

July 26, 2019

Chairman David N. Cicilline
Subcommittee on Antitrust, Commercial and Administrative Law
Committee on the Judiciary
2233 Rayburn Building
Washington, DC 20515

Dear Chairman Cicilline:

Thank you for your letter of July 23, 2019 regarding competition issues in digital markets. We appreciate the opportunity to follow up on Matt Perault's testimony during the July 16, 2019 Subcommittee hearing on these topics. We have done our best to respond to your questions fully within the available time.

As you know, Matt is a Director of Public Policy at Facebook. He works extensively on online competition and economic policy issues, and he routinely briefs regulators and members of Congress on them. As Matt testified, Facebook believes deeply in the values of competition and innovation, values that are fundamental to the success of the American economy. Indeed, it is precisely because of these shared values that Facebook could grow into a successful American company that employs almost 40,000 people worldwide. Because Facebook faces competition from across the industry and is focused on innovation, we are constantly working to improve both our free services for consumers and our advertising services for small businesses and entrepreneurs.

With that context in mind, please find answers to your specific questions below.

1. What is the world's largest social media network by the number of active users?

Around the world, more than 2.1 billion people use Facebook, Instagram, WhatsApp, or Messenger every day on average, and more than 2.7 billion people use at least one of these services each month.¹

¹ See Facebook, *Facebook Reports Second Quarter 2019 Results, 7/24/2019*, available at https://s21.q4cdn.com/399680738/files/doc_financials/2019/Q2/FB-Q2-2019-Earnings-Release.pdf.

Although it is true that Facebook is very popular across the globe, we are still just one way in which people connect, discover, share and communicate. For each service that Facebook offers, you can find at least three or four competing services with hundreds of millions, if not billions, of users.

For example:

- If you are looking to share pictures, videos, or a live stream, you might use Snapchat (over 200 million daily users²), Vimeo (240 million monthly viewers³), Twitter (326 million monthly users⁴), Amazon's Twitch (nearly a million people watching at any given time⁵), YouTube (over 1.8 billion monthly users⁶), Google Photos (1 billion users⁷), or Pinterest (over 250 million monthly users⁸), among others.
- For messaging, you might use Telegram (200 million monthly users⁹), WeChat (1 billion monthly users¹⁰), Microsoft's Skype (300 million monthly users¹¹), or Line (164 million monthly active users¹²), among others. SMS messaging is incredibly popular. According to Nielsen, SMS is the most used data service in the world. According to MBA online, more than 4.2 billion people are texting worldwide.¹³
- To connect with colleagues or people in a professional network, you might go to Microsoft's LinkedIn (630 million registered users¹⁴ and over 30 million companies¹⁵) or Slack (over 10 million daily active users¹⁶), among others.

This competitive landscape is dynamic, due to the pace of technological innovation and the ease of market entry. The constant influx of new entrants is evidenced by the number of new apps and services launched every year. Google's Play Store for Android apps launched a record 1.5 million new apps in 2017¹⁷ -- that's

² See CNN, *Snapchat Shows New Signs of Life, Topping 200 Million Daily Users for the First Time*, 7/23/2019, available at <https://www.cnn.com/2019/07/23/tech/snap-earnings-second-quarter/index.html>.

³ See Vimeo Press Release, *Vimeo Appoints Anjali Sud as CEO*, 7/20/2017, available at <https://press.vimeo.com/18391-vimeo-appoints-anjali-sud-as-ceo>.

⁴ See PR Newswire, *Twitter Announces Third Quarter 2018 Results*, 10/25/2018, available at <https://www.prnewswire.com/news-releases/twitter-announces-third-quarter-2018-results-300737803.htm>.

⁵ See Business Insider, *Amazon's streaming service Twitch is pulling in as many viewers as CNN and MSNBC*, 2/13/2018, available at <https://www.businessinsider.com/twitch-is-bigger-than-cnn-msnbc-2018-2>.

⁶ See YouTube Official Blog, *Highlights from the Brandcast Stage: New YouTube Originals and Advertiser Offerings*, 5/3/2018, available at <https://youtube.googleblog.com/2018/05/highlights-from-brandcast-stage-new.html>.

⁷ See The Verge, *Google Photos Passes the 1 Billion Users Mark*, 7/24/2019, available at <https://www.theverge.com/2019/7/24/20708328/google-photos-users-gallery-go-1-billion>.

⁸ See Pinterest Newsroom, *A Brief History*, available at <https://newsroom.pinterest.com/en/company>.

⁹ See Dignited, *Telegram Now Has 200 Million Active Users Every Month*, 3/23/2018, available at <https://www.dignited.com/29417/telegram-200-million-monthly-active-users/>.

¹⁰ See Business Insider, *WeChat Has Hit 1 Billion Monthly Active Users*, 3/6/2018, available at <https://www.businessinsider.com/wechat-has-hit-1-billion-monthly-active-users-2018-3>.

¹¹ See TechCrunch, *Microsoft is bringing bots to Skype — and everywhere else*, 3/30/2016, available at <https://techcrunch.com/2016/03/30/microsoft-is-bringing-bots-to-skype-and-everywhere-else/>.

¹² See Line Q2 2018 Earnings Results, 7/25/2018, available at https://scdn.line-apps.com/stf/linecorp/en/ir/all/FY18Q2_Presentation_0809EN.pdf.

¹³ See SMS Eagle, *Daily SMS Mobile Usage Statistics*, 3/6/2017, available at <https://www.smseagle.eu/2017/03/06/daily-sms-mobile-statistics/>.

¹⁴ See LinkedIn, *Statistics*, available at <https://news.linkedin.com/about-us#statistics>.

¹⁵ See LinkedIn, *Statistics*, available at <https://news.linkedin.com/about-us#statistics>.

¹⁶ See Slack, *With 10+ Million Daily Active Users, Slack is Where More Work Happens*, 1/29/2019, available at <https://slackhq.com/slack-has-10-million-daily-active-users>.

¹⁷ See AppFigures Blog, *iOS Developers Ship 29% Fewer Apps In 2017, The First Ever Decline – And More Trends To Watch*, 3/30/2018, available at <https://blog.appfigures.com/ios-developers-ship-less-apps-for-first-time/>.

125,000 new apps every month. Apple's App Store also launched more than 750,000 new apps in 2017.¹⁸ There are now hundreds of alternative messaging services and photo and video sharing apps available which people can and do use, many of which have been launched since Facebook was created.

An app can grow quickly in popularity and become a significant competitor in a short time. To provide one example, in just three years, TikTok has become one of the world's most popular online social platforms. The app has been downloaded more than one billion times globally, is available in more than 150 countries, and in 2018 was installed more times than either Facebook or Instagram.¹⁹ And TikTok's success is quickly expanding into the U.S., where it has been the most popular free download in Apple's App Store.²⁰ Many other apps, including Snapchat, continue to post strong user growth--in just one recent quarter, Snapchat added 13 million daily users,²¹ bringing its user base to more than 200 million.

2. On what date did Facebook last change its terms and conditions that apply to Facebook users?

We appreciate the opportunity to expand on this exchange. Facebook's Terms of Service²² govern people's use of Facebook and the products, features, apps, services, technologies, and software we offer. We constantly assess our terms of service and roll out new versions from time to time. We last updated our terms on April 19, 2018.

We believe it is important to clearly describe our services, policies, and commitments to our community so people can make informed decisions. That is why we chose to update our terms last year to explain the services we offer in language that is more easily comprehensible. The terms provide information on new features, explain how Facebook uses data, and clarify the circumstances in which we share information. The updated terms better explain how we combat abuse and investigate suspicious activity, including by analyzing the content users share. We also updated our data policy²³ to better spell out what data we collect and how we use it in Facebook, Instagram, Messenger and other products. We did not ask for new rights to collect, use, or share data on Facebook, and we did not change any of the privacy choices users made in the past. These updates were intended to enhance transparency.

On June 27, 2019, we announced that we will be updating our Terms of Service effective July 31, 2019. The updates will clarify how Facebook makes money and better explain the rights people have when using our services. The updates do not change any of our commitments or policies — they simply explain things more fully. For example, the updates include a new introduction explaining that we don't charge users

¹⁸ See AppFigures Blog, *iOS Developers Ship 29% Fewer Apps In 2017, The First Ever Decline – And More Trends To Watch*, 3/30/2018, available at <https://blog.appfigures.com/ios-developers-ship-less-apps-for-first-time/>.

¹⁹ See TechCrunch, *TikTok Surpassed Facebook, Instagram, Snapchat & YouTube in Downloads Last Month*, 2/11/2018, available at <https://techcrunch.com/2018/11/02/tiktok-surpassed-facebook-instagram-snapchat-youtube-in-downloads-last-month/>.

²⁰ See TechCrunch, *TikTok Tops the iOS App Store for the Fifth Quarter in a Row*, 5/16/2019, available at <https://techcrunch.com/2019/05/16/tiktok-tops-the-ios-app-store-in-q1-for-the-fifth-quarter-in-a-row/>.

²¹ See The Wall Street Journal, *Snap Posts Record User Growth*, 7/23/2019, available at <https://www.wsj.com/articles/snap-posts-record-user-growth-11563912652?mod=djemalertNEWS>.

²² Facebook's Terms of Service are available on our website at <https://www.facebook.com/terms.php>.

²³ Facebook's Data Policy is available on our website at <https://www.facebook.com/about/privacy/update>.

money to use our products because businesses and organizations pay us to show ads. They also provide more information about what happens when we remove content that violates our terms or policies or when a user deletes shared content. The updated terms clarify that when a user shares content — including photos and videos — the user continues to own the associated intellectual property rights.

These updates are part of our ongoing commitment to provide our users with greater transparency and control over their information. Beyond these updates, we will keep working on ways to make sure people understand how our business works, how their information is used, and how they can control their data.

You can preview the July 31, 2019 Terms of Service update by visiting our Terms of Service page at: https://www.facebook.com/legal/terms/update_2019.

3. Since July 16, 2018, how many times has Facebook changed the terms and conditions that apply to Facebook users?

If the precise number is unknown, please check the box that represents Facebook's best estimate:

- Between 1-10
- Between 11-25
- Between 26-50
- Between 51-100
- Between 101-150
- Over 150

We have not updated our Terms of Service since April 19, 2018. Please see the response to question 2 for more information about that update and Facebook's forthcoming July 31, 2019 update.

4. Does Facebook have an investment fund or venture capital fund?

- Yes
- No

5. Does Facebook currently dedicate, or has it previously dedicated, any resources to identifying promising tech startups or innovative non-Facebook platforms and apps?

Like all companies, Facebook closely follows commercial developments in its industry. We are constantly striving to improve the user experience, and an important part of that is responding to demand in the market for new features. To analyze these trends, Facebook has relied on a variety of internal sources, such as Onavo data, and external data sources, such as Comscore, App Annie, and SimilarWeb. As is common practice, as part of our Corporate Development program, from time to time we will evaluate possible partnerships or transactions with other companies, including startups, platforms and other apps.

6. What percentage of Facebook Messenger users do not use Facebook?

If the precise percentage is unknown, please check the box that represents Facebook's best estimate:

- Between 1-25%
- Between 26-50%
- Between 51-75%
- Between 76-100%

Thank you again for the opportunity to participate in the Subcommittee hearing and to address these important questions. As noted above, Facebook strives to find new ways to help people connect, discover, communicate, and share. Like many successful American companies before us, we have grown by taking risks, learning from our mistakes, and constantly working to improve. We would be happy to work with Congress to create policies that protect people, give them choices, and enable developers to innovate and compete. We look forward to continued dialogue with you, your staff, and the Committee.

Sincerely,



Kevin Martin
Vice President, U.S. Public Policy