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Thought Leader Interview: Carolyn Everson

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BY DEBORAH BOTHUN AND EMMANUELLE RIVET

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new realms: mobile, live video, and virtual reality.

Carolyn Everson, vice president, global marketing solutions, says connecting at scale is at once a significant competitive advantage, a responsibility, and a standard to live up to. A graduate of Villanova with a Harvard MBA, Everson gained experience in consulting, media (Zagat, Primedia, Viacom), and technology (Microsoft) before joining Facebook in 2011. Her current job has put her at the center of a continuing revolution in sharing, connectivity, and media consumption and production. At Facebook's New York office, Everson spoke with Deborah Bothun and Emmanuelle Rivet of PwC about the unique position Facebook occupies in entertainment and media, the way its ambitious initiatives serve the company mission of connecting at scale, the commitment to help employees lead whole lives, and the need to come up with better ways to measure how advertisers and marketers connect with their target audiences.

Connecting at scale: the ability to create meaningful, lasting, mutually beneficial relationships with a large number of consumers, users, and employees. This business imperative is one of the keys to success and profitability in the entertainment and media world today. Few companies are forging the depth and scale of connections that Facebook is. Far more than providing a platform for sharing status updates and photos, the 12-year-old company

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has emerged as a conduit for communicating through images (Instagram, 400 million users) and messaging (WhatsApp, 1 billion users). Facebook's core platform, where 1.6 billion people around the world come together every month, has emerged into a vital distribution channel for journalism and a crucial marketing venue for businesses large and small. And CEO Mark Zuckerberg continually pushes the company to replicate and enhance the Facebook experience in

BOTHUN: Facebook has shown an impressive ability to pivot, organize, and plan — even in an environment that shifts with

remarkable speed. Given the pace of change in the world, and in your industry, how do you plan on executing on your strategy three to five years from now?

EVERSON: We start almost any strategy discussion with our mission. The mission is to make the world more open and connected. We believe connectivity is a human right, just as much as food, shelter, and water.

The framework that Mark [Zuckerberg] speaks about is increments of time: one to three years, three to five years, five to 10 years. The one to three [increment] focuses on our existing platforms and improving them. That's where the majority of our resources are still dedicated. How do we continue to improve the experience of Facebook or Instagram, every time somebody [uses] them?

The three-to-five-year horizon is about getting some of the other platforms to scale, and then figuring out a monetization strategy for those that are at scale. (WhatsApp is already at 1 billion users.) The five-to-10-year period concentrates on our long-range bets, which are about increased connectivity. Although many people are connected, we have to realize that two-thirds of the world population is unconnected, and that part of the world will fall further behind, educationally and economically, if it remains unconnected.

BOTHUN: What's the approach for the long-range bets?

EVERSON: We have an umbrella strategy called Internet.org, which has lots of components. There's Free Basics, which gives people an on-ramp to the Internet at no cost. In countries where the poverty line is US\$1.90 per day, many people have to decide between feeding their family and paying for data. They're always going to choose

next billion people who come online will probably do so mostly on feature phones in these markets — simpler phones with very, very low-speed connections.

We're also investing in alternative ways of providing connectivity that are less expensive. We're testing an unmanned aircraft named Aquila, the idea being that it can fly

“Telecoms are offering free services with the belief that people will become paid subscribers. And that is playing out well.”

feeding their family. We want to make Free Basics available to the billions of people who are not connected. About 19 million people have taken advantage of it. We're finding that within 30 days, many of those who can afford to do so are actually converting to paid data plans, once they see the power of the Internet.

BOTHUN: How do you market that?

EVERSON: We partner with the local telecommunications companies. Telecoms are offering free services with the belief that people will become paid subscribers. And that is playing out well. They're getting access to very basic services, often on 2G connections [see “India's Triple Play,” by Suvarchala Narayanan, *s+b*, Autumn 2016]. The

between 60,000 and 90,000 feet above Earth and can beam connectivity down about 11 miles away, and to other unmanned aircraft. We plan to launch a satellite in sub-Saharan Africa as well this year.

BOTHUN: But even though this is a long-range bet, you're already working on it.

EVERSON: Right. It's not like we're sitting here saying, “We're going to start that in five years.” It is a question of resource allocation and time frames. These things could take decades. But we're making a significant bet on artificial intelligence [AI], and really trying to figure out if machines can both learn and make decisions the way humans do, to help facilitate efficiency and allow humans to do higher-order tasks.

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RIVET: Is AI just being used to organize content?

EVERSON: We just announced, for example, that we now have, using artificial intelligence, the ability to help blind people on Facebook. Worldwide, more than 39 million people are blind and more than 246 million have a severe visual impairment. When someone who is visually impaired is on Facebook, AI reads out the compositions of photos, like "picture of Carolyn with two other people, and the sun is shining, and it's a beach." With Messenger, we're working on M, a virtual assistant. It's early days, but we are trying to train M to answer basic inquiries and do things like make reservations, order flowers, give you information. I was in Houston for the NCAA tournament, and I asked M for information about the Space Center, and it sent me a whole summary. There are more than 50 million businesses on Facebook, and we have more than 3 million advertisers that are businesses. We could help those businesses answer basic customer service inquiries with M. And then there's Oculus [the virtual reality unit], which offers a different way to experience connectivity. But it all ladders to the mission. So we

are not a company of disparate bets going all over the place.

RIVET: Yes. I want to talk a little bit about Oculus. Where does it fit?

EVERSON: Oculus is in more of the five-to-10-year bucket [right now]. But the "bucket" framework isn't ironclad. (Originally, for example, Instagram wasn't in the one-to-three-year bucket, but it developed more rapidly.) The biggest hurdle to Oculus becoming a scaled solution in the market is going to be cost. It's still pricey. And the second biggest is that it requires a very powerful PC to run it. But as with any technology, over time those things will evolve.

BOTHUN: Are you looking at enterprise uses for that as well?

EVERSON: I would say that there is probably an application for Oculus in almost every industry that you can think of. Gaming is the one that's obvious and happening most actively right now. The entertainment industry is very focused on Oculus and what kind of experiences they could bring to it. But we've had inquiries from hospitals and physician groups, trying to understand if surgeons could be

trained in a completely new way. It is so realistic. I mean, you literally feel like you're being transported into another world. You could imagine education applications, giving students an opportunity to visit the Louvre without ever traveling to France. We've had a lot of inquiries from retail partners and clients. Oculus is going to be limited only by imagination.

BOTHUN: When we talk about the company's overall strategy, geographic expansion has to be part of it. When you look around the markets where you are not fully penetrated, do you have particular focuses for the one-to-three-year or five-to-10-year windows?

EVERSON: India is clearly an incredibly important priority. About 133 million people a month access Facebook in India, and it will become our largest market soon, when it surpasses the United States. But the population of India is well over a billion. And there are a lot of barriers to connectivity there. We focus mostly on people. We find ways for people to use the platform, and the monetization comes later. Africa is quite important to us. Again, we have north of 120 million people in

Africa using Facebook on a monthly basis (with over 80 percent on mobile), but it's a drop in the bucket when you consider the population. And then of course there's China. And from our perspective, we won't be fulfilling our mission unless we figure out a way to connect people in China.

BOTHUN: And I'm sure you have thought about and considered whether you can partner with anybody there, and whether that makes any sense.

EVERSON: We are looking at every alternative and every type of strategy. And Mark is deeply committed. He's learned Mandarin, he's on the board of Tsinghua University. But there is really no way to say whether or when that's going to happen.

BOTHUN: It sounds like you have to tailor both connectivity solutions and user experience to different markets — at scale.

EVERSON: Right. We know that the Middle East, for example, consumes more video than almost any other market. And so we are making product changes as a result of both bandwidth challenges and consumer interest in the region. We

rolled out Slideshow, which can take a video and consolidate the data usage involved with it and display it almost like flowing images.

demographic groups. So if I had an interest in engineering and a propensity for that, I would pursue that degree, regardless of whether I'm

“The Middle East consumes more video than almost any other market. And so we are making product changes in the region.”

That's helping us in those markets such as the Middle East and India where users are relying on 2G or feature phones.

BOTHUN: What about people who want to connect with Facebook as an employer? Let's say I'm a sophomore in college, thinking about my major, and I really want a future with Facebook. Should I earn an engineering degree? Should I get a data and analytics background? Should I make a name for myself at another company before applying?

EVERSON: First, Facebook can't hire enough good engineers, particularly female engineers and engineers from other underrepresented

trying to get a job at Facebook. We as a society can't fill the number of engineering jobs that are open.

At Facebook, if we're not testing for a specific skill, like engineering, we are very much screening you for our values. I would say that the things that we mostly look at have to do with impact. Have you demonstrated a consistent desire? Are you intellectually curious? Are you bold? Are you not afraid of failure? Are you open and collaborative? We need to [concentrate on those characteristics] because we don't have a playbook. We're making it all up as we go.

We take some interns on the business side of Facebook, but it's a small group. You could start off in a

small business team, which is mostly in Austin, Texas, if you're in the U.S., or São Paulo in Brazil, without a ton of experience. On the team that I'm responsible for, we prefer to hire people with five to 10 years of experience.

BOTHUN: Which type of experience?

EVERSON: All different. We hire people who have had industry and vertical expertise — travel or consumer products or financial services. We hire people from the advertising agency community and from other

retain people and keep them engaged, and continue to be a great destination for experienced people and young people?

EVERSON: We do not make counteroffers. Right, wrong, or indifferent, we don't. So that means the ability for us to retain people has to be in place *before* they log off and try to get another offer. Number one is the mission. People who are here and who tend to stay here just deeply believe in the mission, and can't imagine picking up and going somewhere else where the mission seems

Anyone coming in now has missed the window." And the truth of the matter is, by our constant reminder that we're only 1 percent done with the journey, people know they can join Facebook today and feel like they have so much more to do.

BOTHUN: Burnout has become a challenge for all companies, but particularly for technology companies in this 24/7 work environment. How do you combat that?

EVERSON: We're working hard to give people the opportunity to feel that they can have an incredibly successful career at Facebook, but also lead a high-performance life outside. All our jobs are highly demanding. We're trying to avoid burnout. Average employee retention in companies has gone from 10 years to five, and in technology, it's three.

We encourage our team members to declare a vision: to define what's important to them within the company as well as personally. By doing this, we empower people to figure out how to make that [balance] happen. And we hold managers accountable for helping their teams actually live the kind of life they want to lead. As a leader, I have to care about people having an amazing life outside work, just as much as I care about delivering incredible results at Facebook.

BOTHUN: That's a different approach to management and leadership. How does it work in practice?

“The first priority in the shift to mobile was to get the consumer experience right. There was no discussion of monetization initially.”

technology companies. We hire people who have done consulting. We've hired entrepreneurs who have tried to sell, or maybe have had success at selling, companies. If I had to describe an ideal resume, it would show some consulting experience, some vertical expertise, and some technology experience. Put that all together, and then the person has to be really comfortable with rapid pace, agility, and things changing all the time.

RIVET: For the type of people you've described, there's a real war for talent. So how do you

more trivial, or not as clear.

The environment and the culture of how we operate is another important factor in retaining people. We make a list of all the things that people may have experienced in bigger companies, and then say, "Don't bring any of that in here. Don't bring hierarchy, don't bring bureaucracy, don't cover your rear end on decision making. Don't bring competitiveness with your colleagues."

The third is giving people a real sense of what the future holds. We're 12 years old. Some might have said, "Gee, after you go public, it's going to be so hard to recruit people, right?"

EVERSON: When I do my one-on-ones every couple of weeks with my team, I'm not just asking them about the business. I start by asking how they are doing in achieving their vision and what barriers they are struggling with. The idea is that once you declare what's important to you, you can prioritize how you spend your day, what you're concentrating on. I'll give you a personal example. I had a great conference that I got invited to that was taking place over several days. But Villanova, my alma mater, was in the NCAA men's basketball championship. And it was very clear to me that this was a once-in-a-lifetime opportunity for me to experience the tournament with my family. I was easily able to make that decision to go to the game because I had outlined in my vision the importance of creating memories with my family. Someone else's vision may be that he wants to be healthy and lose weight and exercise more. And then when he prioritizes his time, he's clear that if he's not working out as many times a week as he wanted to, he needs to make adjustments. I believe company cultures are going to have to dramatically evolve. It is because, frankly, the technology is such that if we don't modify how we operate in our corporate cultures, people will be working 24/7, and the burn-out rates will be terrible.

BOTHUN: Let's switch gears to talk about mobile. Facebook's shift from having essentially no mobile

revenues in 2011 to mobile generating 80 percent of its revenues today has been impressive. Was that simply a set of tactical moves? Or the result of an execution of strategy?

EVERSON: The shift that we had to make to mobile was [vital for us] survive and stay relevant. Mobile was that much of a threat. It was right around the time we went public. More people started using Facebook on their mobile device instead of on their desktop, and suddenly the revenue lines crossed. That was a big wake-up call. Our mobile product at that time was not good. We had made a bet on HTML5 for scaling purposes, which meant that we did not build really good data for iOS or Android apps. And Mark called the company together to do an all-hands meeting, which he typically does several times a year, and declared that we had to be not only "mobile first," which we weren't, but "mobile best." Yes, the story is true that somebody walked into his conference room and showed him a product mock-up on a desktop, and Mark ended the meeting abruptly. Everyone canceled their meetings with him for two weeks after that, because no one had mobile first.

But that change was perfectly in keeping with our strategy. The first priority in the shift to mobile was to get the consumer experience right. There was no discussion about monetization initially. We had to retrain all the engineers. They had to re-

build native apps on iOS and Android, and rise from very poor ratings in the app store to much higher scores. Then, once we understood what the consumer behavior was — at that time, consumers were spending most of their time in our News Feed — we made News Feed the "real estate" for monetization. Next we needed to think about how to get an ad into News Feed that would feel organic or native and be great for the consumer and drive the business result.

BOTHUN: So even though Facebook had an established advertising business for desktop, the connectivity and user experience preceded the monetization.

EVERSON: Yes. We are constantly refining our ad unit offerings within News Feed. Last year, we developed Carousel, which lets people scroll horizontally, and opened new real estate and new capabilities for advertisers. The next big development is Canvas, which is more like a door that opens up [and offers immersion and interactive capabilities]. Now, that doesn't mean the market suddenly decides to start buying this, just because we made it. So there's an ongoing effort to educate and inspire and teach the market how to take advantage of the mobile opportunity. I talk about the shift to mobile day in and day out. Consumers are spending more time on mobile than they are on television these days. Depending on the demographic, they may check their phone 100 to 300

times a day. A business that doesn't think about how to build mobile presence will be irrelevant.

BOTHUN: How do you use all the data you're gathering from this activity to personalize the experience for the user?

EVERSON: We talk a lot about people-based marketing. And the notion there is simply that the smartphone is the most personal device consumers have ever had. Consumers' expectations for marketing are that you show up to be useful, to delight or entertain, or to create some kind of emotion — but you show up for a good reason. So we need to get the most relevant marketing in front of consumers. Because if the consumers don't like what they're seeing, they could spend less time on Facebook or Instagram, and that would be detrimental to the whole business.

So we utilize a lot of data. Sometimes it's just our own data, how consumers are experiencing Face-

book, where they spend more time, what stories are of greater interest. I mean, thousands of data points go into the algorithm, to try to serve up the right content. Sometimes it is our data combined with a marketer's data. We have a product called Custom Audiences. Whether you're a credit card company like MasterCard or American Express, or a car company like Toyota or BMW, your customers expect you to know that they are using your products. And that means you have to show up with ads that acknowledge that.

RIVET: Increasingly, it seems that the relevant content consumed and discovered on Facebook will be video.

EVERSON: As much as mobile was a major pivot for this company, Mark says video could even be bigger. We've had a bunch of announcements about Live [which allows users to stream live video]. You can afford every consumer — any business, any celebrity, any athlete, anyone —

the opportunity to communicate in the most authentic manner possible. You can show Live to just one person or you can show it publicly to the world. Live frankly surprised us, in both how fast it's growing and how widely it's been adopted. We saw some incredible data about how people are consuming, discovering, and engaging with video content [pulls out a tablet to show map of where people are on Facebook.com/live-map]. Live attracts 10 times the user comments that normal video gets.

BOTHUN: What in general does Facebook see as competitive threats?

EVERSON: The way we answer this question, and I really believe it's a sincere answer, is that our biggest threat is ourselves. If we don't execute, if we become too complacent, then we will be replaced. When you leave our campus, which used to be the headquarters of Sun Microsystems, you can see the old Sun sign. It's a reminder to everyone that if you get complacent, you can wind up in trouble — because Sun was really a successful company at some point. We have things called hard conversations, and we ask people all the time, "What's the last hard conversation you had?" Because our belief is that as companies get bigger, people tend to be less willing to have the hard conversation. And if you look at companies that fail, it's not like they sat there one day and suddenly said, "Oh, God, our business is gone!" People knew. They were



Live Map shows where Facebook users around the world are streaming live video.

Source: Facebook

afraid to bring it up, for fear of punishment or insulting somebody or whatever reason.

BOTHUN: Let's talk about metrics for a minute, because that is such a huge issue today. How can the clients who are paying the bills measure the return on investment that they're making?

EVERSON: We think the metrics have to change dramatically. We think the media industry is measuring the wrong things. They're measuring impressions, click-throughs, and video views. And we believe there needs to be a massive shift to value. What I mean by value is actually measuring things that drive business value. Let's say you have a really cheap cost per thousand audience members [CPM]. You're just buying really cheap media. But if it's not driving your business, it doesn't matter. I tell clients all the time,

or we are driving long-term brand metrics that will eventually tie back to sales. If you're not doing those two things — driving sales and driving metrics that lead to sales — and measuring them, I really think you're doing the wrong thing.

I think this shift is going to take years. The systems that tell us what we buy and sell and how the whole marketing industry and ecosystem works are all in the dark ages. And we think that all media needs to be held accountable.

BOTHUN: I want to end by asking you about something that doesn't have to do with measuring profits but is essential to the company's culture: philanthropy. How does philanthropy fit into the company's mission and its people strategy?

EVERSON: Mark's belief is that we need to deliver more social good in the world than the benefits that

How can we let NGOs, nonprofits, and so on use the benefit of the platform to potentially raise money? That's one pillar of it. Another is the way we connect to employees and their interests outside Facebook. Every month, Facebook's 13,000 employees are given an allotment of ad credits that they can use toward any organization they like. That's really empowering. And we do hacks with nonprofits. A member of my team in Canada is really passionate about Alzheimer's and dementia. He wrote in his vision two years ago that he was going to host the world's largest dementia hack. And he rallied the right resources in the company, the right external interests, and hosted the world's largest dementia hack, at the end of 2015. [See <http://hack-ernest.com/DementiaHack/>.]

So you've got everything from employees using ad credits and employees thinking boldly at an individual level to those at the global level thinking about how we can turn the power of having more than a billion people a day on our platform into social good in some way, shape, or form. +

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“We think the media industry is measuring the wrong things. And we believe there needs to be a massive shift to value.”

“Don't give us a single dollar unless we're actually driving your business.” In a simplistic way, and I'm really oversimplifying, “driving your business” means we're driving actual sales, product off the shelf, cars off the lot, e-commerce, whatever it is,

we've received from the markets. What we have done in the last few years, I think, is start to realize the power of what Facebook can do in the world for social good. So we don't have a foundation that writes checks. Our strategy, instead, is:

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