

Mark Zuckerberg

I'm glad we got a chance to talk yesterday. I appreciate the open style you have for working through these issues. It makes me want to work with you even more.

I was thinking about our conversation some more and wanted to share a few more thoughts.

On the thread about Instagram joining Facebook, I'm really excited about what we can do to grow Instagram as an independent brand and product while also having you take on a major leadership role within Facebook that spans all of our photos products, including mobile photos, desktop photos, private photo sharing and photo searching and browsing. This would be a role where we'd be working closely together and you'd have a lot of space to shape the way that the vast majority of the world's photos are shared and accessed.

We have ~300m photos added daily with tens of billions already in the system. We have almost 100m mobile photos a day as well and it's growing really quickly -- and that's without us releasing and promoting our mobile photos product yet. We also have a lot of our infrastructure built p around storing and serving photos, querying them, etc which we can do some amazing things with. Overall I'm really excited about what you'd be able to do with this and what we could do together.

One thought I had on this is that it might be worth you spending some time with [REDACTED] to get a sense for the impact you could have here and the value of using all of the infrastructure that we've built up rather than having to build everything from scratch at a startup. This would probably be a useful perspective for you to have.

On the thread of integrating OG deeply (whether or not Instagram joins Facebook), you expressed some doubt about whether it would be good for Instagram to send so many photos over to Facebook. I think it would be quite good for everyone -- users, Instagram and Facebook -- and I wanted to share one mental model I use for thinking about this.

I often think about Wikipedia as the best example of a crowd-sourced corpus of content. One interesting thing about it is that they allow anyone to download their whole encyclopedia and copy it to use as their own. This might seem like a bad business strategy for the same reasons you're concerned, but in fact it's really helpful for them and doesn't hurt them at all. The reasons why it helps them are obvious -- they get more distribution, authors want to contribute more since they know their work will be in many places, etc. The reasons why it doesn't hurt them are more interesting. I think the best way to look at this is that the value of Wikipedia isn't really that it's an Encyclopedia; it's that it is a community and engine that continually produces the best Encyclopedias. Because of this, they know that even if people use their data that they have all the leverage since they're the engine that produces the core data set.

I actually think you guys are in a similar position with us. By pushing a lot of data into OG, you get distribution but you remain the engine that produces Instagram photos, which will become more powerful over time. From this perspective you may wonder why Facebook is happy with the arrangement, and the answer is that we're playing a meta-game. Rather than being the engine that produces photos or any specific kind of content, our goal is to be the engine (or platform) that helps produce other engines (or apps) that produce content. That's the only way we'll ever scale to helping people share every kind of thing they want.

So in short: I'm really excited about the acquisition and I think it would set up Instagram and you personally to have the biggest impact possible. If we do that -- or even if we don't -- I still think having a deep OG integration is very good for both companies and all of our users.

Let me know when you want to talk some more. If you have any feedback on my offer I'd love to hear it. I'm looking forward to continuing the conversation.

March 19 Kevin Systrom

Hey - I wanted to go away and think about our conversation a bit and have a reply that was well formed. I know where our heads are at now and I'll drop you a longer note today. Thanks man

March 20 Kevin Systrom

Hey Mark -

I've been thinking a lot since we talked last, and I wanted to share how my thinking has evolved. Getting to chat about our paths and how they cross has been eye-opening I think for us in many ways.

First, it's humbling to know that you guys look at what we're doing in the mobile space and think it's as innovative and strong as we'd like it to be. I've always been a fan of what you're doing -- and in many ways I've shared similar passions for the problems that you've wanted to solve along the way as well. There's a mutual respect that I think will help us get a bunch of things done together around OG going forward.

Second, I've never had to stand back and look at our company at a 50k foot level and ask what it might look like as part of something larger. For this reason alone I wanted to meet with you to understand what Instagram would mean to you and to Facebook.

In many ways we're aligned. We both believe in the power of mobile to change the way people share information. We see the transformation happening very quickly as people adopt new products like Instagram, etc. We are both, at our core, engineering-driven in culture and vision. We both have a passion for social products, and realize that by building what we're building we can (and have the responsibility to) positively influence culture and the world at large.

I also realize that Instagram is a foreign citizen in the world of Facebook. We produce more photos week over week that have found a

home inside Facebook. At the same time, we have a very independent and disparate browsing and 'friend' experience within our own network. Most of the photos on Instagram are not social photos, but instead tend towards photos of the world around us. Our graphs are significantly different as well. For one, we have an asymmetric visual interest graph – one which I'm sure differs from most peoples' fb graphs. Also, we're primarily mobile in experience, we have no web in our DNA as of yet, and for this reason we've focused on mobile photos rather than photos in general.

Regardless, I think there's a world where Instagram with Facebook just makes a lot of sense. Though the particular balance at this time makes Mike and I feel that we'd like to stay independent for the time being. Really it just comes down to wanting complete independence to pave our own path. This in particular means not limiting the scope of Instagram to just photos - but to explore other mediums as well which support the original vision of Burbn being to improve the way we communicate and share in the real world. There's volatility and optionality that make both Mike and I really excited to build a long-term viable business from where we are today long into the future.

To be clear, you've been nothing but helpful. When asked if it made sense for you to think about acquiring our company, there wasn't any fuss around it – it was a straightforward yes/no decision that you made with confidence and for that I'm thankful. I'm not coming back at you asking to change the offer because I don't think that's what drives us. Of course there's a limit to that logic, but honestly I'm not sure at the point we discuss those limits that we're doing this for the right reason.

Either way I think we should start a more open discussion because even if it's not now it could make sense in the future. Of course this may mean the economics are less favorable given a large raise, but it's worth it to me to explore what we're actually building here. Is it a next-generation photos app or is it a next-generation communication app? I don't mean to get overly philosophical, but the limits of our ambitions have really yet to be tested, and I want to see that through at least for now. The desire to have an effect at the scale of FB is real and tangible, and one that is actually quite hard to balance in our minds. That being said, I think you should meet Mike my co-founder and we should spend more time with your leadership going forward. I hope this clarifies my current position and if anything helps you understand the depth of our ambition to create something really meaningful in the world.

On the OG stuff, you're right. I do think there's a valid question in thinking through whether or not sending all our photos to FB makes sense. I actually don't think we'd ever go out of our way to discourage or make it difficult for anyone to share from Instagram to Facebook, we just want to make sure it's up to the user. Right now, users are voting that 15% of all photos on Instagram end up on Facebook. Whether or not that's because it's a different audience, or a different type of content I'm really not sure. All I can go on is data - and I think we're giving a pretty good experience so far in the form of full photos in the timeline with absolutely no restrictions. We win when users are happy - and users seem to be really happy with that option of selectively sending over content. We rarely if ever hear complaints that the share to a service toggle not being sticky is a problem, so it makes me feel that we shouldn't go out of our way to make that the default without a really clear thesis on why it's better for everyone.

I think your comparison to Wikipedia has its merits, but in some ways isn't as applicable. Wikipedia doesn't care that their content is distributed and copied elsewhere because they realize that the freshest and most up to date content will always be on Wikipedia. Since they have the economies of scale, there's no incentive for people to go anywhere other than WP to make edits, etc.

With FB, we have a different situation. You guys actually have all the economies of scale around photos. That is, you guys have all the systems to make a photos experience really awesome. In many ways, once we send our original content over to FB, it starts getting likes, comments, etc and takes a life of its own. It's as if a Wikipedia article gets copied somewhere else, and starts evolving on another site with larger scale. Trust me, I realize the comparison is a bit tenuous but I hope it shows where I'm coming from and why I think the Wikipedia comparison is hard for me to grok exactly.

At the same time, I think your point around being the meta-engine makes total sense. I agree that FB should be really happy when engines like us come along and plug in. I guess I wouldn't feel nearly as strongly if independently you weren't building a mobile photos app that makes people choose which engine to use. Listen, this is all based on me not actually knowing what the overlap in what you're doing and what we're doing is – rather it's based on the speculation that there's a future where all our content flows away from Instagram and over time Instagram becomes less of the place for people to share and interact with content from the real world because the scale and tools exist elsewhere (FB).

I actually think that if done well, complete integration around likes + maybe even comments could be really cool. I think having my preferences expressed to my fb friends could be really valuable to me as a user but also to Instagram for distribution.

I don't want to seem as though I'm against the idea of open graph at all - I think it could totally set us up for incredible distribution. It's just very hard to balance sending over all our original content that lives inside a very separate photos experience which creates a fractured experience of two comment streams, two like streams and two feeds for Instagram and Fb separately.

I hope you take this as open and honest feedback for how a developer in the ecosystem is trying to balance the decisions of sharing/not-sharing with the hope that it sets of a discourse where we are both very happy about the integration going forward.

Either way I think I've had some of the most interesting conversations I've had in a long time with you over the last few weeks. It's made me think about our company in a different way, and also helped push me to form a stronger opinion about what we are and what we aren't. Regardless, it's been super valuable and I hope we can continue that going forward.

I'm happy to chat about this more in person – just let me know. And thanks again for all your support for everything we're trying to do.

Best,
Kevin

March 20Mark Zuckerberg
A few thoughts on both pieces:

On acquisition, everything you're saying seems reasonable, but it's a pretty unfulfilling conclusion for me since it doesn't feel like you've explored it fully. The process began with you asking if we'd do this at \$500m, but then you didn't want to end up doing it at that valuation. I am curious to know at what valuation you would do this, and then I can just let you know whether we'd do that. I get that you're not primarily doing this for money, but there usually is some continuum here and given the time we've put into this so far I do think it would be worth it to be honest about where that is.

Related, you reference flexibility and things you'd like to do independently that you couldn't do at Facebook. I'm curious what you think you couldn't do at Facebook, given that what I offered was for you to keep building out Instagram as a separate product and brand. I actually think you'll be able to do all the same things with Instagram at Facebook plus you'll have more distribution firepower behind you, so there will be a bigger chance anything you do takes off. So I'm curious to hear what your concerns are here.

A final sub-point on this is that if you choose to stay independent, it's really important to me that this doesn't become a public story about how you guys turned us down to go do something independently. That just isn't a positive story. I know it won't leak from my team so I'd ask that you make sure it doesn't leak from yours either.

On Open Graph, there's a lot of nuance here that you haven't captured in your note.

I'm not suggesting that you make your current setting sticky. What I've specifically suggested is making it so there's a toggle where all of your social activity -- photos, likes, comments and follows -- get synced to your timeline in the background. In this mode, these items wouldn't show up on in News Feed as you post them, but you'd still have them as a collection on your timeline. This addresses a major pain point for people which is that they don't want to spam their friends. I would implement this so that when a user connects to Facebook this is turned on and they can turn it off at any time. In addition to this, I'd also keep the current option you have to broadcast any individual photo to your friends on Facebook.

If you did this, I think you'd create a lot of value for your users, Instagram and Facebook. People may not be asking for a sticky toggle, but that's not what this is. If you listen to your user feedback on why people share more or less on different networks a lot of it is because they don't want to spam their friends/followers on different networks, but they want to share these photos and are comfortable doing it in a photo-specific setting like Instagram. Using Open Graph the way I'm suggesting allows that. It's not simply a matter of people voting that they want to share 15% of their photos. The actual dynamics around how this works are very important.

Most photos on Instagram are public and many people follow all of their friends, so this clearly isn't a privacy issue -- it's an issue of how the photos are shared. Simply saying that people want to share only 15% of photos is overly simplistic. I think you know that, so making this argument just makes me think you don't want to do this for some other reason.

The whole point of Open Graph is to create a social dynamic where it is socially acceptable to sync all of your social activity in another app with your timeline without spamming your friends, so this is the core problem we're trying to solve. This creates better timelines for our users and lots of distribution and brand awareness for you. You can use Open Graph to sync individually photos like you're experimenting with now, but fundamentally there's nothing special about using Open Graph over our traditional APIs for this, so over time we wouldn't really consider this a deep Open Graph implementation.

At some point soon, you'll need to figure out how you actually want to work with us. This can be an acquisition, through a close relationship with Open Graph, through an arms length relationship using our traditional APIs, or perhaps not at all. I'm willing to put effort into whichever approach you'd like to take, but you should be clear and honest with me about what you'd like to do so I don't waste time working on things you're not interested in. Of course, at the same time we're developing our own photos strategy, so how we engage now will also determine how much we're partners vs competitors down the line -- and I'd like to make sure we decide that thoughtfully as well.

Overall though, I'm still very optimistic about what you're doing and would love to find a way to work together. My preference is to work together extremely deeply since I think there are lots of things we can do together than can't currently be exposed through our current Open Graph implementation that we'd need to work on closely together -- either as one company or two.

March 20Kevin Systrom

Hey Mark - thanks for the thoughts. I would never leak this, and I think it would be really bad for a bunch of reasons for us so I'm on the same page. I've messaged that to [REDACTED] and Mike so we're on the same page.

I realize it's unfulfilling - and I agree we haven't explored it fully. We have a board meeting today. I'm going to spend a significant amount of time discussing our relationship with Facebook. I want to be respectful of your time as I know you have many things to deal with, so let us come to you with a clear thesis. I tried my best to explain where my head's at, but I take your points and I'm going to work on it.

I have a feeling we should probably discuss this in person as the sincerity for how I'd like to work with you probably gets lost in a message. Would you be ok with that?

March 20Mark Zuckerberg

FYI, apparently it leaked to the Wall Street Journal that we and Twitter were talking to you about acquisition. I didn't tell anyone on my side that you were talking to Twitter, so this must have come from your end.

March 20Kevin Systrom

Hey - honestly it didn't come from me or anyone inside my circle (you know [REDACTED] and [REDACTED]). It's absolutely not in my interest for this to be out

March 20Kevin Systrom

If you're down, I'd like to chat live - can be phone or in person. Have some thoughts after our board mtg that I can share. Let me know

March 21Mark Zuckerberg

Sure -- I'm around later this afternoon and evening if you want to talk.

March 21Kevin Systrom

Ok. 7:30 phone? Wsj/spencer just reached out to me via email btw. My plan would be to chat with him and stonewall on anything around financing/our discussions. If you guys have talked to him and I should have context let me know (not responding may be more of a signal than not)

March 21Mark Zuckerberg

Let's talk at 7:30. We can cover this other stuff then too.

March 21Kevin Systrom

Ok. Call me? [REDACTED]

March 22Mark Zuckerberg

Following up from last night:

- On acquisition, I'll wait to hear more from you here. Given the leaks and that I put the last offer on the table, it doesn't make sense for me to put another offer on the table before you provide more guidance on what you'd accept. If you're not comfortable doing this then we can just discuss this down the line, but it seems like the right next step now and one you should be able to do is for you to give me clear guidance on what you'd accept.

- On partnership and Open Graph, the ball is also in your court here. Although you've said that you want Instagram users to be able to share and sync whatever they want on Facebook and elsewhere, it seems like you have real strategic discomfort around the idea of moving the percent of photos synced to Facebook from 15% up to 40-50%. Obviously if you don't actually want your users to be able to do this then we won't produce something good together, so I'm just going to wait for you to answer this question before engaging further.

I'm obviously happy to help out and support you guys in any way I can. On these two things issues, let me know when you want to talk more.

April 2Mark Zuckerberg

I just got back from my trip to China. I'm not sure if you're ready to follow up on either of these things, but if so I'm back in town now.

April 3Kevin Systrom

I am - sorry about the lack of response. Was on a trip overseas and today was (am) dealing with android stuff. What's your week looking like? We can do in person or over phone
Haven't slept in 36 hrs so bear with me

April 3Mark Zuckerberg

Congrats on the Android launch. It looks great. I just got back a trip out of the country as well, so no worries on that. I'm around tomorrow evening and around lunch time Thursday if either of those work for you.

April 3Kevin Systrom

Let me check on tomorrow night and get back to ya. Thanks again for your patience

April 4Kevin Systrom

Tonight 7:30ish at your place or somewhere in palo alto work?

April 4Mark Zuckerberg

Sure -- want to come by my place?

April 4Kevin Systrom

Sounds good. Looking fwd to hanging

April 4Mark Zuckerberg

BTW, I've already eaten, but I'm happy to go out and grab some food if you're hungry.

April 4Kevin Systrom

No prob at all. I'm down for meeting elsewhere but don't want to call attention to the conversation given the topics. Up to you - I was

going to grab something before I left.

April 4Mark Zuckerberg

If you're eating too, then let's just meet at my place. See you in a bit.

April 4Kevin Systrom

Traffic is stopped here at millbrae. Will be there 745 if that's ok

April 4Mark Zuckerberg

No worries

April 5Kevin Systrom

Hey can we schedule a call for whenever your free post lunch?

April 5Mark Zuckerberg

Hey, I had a chance to talk to Sheryl and David last night and then again this morning for a while. I was planning to call you during lunch after a couple of meetings I have, but I was wondering instead if you'd be up for getting together in person this afternoon or evening.

April 5Kevin Systrom

I am yes. What're you thinking?

April 5Mark Zuckerberg

I'm done with meetings today around 3:30. Want to meet up then?

April 5Kevin Systrom

Yes where's good?

April 5Mark Zuckerberg

If you're down here then we can meet at my place again.

April 5Kevin Systrom

Ok 3:30?

April 5Mark Zuckerberg

Also, just to be clear so I don't waste your time here, I can't get to \$2 billion. But if you're open to doing something in the range and structure we discussed last night, with an earn-out, valuing Facebook aggressively, etc, then I'm optimistic we can do something -- especially since we both seem to want to work together. If that's not worth discussing for you, then I totally understand though.

April 5Mark Zuckerberg

How about 4 so I have time to get home.

April 5Kevin Systrom

We should have the discussion - 2 was my yes absolutely number. Less is just something to think through together is that ok?

4 is good

April 5Mark Zuckerberg

Okay, see you then.

April 5Kevin Systrom

Ok

April 5Kevin Systrom

Any chance we could meet ASAP? It's really the pressure of this round. I don't mean to make you cancel meetings but a few hours makes a big difference. We could also just chat on the phone

April 5Mark Zuckerberg

I can move some meetings around and end early. Want to come down now? I can meet at 2.

April 5Kevin Systrom

Yes I will leave in 10

April 5Mark Zuckerberg

Great, see you in a bit.

April 5Mark Zuckerberg

Are you still coming?

April 5Kevin Systrom

Can I come over and chat?

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April 5Mark Zuckerberg
Sure

April 5Kevin Systrom
Be there in 5

April 5Mark Zuckerberg
Just wrapped up my interview. Ready to talk more?

April 5Kevin Systrom
Ya finishing up a call in 10ish
Coming now

April 5Kevin Systrom
On a call with the guys.

April 5Mark Zuckerberg
Okay, let me know when you're done.

This doesn't have to be so long. Just tell them you want to do this and they'll let you!

April 5Kevin Systrom
Sorry give me 5

April 5Mark Zuckerberg
Take your time.

April 6Kevin Systrom
Can mike and I meet with you when you're free? 10 would work

April 6Mark Zuckerberg
Sure, I'll see you guy at 10.

April 6Mark Zuckerberg
Hey -- when I was explaining the terms to [REDACTED] I realized I misspoke on one important term. Most of the upfront deal consideration portion for you guys also needs to vest in addition to the retention package. It will have the same provisions of double-trigger etc to guarantee you eventually get it, but we can't just transfer all of the money immediately. You probably understood what I was saying here from other deals you've done, but I just wanted to clear this up since I think I misspoke on it.

April 6Kevin Systrom
Ok I understand now. Let's push forward. We need a term sheet to start the lawyers say. Can you guys put something together?

April 6Mark Zuckerberg
Yeah, [REDACTED] is getting started on this.

April 6Kevin Systrom
Ok

April 7Mark Zuckerberg
Want to talk this morning to try to finalize the open high level terms, like cash amount, cash/stock exchange rate, etc?

April 7Kevin Systrom
Yes but can I finish my calls with the lawyers over here?
Prob 11:30ish

April 7Mark Zuckerberg
Yeah, of course. I just woke up so I wanted to send you a note so you know I can talk whenever.

April 7Kevin Systrom
Great. Sounds good

April 7Mark Zuckerberg
How is everything going from your perspective?

April 7Kevin Systrom
Good, you? Want to meet in person and discuss this stuff? I think it's probably best

April 7Mark Zuckerberg

Sure. Want to come by at 11:45?

April 7 Kevin Systrom

Sure I'm up in the city and need to pack up. Will try to hit 11:45 maybe closer to 12?

April 7 Mark Zuckerberg

Sure, come by whenever.

12 is fine. I was just suggesting 11:45 earliest so I'd have time to finish waking up, getting dressed, etc.

April 7 Kevin Systrom

Haha no worries. I'll get down there

April 7 Kevin Systrom

More like 12:15 now just. As a heads up

April 7 Kevin Systrom

Hey just to let you know things are going well and I'm here with [REDACTED] ironing things out

April 7 Mark Zuckerberg

Awesome. I'm at home but let me know if there's anything I can help out with.

April 7 Kevin Systrom

Ok cool

April 8 Kevin Systrom

Congrats, man - really excited for everything. Looking forward to working together

April 8 Mark Zuckerberg

Congrats to you too! This is going to be great. I'm looking forward to working more closely together as well.

April 9 Mark Zuckerberg

Excited to announce this?

How is it going with your team?

April 9 Kevin Systrom

Yes! Lots of talking and questions

April 9 Mark Zuckerberg

But everyone is generally excited and happy?

T-minus 15 minutes on the announcement

April 9 Kevin Systrom

Yes! Totally excited and surprised

I think you should spend a little time with everyone explaining how excited you are. I think maybe we're coming down?

April 9 Mark Zuckerberg

Yeah, I'm definitely happy to do that whenever.

April 9 Kevin Systrom

Ok will work out with schrep

April 9 Mark Zuckerberg

Posted. Congrats!