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How hanging out on the Internet became big business.

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BODY:

In August, 1995, when Netscape issued stock on the Nasdaq and became the first major Internet company to go public, Mark Zuckerberg was about to enter the sixth grade at a middle school in Ardsley, a small town in Westchester County. He had a new desktop computer—a Quantex 486DX with an Intel 486 processing chip—and had bought a book called "C++ for Dummies," to teach himself how to write software. "I just liked making things," he recalled recently. "Then I figured out I could make more things if I learned to program." By the time he finished ninth grade, at Ardsley High, he had designed a computer version of the board game Risk, in which rival forces battle for global domination. Zuckerberg's game was set in the Roman Empire, which he was studying in Latin class, and featured a virtual general called Julius Caesar, who was such an able military strategist that even Zuckerberg had trouble defeating him.

Two years later, his parents, a dentist and a psychiatrist, sent him to Phillips Exeter Academy, in New Hampshire, where, during the spring of his senior year, he and a roommate, Adam D'Angelo, wrote some software for WinAmp, an MP3 player, which chose songs from a user's digital library based on his previous selections. If a user had been playing Garbage, or the Clash, the program that Zuckerberg and D'Angelo created might pick a song by Green Day. They called their program Synapse and posted it on the Web, where it proved popular, especially after the technology site Slashdot.org linked to it. Several software companies, including Microsoft, approached Zuckerberg about acquiring it, but none made a formal offer. "What they really wanted was for us to come and work for them," Zuckerberg told me. "We didn't want to do that."

In the fall of 2002, Zuckerberg enrolled at Harvard, where he decided to major in psychology. "I just think people are the most interesting thing—other

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people," he said. "What it comes down to, for me, is that people want to do what will make them happy, but in order to understand that they really have to understand their world and what is going on around them." Between classes, he continued to write programs, including one called Coursematch, which enabled students to find out who was enrolled in a particular class. Early in his sophomore year, he built a Web site called Facemash, a Harvard version of HOTorNOT.com, a site where people post sexy photographs of themselves that others rate on a scale of one to ten. Most Harvard residential houses, including Kirkland House, where Zuckerberg lived, had Web sites displaying photographs from student I.D.s. Zuckerberg downloaded some of the pictures-of men and women-and posted two at a time on a Web page, inviting other students to vote on which person was more attractive. The votes were then converted into a cuteness top-ten list for each house.

Within a few hours after he posted the first photographs, about four hundred and fifty people had visited the site, and more than twenty-two thousand votes had been recorded. Then, without warning, the university blocked Zuckerberg's Internet access; some students and professors had complained to Harvard authorities that the site was offensive. Harvard's Administrative Board summoned Zuckerberg to a hearing, accusing him of violating students' privacy and of stealing the university's intellectual property by downloading pictures without permission. The board could have suspended Zuckerberg, or even expelled him. Instead, after he agreed to take down the Web site, he escaped with a warning. That night, he and his roommates celebrated with a bottle of champagne.

Zuckerberg was acquiring a reputation on campus as a programming prodigy. Soon after Facemash was shut down, he was invited to help write code for an ambitious Web site conceived by three Harvard seniors: Tyler and Cameron Winklevoss, twin brothers; and Divya Narendra. Since late 2002, the Winklevosses and Narendra had been talking about creating a Web site for Harvard students modelled on "social networking" sites like Friendster and Tribe.net, which were just beginning to catch on. The sites, which invited members to post a photograph and a few personal details-a profile-and link to other members, exploited the peculiar logic of networks, by which large numbers of people are connected through a small number of intermediaries and become part of a vast virtual community. By the fall of 2003, the Winklevosses and Narendra, with the help of a couple of student programmers, had designed a prototype, which they called HarvardConnection. At Narendra's suggestion, the Winklevosses approached Zuckerberg about helping them finish the site, which they hoped to launch before they graduated, the following June. "We met Mark, and we talked to him, and we thought this guy seems like a winner," Tyler Winklevoss said to me recently.

Zuckerberg began working on HarvardConnection in November, 2003. At the same time, he pursued his own projects. Like many other colleges, Harvard offers every freshman a copy of the class directory, known as the "facebook," which features a photograph of each member, accompanied by a few identifying facts, such as name, date of birth, home town, and high school. For some time, Harvard had been planning to put the facebook online; Zuckerberg decided to do the job himself. "I just thought that being able to have access to different people's profiles would be interesting," he recalled. "Obviously, there's no way you can get access to that stuff unless people are throwing up profiles, so I wanted to make an application that would allow people to do that, to share as much information as they wanted while having control over what they put up."

Zuckerberg discussed the idea with two of his roommates, Chris Hughes and

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Dustin Moskovitz, who agreed that it was a good one. In late January, 2004, during a weeklong break between semesters, he remained in his dorm room, working through the night on his site. "The challenge was to make it work," he said. "I don't like to design things to look showy or cool. It wasn't like I was looking at it and saying, 'This is sweet.' He paused, then added, "I don't use the word 'sweet' anymore." In ten days, he had completed most of the site, which he was determined to keep simple. Anybody with a Harvard e-mail address could join and create a profile, which consisted of a photograph and some personal information, such as the user's major; club memberships; taste in films, books, and music; and favorite quotes. There was a search box to help users call up other profiles, and a "poking" button, which they could use to let other people know that their profiles had been viewed. Users could also link to their friends' profiles—a feature popularized by Friendster. To test the site, Zuckerberg created three sample profiles, which looked pretty good. Then he created profiles for himself and for Hughes and Moskovitz.

Thefacebook.com went up on Wednesday, February 4, 2004. "It was a normal night in the dorm," Moskovitz recalled. "When Mark finished the site, we told a couple of friends. And then one of them suggested putting it on the Kirkland House online mailing list, which was, like, three hundred people. And, once they did that, several dozen people joined, and then they were telling people at the other houses. By the end of the night, we were, like, actively watching the registration process. Within twenty-four hours, we had somewhere between twelve hundred and fifteen hundred registrants."

On February 9th, the *Harvard Crimson* ran a story about Thefacebook.com, in which Zuckerberg referred to Harvard's plan to put the facebook online. "I think it's kind of silly that it would take the university a couple of years to get around to it," he said. "I can do it better than they can, and I can do it in a week." The popularity of Zuckerberg's site seemed to justify his arrogance. "Within a week, it felt like the whole school had signed up," Olivia Ma, a twenty-three-year-old Harvard senior who was the fifty-first person to join Thefacebook.com, recalled. "Everyone was talking about it." By the end of February, about three-quarters of the undergraduates had signed up.

By luck or design, Zuckerberg had tapped into a powerful yearning: the desire of hundreds of ambitious and impressionable young people to establish themselves and make friends in an unfamiliar environment. And unlike the users of sites that are open to anyone, such as Friendster and MySpace, which launched in January, 2004, Facebook's members had a physical location, professors, and classes in common. "I remember the buzz of excitement around the fact that that kid whose profile you had checked out the night before might be sitting at the table next to you in the dining hall the next morning at breakfast," Olivia Ma wrote in a recent e-mail.

The site quickly became a platform for self-promotion, a place to boast and preen and vie for others' attention as much as for their companionship. "I remember people competing to see how many 'friends' they could accumulate and how quickly, and tracking how many 'friends' they shared in common with other 'friends,'" Ma said. "The concept of 'Your Social Network,' which in those early stages could be represented visually as a diagram on your screen at the click of a button, was mind-blowing." Before long, some students were listing hundreds of friends. Hilary Thorndike, a schoolteacher who graduated from Harvard in 2005 and still uses Facebook, has more than eight hundred friends on the site. "I always find the competitive spirit in me wanting to up the number,"

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she wrote in an e-mail.

On Friendster, and especially on MySpace, some users are playing roles: thirteen-year-olds pretending to be nineteen, virgins pretending to be vixens, forty-two-year-old F.B.I. agents pretending to be adolescent girls. Because Facebook users were required to have a valid Harvard e-mail address, most were students, and many were willing to post their e-mail and home addresses, their cell-phone numbers, and even their sexual orientation. Most users worried more about wasting time than about security. "It was viewed as an addictive guilty pleasure-lots of students using language like 'resisting' and 'holding out' when describing their hesitation to join," recalled a Harvard graduate who joined Facebook as a senior, in February, 2004. " 'Give in to the temptation!' was the merry cry."

Within a couple of weeks, students at other colleges were e-mailing Zuckerberg to ask for access to Facebook. The site was easy to replicate-in the jargon of the computer industry, it was "scalable"-and Zuckerberg enlisted Moskovitz, who had a part-time job at a campus computer lab, to help him expand it. He was confident that Facebook could be just as successful at other colleges; the challenge was how to maintain the site's clubby appeal while attracting more members.

On most social-networking sites, a search box allows users to call up profiles of people anywhere on the site. Zuckerberg decided that Facebook members would be allowed to view only the profiles of other students at their own colleges, with one exception. If they obtained the permission of a student at another school, they could add that person to their list of friends. In retrospect, this decision was critical to Facebook's success, because it preserved the site's intimacy.

At the end of February, 2004, Thefacebook.com launched simultaneously at Columbia, Yale, and Stanford, where it quickly became just as popular as it was at Harvard. By the middle of June, when the academic year ended, the site had expanded to forty schools, and it had a hundred and fifty thousand registered users. Several venture capitalists had already approached Zuckerberg about investing in the site. Zuckerberg rebuffed their offers, deciding to finance Facebook with a substantial investment from another Harvard student, some money of his own, and revenue from advertisements, which he had begun to sell. Fortunately, his operating costs were low. Moskovitz worked for nothing. (Zuckerberg eventually gave him an ownership stake.) The biggest expense was an eighty-five-dollar monthly fee for renting space on a server.

In June, 2004, Zuckerberg, Moskovitz, and another friend from Harvard, Andrew McCollum, moved for the summer to Silicon Valley, where they rented a house in Palo Alto, with four bedrooms and a pool, and called it Casa Facebook. Although many colleges were closed for the summer, traffic on the site was still growing rapidly, and there was a lot of maintenance work. "We were doing fourteen- or sixteen-hour days," Moskovitz said. "We had, like, a kitchen table, which we sat around. We had our laptops there, and we, like, hammered away."

By September, Thefacebook.com had a quarter of a million users, and Zuckerberg and Moskovitz decided not to return to Harvard. They wanted to expand the site to several hundred more schools that fall, and they needed money to buy servers. (Renting server space was no longer practical.) Zuckerberg began to meet with local venture capitalists and entrepreneurs, including Peter Thiel,

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the co-founder of PayPal, the online payments company. Matt Cohler, a former business associate of Thiel's, who now works for Facebook (the site dropped the "the" from its name last fall), recalled the meeting: "He started telling us the Facebook story. It was pretty quickly apparent that this business was taking on aspects of an eBay or a Google, something with just an extraordinary growth rate. About eight minutes into the talk, it was clear to me that Peter was going to invest.'"

Thiel lent Facebook five hundred thousand dollars in return for a seat on its board and an option to purchase an undisclosed ownership stake at a future date, an arrangement that could well prove lucrative. According to comScore **Media** Metrix, a company that tracks online traffic, in 2005 Facebook was the second-fastest-growing major site on the Internet. Only MySpace, which has seventy-five million users, a population ranging from teen-agers to senior citizens, grew faster. Today, Facebook has about seven and a half million registered members, most of whom attend one of the more than two thousand U.S. colleges where the site is accessible, though it has recently expanded to universities in the United Kingdom, Mexico, and Australia. In terms of total page views, it is now the seventh-most-popular site on the Web, according to comScore **Media** Metrix.

Early in 2005, Zuckerberg and his colleagues moved the company from Casa Facebook to an airy suite of offices on University Avenue, a couple of blocks from the Stanford campus. When I visited, in March, workmen were cleaning a space recently vacated by another firm, so that Facebook could expand into it; there are now more than a hundred people on the company's payroll. Zuckerberg, whose title is C.E.O., works on the second floor, surrounded by programmers. On the third floor are most of the "adults" Zuckerberg has hired: advertising-sales staff, customer-service representatives, and senior executives. On a whiteboard next to the customer-service department, somebody had copied a message from a user: "My grandma was wondering if there would possibly be a Facebook for nursing homes in the near future. She thinks it's a good idea to stay in contact with her old college friends. She would love it. Thank you."

In a conference room on the third floor, I met with Jim Breyer, a well-known Silicon Valley venture capitalist, whose company, Accel Partners, has invested about fifteen million dollars in Facebook, in the belief that eventually it will make a lot of money, partly through advertising sales. Since 2002, the online ad market has expanded by more than fifty per cent, while advertising in magazines and newspapers has hardly grown at all. Some sites that carry a lot of online advertising, like Google and Yahoo, are highly profitable. "Clearly, there are some fundamental characteristics of the **media** business that are forever changed," Breyer said. "It's not that the Googles and Facebooks are going to suddenly make the old-**media** companies obsolete. However, three to five years from now, the very best **media** companies will have Facebook- and Google-like characteristics."

Indeed, in the past eighteen months, the New York Times Company paid more than four hundred million dollars for About.com, a site that offers information on health care, personal finance, and travel, among other topics; NBC Universal paid six hundred million dollars for iVillage.com, a site aimed at women; and Rupert Murdoch's News Corporation purchased the company that owns MySpace for five hundred and eighty million dollars. None of these Web sites have made much money, but their new owners are gambling that they will.

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Zuckerberg arrived late to our meeting. He often maintains a hacker's schedule, working late into the night. He was wearing a white T-shirt, a hooded fleece sweatshirt, and a pair of new Adidas slides, which he complained hurt his feet. He removed his shoes and sat down on a couch, folding his legs beneath him, lotus style. On his Facebook profile, Zuckerberg says that one of his interests is meditation. The others are information flow, exponential growth, minimalism, driving, making things, social dynamics, and domination.

Slim and bony, of medium height, Zuckerberg is twenty-one but looks younger. He has curly light-brown hair, blue eyes, a prominent nose, and pale skin. Under each of his eyes is a faint purple patch from lack of sleep. For ten minutes or so, he responded to my questions monosyllabically, allowing lengthy pauses between his answers. Gradually, though, he relaxed, and tried to explain what distinguished Facebook from other sites. "I mean, one way to look at the goal of the site is to increase people's understanding of the world around them, to increase their information supply," he said. "The way you do that best is by having people share as much information as they are comfortable with. The way you make people comfortable is by giving them control over exactly who can see what."

User control may turn out to be Facebook's most important asset. During the past few months, the newspapers have been full of stories about sexual predators using social-networking sites to find victims. In February, the attorney general of Connecticut, Richard Blumenthal, began an investigation of minors' access to pornography on MySpace, and local police announced that as many as seven teen-agers in the state may have been assaulted by men they had met through the site. In April, the company hired a former federal prosecutor to be its first chief security officer. Facebook has also received some negative publicity. There have been numerous reports of campus police shutting down keg parties that were announced on the site, and last year a student at Fisher College, in Boston, was expelled after writing in his Facebook profile that a police officer at the school "needs to be eliminated."

In general, though, Facebook's membership restrictions and privacy features have protected users. By altering the settings on their profiles, they can choose to make them visible solely to their friends, to other undergraduates, or to everybody at the university. By entering names into a box, users can deny particular individuals access to their profiles. "The problem Facebook is solving is this one paradox," Zuckerberg said. "People want access to all the information around them, but they also want complete control over their own information. Those two things are at odds with each other. Technologically, we could put all the information out there for everyone, but people wouldn't want that because they want to control their information."

Early on, Zuckerberg enabled users to send and receive messages. A few months later, he permitted them to create user groups. Harvard Facebook members belong to more than ten thousand, many of which exist only online. The appeal of such groups—including Harvard People for the Eating of Tasty Animals (forty members), I Went to a Public School . . . Bitch (twenty-five hundred members), Jews Who Love Booze (fifteen members), and The We Need to Have Sex in Widener Before We Graduate Interest Group (a hundred and forty members)—is that they allow students to promote different aspects of their identities while showing off their collegiate wit. "It may look like dog food," says the home page of the group Cracklin' Oat Bran Is the Shit (eighty-four members). "But we all know that cracklin' oat bran is an amazing cereal. We don't just eat it for

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breakfast, either. We eat it for every meal of the day. Cracklin' oat bran isn't just a cereal; it's a way of life."

Last fall, Facebook launched a new photo application, which allows users to attach to their profile as many digital pictures as they want. Every day, more than a million and a half pictures are uploaded to the site, making Facebook the biggest photo site on the Web, according to some measures. The pictures tend to be less racy than those on MySpace, but Ivy League co-eds aren't above posting pictures of themselves in their bras. (Nudity is forbidden.) Another recent addition, Pulse, generates top-ten lists of bands and books based on preferences in member profiles.

Two-thirds of Facebook members log on at least once every twenty-four hours, and the typical user spends twenty minutes a day on the site. This is an average figure: some students log on to Facebook rarely; some use it obsessively. One female student e-mailed the site: "I HATE YOU, FACEBOOK. I CAN'T QUIT."

According to Metcalfe's law, which was formulated by Robert Metcalfe, the computer scientist who founded 3Com, the usefulness of a network (the value it provides in terms of facilitating communication) increases in proportion to the square of the number of nodes (or people) attached to it: a network of twenty people is not just twice as useful as a network of ten; it is four times as useful. Under Metcalfe's law, Facebook is vastly less useful than MySpace. But Zuckerberg argues that on social-networking sites it isn't the size of the over-all network that matters but the way people organize themselves into subnetworks and exchange information within those subnetworks. "If your site is open, and you let everyone read everything, then the stuff they put up is going to be less personal," he said. "The stuff that people want to share with just their friends is the most important stuff: photo albums that you only want your friends to see, contact information, that kind of thing."

Suppose, he went on, that 1,300 of Harvard's approximately 6,500 undergraduates post a new piece of information on their profiles-an e-mail address, say-and this information is made available to everyone at the school. The number of opportunities for people at Harvard to access the new information is 1,300 multiplied by 6,500, which yields more than eight million. But most students aren't interested in the addresses of people they don't know, and won't bother looking at the new information. Now assume that 2,600 Harvard students post their e-mail addresses on Facebook, but each allows just a hundred friends to see it. The number of opportunities to access new information is 2,600 multiplied by a hundred, which is 260,000-far fewer than eight million. However, since all involved are friends, more addresses might end up being exchanged. "It's a much smaller number of people getting the information, but it's more valuable," Zuckerberg said. "The information is going to the right people. So giving people control over who sees what helps to increase over-all information flow."

Facebook's members invariably cite its usefulness for keeping up with friends, but clearly one of the reasons that the site is so popular is that it enables users to forgo the exertion that real relationships entail. "It's a way of maintaining a friendship without having to make any effort whatsoever," a recent Harvard graduate who uses Facebook to stay in touch with her classmates wrote to me recently. "And the interface provides all the information you need to do that: birthdays, pictures, message boards, contact info, etc."

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With its emphasis on user-generated content, the site is part of a larger online phenomenon that goes under various names, including "peer production," "Web 2.0," "micro **media**," and, most tellingly, "Me **Media**." "On Facebook, you get to fashion yourself in a new way in a new space," said Chris Hughes, who was described on the site as the company's "empath," when I spoke with him at the Facebook offices. "It's not about changing who you are. It's about emphasizing different aspects of your personality."

According to a recent study by the Pew Internet & American Life Project, eighty-seven per cent of Americans between twelve and seventeen years old are online, and more than half of them have created some form of digital content and uploaded it to the Internet: a home page, a blog, a photo album, or a video clip. "The Internet generation has grown up, and there are just a lot more people who are comfortable putting their lives online, conversing on the Internet, and writing blogs," Chris DeWolfe, one of the founders of MySpace, told me. "This generation grew up with Napster and the iPod. We are just trying to exploit those macro trends."

The eagerness to parade in public on the Internet still surprises many people. Duncan Watts, a sociologist at Columbia who has been studying social networks for a decade, says that the growth of sites like Facebook and MySpace reflects a dramatic shift in how young people view the Internet. "Now everyone is used to the idea that we are connected, and that's not so interesting," he told me. "If I had to guess why sites like Facebook are so popular, I would say it doesn't have anything to do with networking at all. It's voyeurism and exhibitionism. People like to express themselves, and they are curious about other people."

Watts later e-mailed me to say that he had concluded that the best analogy for sites like MySpace and Facebook was hanging out at the mall or lounging on the quad. "Like cruising around on Facebook/MySpace, there's a certain lack of purpose to just hanging out in public, and it's hard to justify if you don't have a lot of free time," Watts wrote. "But it serves the essential purpose (for young people without jobs, families, and other social responsibilities) of seeing and being seen. You're with your friends, but you're also creating the possibility that you'll bump into someone else, in which case you might meet them, or at least be noticed by them. So it's not about networking (which is more instrumental), or even about dating (which is far more specific), so much as it is about just mingling. That's not to say it isn't a powerful idea. Given the apparently timeless appeal to young people of just 'hanging out' . . . that might be all the business model you need."

Ultimately, though, the success of sites like MySpace and Facebook may have less to do with the opportunities they provide for self-expression than with peer pressure. Once Facebook is available, many students feel compelled to join simply because everybody else is using it. "I tried to hold out and go against the flow," Cal Nannes, a junior at Davidson College, in North Carolina, said. "But so many of my friends were members that I finally gave in." Many Facebook users also admit that they tailor their profiles to win the approval of their peers. "I want to seem self-aware, but not a pretentious asshole," Matt Morello, a Yale graduate who logs on to Facebook about a dozen times a day, wrote in an e-mail. He described how simply listing his favorite music became an agonizing task: "I never used to update this, thinking it was just too fraught a category (like Favorite Books still is, unless there's some joke to make). I'm a musician: what I play and listen to has always been an important part of my

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identity, and it's only fairly recently that I've developed the confidence to say, you know, I like this, and I don't really care if you don't. So what's there now? Albums by Babyshambles, Lady Sovereign, Marxy, and My Bloody Valentine, respectively an indie rock thing, a grime thing, a twenty-minute album released on my friend's record label that's brilliant and heard by practically no one, and a canonic album from the late 80s."

In the photograph that accompanies Morello's profile, he appears with his eyes closed and his mouth stuffed with cookies. "I think it's something of an achievement to fit six Oreos in one's mouth, and, more to the point, it relieves me of having to put up a picture with which I'm actually trying to convince people that I look good," he explained. "In short, I wouldn't put anything up that I wouldn't want everyone to see, and I want certain people to get much more out of it than others, and for those certain to be impressed by my cleverness tempered by restraint."

Facebook's founders understand the site's power to confer social standing. "If you don't have a Facebook profile, you don't have an online identity," Chris Hughes said to me. "It doesn't mean that you are antisocial, or you are a bad person, but where are the traces of your existence in this college community? You don't exist-online, at least. That's why we get so many people to join up. You need to be on it."

Online communities have existed since the dawn of the Internet era, and so has the desire to make them profitable. After Netscape went public, and surfing the Web became easy, a number of companies emerged to help people build Web pages, where they could post pictures and text. One of the first was theglobe.com, which two Cornell undergraduates, Stephen Paternot and Todd Krizelman, started in their dorm room in 1994. Within a year, theglobe.com had roughly two hundred and fifty thousand registered users, and it was generating about fourteen million page views a month. Using the slogan "A Whole New Life Awaits You," the site advertised on MTV and on the sides of buses. In contrast to other home-page companies, such as GeoCities, theglobe.com encouraged its users to send messages to one another. "Our philosophy was more about people interacting with other people," Paternot wrote in his 2001 memoir, "A Very Public Offering." "Very quickly, everyone started using the term community. Everyone jumped on the bandwagon. Everyone became community."

On November 13, 1998, theglobe-.com issued three million shares through the investment bank Bear Stearns, at a price of nine dollars each. By the end of the first day of trading, the stock price had jumped to \$63.50. On paper, at least, Paternot and Krizelman were worth more than sixty million dollars each. Less than two years later, theglobe.com's stock was trading at two dollars, and Paternot stepped down as co-chief executive.

Things are different this time, people in Silicon Valley and on Wall Street claim. In the nineties, Internet firms couldn't sell enough ads to cover their costs. But the combination of broadband, rich digital **media**, better search technology, and more users has transformed Internet advertising. Eighteen months ago, the going rate for a banner ad on social-networking sites was pennies per thousand page viewings. Today the rate on MySpace is about ten cents, and Facebook, with its upscale demographic and unobjectionable content, can charge more-as much as four dollars per thousand page views. "What was clear all along was that Facebook had captured the attention and enthusiasm of the upper end of the socio-economic spectrum of the eighteen-to-twenty-four-year-old age group,"

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Matt Cohler, who is now Facebook's vice-president for strategy and business operations, said over lunch in a restaurant on University Avenue. "That is a lucrative market for advertisers, and a very difficult-to-reach market. In the next thirty days, we'll do about ten billion page views. That's a pretty astonishing number. It would not be difficult to just sell a bunch of ads and make a bunch of money quickly, but that is not how we look at it."

Facebook doesn't allow pop-up ads, and its banner ads are relatively unobtrusive. The company claims that the ads are particularly effective because it uses information in members' profiles to serve them with ads related to their interests. "If you say you are a U2 fan, you might find an ad for the new album in your profile," Chris Kelly, Facebook's chief privacy officer and director of corporate development, told me. Facebook also allows advertisers to sponsor user groups, such as the Nike group, the Abercrombie & Fitch group, and the Apple group, where members can discuss a company's products. Some of these groups are surprisingly popular with students, who evidently are less suspicious of American corporations than were previous generations of college kids. "At Harvard, there's a group called Not a Corporate Whore," Chris Hughes told me, "but a lot of those people are also in the Apple group."

In April, 2005, when Accel Partners invested in Facebook, the company was valued at about a hundred million dollars, a figure some **media** experts considered excessive. Today it could be sold for a lot more than that. During the past year or so, Zuckerberg has received half a dozen offers for Facebook, all of which he has turned down. At the end of March, *Business Week* published an article on its Web site claiming that Facebook's owners had put the site up for sale and hoped to receive as much as two billion dollars. Facebook denied the story, and Zuckerberg told me that he wasn't interested in selling. "I'm not bored yet," he said. Last month, Facebook announced that it had secured another twenty-five million dollars in funding from a group of venture capitalists, including Greylock Partners, Meritech Capital Partners, Accel Partners, and Peter Thiel.

The deal put a valuation on Facebook of about five hundred million dollars, and Jim Breyer told me that he believes it can eventually become a billion-dollar business. "It cannot be bracketed: that is its power," he said. "When I sit down with Donald Graham"-the chairman of the Washington Post Company-"as I did recently, he thinks of Facebook as a next-generation **media** business. When I sit down in Arkansas with Wal-Mart executives and show them Facebook, they think of it as a phenomenal e-commerce opportunity. And when I sit down with people from Apple Computer and RealNetworks they think of it as an entertainment site."

Breyer said that Facebook hopes eventually to become a public company. A successful initial public offering would allow the firm to repay its financial backers; Zuckerberg could retain control of the firm, just as Bill Gates retains control of Microsoft. Still, remaining an independent company in the hope of eventually doing an I.P.O. is far riskier than selling to Viacom or Google, both of which are rumored to be interested. Young Internet users are notoriously fickle. In 2003, Friendster, which is aimed at educated twenty-somethings, was the most popular social-networking site. Today, it gets less than a tenth of the traffic that MySpace gets, while new sites like YouTube, which allows users to share videos, are showing astonishing growth.

In order to sell stock to the public, Facebook will have to demonstrate that

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it can continue to grow. This may be difficult, because its core market appears to be approaching saturation, at least in the United States. In March, according to comScore **Media** Metrix, the site had 12.9 million unique visitors, only slightly more than the 12.4 million visitors it had in December, 2005. During the same period, MySpace's audience grew from about forty million to sixty million. Melanie Deitch, Facebook's marketing director, acknowledged a slowdown, but described it as temporary. "Even though we have one hundred per cent of the four-year colleges and universities, we don't even come close to capturing all of the junior colleges and community colleges," Deitch said.

In the past six months, Facebook has expanded into high schools, where it is competing with MySpace. So far, only about a million high-school students have signed up. "High school in no way has been an initial failure, but it has not been the resounding success that perhaps it could have been," Jim Breyer acknowledged. Verifying that high-school users are at least thirteen (the minimum age for a Facebook user) has been difficult. Since not many high schools give their students e-mail addresses, Facebook has had to rely mainly on tipoffs from users. At some schools, there have been instances of students setting up hate groups targeting individual teachers or pupils. "There is no doubt about it," Breyer said. "The high-school experience is fundamentally different from the college experience."

In February, Facebook merged its high-school and college networks, allowing all its users to send friend requests back and forth and, subsequently, to view one another's profiles. Older users immediately objected. At Harvard, some students started a group called Advocates for the Return of Facebook to College-Only Exclusivity. At Cornell, Lindy Robinson, a freshman, created a group called You're Still in High School and You're Friending Me? That's Awkward . . . Now Go Away. On the group's home page, Robinson wrote: "Do you still have a curfew? Go to school dances which end at 10pm and are located in the gym? Have your mom call you in sick? Sneak alcohol from your parents' liquor cabinet? Oh . . . that's funny . . . we don't. Yeah, we're in college, and we earned facebook. We stood by, looking the other way, as facebook for high schools was created. But no longer. Now that you can friend us, we cannot ignore this mockery of facebook."

The backlash against high-school users is part of a larger problem. To compete with MySpace, Zuckerberg has been forced to make his site more open by removing some of the walls between users. But to do so undercuts his founding philosophy and, in the view of some of Facebook's members, its distinctive appeal: guaranteeing members privacy and control over the information they post. Consider Facebook's photo application. With just a few clicks, a user can post a picture of a group of friends at a party, say, and "tag" the image with their names for others to see. If a Facebook member in the picture objects, he can remove the link to his profile, but he can't get the picture taken down.

"By launching the photo feature and creating the system of easy linkages and tagging, you guys have dramatically changed social interactions," one former Harvard student wrote in an e-mail to Chris Hughes. "Some people envision an upcoming era of 'no camera' policies at parties and a growing sense of paranoia among college students worried that all their actions on Friday night appear online just hours later, accessible to hundreds or thousands of users (e.g., I can see Betty getting wasted at the Pudding even if I can't access Betty's profile). A single user with low privacy restrictions 'overcomes/ruins' all the protective and restrictive steps taken by peers." Facebook users aren't the only

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ones who question Zuckerberg's commitment to protecting people's private information. In a lawsuit filed in a Massachusetts federal court in September, 2004, the three founders of HarvardConnection, which is now called ConnectU, allege that Zuckerberg stole their idea and connived to delay the site's launch so that he could complete Facebook first. Zuckerberg denies any wrongdoing, and in November, 2004, Facebook filed a countersuit, charging ConnectU with defamation. The case could go to trial next year.

Both sides agree on some facts, including that in November, 2003, Zuckerberg agreed to work on ConnectU. He says that the programming he was asked to do was more complicated than he had expected, and that he got caught up in academic work. ConnectU's founders, the Winklevoss brothers and Divya Narendra, claim that Zuckerberg deliberately procrastinated. To support their case, they showed me a series of e-mails that they have filed with the court.

On December 4th, in a message to Cameron Winklevoss, Zuckerberg wrote, "Sorry I was unreachable tonight. I just got about three of your missed calls. I was working on a problem set." Thirteen days later, he wrote again: "Sorry I have not been reachable for the past few days. I've basically been in the lab the whole time working on a cs problem set which I'm still not finished with." Then, on January 8, 2004, he wrote, "I'm completely swamped with work this week. I have three programming projects and a final paper due by Monday, as well as a couple of problem sets due Friday."

On January 14th, the Winklevosses and Narendra met with Zuckerberg to discuss the delays. According to Tyler Winklevoss, Zuckerberg mentioned that he had been busy with other projects, which he did not identify. Three days earlier, however, Zuckerberg had registered the domain name Thefacebook.com. "He didn't mention it at all," Tyler Winklevoss told me. "He didn't say he was working on anything similar to our site. It just seems like the way he acted was very duplicitous." It wasn't until February 9th that ConnectU's founders learned about Facebook by reading the article in the *Crimson*.

ConnectU eventually launched, in May, 2004, and shares many of Facebook's features: profiles, messaging, and groups. Today, however, it has only about half a million users at more than five hundred colleges, making it about a fifteenth the size of Facebook. In the lawsuit, ConnectU made nine claims against Zuckerberg, including copyright infringement, misappropriation of trade secrets, and breach of contract. "He said he was working for us; he led us on; he took unfair advantage of us," Tyler Winklevoss said. "He's just not a fully formed individual, from an ethical standpoint. He's an egomaniac. He just couldn't stand not being the guy who launched the site."

When I asked Zuckerberg about the charges, he said, "I don't really spend much time worrying about this. There is a lawsuit going on, but, like, we know that we didn't take anything from them. There is really good documentation of this: our code base versus theirs. At some point, that will come out in court, and they'll compare the two."

In public statements and in court, Facebook has pointed out that Zuckerberg didn't have a contract with ConnectU, and that he wasn't paid for the work he did. "An oral contract is just as sacred as a written contract," Tyler Winklevoss said. "It is sometimes more difficult to prove its existence, but there is an extensive written record: fifty-two e-mails between us and Mark. I believe the jury will look at them and say an oral contract existed." When Tyler

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Winklevoss read that Facebook was for sale, he was elated. "This asset is now incredibly valuable, and I'm not going to pretend that's not very exciting," he said. "I don't want more than I deserve, but I want what I deserve." In mid-March, Zuckerberg went to La Costa, a resort just north of San Diego, to attend PC Forum, an annual conference for computer-industry executives, entrepreneurs, and venture capitalists. "We are going to hear about reputation and trust," Zuckerberg said to me on his way into a session called **Me Media**. "It's going to be sweet." Facebook was hardly mentioned, however; the founders of YouTube, Chad Hurley and Steve Chen, were in the audience, and attendees besieged them with questions about online videos. Zuckerberg sat quietly at the back of the room. After the session ended, I sat with him on a veranda and asked him whether Facebook would eventually allow its users to post videos on their profiles. "It's not a huge priority at the moment, but I wouldn't say we would never do it," he replied.

Facebook has introduced a new feature that allows users to create a second profile that omits some of the content of their original one. "Would you prefer that your vegan friends don't see the photo of you eating that giant steak?" a description on the site read. "You can establish a Limited Profile that will create a limited view of your Facebook profile for selected people. These individuals will not be informed that they are not able to see certain profile features." The introduction of limited profiles was clearly intended to address concerns about the erosion of privacy on the site. Nevertheless, the controversial photo-tagging system hasn't been changed, and Facebook recently added a search box that allows users to call up members' names from anywhere on the site and contact them—a feature that it shares with MySpace and Xanga, a site specializing in online diaries. Still, Zuckerberg insisted that he hasn't compromised his original vision. "I think that where we come out is that you always want to give people control of anything," he said.

At PC Forum, Zuckerberg was more eager to talk about Facebook's prospects for growth. He cited a deal the company recently made with Cingular, Sprint, and Verizon, which allows users to access the site from their cell phones. Last month, Facebook took a radical step by allowing adults to sign up for the site using their work e-mail addresses—a move apparently aimed at creating workplace networks based on the campus model. "Everybody asks us how we are going to grow," Melanie Deitch said to me. "This answers that question."

At the Forum's closing dinner, Zuckerberg appeared on a panel, alongside Reid Hoffman, the chief executive of LinkedIn, a networking site for businesspeople, and Helen Cheng, a young Stanford graduate who is an expert in online games. Esther Dyson, the impresario behind PC Forum, introduced Zuckerberg as "the technology entrepreneur of the year," which prompted the investor sitting next to me to whisper, "I hear that he was offered seven hundred and fifty million dollars by News Corporation, and he turned it down."

"What are we missing, us old guys?" Dyson asked the panel.

"I think that understanding that there might not be any difference between what people are doing online and offline is something really important," Zuckerberg said firmly. "People are online because it is a more efficient way of doing things." A man in the audience asked Zuckerberg about some pictures of students drinking at an East Coast college, which, he claimed, had appeared on Facebook and had led to the expulsion of several students. "First of all, it's pretty stupid if you put up pictures of you doing drugs on Facebook," Zuckerberg

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said. "I think that that's just sort of the deviant behavior on the very far end of the distribution. . . . I bet that those kids do not post pictures of them doing drugs on Facebook anymore." He went on, "Obviously that's a pretty shitty way to learn that, like, you're not supposed to post pictures like that on Facebook, but, I mean, the fact that everyone here hears this and is kind of shocked means that more than just those few people learn from that mistake, right? And the system is going to reach an equilibrium that makes sense."

After an awkward silence, two other panelists spoke. Then Daphne Kis, Esther Dyson's business partner, stood up to defend Zuckerberg. She described Facebook's privacy features, arguing that they distinguished the site from MySpace, and added that she was comfortable allowing her teen-age daughter to use Facebook. Then she turned to Zuckerberg and said, "Is that right?" Zuckerberg looked at Kis for a few moments. Finally, he said, "Sure." Laughter broke out around the room. "That was a very child-to-parent answer," Kis said.

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