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Why Facebook Really Bought Instagram

Adam Leipzig · Saturday, April 14th, 2012

So much has been written about why Facebook bought Instagram for \$1 billion last week that I won't do anything but summarize: to up their mobile game; because Instagram was growing exponentially; to keep others from buying it; because they could.

But I think there's a longer-term reason Facebook really bought Instagram. For that we have to peek just beyond the horizon.

Let's start with what Instagram does, which is simple: Instagram makes it easy to upload a photo from your mobile device to Facebook and Twitter, and add some arty touches along the way.

What's the big deal, you may ask: Couldn't you do that already? Yes, you could, but it took a few steps. Instagram made it easy – one-step visual communication.

Facebook has already understood that we are moving to visual communication and away from written or verbal communication. The newly-enforced Facebook Timeline privileges visual imagery over text. With Facebook Timelines, we now tell our stories in pictures, not in words.

So Instagram is a good fit for our visual-over-text world. But just as photography didn't stop with the still camera, Instagram-Facebook won't either, and this is the real reason Facebook wanted Instagram:

Video.



No, Instagram doesn't do video yet. But they will be able to, soon. While there are some technical challenges to move from mobile uploads of still images to mobile uploads of video clips, the added resources of Facebook's development team should make that possible within the year.

Right now, if you want to post your video on Facebook, you need to (1) shoot the video, which you can do on your mobile device; (2) upload the video to a host, which will probably be YouTube, a Google-owned company; (3) post the YouTube link on your Facebook Timeline.

With more and more mobile data moving to video, this means Facebook is constantly driving traffic back to Google via YouTube. That's not a good business model; Facebook is losing traffic flow, data-mining and advertising revenue.

Unlike conventionally-shot videos, mobile device-shot videos are geo-tagged, and this meta-data provides essential information for targeted ads. Also, the words and images in each video can be automatically indexed and tagged for even greater advertising leverage (YouTube already does this with many of the videos posted there).

Cisco, the premiere networking equipment company, [forecasts that two-thirds of the world's mobile data traffic will be video by 2016](#), and that mobile video will increase 25-fold between 2011 and 2016.

Instagram becoming Facebook *Insta-vid*: That's the real Facebook upside, and worth more than \$1 billion.

Image: Instagram of The Daily Show's Jessica Williams reporting on Instagram.

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