

# Facebook crisis prompts Silicon Valley soul-searching

March 24 2018, by Glenn Chapman

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Facebook CEO Mark Zuckerberg's belated apology did little to quell the crisis at the social network, which has called into question the data-driven business model which is the lifeblood of Silicon Valley

With Facebook mired in its worst-ever crisis, the rest of Silicon Valley is

looking to come to terms with the dark side of its data-driven business model where tech titans have mined fortunes from what people reveal online.

There are signs the crisis could spread to other internet firms that have made no secret about using what they glean from digital data for targeted advertising.

That same personal data can be used effectively by those with malicious intent when it comes to influencing people.

"It is Facebook this week, but it could be others," [tech industry](#) analyst Rob Enderle said of the crisis of confidence laying siege to the social network.

"At the very least, this is the common problem across the tech industry."

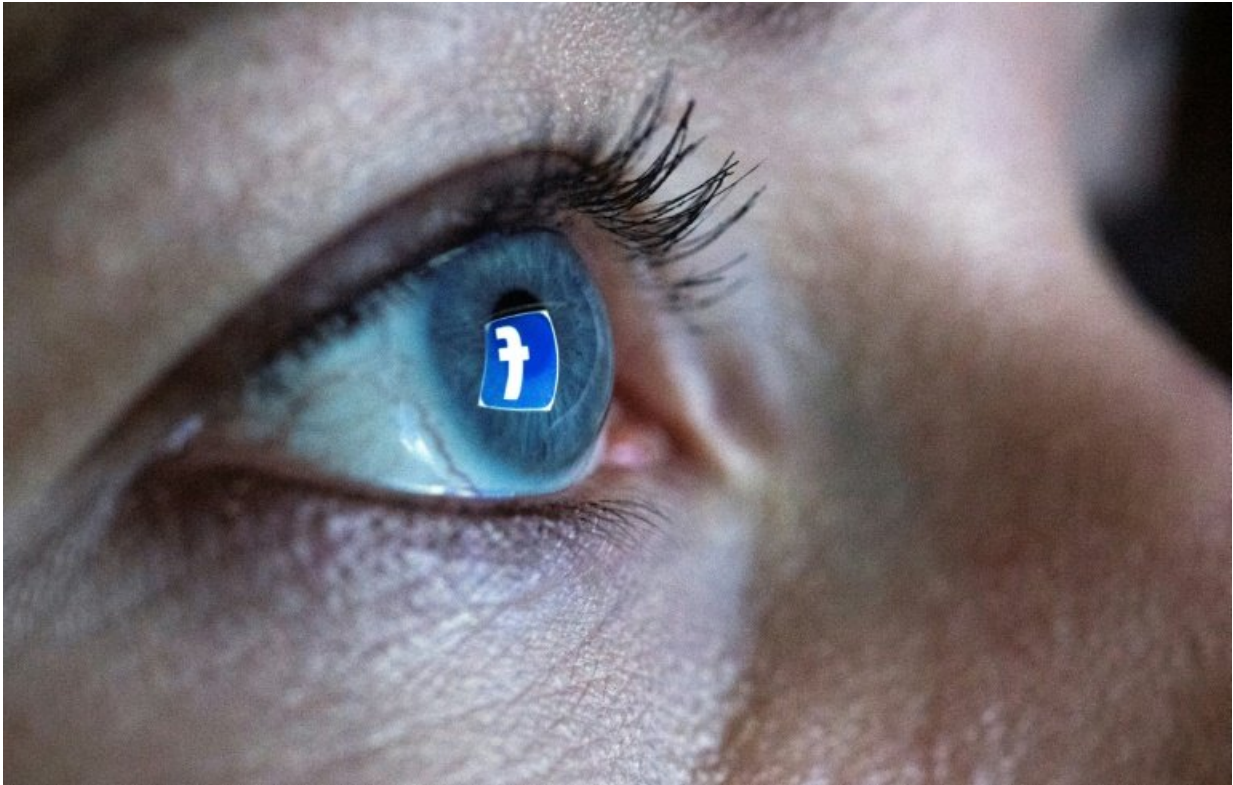
The tumultuous week ended with Facebook losing 14 percent of its market value, wiping out more than \$50 billion from one of the biggest and most powerful companies.

A public apology by Facebook chief executive Mark Zuckerberg failed to quell outrage over the hijacking of [personal data](#) from millions of people by Cambridge Analytica.

Belatedly speaking out about the harvesting of Facebook user data by the British firm linked to President Donald Trump's 2016 election campaign, Zuckerberg admitted to betraying the trust of its more than two billion users, and promised to "step up."

But some point out that Facebook is just one of many firms which mine data for profit — albeit the most successful, along with Google—as digital lifestyles take root around the world.

"Phones, apps, and the web are so indispensable to our daily lives—a testament to the benefits they give us—that we've become a captive audience," the nonprofit Center for Humane Technology said.



Facebook is one of many companies that mine personal data for profit, albeit the most successful, along with Google

"With two billion people plugged into these devices, technology companies have inadvertently enabled a direct channel to manipulate entire societies with unprecedented precision."

Early Facebook investor Roger McNamee argued in a USA Today opinion piece that "Russia never would have been able to conduct

information warfare against the United States" in 2016 without the social network as well as Twitter and Google.

- Hard to quit?-

What happens now? Some users are joining the #deleteFacebook movement, but it remains unclear if advertisers will abandon the important platform.

High-profile entrepreneur Elon Musk joined the critical chorus on Friday, saying in an exchange on Twitter that he was shutting down the Facebook accounts of his Tesla and SpaceX enterprises.

"What's Facebook?" Musk quipped rhetorically in an exchange on Twitter.

While it may seem tempting to join a movement to abandon Facebook, it does raise the question of where one will go to stay connected with friends, celebrities, or businesses that have become part of the fabric of the online community.

Facebook is also intertwined in the fabric of the web, with its "like" buttons and communities which rely on its connections.

New York University marketing professor Scott Galloway said advertisers could have an impact if they left Facebook but said it was unlikely to lose many of its five million ad customers.

"Advertisers have just two platforms to market their products online," Galloway said in a blog post.



Quitting Facebook may be harder than it seems because of the social network's importance to consumers and advertisers

"Advertisers need Facebook much more than Facebook needs any one, or thousand, advertisers."

## Questioning the model

The data scandal has shined a spotlight on the unabashed practice of internet companies using information people willingly provide to make money in exchange for free services or content.

Amazon uses what it knows about online shoppers to target offerings or

deals.

Google-owned Waymo and ride-share firm Uber are among companies developing self-driving vehicle technology with the help of data collected by people using them on roads.

Smart watches boast ability to aid medical research with health data amassed from wearers, and Google has dabbled with using search data to model trends in the spread of flu.

Enderle lamented that people using online services can be treated as "digital slaves" exploited to the benefit of advertisers.

"They are thinking that the people who use the product don't matter," Enderle contended.

"Once you do that, you will make a lot of mistakes. We are at risk of losing the tech market one company at a time."

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