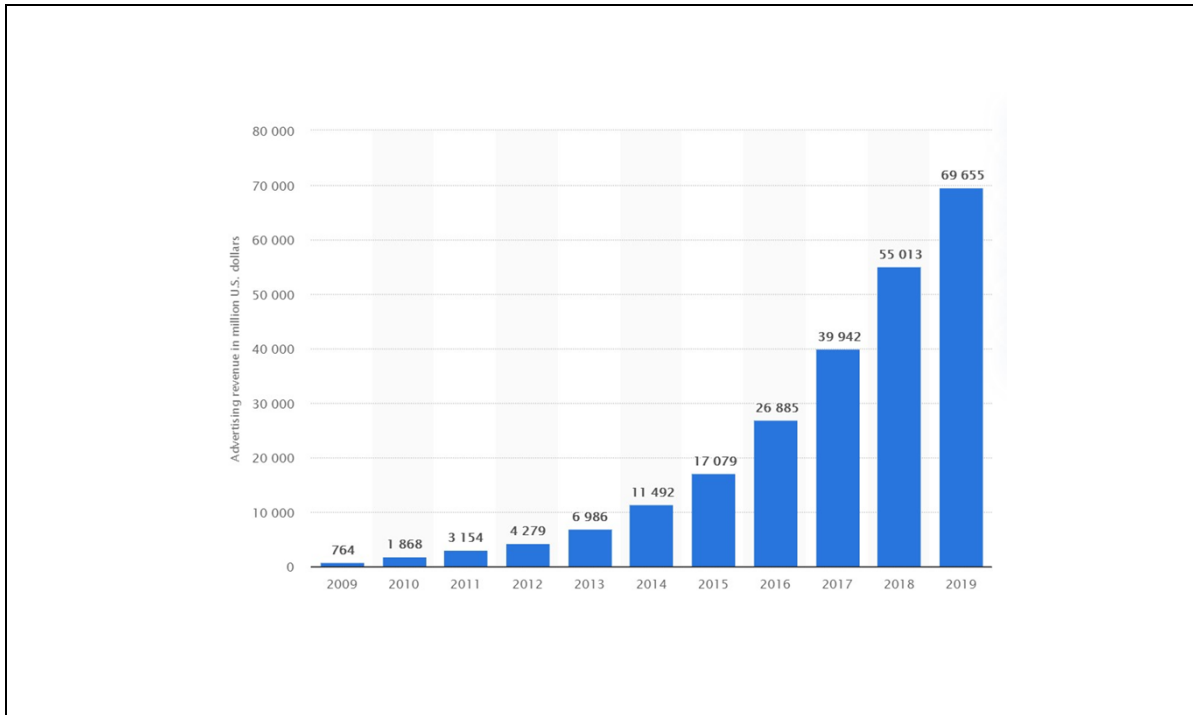


Figure 10-Advertising revenue

In the U.S. and Canada, Facebook's user base rose to 190 million from 189 million a quarter earlier. Its user base in Europe increased to 294 million from 288 million daily active users in the prior quarter.

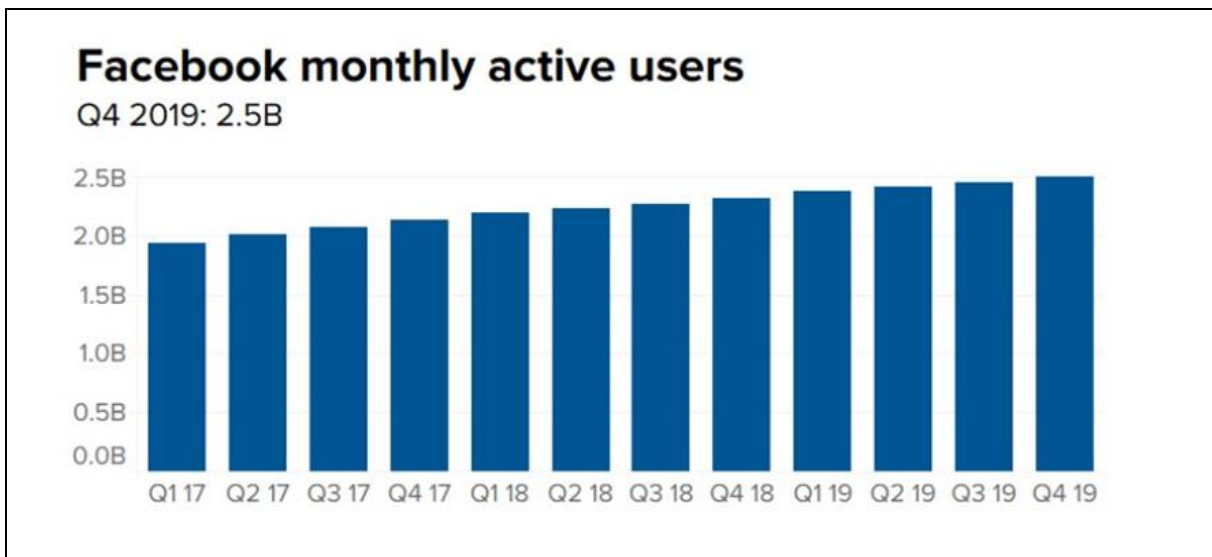


Figure 11-Facebook monthly active users

Facebook will make privacy a key focus of 2020 as a result of the company's July 2019 \$5 billion settlement agreement with the Federal Trade Commission.

It's going to take time but over the next decade Facebook want to build a reputation on privacy that's as strong as their reputation already building good, stable services. Over the past year, Facebook has struggled with numerous regulatory challenges.

The company announced the libra digital currency in June, which has since struggled with pushback from lawmakers and regulators around the globe, losing key partners in the process.

## CHAPTER 3. MCKINSEY'S 7S FRAMEWORK & PORTER'S FIVE FORCE MODEL

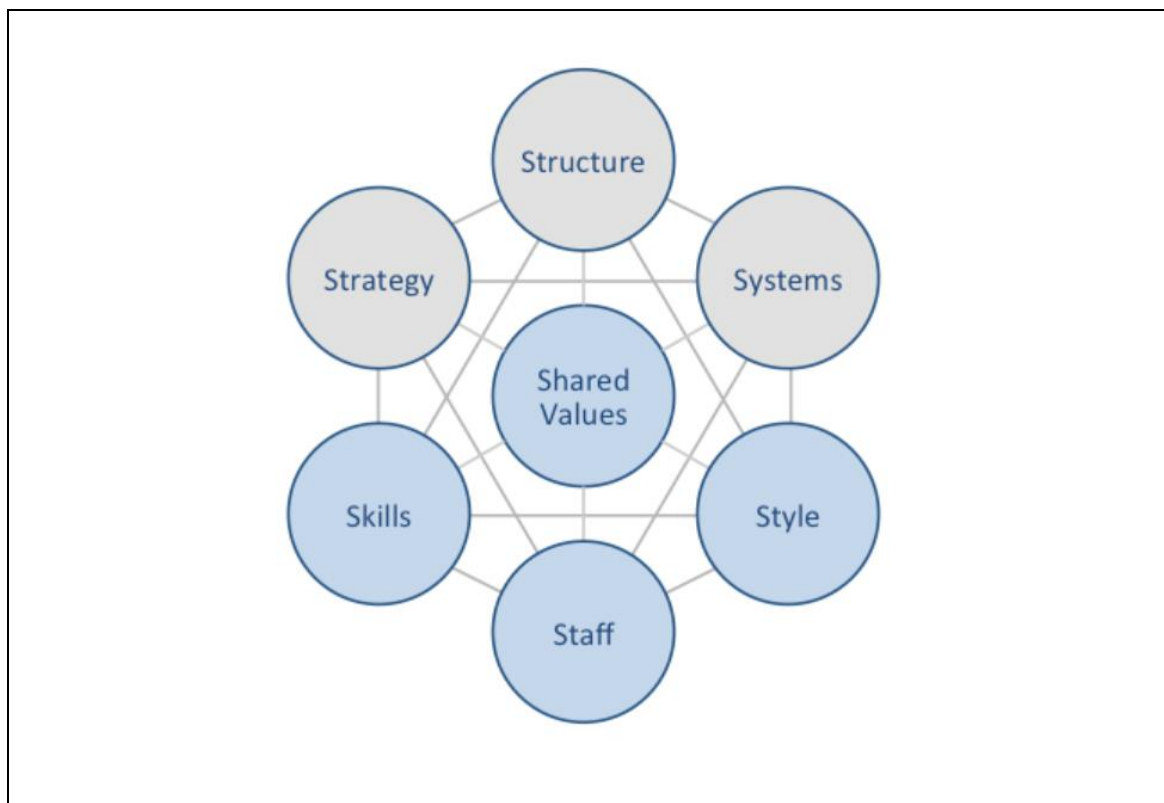
### 3.1. MCKINSEY'S 7S FRAMEWORK

The McKinsey 7S model consists of seven elements and are categorized as either "hard" or "soft" elements:

**Hard elements:** Strategy, Structure, Systems.

**Soft elements:** Style, Staff, Skills, Shared values.

Hard elements are easier to define or identify and management can directly influence them. These are strategy statements; organization charts and reporting lines; and formal processes and IT systems. Soft elements can be more difficult to describe and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful.



## **1. STRATEGY**

Facebook follows cost leadership business strategy with a particular focus on user experience. According to its mantra “1% is finished”, the social media company develops new products and services and improves its current range of products and services in a continuous manner. Additionally, important elements of Facebook Inc. business strategy include growth via acquisitions and continuous exploration of new ways of site monetization with positive implications for the bottom line.

## **2. STRUCTURE**

Facebook Inc. has a hybrid organizational structure that integrates important elements of hierarchical and divisional organizational structures. Elements of hierarchical structure are expressed via presence of multiple levels of management in the company, whereas elements of divisional or matrix organizational structure are evident on the formation of product-based teams on the global scale. The founder, Chairman of the Board and CEO Mark Zuckerberg is the main driving force and the ultimate operational and strategic decision maker in the company.

## **3. SYSTEMS**

Facebook Inc. business operations rely on a wide range of organizational systems. The ranges of systems that are the most critical for the social media company include HR system, information system, security system and others. Security system in particular is a critical success factor and it relates to both, company’s own security, as well as, the security of users of the social media site. The company has a control system in place to ensure its own security against hacks and the security of its users against the loss of their personal data and a wide range of other threats to their financial, emotional and physical well-being...

## **4. STYLE**

Management style is charismatic and transformational. The business depends upon high level of communication so that goals can be met in an efficient and timely manner. The hands-off management style is one that Facebook co-founder Mark Zuckerberg uses himself as CEO. He gives his engineers the freedom to experiment because it promotes risk-taking and leads to innovation.

## 5. STAFF

Facebook has come a long way since its humble beginnings in a Harvard dorm room. The social network had 44,942 full-time employees as of December 2019, up from just 150 people in 2006. In 2018, total key executive compensation amounted to 105.4 million U.S. dollars. Key executives of the company include CEO and founder Mark Zuckerberg, COO Sheryl Sandberg and CFO David Wehner.

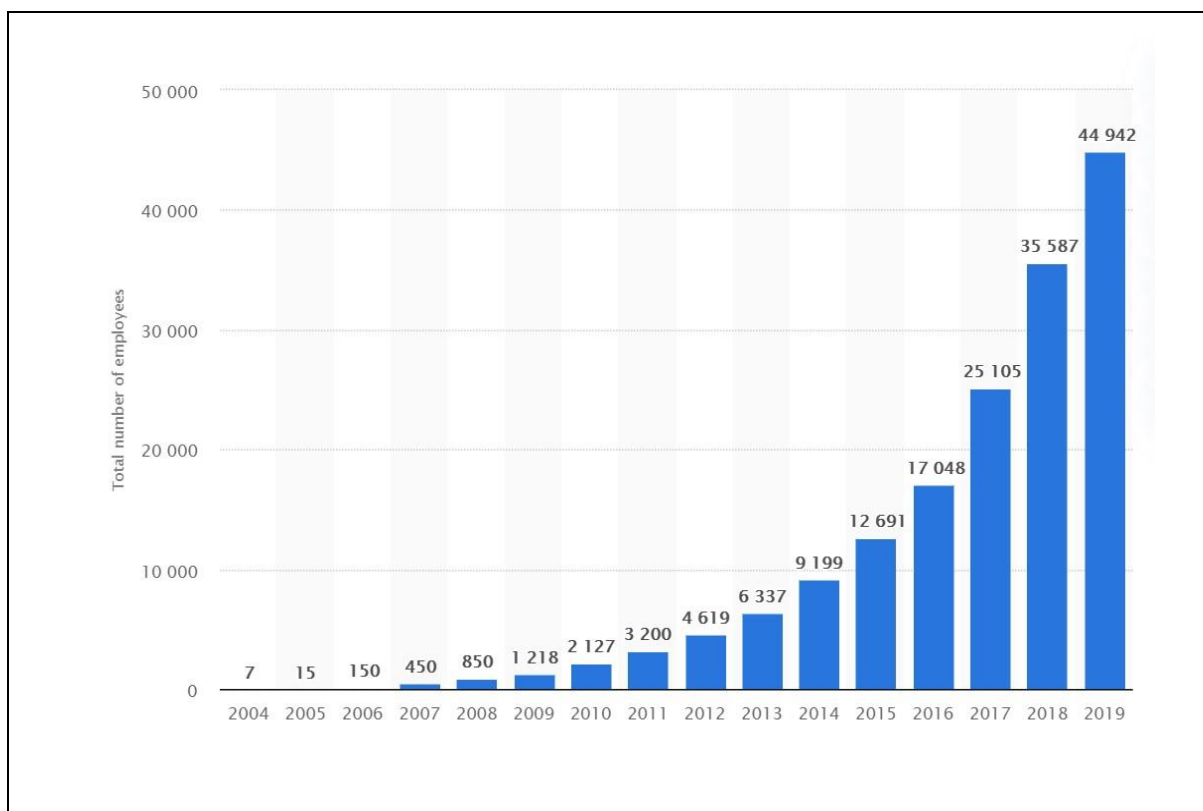


Figure 12- Facebook total number of employees

## 6. SKILL

Skill is what company does best. At Facebook, programming languages are in demand. According to the research 46% of Facebook employees know Java and 44% know Python. Other top skills include C++, distributed systems, algorithms, and machine learning. Most employees (84%) have a four-year degree, but 42% of Facebook employees hold master's degrees, too.

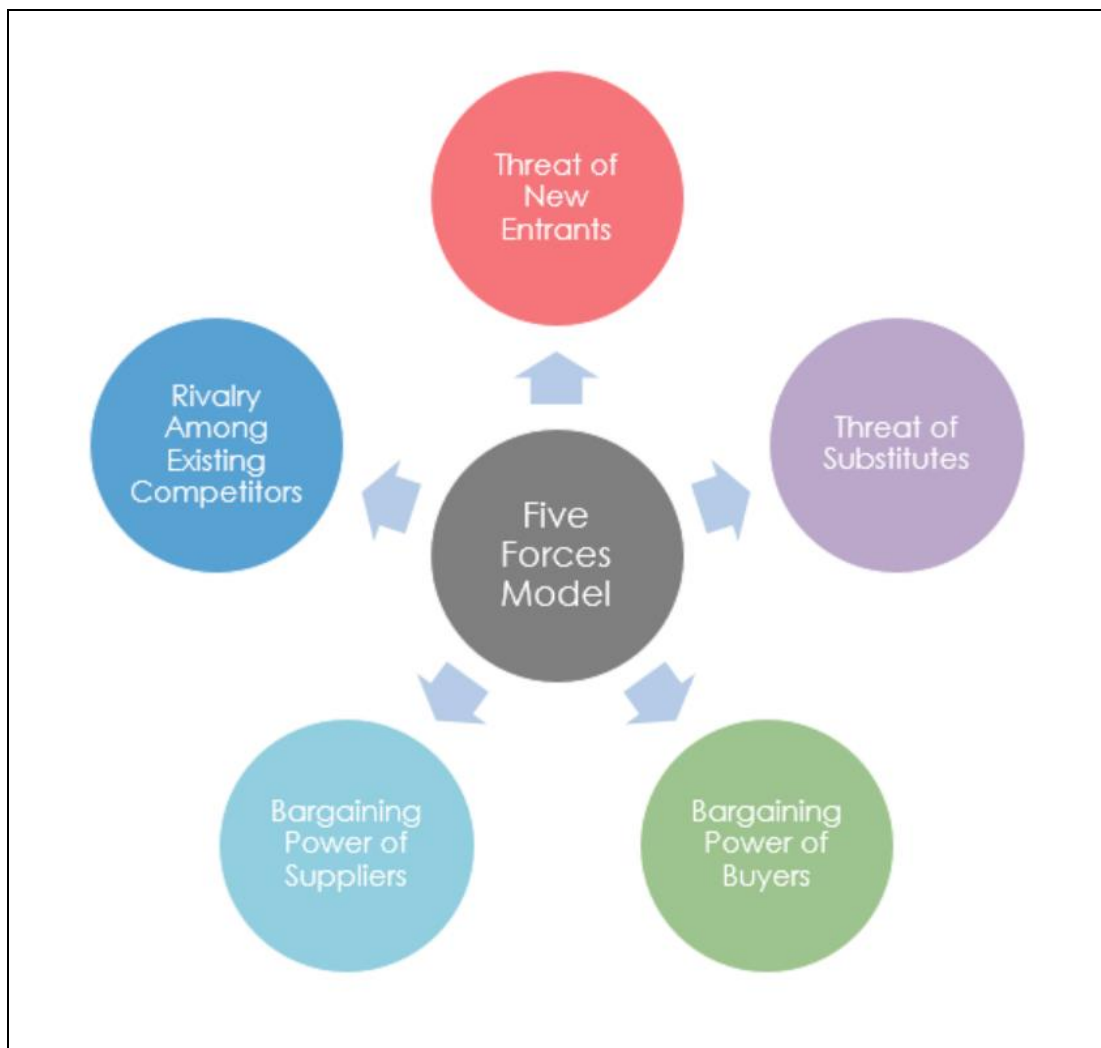
## 7. SHARED VALUES

Shared values are the stated objectives of the company. Facebook's five core values are,

1. Be bold
2. Focus on impact
3. Move fast
4. Be open
5. Build social value

### 3.2. FIVE FORCES ANALYSIS OF FACEBOOK

Facebook's market position as one of the world's leading online social media businesses provides a variety of benefits. However, this Five Forces analysis shows that the company must keep satisfying customers to reduce the potential negative effects of competition and substitution against its social networking website, mobile apps, and related offerings. The following are the strengths or intensities of the Five Forces that influence Facebook Inc.'s business:





## **1. Competitive Rivalry or Competition with Facebook**

Even with its leading social media market position, Facebook experiences the significant impact of competition. This element of Porter's Five Forces Analysis model determines how competitors affect the company's industry environment. The following external factors lead to the moderate force of competitive rivalry against the company:

- Small number of firms (weak force)
- Moderate variety of firms (moderate force)
- Low switching costs (strong force)

There are only a small number of companies that offer online display advertising services similar to that of Facebook Inc. For example, YouTube LLC (a subsidiary of Google LLC) has a social media website that offers targeted online advertising service. In the context of this Five Forces analysis, the small number of competing firms exerts a weak force against Facebook. However, the variety of these firms helps attract advertisers, thereby imposing a moderate force in the industry environment. In addition, the low switching costs (low difficulty of transferring from one provider to another) make it easier for advertisers to shift away from the company toward competitors. These external factors create the moderate force of competition. Based on this element of the Five Forces analysis, competitive rivalry is a major consideration in Facebook Inc.'s management and strategic formulation.

## **2. Bargaining Power of Facebook's Customers/Buyers**

Customers impose pressure on Facebook in terms of what they want from the company. The impact of consumers or buyers on the online display advertising industry environment is examined in this element of Porter's Five Forces Analysis model. The following external factors lead to the strong force of customers' bargaining power on the company's social network and related services:

- High substitute availability (strong force)
- Low switching costs (strong force)
- High demand from buyers (weak force)

Facebook provides social media services to its members/users. However, advertisers are the company's primary source of revenues. These advertisers have the option to use substitutes, which are highly available. For example, instead of

advertising on Facebook, customers could advertise on television, radio and print media, all of which are widely available and effective in reaching target audiences. In this Five Forces analysis, such a condition exerts a strong force against the business, despite the social network's strong popularity. In addition, low switching costs are an external factor that makes it easy for customers to shift away from the company's social networking website, mobile apps, and advertising services. This factor exerts a strong force against the business. The high demand for online advertising buffers the potential shift of advertisers and slightly weakens the bargaining power of customers. This element of the Five Forces analysis shows that Facebook Inc. must prioritize its customers to ensure competitive advantage.

### **3. Bargaining Power of Facebook's Suppliers**

Suppliers are among the factors that influence Facebook social network and display advertising services. This element of the Five Forces analysis shows how suppliers affect firms and the industry environment. The following external factors lead to the weak bargaining power of suppliers on Facebook Inc.:

- Moderate size of individual suppliers (moderate force)
- Large population of suppliers (weak force)
- High overall supply (weak force)

Examples of Facebook's supply needs include servers and related computing and network technology/equipment, as well as office supplies. Some suppliers are large firms that exert a moderate force on the company. However, these supplies are available from many manufacturers. In this Five Forces analysis, the large supplier population is an external factor that exerts a weak force on Facebook Inc. In relation, the high overall supply minimizes the influence of individual suppliers on the company. Based on these external factors in the Five Forces analysis, suppliers are a minimal issue in the firm's social media and online advertising industry environment. However, the company can improve its management of supplier relationships through suitable strategies for the supply chain. These strategies can contribute to Facebook's corporate social responsibility fulfillment involving suppliers, among other stakeholders.

### **4. Threat of Substitutes or Substitution**

Substitutes could potentially reduce Facebook's business performance and create challenges in the social media firm's industry environment. The impact of substitution is considered in this element of the Five Forces analysis. The most notable external factors that create the strong threat of substitutes against Facebook Inc. are as follows:

- Low switching costs (strong force)
- High substitute availability (strong force)
- Moderate cost of substitutes (moderate force)

It is easy for advertisers to pay for substitutes, such as television, radio and print advertising, instead of paying for Facebook's social media advertising. In the Porter's Five Forces Analysis framework, this condition exerts a strong force on the company. In relation, the high availability of such substitutes strongly affects the industry environment. Nonetheless, many of these substitutes, especially television advertising, are more expensive than Facebook's advertising services. Such cost condition exerts a moderate force on the company. This element of the Five Forces analysis shows that the threat of substitution is one of the major issues facing strategic management at Facebook Inc.

##### **5. Threat of New Entrants or New Entry against Facebook**

The social media giant faces the negative effects of new entrants in the industry environment. This element of the Five Forces analysis covers the impact of new firms on the business. In this external analysis case of Facebook and its social network and related products, the following external factors lead to the weak threat of new entry:

- Low switching costs (strong force)
- High cost of brand development (weak force)
- High cost of customer loyalty (weak force)

New entrants exert a strong force against Facebook, due to the low switching costs (low difficulty) of advertisers in moving from one service provider to another. However, this Five Forces analysis also shows that it is difficult to develop a popular and reliable social media brand similar to Facebook's. It is also difficult to build the loyalty of advertisers and users/members. This external factor weakens the threat of new entry against the company. Based on this element of the Five Forces analysis, new entrants are a minimal issue in Facebook's strategic formulation processes.

## **RECOMMENDATION**

Recommendations. Based on this Five Forces analysis (Porter's model), Facebook Inc. retains its industry position partly due to new entrants' and suppliers' weaknesses. Such weaknesses impose minimal barriers to the social media company. However, customers significantly influence the business in terms of their ability to transfer to other companies that offer social media services (for members/users) and online advertising services (for advertisers). In relation, substitutes have the potential to eat away from the firm's market share. Thus, the external factors in this Five Forces analysis highlight the need for strategies and management approaches that continually satisfy customers of Facebook's social networking website and mobile apps. This recommendation can help retain clients and market share. In addition, it is recommended that the company implement strategies that keep its display advertising services more attractive than those of substitutes. This move should minimize the negative influence of substitution in the industry environment. Also, improvements in Facebook's operations management strategy can enhance business efficiency in addressing competitive challenges.

## CHAPTER 4. SWOT ANALYSIS

### 1. FACEBOOK'S STRENGTHS

- a. Strong Brand - Having a strong brand is vital both for stability and long-term sustainability. In 2019, Facebook was ranked #5 most valuable brand by Forbes. With \$88.9 billion in brand value, Facebook is the strongest brand in the social media industry globally.
- b. Diversified Portfolio - Diversification enhances the stability of companies by protecting their core financial assets in case of revenues decline in one sector. Facebook clearly understands that you shouldn't put all your eggs in one basket, opting instead to spread its investment across different areas. With WhatsApp, Instagram, Messenger, Oculus (virtual reality device), Workplace (business tool), Portal (video calling device), and Calibra (electronic payment system) under its portfolio, Facebook's diversification is a major strength.
- c. Market Dominance - Companies that dominate the market can leverage their elevated positions to their advantage. The leading social network of the world, Facebook and its family products (Instagram, WhatsApp, Messenger), have Monthly Active People (MAP) value of 2.89 billion (Dec 31, 2019).

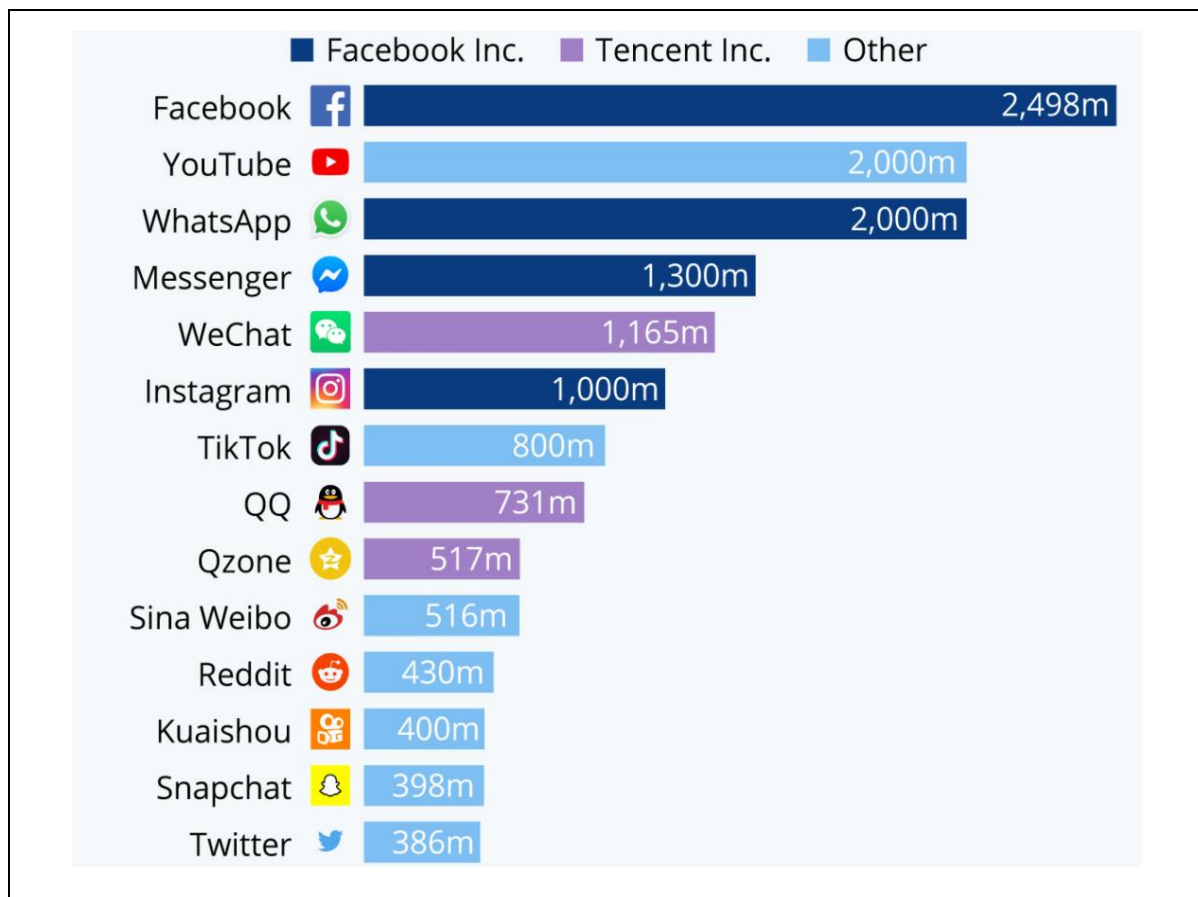


Figure 13-Monthly active users of selected social networks

- d. Loyal Customer Base - Nothing communicates a company's strength, stability, and success more than a large and ever-growing number of extremely loyal customers. About 40% of the world population uses Facebook and its family products (Instagram, WhatsApp, Messenger), putting Facebook in an irreplaceable position.
- e. World's Best Employer-Facebook's excellent HR policies are regarded as one of the best not only in the social media industry but also globally across all other industries. It is known to attract and retain top talent in the industry
- f. Visionary Leadership - The impeccable and visionary leadership of Mark Zuckerberg is a strength that most companies in the world can only dream of. The fruits of Zuckerberg's strong visionary leadership include company culture, stability, increased profitability, innovation, and sustainability with minimum internal wrangles within its ranks and management, unlike most other companies.
- g. Focus on R&D - Regardless of the industry, success in the digital age requires technological innovation through research and development. Facebook is one of the global leaders in R&D spending and has increased investment in R&D from \$4.8 Billion in 2015 to \$13.6 Billion in 2019, which is about 19% of its annual revenue.
- h. Strong Advertising Business - Even though Facebook is synonymous with social media networks, the major source of its revenue is from the advertisement. In 2019, \$69.66 billion (98.5% of its \$70.70 billion annual revenue) came from advertising.
- i. Effective Marketing Strategy - Facebook's marketing is simple. The fact that over 2 billion people use their applications every day makes it a very powerful and effective marketing tool.

## **2. FACEBOOK'S WEAKNESSES**

- a. User's Privacy Concerns - Facebook is facing backlash over its negligence in the protection of user's privacy, with the company experiencing a decline in popularity in some regions across the world. If the company does not address users' privacy concerns promptly and effectively, it risks losing its popularity.

According to Edison Research data, Facebook has lost about 15 million users since 2017.

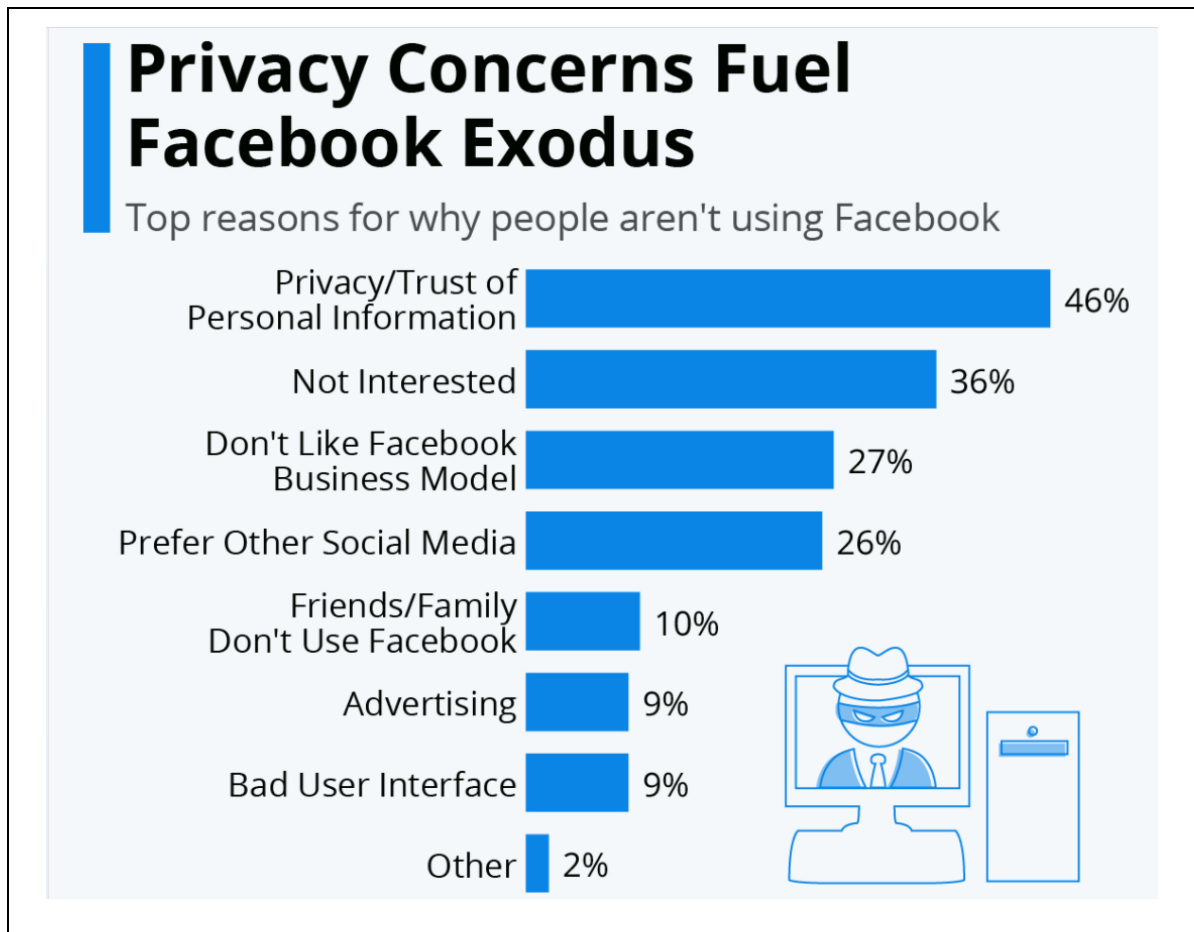


Figure 14-Top reasons for why people aren't using Facebook

- b. Overdependence on Advertising - Facebook business model relies heavily on advertising for its revenues. About 98.5 % of its annual revenue comes from advertising. In 2019, Out of \$70.70 billion annual revenue, \$69.66 billion was its advertising revenue.
- c. Spreading Fake News - Facebook has been under a lot of criticism for spreading fake and misleading information. Facebook's inability to control misleading information can be very detrimental to society at large.
- d. Friction in Management - Consecutive scandals have been disintegrating the harmony that existed between top-level management since the company was founded. The need for accountability is turning into a weakness as top executives point fingers and seek to distance themselves from major scandals such as the Russia meddling scandal.

### 3. FACEBOOK'S OPPORTUNITIES

- a. Diversify Portfolio - Even though Facebook Inc. owns WhatsApp, Instagram, Messenger, and other platforms, the majority of its business revenue is dependent on social media and advertising. Facebook has the opportunity to extend its portfolio beyond the social media industry. For example, develop a business model with additional paid services such as online dating, peer to peer marketplace, hardware devices, e-wallet, news subscription, etc.
- b. Expansion of Existing Platforms - With billions of users, Facebook can expand its existing services such as marketplace, online video streaming, online dating, business tools, e-wallet, etc. to compete with giants such as Amazon, eBay, YouTube, Netflix, Apple, Tinder, PayPal, etc.
- c. Increasing Integration to other Applications - As technology advances, more and more applications and websites are integrated, allowing users to connect via other platforms. Facebook can open its platform to integrate with a variety of other applications such as e-commerce, surveys, blogs, podcasts, videos, contests, reviews, games, etc.
- d. Target Different Audience - Although Facebook is popular, the drivers of its popularity is mainly tech-savvy and younger demographic. By introducing new features, Facebook can attract other target segments such as older generations or high-end business platforms such as LinkedIn.
- e. Expansion through New Acquisitions - Facebook has financial resources to expand its portfolio by acquiring established entities. Also, it can acquire promising technology start-ups with the potential to revolutionize the world, just like Facebook did. For example, In Oct 2019, Facebook acquired a brain computing start-up “CTRL – Labs” that specializes in sending brain signals to a computer and use these signals to perform various tasks.
- f. Exploit Changes in Advertising Trends - A majority of Facebook users access their accounts via mobile app. Facebook has an invaluable opportunity to improve its mobile-based advertising to take advantage of a 26% increase in mobile in-app ads.



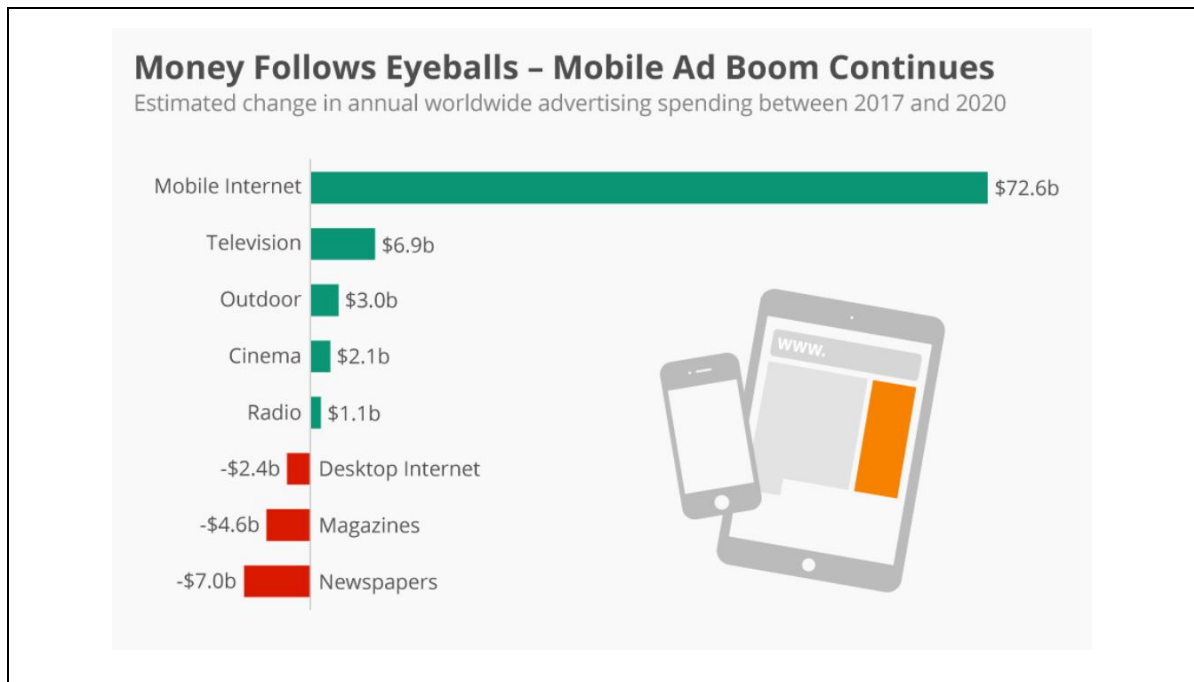


Figure 15-Estimated change in annual worldwide advertising spending between 2010-17

#### 4. FACEBOOK’S THREATS

- a. Competition - Competition from both old and new platforms is threatening to reduce Facebook users. As new entrants to the field, such as TikTok, provide customized platforms targeting younger generations, Facebook’s future becomes dimmer and dimmer. In an attempt to compete with TikTok, Facebook has launched its own version of short, fun videos platform “Lasso.”
- b. Bans in Several Countries - In democratic countries, regulations are being adopted to curb fake news used to undermine democracy, while autocratic governments are restricting access to Facebook to curb freedom of speech. For example, Facebook is banned in countries such as China, Iran, and North Korea. In addition, Russia has recently banned Facebook in its country.
- c. Data Breach - Facebook has experienced many instances where its data was breached, affecting millions of its users. For example, in December 2019, during a major data breach, over 267 million Facebook users’ personal information (names, user ID, phone numbers) was exposed to the dark web.
- d. New Digital Tax - Recently, the UK and the EU introduced a new digital tax that will require Facebook to pay a higher tax threatening its dwindling profits. If digital taxation is adopted by more countries, a large portion of Facebook’s profits will be directed to paying digital taxes.

- e. Tainted Reputation - From New Zealand's terror live stream to Cambridge Analytica data scandal to fake news, to hacked accounts, just to name a few, the spectacular image and reputation of Facebook is going down the drain at a frightening rate. This is a major threat.
- f. Duplicate & False Accounts - Facebook estimates that out of its 2.5 billion (Dec 2019) Monthly Active Users (MAU) worldwide, 11 % may represent duplicate accounts and 5% false accounts. The majority of the duplicate and false accounts originate in developing countries such as the Philippines, Vietnam, and Indonesia.

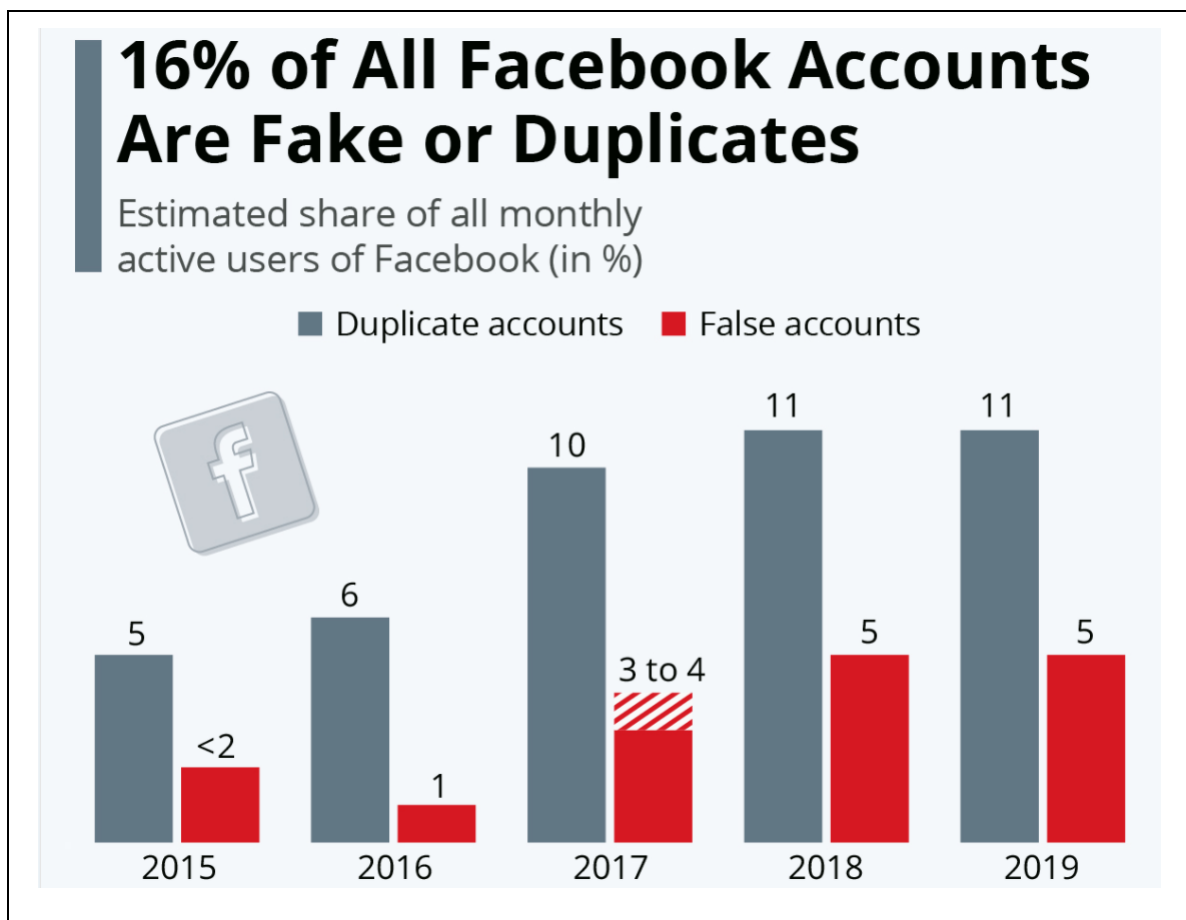


Figure 16- Estimated share of all monthly active users of Facebook (in %)

## CHAPTER 5. ANALYSIS OF FINANCIAL STATEMENT

### Balance Sheet (\$ in millions)

	12/31/2019	12/31/2018	12/31/2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash, cash equivalents, and short-term investments	54,855	41,114	41,711
<i>Cash and cash equivalents</i>	19,079	10,019	8,079
<i>Short-term investments</i>	35,776	31,095	33,632
Receivables	9,518	7,587	5,832
Income taxes receivable	×	×	×
Other undisclosed current assets	1,852	1,779	1,020
<b>Total current assets:</b>	66,225	50,480	48,563
<b>Noncurrent Assets</b>			
Operating lease, right-of-use asset	9,460	×	×
Property, plant and equipment		24,683	13,721
Intangible assets, net (including goodwill)	19,609	19,595	20,105
<i>Goodwill</i>	18,715	18,301	18,221
<i>Intangible assets, net (excluding goodwill)</i>	894	1,294	1,884
Other noncurrent assets	2,759	2,576	2,135
Other undisclosed noncurrent assets	35,323		
<b>Total noncurrent assets:</b>	67,151	46,854	35,961
<b>TOTAL ASSETS:</b>	133,376	97,334	84,524

## LIABILITIES AND EQUITY

### Liabilities

#### Current Liabilities

Accounts payable and accrued liabilities	13,098	6,329	3,272
<i>Accounts payable</i>	1,363	820	380
<i>Accrued liabilities</i>	11,735	5,509	2,892
<i>Employee-related liabilities</i>			
Deferred revenue	269	×	×
Debt	855		
Deferred revenue and credits	×	×	98
Contract with customer, liability	×	147	×
Other undisclosed current liabilities	831	541	390
<b>Total current liabilities:</b>	<b>15,053</b>	<b>7,017</b>	<b>3,760</b>

#### Noncurrent Liabilities

Long-term debt and lease obligation	9,524		
<i>Capital lease obligations</i>	×		
<i>Operating lease, liability</i>	9,524	×	×
Liabilities, other than long-term debt	7,745	6,190	6,417
<i>Deferred tax liabilities, net</i>	×		
<i>Liability for uncertainty in income taxes</i>			
<i>Other liabilities</i>	7,745	6,190	6,417
Other undisclosed noncurrent liabilities			
<b>Total noncurrent liabilities:</b>	<b>17,269</b>	<b>6,190</b>	<b>6,417</b>
<b>Total liabilities:</b>	<b>32,322</b>	<b>13,207</b>	<b>10,177</b>

#### Stockholders' equity

Stockholders' equity attributable to parent	101,054	84,127	74,347
<i>Additional paid in capital</i>	45,851	42,906	40,584
<i>Accumulated other comprehensive income (loss)</i>	(489)	(760)	(227)
<i>Retained earnings</i>	55,692	41,981	33,990
<b>Total stockholders' equity:</b>	<b>101,054</b>	<b>84,127</b>	<b>74,347</b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b>133,376</b>	<b>97,334</b>	<b>84,524</b>

## Income Statement (P&L) (\$ in millions)

	12/31/2019	12/31/2018	12/31/2017
Revenues	70,697	55,838	40,653
<i>Revenue, net</i>	×	×	40,653
Cost of revenue	(12,770)	(9,355)	(5,454)
<b>Gross profit:</b>	57,927	46,483	35,199
Operating expenses	(33,941)	(21,570)	(14,996)
Other undisclosed operating income			
<b>Operating income:</b>	23,986	24,913	20,203
Nonoperating income (expense)	826	448	391
<i>Investment income, nonoperating</i>	924	661	398
<i>Foreign currency transaction loss, before tax</i>	(105)	(213)	(6)
<i>Other nonoperating income (expense)</i>	27	9	5
Interest and debt expense	(20)	(9)	(6)
<b>Income from continuing operations before equity method investments, income taxes:</b>	24,792	25,352	20,588
Other undisclosed income from continuing operations before income taxes	20	9	6
<b>Income from continuing operations before income taxes:</b>	24,812	25,361	20,594
Income tax expense	(6,327)	(3,249)	(4,660)
<b>Net income attributable to parent:</b>	18,485	22,112	15,934
Undistributed earnings (loss) allocated to participating securities, basic		(1)	(14)
Other undisclosed net loss available to common stockholders, basic			
<b>Net income available to common stockholders, diluted:</b>	18,485	22,111	15,920

### Comprehensive Income (\$ in millions)

	12/31/2019	12/31/2018	12/31/2017
<b>Net income:</b>	18,485	22,112	15,934
<b>Comprehensive income:</b>	18,485	22,112	15,934
Other undisclosed comprehensive income (loss), net of tax, attributable to parent	271	(502)	476
<b>Comprehensive income, net of tax, attributable to parent:</b>	18,756	21,610	16,410

## **CHAPTER 6. LEARNING EXPERIENCE**

Facebook is an American social media and a popular global social networking website. Facebook's mission is to give people the power to build community and bring the world closer together. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them. Facebook follows cost leadership business strategy with a particular focus on user experience. There was an opportunity for us to learn about Facebook's hybrid organizational structure that integrates important elements of hierarchical and divisional organizational structures. Facebook make money by advertising business models. Almost all money comes from the targeted advertising. The vision statement of a company is a representation of where it wants to be within a particular period of time or a road map. A mission statement details the strategies a company would exploit to achieve its vision. We had our great experience in studying this organization.

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