Facebook heads towards profit

By Nick Clark

Facebook has this week hit two significant milestones in its history. The social networking phenomenon now has a staggering 300 million regular users around the world, and has become cash flow positive for the first time ever.

Mark Zuckerberg, who created Facebook from his dorm room at Harvard just five years ago, revealed this week that users had grown at a rate of five million a week since July, to hit 300 million on Tuesday.

The real issue throughout the recent growth in social networking sites has been how the companies, which also include MySpace, Bebo, LinkedIn and more recently Twitter, were to turn their huge audiences into profit. Yet, Facebook's announcement this week was also promising for its investors.

Facebook said its financial strength continues to grow driven by the rise in users as the advertisers have followed. The company is private so it is difficult to track exactly where the money is made, but Mr Zuckerberg has said revenues should grow 70 per cent this year. "Facebook revenues are growing pretty fast, and it gives the group control over its future."

Facebook is principally funded by display advertising. The group is looking at different ways to use and deploy advertising on the site, after initial returns were weaker than expected. Now, rather than simple banners, brands can tailor their products to individual users.space, as their customers have."