

## **Facebook**

Facebook, by some measurements the most popular social network with more than 200 million active users worldwide, is one of the fastest-growing and best-known sites on the Internet today.

The company, founded in 2004 by a Harvard sophomore, Mark Zuckerberg, began life catering first to Harvard students and then to all high school and college students. It has since evolved into a broadly popular online destination used by both teenagers and adults of all ages.

Like other social networks, the site allows its users to create a profile page and forge online links with friends and acquaintances. It has distinguished itself from rivals, partly by imposing an interesting design and limiting how users can change the appearance of their profile pages. That has cut down on visual clutter and threats like spam, which plague rival social networks. In May 2007, Facebook unveiled an initiative called Facebook Platform, inviting third-party software makers to create programs for the service and to make money on advertising alongside them. The announcement stimulated the creation of hundreds of new features or "social applications" on Facebook, from games to new music and photo sharing tools, which had the effect of further turbo-charging activity on the site.

In May 2009, a Russian investment firm, Digital Sky Technologies, invested \$200 million in Facebook in return for a 1.96 percent stake. The investment values Facebook's preferred stock at \$10 billion, a \$5 billion drop from October 2007 when Microsoft paid \$240 million for a 1.6 percent stake. With the latest round of financing, Facebook has raised about \$600 million since it was founded in 2004.

At the time of Microsoft's investment in 2007, Facebook's \$15 billion valuation drew criticism for being unrealistically high and a sign of a bubble in social network investments. With the new valuation, Facebook is demonstrating to its critics that it is living up to its early promise.

Facebook's rise has been marked by several controversies. Three other Harvard students maintain that they came up with the original idea and that Mr. Zuckerberg, who they had hired to write code for the site, stole the idea and created a rival company. Facebook has denied the allegations; a lawsuit is pending.

Another Harvard classmate, Aaron Greenspan, asserts that he created the underlying architecture for both companies, but has declined to enter the legal battle.

In November 2007, Facebook again created a storm when it announced a new advertising system called Beacon, in which users' purchases or activities on some 40 partner sites were broadcast to their Facebook friends. Some users claimed that they were not adequately warned about the feature, and the political activist group MoveOn.org organized a protest group on Facebook, which attracted more than 70,000 members.

In December, Facebook capitulated to a key demand of the protesters by offering users an easy way to decline to take part in Beacon.

In February 2009, when Facebook updated its terms, it deleted a provision that said users could remove their content at any time, at which time the license would expire. Further, it added new language that said Facebook would retain users' content and licenses after an account was terminated.

After a wave of protests from its users, Facebook said that it would withdraw changes to its terms of service. Mr. Zuckerberg said that Facebook's next revision of terms would reflect "a new approach" and would be "a substantial revision from where we are now."

Questions:

1. If you have a facebook, why do you use it?
2. How often do you use facebook?
3. Is facebook good or bad in your opinion, why?
4. Are websites like facebook becoming more and more important?
5. What affects can facebook or any other social networking site have on society?