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2           **TRANSCRIPTION OF INTERVIEW WITH MARK ZUCKERBERG**  
3           **GIVEN BY JAMES W. BREYER AT THE ENTREPRENEURIAL**  
4           **THOUGHT LEADERS SEMINARS, STANFORD CENTER FOR**  
5           **PROFESSIONAL DEVELOPMENT,**  
6           **MS&E 472, AUTUMN QUARTER 2005.**

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12          **FACEBOOK:**                   MARK ZUCKERBERG

13          **ACCEL PARTNERS:**           JAMES W. BREYER (ALSO FACEBOOK CHAIRMAN)

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15          [http://softtechvc.com/2005/10/the\\_facebook\\_un/](http://softtechvc.com/2005/10/the_facebook_un/)

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17          [online.stanford.edu/courses/msande472/051026-msande472-](http://online.stanford.edu/courses/msande472/051026-msande472-)

18          [100.asx](http://100.asx) / <http://cobb.stanford.edu/courses/msande472/051026->

19          [msande472-100.wmv](http://msande472-100.wmv) / [http://youtu.be/WA\\_ma359Meg](http://youtu.be/WA_ma359Meg)

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1 [BEGIN VIDEO RECORDING]

2 **TITLE SLIDE:** Stanford Center for Professional  
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5 Professor[s] (Tom) Kosnik (Tom) Byers, (Tina) Seelig, BASES  
6 logo and Stanford Technology Ventures Program logo.

7 **MODERATOR:** Hello, oh, we're on. Hello everybody. How's  
8 everyone doing? Great? Great, fabulous. OK, if you don't know  
9 where you are, you are at the Draper Fisher Jurvetson  
10 Entrepreneurial Thought Leader Seminar Series. And, this is  
11 brought to you by Stanford Technology Ventures Program. And,  
12 BASES which is the Business Association of Stanford Engineering  
13 Students. And, it is brought to us online by the Stanford  
14 Center For Professional Development. And, it is underwritten by  
15 Draper Fisher Jurvetson, and you will not be tested on that.

16 But, I have some special announcements today. First of  
17 all, we have some really special guests in our audience today.  
18 Ah, we have faculty members, about 70 faculty members from all  
19 over the world here in the audience who are entrepreneurship  
20 professors who have come to Stanford to participate in the  
21 Roundtable on Entrepreneurship Education. So if you are here  
22 for REE raise your hand so people can see all the visiting  
23 faculty members. Oh, my gosh.

1           So, I want to give a special hello ah to the students I  
2           taught at the European Business School because your faculty  
3           member Professor Russo is here in the audience. So while you  
4           are watching online in Germany, he is watching live here to  
5           keep us honest.

6           OK, ah, without further ado I want to introduce our  
7           guests, and you have, should each have a sheet of paper ah  
8           with their complete or at least relatively complete short  
9           bios. I'm gonna give just quick introductions.

10           We have Jim Breyer who is our guest from Accel  
11           Partners. He um only a few years ago could have sat in your  
12           seat because he's a Stanford grad with a degree in both  
13           Computer Science and Economics, and then went to Harvard to  
14           get an MBA.

15           And then, we have our Facebook fellow, we have Mark  
16           Zuckerberg who is a ah was a Harvard student who left to  
17           start the Facebook. So, I'll let you read the rest of the  
18           bios.

19           And I just want to tell you this. Sunday there was a  
20           wonderful article about the Facebook in the San Francisco  
21           Chronicle. I want to read you just a couple of quick quotes  
22           to set the stage.

1 Ahm, it says first of all that "social networking has  
2 become one of the most popular applications on the  
3 internet." And, I'm sure you will learn by the end of this  
4 talk why that's the case. It also says that the Facebook was  
5 founded in February 2004 by Mark Zuckerberg, and has grown  
6 to 8.3 million users, and is the tenth most visited website  
7 on the internet. In addition, the company is close to  
8 claiming representation from every college in the country  
9 with eighty percent membership among each college  
10 population. And as further testament to how exciting this  
11 is, Accel Partners made an investment of twelve million  
12 dollars. Was it twelve million? Yes, twelve million dollars.  
13 So, (garbled) so without further ado, here are our guests.

14 (applause)

15 **JIM BREYER:** Thank you. So I, I'd really like to thank  
16 Tina and Tom Byers in particular because they sent a list of  
17 questions in advance of this to help me prepare. And, the  
18 most interesting one, which I'll start with Mark is (reading  
19 from notes) have there been any plunders along the way?

20 **MARK ZUCKERBERG:** (sort of laughs) A-ha-ha-ha-ha sheee.

21 **JIM BREYER:** I think they meant blunders.

22 **MARK ZUCKERBERG:** Yeah (pause) huh huh huh.

1           **JIM BREYER:** Thank you Tom. Thank you Tina. But uh Mark,  
2 I think there are a lot of people internationally in the  
3 audience who may not know what the Facebook is. Why don't  
4 you start and tell us a little bit about how this all  
5 started. What's it been like? What's a Facebook?

6           **MARK ZUCKERBERG:** Sure. Alright so um, I did two years  
7 at Harvard. During my Sophomore year, I decided that Harvard  
8 needed a Facebook. It didn't have one, so I made it. That's  
9 basically how it got started. Um, I think that after about a  
10 couple of weeks of it being out, I was hoping that you know,  
11 maybe like a couple of different people would sign up or,  
12 something but, a lot of people signed off and we started  
13 getting requests from people at other schools to watch  
14 Facebook at their schools so, we kind of thought of about  
15 what's the best way to do that would be. And came up with a  
16 model that we have now and I spend most of the last two  
17 years just spreading that across the country and to a bunch  
18 of schools internationally. So that's kind of where we are  
19 now with all those users and a lot of college students  
20 across the nation.

21           **JIM BREYER:** And what is it? For a lot of people in the  
22 audience who are from Europe, Asia. Tell us a little bit

1 about what the Facebook actually is? And why is it growing  
2 the way it is?

3 **MARK ZUCKERBERG:** It's essentially an online directory  
4 for students. Where people can go and look up other people  
5 and find relevant information about them. Everything from  
6 what their interested in, to their contact information, what  
7 courses their taking, who they know, who their friends are,  
8 um what people say about them, what photos they have now, um  
9 yeah. I guess it's mostly utility for people to figure out  
10 just what's going on in their lives and in their friends  
11 lives for people they care about.

12 **JIM BREYER:** So show of hands in the audience how many  
13 people know of the Facebook or, knew of the Facebook prior  
14 to this discussion. How many are users of the Facebook? If  
15 you can admit that. How many use the Facebook at least once  
16 a day? Alright! Well one of the most staggering statistics  
17 and Mark, it would be interesting to just get a sense of why  
18 this is the daily repeat usage and it does make one wonder  
19 what is happening on college campuses today. But the  
20 statistics are simply staggering that of the five million  
21 users and its continuously increasing. We just had our five  
22 million user party. There were 5.5 billion page views in the  
23 month of September for Facebook. This is an eighteen month

1 old company and Mark, you might talk about the usage  
2 statistics because, it's really about everything we look for  
3 when we're starting companies or, trying to get involved  
4 with entrepreneurs who start companies. Not in terms of the  
5 initial reach but, that daily usage and that continuous  
6 usage and that we've used phrases in the venture business.  
7 Professor Tom Byers, talked about biro affects network  
8 affects but, this is something that embodies that and Mark,  
9 you might talk about the statistics and what matters to you  
10 most relative to the so called financial statistics.

11 **MARK ZUCKERBERG:** So, in the three things that I measure  
12 the most are just how often people come back to site. Three  
13 things are, daily, weekly and monthly and I guess we've  
14 always just kind of focus on keeping those numbers high. The  
15 daily number is around seventy percent for all students and  
16 weekly is about eight-five percent and monthly is around  
17 ninety-three percent or, so. So, I think that that's really  
18 important for us because, were not trying to create  
19 something that people use for like a specific purpose. This  
20 is a utility that people can use to just find relevant  
21 information socially to them and I try to make something  
22 that people could kind of look up extensively and just  
23 random things about random people and try to get everyone to

1 be on there and a lot of relevant information can be on  
2 there. So, the fact that people can come back every day for  
3 different purposes and kind of keep a browser open on their  
4 computer maybe and just go and type in someone's name and  
5 find information about them, is the type of use that we  
6 aimed to tune this application towards and can monopolize  
7 for it.

8 **JIM BREYER:** So, I pulled a number of people prior to  
9 the meeting on what would be most interesting to discuss and  
10 this is like a board meeting by the way. People ask what are  
11 Facebook meetings like? How might they be compare to what  
12 might a Walmart board meeting might be? There a little bit  
13 different. I can promise you! One of the most interesting  
14 parts obviously about ownership that I think of the  
15 Facebook. What does product development really mean? Mark  
16 you might talk about the number of questions, I had  
17 yesterday and then earlier today. What is product  
18 development at the Facebook? How does that evolve as you  
19 evolve the company? How do you think about product  
20 development and the product experience going forward?

21 **MARK ZUCKERBERG:** So, there are two parts in this, one  
22 is called, optimizing and making better what we already have  
23 and one is adding new things, like the recent photo



1 application which, we just added. I guess I'll talk about  
2 that and tell you what my thoughts were going into that. Um,  
3 we just watched an application for those of you who don't  
4 know. That allows students or, members of Facebook to upload  
5 an unlimited number of photos to the site and then browse  
6 them by identifying who are in the pictures. So you can go  
7 to a friend or, anyone's profile and see not only pictures  
8 that they have taken, but other pictures that people have  
9 taken of them. And I used the thought process behind this  
10 was, How do we fill out the network in order to make  
11 something that is most universally useful? So, I guess in  
12 doing so, you realize that maybe ten percent of people would  
13 upload photos. And I guess we've had this out for about a  
14 week now and at the schools we've rolled it out were  
15 currently testing it, so, only like thirty percent of the  
16 schools so far. I think that about ten or, fifteen percent  
17 of the people who have this feature uploaded photos. But,  
18 more than forty percent of the people on the network have  
19 photos taken of them.

20 **[PRODUCT DEVELOPMENT AT FACEBOOK]**

21 So, we're designing stuff. We look not necessarily just  
22 about what any given user is going to experience but, what's  
23 kind of better for the whole community and the whole

1 product. I mean that's that a whole lot of these trade-offs  
2 are going on all over the place on the product. Probably the  
3 most that you see every day is um, that you can't see the  
4 profiles of people at other schools and you know, that's a  
5 really major trade off of the application. For those of you  
6 who aren't familiar with us. We split up the user base by  
7 what school they go to and um, and we make it so that people  
8 at a given school can only see the profiles and contact  
9 information of people at their school. And the reason for  
10 this was mostly to because, we realize that um, the people  
11 around you at your schools are the people that you're going  
12 want to look up mostly anyway. If we made the space to broad  
13 and let anyone see your information, then they will probably  
14 be fine and you can look up some people but, you will also,  
15 probably wouldn't put up your cell phone, you know and more  
16 than a third of people on Facebook have their cell phone up  
17 there and that is something that's useful for the  
18 application. So, in designing it this was a trade-off that  
19 we made. Um, I kind of thought about this. What would be  
20 more useful? Would be better for people to be able see  
21 everyone and maybe not feel like this is a secure  
22 environment which, they can share their interests and what  
23 they thought, what they cared about. Or, would it be better

1 that more information and more expression was available?  
2 But, to a smaller audience. Which, is probably the relevant  
3 audience right? For some. So, I mean there is a lot of  
4 decisions like that, that are getting made and a lot of them  
5 are gut level, so I mean we try to be as academic about it  
6 as possible in trying to think rigorously through the  
7 different results that were getting from different  
8 directions. But, I mean a lot of it is just like you define  
9 your objectives what you're going for and in this case to  
10 optimize for the best of the whole community and the whole  
11 user base and over the long term and that's important too,  
12 long term over short term and then just kind of operate and  
13 do what you thing would be best along that line.

14 **JIM BREYER:** So, when I first met Mark and we started  
15 talking, it was one of the first times certainly in my  
16 venture capital career when we went out to dinner. I was not  
17 allowed to buy you a glass of wine or, a glass of beer  
18 (audience laughs) uh, the Spark was pretty good. It was  
19 actually the Village Pub, where uh Tom Byers and others have  
20 spent considerable time and they can tell you about that.  
21 (audience laughs) Uh, but, Mark um Mark's team, uh, is  
22 younger than most entrepreneurial teams. Mark has turned  
23 twenty-one by the way, as of a couple of months ago. So now

1 we can have wine and beer at dinner when we're doing brain  
2 storming. But you might talk about how it is to work you and  
3 a founding team many of which, were college friends.

4 **MARK ZUCKERBERG:** uh-hmm.

5 **JIM BREYER:** Uh, the team has evolved, you quadrupled in  
6 size or, some astronomical number uh, in the last several  
7 months and talk a little bit about what it's been like for  
8 you as a leader and the CEO and Founder and very much the  
9 long term CEO, (I will add). Uh, what is it like to build a  
10 team? How has it changed? How is your role changing? Give me  
11 some of the most interesting dynamics along the way from  
12 that prospective.

13 **[TEAM DYNAMICS]**

14 **MARK ZUCKERBERG:** So, I mean when I started off, I was  
15 programming the site and then I wrote the first version. I  
16 mean we haven't you know, really had a second version, were  
17 just constantly iterating on that. So, I guess for most of  
18 last school year, I just worked on scaling and kind of  
19 trying to make it and keep up with the increasing load and  
20 try to make it so that we can expand more um, more schools  
21 and work out the network construction and all that stuff.  
22 But as that time was going along we've also kind of  
23 opportunistically hired people who we thought were really

1 smart. And just a few guys working around the kitchen table.  
2 (that was pretty fun) Um, but, I guess around in February,  
3 we got an office and then we kind of took all these people  
4 who we've been hiring and we brought them into one space  
5 which, was interesting, because then for the first time I  
6 kind of looked up and it was like wow! you know, I have a  
7 team of engineers here and a lot of smart people who can  
8 start building a lot of stuff in a different way then it's  
9 currently being done. You know, right now it's me or, was me  
10 and my roommate Dustin, just kind of sitting there working  
11 serially on one project and then finishing it and then  
12 coming back and doing the next project and with like little  
13 help from the other the people who were around. But trying  
14 to figure out how to manage the transition for doing that  
15 especially when you're kind of the people that's  
16 programming. Just saying ok, we have eight really  
17 intelligent people here. What's now the most efficient use  
18 of people's time? Like how can people maybe be working on  
19 stuff, not serially but, I mean say someone is working on  
20 um, launching a High School product over here and someone  
21 else is working on photos and someone else is working on um,  
22 the thing that were going to launch next week. You know. Um,  
23 What's, like what's the most sufficient use of people? I

1 mean, so, that's kind of an interesting problem and it's  
2 something that I don't really have a good insight for you  
3 yet, maybe I'll check back in a year or, so. But um, I think  
4 that one thing that Jay? [garbled] is getting at is sort of  
5 the dynamics between people and I mean the dynamic of  
6 managing people and being CEO of the company is a lot  
7 different than being college roommates with someone and when  
8 you go into something and um, your expectations are that you  
9 know, this is going to be a site that maybe a few thousand  
10 people are on and they got dropped out of school to come out  
11 to California to work with you. I mean, it just kind of  
12 changes things up and um, I don't know. I think that it  
13 definitely, it - it you kind of have to think it like a  
14 higher level about how a landscape is playing out in terms  
15 of like you need to novelty have engineers who can directly  
16 work on the product that you're working on. But, then you  
17 need to start having a Finance Department or, something that  
18 I'd never thought I would ever need. You know, in terms of  
19 growing a website in order to power the infrastructure of  
20 just having a twenty or, thirty person engineering team and  
21 um, then say ok, so you have all these people. And then how  
22 do you kind of watch what they're doing? And not try to  
23 control too much of what they're doing. Because, their all

1 really smart people which, is why we brought them and we  
2 want to leverage the fact that they have a lot of really  
3 good ideas and can do a lot of the stuff themselves. But,  
4 how do you make sure that it's conforming to standards? You  
5 know. Or, that it's being done well enough. Um, both from  
6 product prospective and an engineering prospective. So, um I  
7 think that there is a lot more thought. (audience laughs)

8 **JIM BREYER:** Now you've recruited a lot of Stanford  
9 students and you've have recruited elsewhere and you still  
10 asked me to emphasize and you're still actively recruiting  
11 Stanford students. Those of you in the audience. But, what  
12 do you look for in terms of culture? The kinds of students  
13 who make it through the process? The kind of graduates that  
14 make it through the process? The balance and the experience  
15 and IQ. Um, how do think about building the team and  
16 evolving the team going forward?

17 **[HIRING THE RIGHT PEOPLE]**

18 **MARK ZUCKERBERG:** So, I mean that the two most important  
19 things that I look for are: number one, is just raw  
20 intelligence. So, you can hire someone who's a Software  
21 Engineer, and has been doing it for ten years and if their  
22 doing it for ten years, well that's probably what they're  
23 doing for their life. You know. And I mean that's cool. But,

1           there are some things that that person can do. And their  
2           definitely useful within an organization and can do a lot of  
3           stuff. But, if you find who's raw intelligence exceeds  
4           theirs but, has ten years less of experience then they can  
5           probably adapt and learn way quicker you know, and within a  
6           very short amount of time be able to do a lot of things that  
7           that person may never be able to do. And so, I think that  
8           that's the most important thing that I look for. Um, and  
9           the second is just alignment with what we're trying to do.  
10          So, I mean people can be really smart or, have skills that  
11          are directly applicable. But, if they don't really believe  
12          in it, then they are not going to really work hard and they  
13          are not going. Even if they're that smart guy who doesn't  
14          have the relevant experience they're not going to care  
15          enough to develop their own experience in order to exceed.  
16          So, I mean I think that the best people who I've hired so  
17          far, have been people who didn't really have that much  
18          engineering experience. Um, I mean I've hired a couple of  
19          Electrical Engineers out of Stanford to do programming  
20          stuff. Um, and they had very little programming experience  
21          going in. But, just really smart, really willing to go at  
22          it. And I mean, the guy who just wrote photos was one of  
23          those guys. And um, I mean, if you're willing to just go and



1 do whatever it takes to get photos out. Then, you know,  
2 you're probably more valuable than someone whose just you  
3 know, a Career Software Engineer. So, those are the things  
4 that I'm looking for and why I would rather recruit people  
5 out of college.

6 **JIM BREYER:** Now, I have to ask, it's a phrase I don't  
7 like but, it's a phrase that's supplied to the Facebook all  
8 the time. That's social networking, a Wall Friendster,  
9 whatever it might be. And I'm curious to hear how you think  
10 about social networking. Is it relevant as you think about  
11 the Facebook? And how do you define what Facebook really is?

12 **MARK ZUCKERBERG:** Yes, I don't really call it social  
13 networking.

14 **JIM BREYER:** No, I know that. Nor do I, but, a lot of  
15 people do.

16 **MARK ZUCKERBERG:** So, I look for it as an online  
17 directory. And I think that their kind of different things  
18 and the social network is a community application. And this  
19 definitely is a social application. The use of this is  
20 definitely aided by the use of friends and people around you  
21 using it. But, I really just think that it's a utility you  
22 know. And it's something that people use in their daily  
23 lives to look people up and find information about people.

1 And then that way it's not. I mean maybe there's some form  
2 of networking going or, whatever, people would traditionally  
3 describe social network as. But, I think to me if you're  
4 drawing the distinction between what we are and what social  
5 network is. I think that social networking is or, it seems  
6 to me not really like a vertical application but, more  
7 horizontal, in terms of that it's more of a tool set that  
8 you use. I mean social networks help you wire up an  
9 application really quickly. I mean Friendster, MySpace,  
10 Facebook, all very different things. But, I mean you can  
11 apply the word social network to them because, they have  
12 this model to make friends where you send invitations. And I  
13 think that they all kind of use it to achieve the same  
14 result which, is getting people to come to the site. Getting  
15 people to keep using it for a certain function. Um which, is  
16 that social function but, then they kind of (par late) that  
17 into different uses. So, I mean we have this directory  
18 utility. Friendster was a dating site. Facebook does not in  
19 any way need to be a dating site. Even though, maybe some of  
20 that goes on.

21 **JIM BREYER:** Just a bit. Just a little bit.

22 **MARK ZUCKERBERG:** Um, and who knows what My Space is.

23 (audience laughs) But, um so yeah so. I think that king of

1 saying something is a social networker in the social  
2 networking space is saying that a company that has factories  
3 is in need of assembly line space.

4 **JIM BREYER:** So, why is it that the first generation of  
5 so called social networks, Friendster and others plateaued  
6 quite quickly and perhaps have declined games not over. But,  
7 there was a generation social networks that as companies  
8 that were very hot in the Silicon Valley two years ago and  
9 have not achieved the momentum that a My Space or, a  
10 Facebook has. What would be some of the reasons in your  
11 view?

12 **MARK ZUCKERBERG:** Well I think the thing we focus on  
13 most is utility time. I've said that like a few times so  
14 far. But, I mean I think that making the site useful and  
15 keeping utility there is the thing that I focus on most. And  
16 I mean even then something like the photo application that  
17 is an entertaining feature. But, it's also really useful  
18 because, you see people in different contexts. You can see  
19 photos of people that other people are putting up for them.  
20 You can tell the contexts around them and I guess like next  
21 week you'll be able to tell the contexts more. But, um you  
22 know, like um. I think that the utility is pretty important.  
23 I think that a lot of the reason why some of it failed is

1           because the horizontal social network piece works really  
2           well at programming and stuff. And that provides a technical  
3           challenge to people who are creating these things as their  
4           networks and user bases scale up really quickly um, to kind  
5           of keep up with that. Um, and especially if your using sort  
6           of friend graph-type structure to compute anything. And a  
7           lot of those don't scale nicely and if you're not doing  
8           stuff well, then you can't really support millions of users.  
9           So, I mean we've gone through periods where we didn't have  
10          enough hardware and we weren't doing stuff as well as we  
11          could and that and then the site got a little slow. And I  
12          think that now were maybe more in a stable position. My  
13          Space has also had issues with their technical structure. I  
14          think that was a big problem for Friendster. And why they  
15          were the first people in the space who kind of plateaued  
16          there.

17                 **JIM BREYER:** I have one more question and then I want to  
18          be sure to take questions for Mark from the audience. Um,  
19          there is a large international group here and watching. And  
20          how do you think about the relevance of Facebook  
21          internationally? Um, as you think forward. I know there is  
22          an international piece of it today. But, maybe project a  
23          couple of years forward and an international aspect of

1 Facebook. And how will it fit culturally? Whether it's  
2 Europe, Asia or, other parts of the world?

3 **MARK ZUCKERBERG:** So, I mean one of the things that I've  
4 been certain hesitate about in terms of expanding outside  
5 the U.S.. We have a bunch of colleges, like um Oxford and  
6 Cambridge and a bunch of schools over there. I mean there  
7 are large populations of colleges and countries like China.  
8 But, I'm not quite sure what are other culture on  
9 Universities is there. Is similar enough such as, the same  
10 application works. Localization is definitely necessary and  
11 they speak of different language, so we need to have the  
12 application in that language in order to have it be  
13 relevant. But, for me there is not a question of whether  
14 there is more there. I mean this is not Microsoft Word you  
15 know. Where it's. I mean I keep on going back to the fact  
16 that I think it's a utility and I think that it is a social  
17 utility. So, I mean it's a different kind of utility than  
18 word. And I think that it might be pretty relevant but, it  
19 requires some thought about what those specific cultures are  
20 and maybe the density of students in those cultures or, the  
21 amount of percent of the population that goes to a  
22 University. I mean these are all kind of factors that go  
23 into play. Whether or, not something like this would be

1 relevant in those places. And I think that as time goes on  
2 we will definitely invest. Um, I guess like the time and  
3 researches into doing that. I think that right now stuff  
4 like launch a High School product was more efficient use of  
5 our time. It was very something that we could do really  
6 quickly. And the High School model was very similar to the  
7 college model that we had. And I mean there is more High  
8 School students than college students and it just seemed  
9 like a very effective use of our time. And as time goes on  
10 we are looking to expand further and it's something that we  
11 going to look to do. Although it's definitely outside of our  
12 core confidence. So, we'll see. Hopefully we can do it all.

13 **JIM BREYER:** If there are questions and I see some hands  
14 coming up. Why don't we start questions right over here in  
15 the blue shirt. Please use the mike and I'll repeat the  
16 question. And if the mike is not working, I'll do my best to  
17 repeat the question.

18 **AUDIENCE QUESTION:** Not being a user of Facebook, I'm  
19 curious and these are two related questions. What happens  
20 when you finish college and you are no longer a student? Do  
21 you get dropped from the system? Is there some kind of  
22 alumni legacy thing that goes on? Or, what have you.  
23 Especially, since your focusing on a school all if you will.

1 I'm not sure if alumni makes a whole lot sense. But, I'm  
2 sure Mr. Breyer doesn't like to see a lot of customers  
3 leaving your application as well. And then secondly. What  
4 kind of migration path are you [garbled] to a little bit.  
5 You have some High School students going to colleges. There  
6 are many more High Schools than there are college students.  
7 Are you able to save all that information and roll it over  
8 easily? Or, is it just a nightmare and you keep it separate?  
9 So, if you could share some information on that. I mean, I'm  
10 familiar totally with your application. I'd like to know.

11 **MARK ZUCKERBERG:** Yeah, so I mean, I think that I'm  
12 going to approach this for more of a meta level and I mean  
13 the most important thing that we should be doing as a  
14 business is prioritizing. In figuring out what the right  
15 things are for us to be approaching now. And worrying what  
16 people are going to be doing eight months from now or, six  
17 month from now or, whatever, that is that people are going  
18 to be graduating and moving off the network. When that's  
19 something that we can solve in and you know, a couple of  
20 weeks, by throwing something together. I don't have the  
21 solution yet. And we'll definitely figure it out by then.  
22 But, I mean I just kind of wanted to throw there like  
23 prioritizing and working on stuff that's really important

1 now is always like the best use of our time. But, that said,  
2 um we currently I mean last year we had a full year of  
3 college students who graduated. It was almost eight hundred  
4 thousand people who left college. And I mean we've always  
5 been open to alums registering for the site. And I think  
6 that recent alums definitely makes a lot of sense. I mean,  
7 if you're a senior and you graduate, you still have plenty  
8 of friends in college.

9 **JIM BREYER:** People like me, recent alum's.

10 **MARK ZUCKERBERG:** Yeah, of course. Breyer loves, you  
11 know, browsing around. (audience laughs) So, um alright, um  
12 and so the end of last year what I did to approach that  
13 problem or, type of problem, was I created a geography base  
14 version, so that people could not only be out of school at  
15 Stanford and see the profiles of the other people at  
16 Stanford. But also, say I'm in San Francisco or, New York  
17 and then see the people around them. That was fine for eight  
18 hundred thousand people. This year we are going to start  
19 having more a larger population because, we are going to  
20 graduate a second year which, is going to be even larger.  
21 Things are growing this year. And we're definitely going to  
22 make something. And I mean I'm working on it now. But, I'm  
23 not really sure what it's going to end up looking like.



1           **AUDIENCE QUESTION:** How about the High School College  
2 part?

3           **MARK ZUCKERBERG:** I assume that will work. But, I don't  
4 have a problem with that at all.

5           **JIM BREYER:** You might talk about how you launched High  
6 School though because, it was a very defined set of  
7 interactions and thoughts around how you wanted to launched  
8 the High School.

9           **MARK ZUCKERBERG:** Yes, so the only amount of fifty  
10 percent of High Schools have authenticated e-mails and  
11 .edu's and .orgs. So, I mean that was one of the best things  
12 that college site is. I mean you can bucket people pretty  
13 easily you know. And authenticate that and make sure no one  
14 was on the Stanford Facebook who didn't belong there. That  
15 doesn't really exist for a lot of High Schools. Or, it did  
16 exist for some. Um, so we decided to do an invite only. But,  
17 the problem with that is that you need to seed it. Because,  
18 we don't have anyone in these High Schools then you can't  
19 have people invite people to them. So, I guess what we did  
20 was we took the um, I guess like structure data that we had  
21 in the college site about where people went to High School  
22 and took all the incoming Freshman and you know, like just  
23 signed up five months before they get to college. For some

1 reason. And um, like were like alright give them all your  
2 High School friends and proceed it that way. And Sunday was  
3 the first day of the High School networks grew larger than  
4 the college networks grew, so. Smart.

5 **JIM BREYER:** You want to talk about how many users per  
6 day or, per week you're at it. Or, give a quarter of  
7 magnitude. Just to get people to think about how quick the  
8 growth actually is.

9 **MARK ZUCKERBERG:** Yeah, and it's over twenty thousand a  
10 day.

11 **JIM BREYER:** Quite astounding. Twenty thousand a day and  
12 accelerating. Right here in the red.

13 **AUDIENCE QUESTION:** How does the Facebook make money?

14 **[GENERATING REVENUE]**

15 **MARK ZUCKERBERG:** Good question. So, I mean when you're  
16 running a site and your core people are the kitchen table,  
17 your operating expenses are relatively low. So, um  
18 traditionally what we've done was we kind of have a small  
19 sales force and we sell some ads. You might see them on the  
20 site. And we just kept our operating expenses low so far and  
21 by doing that we've been able to stay cash flow positive for  
22 basically the entire system's company. After we took money

1 from these guys um, we decided that it was ok to go a few  
2 months in cash flow negative while. Um.

3 **JIM BREYER:** But, very narrowly cash flow negative.

4 **MARK ZUCKERBERG:** Yeah well like you know, using like  
5 \$100,000, not like millions. So, um and then but, now were  
6 back. We do a lot of page views. I think that it's not  
7 something that you really think about um because, you  
8 probably just think about this like a Stanford site. But, I  
9 mean every day we do more than two hundred million page  
10 views. I think recently we're up to two hundred and thirty  
11 million. Um, by the end of probably two weeks from now or,  
12 so were going to pass Google and Page Views. And like um,  
13 that's a lot and you don't really think about in that kind  
14 of application like you know, I was pretty surprise when I  
15 heard that. But, um when you have that many page views and  
16 that many people spending that much time on the site, you  
17 can monetize it pretty easily. Like I mean the revenue we're  
18 generating over \$1 million a month in revenue. And a lot  
19 more and that way covers our expenses and we are not even  
20 doing anything cool yet, so. Um, I mean yeah, it's all good.

21 **AUDIENCE QUESTION:** [unintelligible]

1           **JIM BREYER:** The question was. What are the most  
2 important entrepreneurial skills acquired in college or,  
3 elsewhere? For the Facebook. Good question.

4                           **[ENTREPRENEURIAL SKILLS LEARNED]**

5           **MARK ZUCKERBERG:** So, I just studied psychology at  
6 Harvard. Not computer science. Although I love computer  
7 science. Um, I've been programming since I was like ten. And  
8 I think that it kind of like went just kind of a reached a  
9 point where, went into my intuition and I wasn't really  
10 thinking that much about it consciously. Um so, that was  
11 pretty good. And then I mean when I started thinking about  
12 all the people issues and doing psychology and just like in  
13 a University interacting with a lot of people. It just kind  
14 of occurred to me that this would be something that was  
15 interesting and like, I knew how to do it. So I just did. It  
16 took me like a couple of weeks to throw together the site.  
17 And I remember that by the time that I was done throwing  
18 together the site, I had no idea how successful it would end  
19 up being and I was actually thinking that after day eight  
20 or, day nine, I had a different idea that I wanted to do.  
21 And I was going to scrap and not do that site. Um, so I'm  
22 happy that I didn't do that. But, um so, I think that it's  
23 more like how you spend your time doing stuff type of

1 question or, type of answer then like something that I  
2 learned specifically from college. Um, like I made a ton of  
3 random things when I was at Harvard and most them no one  
4 ever saw. A lot of them just weren't meant for other people  
5 to see. And there were just things that I made for myself  
6 because, I thought that would be cool. Used to make stuff  
7 like Natural Language and (Ginger Face too)?. Play my MP3's  
8 you know. Or, um the thing I made before this was a (Hot-or-  
9 Not program?) out of everyone's ID's at Harvard that almost  
10 got me kicked out. (audience laughs) But um, like so I don't  
11 know. I just spend a lot of time making random stuff you  
12 know and I think that definitely made it. So, by the time it  
13 came time to like make this random project I was pretty well  
14 chain towards making that, you know. In terms of managing  
15 this whole process, nothing. Like I have no idea what I'm  
16 doing. You know. (audience laughs)

17 **[LISTENING SKILLS IN AN ENTREPRENEUR]**

18 **JIM BREYER:** I'll add a couple of comments. Um, Mark has  
19 a skill which, a number skills which one rarely sees in an  
20 entrepreneur no matter what the age is. He's a great  
21 listener and you'll learn by listening. I'm still stunned to  
22 see how many entrepreneurs come to our offices in Palo Alto  
23 and it's all output and there's no thoughtfulness and it's

1       amazing that the very best entrepreneurs are very proactive,  
2       their very courageous, they deal with tension but, their  
3       great listeners and then they translate that into  
4       interactive learning and the organizations tend to be great  
5       listening organizations and Mark um, Mark is extraordinary  
6       that way. As are many of the best entrepreneurs or,  
7       executives that we've met. There is also, a constant  
8       creative tension around experimentation and making sure  
9       everyone in the organization feels it's better to  
10      experiment, fail and then move on and experiment again, then  
11      to not do that. And in something like a consumer internet  
12      company like Facebook, that constant real time interaction  
13      and experimentation is something that the very best  
14      entrepreneurs do. They just, they have the passion, they  
15      have an innate feel for it and it happens organizationally.  
16      It happens from a leadership standpoint. That's something  
17      that can to some extent be taught. But, those are some of  
18      the skills for a consumer and internet company and one that  
19      is growing this quickly that is just essential and it needs  
20      to be embodied in the entrepreneur. That's something that  
21      uh, we see again and again and it's remarkable how little  
22      common sense is often applied. If somebody just steps back

1 and truly listens and watches the customers and then rapidly  
2 iterates uh, good things tend to happen.

3 **JIM BREYER:** Will go right here in the middle.

4 **AUDIENCE QUESTION:** Mark, From the very beginning. Day  
5 one or, maybe week one. Was this a business idea with the  
6 target market and revenue for factual projections and  
7 revenue model? Or, is this more kind of a cool programming  
8 thing that you might do with you and your friends?

9 **MARK ZUCKERBERG:** That's fine. No, no. Um, it actually  
10 wasn't a business thing until like six months after we  
11 started it. I mean we. I guess like I programmed the  
12 original version um and launched it in February 04. And then  
13 we spent, I guess like after a couple of weeks of me being  
14 at Harvard, people started requesting it at other schools. I  
15 was taking a pretty heavy course load that term so, I wasn't  
16 sure how I was going to do that. You know but, technically  
17 and like how I was going to have the time to do it. So, um  
18 one of my roommates was like, I'll help you and I'm like  
19 dude you can't program (audience laughs) um so, he went home  
20 for the weekend um, bought the book Pearl for Dummies. And  
21 then came back and was like alright I'm ready. I'm like dude  
22 the site is not ready for Pearl. (audience laughs) But, um  
23 so we were working on it together for a while and then we

1 came out to Palo Alto for that summer, where I kind of got  
2 stuck. But, um we came out here mostly because, this was a  
3 place that a lot of start-ups have been from and it seemed  
4 like a pretty fun place to be in some place that made sense  
5 for us to be at some point in our lives. And also, because I  
6 had a couple of friends who were working at EA and I wanted  
7 to hang out with them. And um, it was out here that I kind  
8 of learned a lot of the stuff and um met a couple of people  
9 who go us started.

10 **AUDIENCE QUESTION:** My name is Mike and uh Mark I have a  
11 question about the utility aspect. You mentioned that  
12 Facebook is a utility not a social networking software or,  
13 anything like that. But, when you talk about the utility,  
14 I'm curious about what your actually having the people do.  
15 Because they're browsing around and it seems as if it's an  
16 essentially a stalking tool. If I'm not mistaken. So, what  
17 are the sort of ethical implications when it comes to  
18 developing a tool? Where you know you're reading enough of  
19 the user views. You're not saying you know, it's like the  
20 gun manufacturers make the gun they don't tell you to point  
21 it at people. But, uh ultimately when you have a tool like  
22 this, there are sort of ethical implications and possibly



1 you know, uh legal implications in the future. How are you  
2 taking approach to that?

3 **MARK ZUCKERBERG:** So I mean we do a lot of stuff with  
4 the data that is selected and a lot of that is aimed towards  
5 proactively defending the user base and making sure that. I  
6 mean, we have analyzed a pattern which, is a typical user  
7 heartbeat. Right. Or, like what their use looks like. And we  
8 can identify relatively quickly when someone doesn't match  
9 that and do whatever we need to do. Um, probably within like  
10 you know, like twenty page views or, so. So, um so yes. I  
11 mean that's mostly what we do. We have like an automated  
12 system for identifying stuff like this and taking whatever  
13 action we need to. But, I mean in terms of like the ethical  
14 implications of creating this I mean what I kind of saw this  
15 as is uh, enabling of free year flow of information. You  
16 know what I mean? People are interested in this stuff. We're  
17 not asking anyone to put anything out there that they  
18 wouldn't be comfortable putting out there. We're not forcing  
19 anyone to publicize any information about themselves. We  
20 give people pretty good control of their privacy. I mean you  
21 can make it so that no one can see anything or, like no one  
22 can see your profile unless their your friend. And I think  
23 that we encourage people to use that stuff. And I mean we

1 point people to it. We make people not use their school  
2 password when they register. Just because that's like the  
3 most security thing. I don't know, I think that just like  
4 putting people in control of what they put out there. We are  
5 kind of putting it in their hands. But, we are not  
6 necessarily putting in the hands of the person who will  
7 misuse it. We're putting in the hands of the person who  
8 could be potentially the victim, if it ever came to that.  
9 But, I mean we are not really finding that much.

10 **AUDIENCE QUESTION:** Jim, could you respond to this as  
11 well? Also, when it comes to minors now in a case of high  
12 school students. How does this control uh, filter down for  
13 those sort of users?

14 **JIM BREYER:** I'll take on the privacy question and the  
15 ethics question and let Mark talk about High School. Um, in  
16 many ways, I think our challenges from a business  
17 prospective in a usage standpoint would be similar to how  
18 Ebay evolved. Uh, we certainly spent a lot of time thinking  
19 about what are the privacy issues uh, at the same time we  
20 want to enable the user base to. When all said and done it's  
21 a validated user base. It's very different from ninety-nine  
22 percent of the sites out there. And we feel that's the true  
23 power of the experience so, we don't want to get in the way

1 of that. There is no doubt however, we think medium and long  
2 term about privacy issues, security issues and perhaps the  
3 closes model out there. In my view would be how EBay had to  
4 make some fundamental decisions along the way relative to  
5 the democratization. If you will, their user base. You might  
6 talk about High School. We had long discussions about that.  
7 You can talk part about that.

8 **MARK ZUCKERBERG:** Yeah, so I mean in High School, we do  
9 kind of the same thing that we do in college. Although, we  
10 have scripts that just constantly scrawl to the site. And  
11 you know, from using it that some people have fake profiles.  
12 Right. And as a human you can tell that there some things  
13 about that are different and why they are fake and just  
14 immediately obvious to you. And it's obvious because it  
15 doesn't fit a normal usage pattern. You know, either they  
16 don't put up a lot of information about themselves. But,  
17 they are viewing a lot of profiles. Or, they have no friends  
18 but, are viewing a lot of profiles. Or, the classes that  
19 they are putting in are fake. You know or, the information  
20 their putting in is fake. Or, their name is (Kaggie the K)?  
21 You know and um, you know, I mean there is just a lot of  
22 signs. And like you can just apply really simple pattern

1 matching stuff to a lot of this to figure out like who these  
2 people are really quickly.

3 **JIM BREYER:** In coming back to college just one  
4 statistic which, is quite extraordinary. Mark you might just  
5 mention to the audience how the predicted nature of some of  
6 the usage may work. In particular regarding relationships  
7 and it's a fascinating statistic. One of many.

8 **MARK ZUCKERBERG:** Yeah, so one of the things that we do.  
9 We actually compute how like the percentage of a realness  
10 that a person is and if they fall below directional then  
11 they are gone. Right. So, I mean, like so it's actually  
12 pretty funny. This is something that my friends and I like  
13 to do. We just go through and like see how real certain  
14 people are. Who we know are actually real people. Your only  
15 seventy-five percent real. (audience laughs) Um, by using  
16 the information that we have we can predict a lot of stuff.  
17 Find stuff that's interesting to you. In terms of events  
18 that are going on with the network. One of the things that  
19 we originally thought would be cool was you know, we have  
20 this photo thing and we have some new stuff that's going to  
21 be coming out soon. Like we all be user posting content. How  
22 do you filter it for people? you know. How do you know for  
23 them or, help them filter through. What's going to be most

1 interesting to them? I mean you can't just like. Who your  
2 friends are and look at their photos you know because, some  
3 people have three hundred friends, some people have one  
4 hundred friends. But, if you have one hundred friends and  
5 they are all posting a lot of photos albums or, updating  
6 their profiles a lot or, whatever people do you know, then  
7 like that's just a lot of stuff to sort. I mean. You kind of  
8 figure out the strength of a lot of those relationships and  
9 how um what actually matters to each person on a more  
10 granular level. And I mean one of things that uh one of my  
11 friends and I were messing around the other night was seeing  
12 who could use the information that we had to compute. Who we  
13 thought were going to be in relationships. So, we tested  
14 this about a week later and we realize that we had over a  
15 third chance of predicting whether two people were going to  
16 be in a relationship a week from now. (audience laughs). So,  
17 we can use stuff like that to filter out.

18 **JIM BREYER:** Good. Let's go to the back here.

19 **AUDIENCE QUESTION:** Yeah, I think you said that um you  
20 started this because, you got to go Harvard and you  
21 perceived a need for this. I mean obviously it is a need.  
22 But, what were the specific instances that made you kind of  
23 see the need? Was it personally or, friends?

1           **MARK ZUCKERBERG:** Um, yeah, I don't know. How many of  
2 you guys have aim? Like, do you guys like checking away  
3 messages? Like, I don't know. I mean I just find information  
4 about people in aggregate interesting. You know what I mean?  
5 One of the things that I wrote before this was something  
6 that just like looked and kind of tracked what different  
7 people away messages were at different times. It's kind of  
8 interesting you know, I mean um like not publicized that  
9 information. But, I mean you know, like but, it's just sort  
10 of basic information. And I kind of figure that like  
11 everyone else around me likes checking away messages and  
12 would think that something like that would be cool and like  
13 maybe I'm not alone in thinking that it would be cool. If I  
14 could type into a box someone's name and get a bunch of  
15 information about that person or, be able to look up where  
16 they are now or, where they live or, what their phone number  
17 is or, who they know or, what people are saying about them.  
18 So, yeah.

19   **[INVESTING NEW IDEAS]**

20           **JIM BREYER:** One of the most interesting question we  
21 continuously ask ourselves over the last year and nine  
22 months. Why didn't we see a Facebook earlier? It's a  
23 remarkable. I think it's a remarkable dynamic that Mark

1 started this company in 2004. And that first generation, the  
2 first nine or, ten years of the internet did not have a  
3 Facebook-like company that was thinking through it in a  
4 simple way. Sometimes it's remarkable for all of us, as we  
5 try to be very prepared-mind oriented, very proactive  
6 around, where the most interesting opportunities. It's often  
7 these very simple but, powerful ideas that really take off.  
8 And there are some other ideas like that where we step back  
9 and really try to understand as investors and hopefully  
10 partners with entrepreneurs. Where do we see the most  
11 compelling next generation ideas and it's usually something  
12 that's very simple that's embodied in the personality of an  
13 entrepreneur?

14 **JIM BREYER:** Right here in the blue and please use the  
15 mike. Thank you.

16 **AUDIENCE QUESTION:** Yeah um, so there is a lot of social  
17 networks out there and a lot of them have [garbled] silence  
18 um and I think that is the number one reason why they have  
19 plateaued over the last few years also. Um the Facebook is  
20 not a social network, it's a utility. So. Have you actually  
21 thought about um instead of building all the applications on  
22 your platform it has? Um have you ever thought about opening  
23 up uh the Facebook over a secure web services? Or, something

1 and have hundreds of people go build hundreds of utility  
2 applications on the Facebook and just have a side of a  
3 button that says the power button Facebook or, something?

4 **MARK ZUCKERBERG:** Yes, and any of you guys have studied  
5 operating systems, languages or, compilers, come help me do  
6 it.

7 **JIM BREYER:** Exactly. It's a resounding yes. Right  
8 behind.

9 **AUDIENCE QUESTION:** This is kind of an interesting  
10 question. To a certain extent Mark, you might not even  
11 follow this. But uh it's about exit strategy and uh there's  
12 an old school company called Harris? Publishing and um they  
13 are from the alumni market. They pretty much print all the  
14 alumni records and all the Universities around here and that  
15 seems to me to be the succession model from the Facebook.  
16 Have you thought about your exit strategy? And given the  
17 fact the Harris? Publishing is pretty much an old line  
18 company in printing something and their likely not a very  
19 good succession target. Have you thought about and Jim you  
20 might be able to answer that question. How you best monetize  
21 as an exit strategy?

22 **MARK ZUCKERBERG:** Um, I spend my time thinking about how  
23 to build this and not how to exit. Um, I think that what



1 we're doing is more interesting than what anyone else is  
2 doing. And that that this is just a cool thing to be doing.  
3 And I mean yeah I don't spend time thinking about that that  
4 much. Sorry.

5 **JIM BREYER:** And I actually don't either. I think it's  
6 uh (audience laughs). We're long term oriented investors. I  
7 think what we are seeing it's going to be a fascinating time  
8 in what the traditional media business might look like. Uh,  
9 I think we are all aware this is one of the few times where  
10 there has been strong resurgences in the overall advertising  
11 market. But, many if not most of the traditional media  
12 companies have not seen a rebound in their advertising  
13 dollars. Whether is New York Times, Dow Jones, Washington  
14 Post, many of the newspaper companies. There is something  
15 fundamentally going on. It's not necessarily just a shift  
16 along line. That's a small part of it. But, something has  
17 fundamentally shifted in terms of how these companies have  
18 rebounded and there no doubt certainly in the heart of  
19 Silicon Valley. Our view is three to five years from now  
20 there will be a new generation of media company that  
21 embodies some of the best of some of the great older line  
22 media companies. But, will absolutely at its heart have many

1 of the flavors of what a Facebook represents. That's  
2 certainly the investors' view. Tina.

3 **AUDIENCE QUESTION:** Thank you. Uh, I'm wondering if you  
4 could tell us a little bit about the idea generation process  
5 in the company. There are companies like Google where people  
6 have this uh process of everyone gets 20% of their time to  
7 come up with new ideas. Do you have a formal process of idea  
8 generation?

9 **[FREE TIME FOSTER FREE THINKING]**

10 **MARK ZUCKERBERG:** A lot of the stuff that goes on with  
11 the company is really organic right now. And isn't  
12 necessarily formalized. Although, maybe it will be in a  
13 short period of time as we continue to grow. Um, I think  
14 that like as organizations grow a lot of the issues and  
15 structure that's put into place is put there because, a  
16 comfort level breaks down and people communicating freely in  
17 a way that they can when their friends. You know and if you  
18 are working with your friend you can tell him or, her like  
19 whatever your thinking and it's not going to offend him or,  
20 her and like. And they will probably comprehend it similarly  
21 to how you imagined it. I mean language isn't really a  
22 perfect idea transmission vehicle. And um, I think that a  
23 lot of the stuff like saying take twenty percent of your

1 time to go to put into action an idea that you might have is  
2 necessary in a large organization where people can  
3 necessarily speak the same language or, ideas can get out  
4 freely. So, I mean I think that one of things that I do  
5 focus on at Facebook is making sure that the culture is very  
6 friendly. You know, and that people hang out. You know,  
7 instead of having 20% of people's time spent working on  
8 their own projects. I make people hang out with each other.  
9 And I make people like I mean I don't make people be friends  
10 with each other. But, I mean you know. So, I think that by  
11 doing that I mean I can't force people to hang out side of  
12 work. But, I mean I can make it so that people are more  
13 comfortable with each other and can communicate more freely.  
14 So, um this isn't really a formal thing that I put in place.  
15 This is just like kind of my answer at the top of my head.  
16 So, I guess like by doing this we kind of created a culture  
17 where people just talk to each other about stuff and get  
18 what each other is thinking more clearly than they would if  
19 the organization was more bureaucratic. Or, if like people  
20 wouldn't be heard. And then I mean since people are always  
21 talking, ideas get bounced off each other and then  
22 eventually like someone starts making something you know,  
23 and then were done.

1           **JIM BREYER:** We have time for a couple more questions.  
2           Back in the middle here.

3           **AUDIENCE QUESTION:** Uh, question interesting  
4           conversation. When you told you parents, I'm not going to  
5           back to Harvard. Because, I'm going to do this thing called  
6           the Facebook. Um can you comment on what your parent's take  
7           on this is?

8           **MARK ZUCKERBERG:** So, after I almost got kicked out for  
9           the thing that I did before this (audience laughs) that also  
10          had to do with faces. Um, their first reaction was um no. Um  
11          but, that's when I made Facebook and I was like no this is  
12          different and this is actually legit. I'm not going to get  
13          kicked out for this. It will be fine. Um, it kind of got  
14          pass that. I stayed in school and finished up my semester  
15          and then went out to California. Fully expecting to go back  
16          to school again in the fall. That didn't happen but, I mean  
17          by the time that that didn't happen, we already had hundreds  
18          of thousands of people using the site and um Peter Thiel,  
19          who was the Founder of PayPal, who was our first investor  
20          put some money in. And that sort of made my parents think  
21          OK, this is something that could be cool. But, I mean I  
22          think that when I first started doing it they were like what  
23          possible value could this have for you. I was no, it will be

1 cool. So, then um after it started doing an all-day stuff,  
2 they stopped trying to suggest something.

3 **JIM BREYER:** Right here in the front.

4 **AUDIENCE QUESTION:**

5 Um, just wondering. What do you see as the biggest  
6 challenge for Facebook? What's kind of keeping you up at  
7 night right now?

8 **JIM BREYER:** Question of course, is what keeps you awake  
9 at night? What's the biggest challenge? And what's the  
10 number of challenges that would be the top three or, four  
11 be?

12 **[CHALLENGES GOING FORWARD]**

13 **MARK ZUCKERBERG:** So, I mean the two things that you  
14 focus on are maintaining what you have now that's good and  
15 growing. Right? And what we have now is like a pretty good  
16 utility. And going back to the first question that you asked  
17 me. What's the thing that I measure the most? And it's that  
18 seventy percent of the people come back to the site every  
19 day. And making sure that that remains. Not just because we  
20 are doing some sort of thing. But, I mean if you want your  
21 feature obviously retention is going to go up. Right? So, I  
22 mean retention has been recently because of photos. You  
23 know. Um but, focusing on things that are sustainable and

1 skill-able and so that when we launched more skills or, go  
2 on to the next market or, whatever we do. We are going to  
3 set ourselves up to have the same success that we've had  
4 without hurting ourselves in the current position. So, I  
5 mean that's a very vague answer so I do apologize. But, um I  
6 mean it's not one thing. You know, it's basically  
7 maintaining the utility while growing.

8 **JIM BREYER:** Mark is incredibly good at keeping the bar  
9 very high on new hires. When you're quadrupling in size in  
10 terms of people there is always a tendency. We see it again  
11 and again and I know uh Tom Byers and many of you in the  
12 audience always talk about quality of people uh and  
13 maintaining the bar. But in practice it's real easy to say  
14 this person doesn't match up in there. But, does match up  
15 along so many dimensions. It would take six months to find  
16 the right person and Mark has been extraordinary as a leader  
17 in maintaining a very high bar and at times walking away  
18 from people who are receiving outstanding recommendations.  
19 But, they either don't fit from a cultural standpoint. Or,  
20 they don't they are not going to scale and they'd be the  
21 wrong person a year or, two from now. Uh, and that is  
22 certainly an investor and board member an ongoing challenge.  
23 How do you deal with that trade off? Where you absolutely

1           need an ad sales force but, at the same time uh, it's one  
2           person at a time. You just can't say let's go out and hire  
3           five good engineers or, five good ad sales people and not  
4           have them be great. Because the B plus or, A minus people.  
5           You know it. They'll hire B's and B minuses. And this is a  
6           time in the company where you just have to aspire with each  
7           hire to get an A or, A plus person and it's easier said than  
8           done. I think that is one of the fundamental ongoing  
9           challenges.

10                   [END VIDEO RECORDING]