

Amid soaring profits, Facebook vows to curb abuse

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Facebook chief Mark Zuckerberg said surging profits for the leading social network don't matter if the platform can't clean up abuse

Facebook on Wednesday reported that profits leapt on booming revenue from online ads in the third quarter, topping investor forecasts and buoying shares already at record highs.

The leading social network said it made a profit of \$4.7 billion in the

quarter that ended on September 30, a jump of 79 percent from the same period a year earlier.

Chief executive Mark Zuckerberg used the update to address criticism of Facebook for allowing disinformation and manipulation during the 2016 US presidential election, hours after the company's top lawyer faced a grilling at a Washington congressional hearing.

"Our community continues to grow and our business is doing well," Zuckerberg said.

"But none of that matters if our services are used in ways that don't bring people closer together. We're serious about preventing abuse on our platforms. We're investing so much in security that it will impact our profitability. Protecting our community is more important than maximizing our profits."

Facebook shares that ended the day up 1.4 percent to \$182.66 but retreating in after-market trades to \$179.25.

Investor enthusiasm may have been tempered by rising costs at the California-based internet giant and executives stressing the company is firmly in "investment mode" while predicting ad growth will slow.

"They made a ton of money but the Russia investigation is clearly putting a cloud over everything for the moment," said independent analyst Rob Enderle.

"Sometimes it just takes a trigger event to cause a bunch of people to take their profit and go someplace else, especially if they have decided this is as good as it is going to get at Facebook for a while."

The analyst added that some investors might be worried that the probed

into Russia meddling with US politics will result in regulation on social networks that might hurt profitability.

Investment mode

Expenses rose to \$5.2 billion from \$3.9 billion in the same quarter last year, and headcount at the company was up 47 percent to 23,165 employees.

"We will continue to invest aggressively in the many opportunities we see ahead," Facebook chief financial officer David Wehner said during an earnings call with analysts.

Zuckerberg outlined investment priorities that included video content, which he described as the biggest trend at Facebook.

The number of monthly active users at the social network continued to grow, reaching 2.07 billion, an increase of 16 percent from the same time last year.

Advertising served up on smartphones or tablets accounted for about 88 percent of revenue taken in from marketing messages in the quarter, Facebook reported.

The quarterly earnings report was released as Facebook and other internet titans testified this week before Congress about a Russian-led effort to spread misinformation and sow discord ahead of the 2016 US election.

New details on meddling

Facebook told Congress on Wednesday that the apparent political

meddling included use of its image-oriented messaging service Instagram.

Facebook general counsel Colin Stretch told a hearing that Instagram posts by suspect Russian accounts were seen by some 20 million Americans last year.

"We now discovered, in the last 48 hours, 120,000 Russian-based posts on Instagram," Stretch told the Senate Intelligence Committee hearing.

The latest data on Instagram is on top of the estimated 126 million Americans exposed to Facebook posts from Russian entities seeking to create divisions during the election campaign.

"So all told, that gets you to approximately—a little less than 150 million," Stretch said in response to questioning from Democratic Senator Mark Warner.

Senator Dianne Feinstein of California told the hearing which included lawyers for Facebook, Google and Twitter that the companies need to do more to help combat "cyber warfare."

"I asked specific questions, I got vague answers, and that just won't do," she told the companies.

"You have a huge problem on your hands... You've created these platforms, and now they are being misused, and you have to be the ones to do something about it, or we will."

The hearing was the second in Congress this week in which social media and internet firms have been called to explain how fake news and other disinformation was allowed to spread during the election campaign.

"I've expressed how upset I am that the Russians tried to use our tools to sow mistrust," Zuckerberg said

"What they did is wrong and we are not going to stand for it."

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