

# **Zuckerberg eyes mobile after Facebook IPO flop (Update)**

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Facebook founder and CEO, Mark Zuckerberg, seen here speaking at the TechCrunch Disrupt SF 2012 conference, on September 11, in San Francisco, in his first public interview since the massive public offering on May 18 that was hotly anticipated but ended up being a flop.

Facebook founder Mark Zuckerberg said the social network giant is focused on mobile devices and should be seen as a smart bet despite a "disappointing" stock market debut.

"It is really clear from the stats and my own personal intuition that a lot of energy in the ecosystem is going to mobile, not desktop (computers)," Zuckerberg said during an on-stage interview at a TechCrunch Disrupt conference in San Francisco, on Tuesday.

"That is the future," he continued. "We are going to be doing killer stuff

there."

Zuckerberg was adamant that the company was being underestimated and was on track to make "more money on mobile than we make on desktop."

His appearance at the conference marked his first public interview since the massive public offering on May 18 that was hotly anticipated—but ended up being a flop.

Facebook shares have lost around half their value since the IPO at \$38 a share.

"The performance of the stock has obviously been disappointing," Zuckerberg acknowledged.

Facebook has made a priority of following its more than 900 million members onto smartphones and tablet computers, tailoring services and money-making ads for mobile devices.

The shares gained 3.30 percent on Wall Street on Tuesday to close at \$19.43. In after-hours trading following Zuckerberg's remarks, the stock gained 3.45 percent to \$20.10.

Zuckerberg rejected criticism that the company is ill-prepared for a shift to mobile devices, where Facebook has only begun to get ad revenues.

"Now, we are a mobile company," he said.



An Apple's iPhone displaying a Facebook app is seen in this file photo. Facebook founder Mark Zuckerberg said on Tuesday the social network giant is focused on mobile devices and should be seen as a smart bet despite a "disappointing" stock market debut.

The company would pursue its "mission" of making the world more social and connected, cranking profit for shareholders, he added.

"Building a mission and building a business go hand in hand," Zuckerberg said. "From the beginning we've had this understanding we've had to do both."

Zuckerberg has stated repeatedly, even in pre-IPO paperwork with US regulators, that Facebook did not build great services to make money but rather made money to build great services.

When pressed on the point, in the context of the California-based company losing more than \$50 billion in value based on the stock price drop, Zuckerberg was quick to add that making money was a component of its broader mission.

Zuckerberg conceded that the stock price plummet has dimmed morale of workers compensated with shares but that Facebook staff are

accustomed to criticism and "have a pretty good compass" pointing to better days.

Stock compensation for Facebook employees is made based on cash value of shares, meaning that workers are awarded more shares at lower prices, according to the chief executive.

"I actually think it is a great time for people to join and a great time for people to stay and double-down," Zuckerberg said of the Facebook team. "We are seeing that."

Zuckerberg rejected suggestions that Facebook would make its own smartphone, adamant that the company had no intention of stepping into the fiercely competitive handset hardware arena.



Facebook founder and CEO, Mark Zuckerberg, pictured as he is interviewed by TechCrunch Moderator Michael Arrington (L) at the TechCrunch Disrupt SF 2012 conference, on September 11, in San Francisco, in his first public interview since the massive public offering on May 18 that was hotly anticipated but ended up being a flop.

"Apple, Google, everyone builds phones—we are going in the opposite

direction," Zuckerberg said.

"We want to build a system deeply integrated in every device people want to use."

Zuckerberg's strategy to have Facebook on every smartphone instead of making a "Facebook phone" makes sense, according to technology analyst Jeff Kagan.

Zuckerberg said Facebook did not plan to take on Google in the online search market but that the social network already handles one billion queries daily from people looking up friends, apps, brand pages and more.

"Facebook is uniquely positioned to answer a lot of questions people have," he said, giving examples such as finding restaurants friends have enjoyed or checking to see who has connections at particular companies for jobs.

"At some point we will do it," he continued. "We have a team working on search."

Zuckerberg, who holds a controlling interest in Facebook, said that the company has repeatedly seen public opinion swing from unreasonably bright to overly dark.

"I would rather be in the cycle where people underestimate us," Zuckerberg said. "It gives us good latitude to go out and make big bets. I think a bunch of people are underestimating us."

Kagan said Zuckerberg's comments rekindled Facebook pre-IPO excitement but did not make up for the fact that the company's stock has been a loser and it remained unclear how profitable it would become.

"Bottom line, Zuckerberg sounded good," Kagan said. "However this does not solve the investment problem the company still faces every day."

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