

Tech Companies Profiting Amid PR Scandals

By Peter Gutman, J.D. Candidate 2021 | February 12, 2019

In the last few years, the tech world has been shaken by privacy breaches including Russia's usage of [Facebook to sway the 2016 presidential election](#), [Wells Fargo's major breach in customer accounts](#), and a recent case in which customer's discovered a [bug in Apple's FaceTime app](#) which allowed users to listen and view live video through recipients' camera and microphone without them accepting the call. Further, in the last few months of 2018, Google was caught in the storm of criticism. As Google CEO was "[grilled](#)" [before Congress about data privacy](#), he disclosed a security bug was found in their social network, Google Plus, and they faced intercompany turmoil over sexual harassment scandals.

Despite the plethora of negative news coverage, incessant scandals, and twitter outrage, many of these same companies are not taking a hit in their earnings. For example, in mid-January, [Facebook beat their earnings and revenue projections](#), as their earnings per share went up 65% from the same period a year ago. Google's parent company, Alphabet, released a report on February 4th, which stated that despite the growing scrutiny over data privacy concerns, their revenue over the final three months of 2018 was [up 22% compared with the same period last year](#). The growth stemmed from their advertising business which has continued to expand as a major revenue stream for Google.

The question which arises from these statistics is how consumers can expect a company like Facebook to curb data privacy breaches, when their revenue, shares, and subscribers seem to simultaneously rise. The first sentence in a recent New York Times [article](#) put it best, stating, "Facebook's worst year ever was its best year ever when it came to its business." One reason for this dichotomy may stem from a shift in the way major companies like Facebook and Google are both using and marketing their platforms. Facebook has shifted away from their main social networking purpose and has successfully placed their focus on creating "[one overarching network](#)" including Facebook Messenger, and acquired apps, such as WhatsApp and Instagram.

Google, on the other hand, has found a major increase in ad revenue, while they also have invested almost \$1 billion more into its ad business compared to what was seen last year. As these major tech companies continue to prosper while enduring public relations disasters, it remains to be seen if our society's desire for social networking, connection, and access will continue to outpace our desire for privacy and security. As the scandals continue to pour in at a high rate, we may not need to wait very long to find out.

