Written by <u>C. Mitchell Shaw</u> on May 5, 2018



### In the Wake of Cambridge Analytica Breach, Facebook Considers Subscription Plan, Other Changes

Necessity is the mother of invention. It appears that scandal may be a mother of innovation. Scrambling in the wake of the Cambridge Analytica scandal — in which at least 87 million users had their personal data harvested without their knowledge or consent — Facebook is considering offering an ad-free subscription plan. The subscription would allow users who value privacy to use the social media platform without having their data harvested and would provide an alternative revenue stream to the tech giant.



As *Bloomberg* reported Friday:

Facebook Inc. has been conducting market research in recent weeks to determine whether an adfree version paid by subscriptions would spur more people to join the social network, according to people familiar with the matter.

The company has studied such an option in the past, but now there's more internal momentum to pursue it in light of Facebook's recent privacy data scandal, the people said. The plans aren't solid and may not go forward, according to the people, who asked not to be identified because the discussions are private. Facebook declined to comment on the possibility of a subscription-based ad-free service.

If the company does choose to move in this direction, many of the people — this writer included — who have closed their Facebook accounts may consider a paid model to be an attractive reason to return to the platform. Facebook generated \$41 billion last year — most of it by selling targeted ads using personal information harvested from users. *If* (and that is a big if) Facebook offers users a paid plan that contractually obligates the company to respect the barriers of users' private data, the end result would be the ability to access a social media platform that already has nearly everyone a user knows without having to sacrifice privacy.

According to *Bloomberg*, Facebook's embattled CEO, Mark Zuckerberg "has long considered such an alternative — not to replace the social network's business model, but to remove a common reason people give for leaving the service." The tipping point (if there is one) may be the fallout from the Cambridge Analytica scandal. But adopting a subscription-based model would be a big break from the past. *Bloomberg's* sources say that "Internal company research in past years concluded consumers wouldn't be receptive to a subscription option, seeing it as Facebook being greedy and asking for money for something it said would always be free."

So, there would be two choices. One would be the same old model that harvests users' data and sells it off to advertisers. The other would allow the company to collect that money directly from the user in exchange for leaving their data alone.

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Facebook's business model has always been to attract users by offering a "free" service and then to monetize those users' data by targeted ads. In reality, this is the opposite of "free." While the users do not pay a monetary fee for the service, they pay by being used and exploited in ways many of them are only just beginning to understand in the aftermath of the massive data-breach. As Apple CEO Tim Cook famously said, "When an online service is free, you're not the customer. You're the product."

A subscription-based ad-free model would at least accomplish two important things: First, it would contractually forbid the company to harvest the data of paid users. Second, it would attach a finite cost to the use of the service, allowing subscribers to know exactly what the service is costing them. Just to put in the for-what-it's-worth column, this writer would gladly return to the platform if such a plan were offered and came with strong guarantees that my personal data would be strictly off-limits.

If the company moves in this direction, there will likely be spill-over into other platforms. Google, Twitter, and other tech companies may find themselves offering similar plans just to compete.

If, on the other hand, Facebook's subscription-based ad-free plan merely obligates the company not to pump ads to those users, but does allow data-harvesting, this plan would be worse than worthless.

The subscription-based ad-free model is not the only change the company is considering. While still trying to wash off the stench of the Cambridge Analytica breach, Facebook appears to be trying to change the subject by shifting the conversation to a handful of new features. Some of those features are directly related to the well-deserved trashing of the company's trust; at least two other new features seem to ignore that reality altogether.

On Tuesday, it was <u>reported</u> that Facebook users will soon be able to opt out of having the company collect their browsing histories. This is perhaps one of the most egregious practices of Facebook and certainly one of its most profitable. By harvesting users' browsing data, the company is able to collect a wide range of information about those users. The collection of this data extends well beyond anything related to the use of Facebook's services. In fact, the company is able to collect that data even when users are not on Facebook. The choice to allow users to opt out of this spying is doubtless an attempt on the company's part to both regain lost trust and to avoid lawsuits — either from users or from government agencies.

In another apparent attempt to regain the trust of users, Facebook also announced on Tuesday that it is changing the way news articles are ranked for trustworthiness. In the current model, the company — known for its left-leaning agenda — makes those decisions. But as Fox News <u>reported</u>, the company is changing that model "amid concerns from legislators and Facebook users that the platform was exploited to spread misinformation during the 2016 US presidential campaign." Under the new model, those rankings will be made by Facebook users themselves. Speaking to a group of industry insiders at Facebook's F8 conference in San Jose, Zuckerberg said, "We're trying to have our community tell us what is quality and then feeding that into the rankings and make sure that the stuff people think is broadly trustworthy is getting promoted."

Ah, that awkward moment when the free market and the ability to remain solvent step on your political agenda and you have to make a choice.

And Tech Crunch <u>reported</u> that Facebook has launched an app to "prove it can earn businesses money, not just build their social media audience." The "Facebook Analytics" app boasts of the ability to "stay on top of your growth, engagement, and conversion efforts on the go. Easily view key metrics and reports, check automated insights, and receive notifications when changes occur." This of course relies

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— at least partially — on the company's ability to know personal details about users, so while it may offer businesses the ability to capitalize on that knowledge, it ignores the mess in which Facebook currently finds itself.

And in a bizarre twist, Facebook — a platform many use to creep the profiles of crushes (both past and present) — announced on Tuesday that the company is getting into the online dating/match-making game. As Recode <u>reported</u>, Facebook is building a dating product — baked into the mobile app — to "help people find partners" since "there are 200 million people who have marked themselves as single on Facebook."Anticipating the two most glaring concerns, Zuckerberg said, "This is going to be for building real long term relationships, not just hookups," adding, "It's going to be in the Facebook app but it's totally optional. It's opt in." He went on to say, "We have designed this with privacy and safety in mind from the beginning." In what appears to be a disconnected-from-reality attempt to explain what he means by "privacy and safety," Zuckerberg added, "You will only be suggested people who are not your friends."

A couple of things need to be unpacked here. First, simply not ratting a user out to his or her friends about using the Facebook app to "find a partner" is not the same thing as having "privacy and safety in mind from the beginning." It is a recipe for people to use the app for looking for exactly what Zuckerberg claims it is not for: "hookups." Second, for this "feature" to work at all, the company would have to be able to build a profile of each user. Those profiles would require that the company knows intimate details about each user. Perhaps before announcing this, Zuckerberg would have done well to get out of his bubble and take note of the fact that his company is scrambling to recover from a scandal caused by the exact type of data-harvesting this "feature" will require.

As the fallout continues, it will be interesting to see which way this all goes and which — if any — of these new ideas will be implemented and which — if any — users will embrace.

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