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Creator Economy Riding the Monetization Wave

Investment Thesis

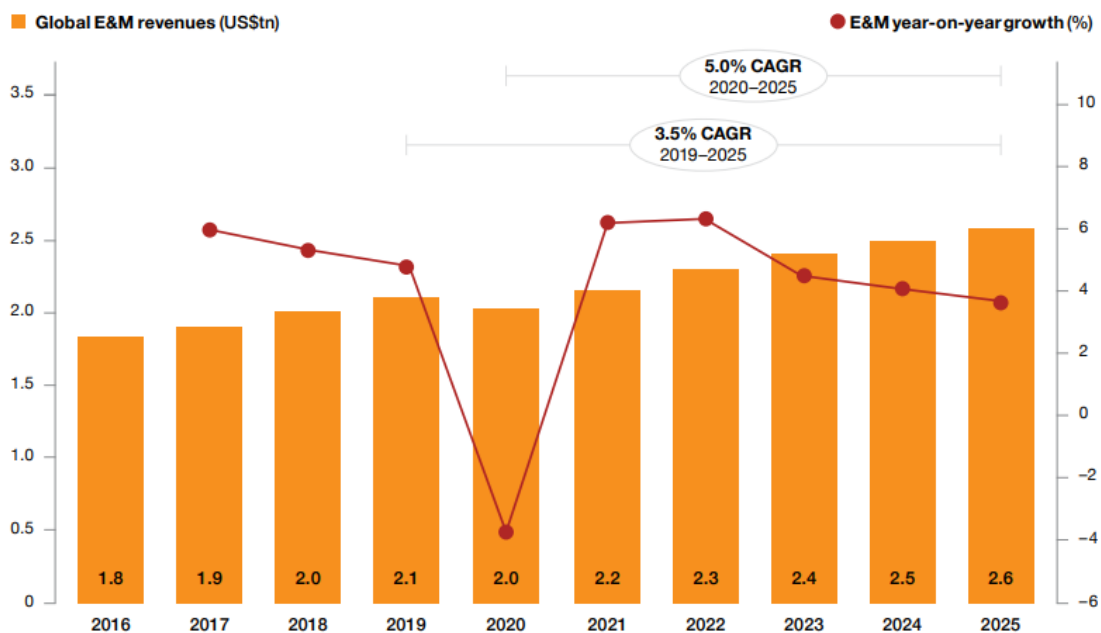
- **The global creator economy, worth \$104 billion, has matured over the past decade and is set to disrupt the traditional media and entertainment market, as demand shifts from producers to creators.** Driven by lowering costs of content creation, increasing digital penetration, changing media consumption preferences of Gen Z and millennials, and the after-effects of the pandemic, growth of the creator economy is accelerating and is ready to disrupt the media and entertainment industry over the next decade.
- **Value migration from discovery platforms to monetization platforms is the key theme for investors to track.** Historically, discovery platforms like Instagram, YouTube, and TikTok – with their large user base – have been the de-facto choice for creators and investors alike. However, limited monetization opportunities and rising competition for engaged eyeballs platforms is driving creators toward monetization platforms (listed below) that offer better economics, faster monetization, and lower competition. As a result, monetization platforms are enabling the creator economy to grow wider and deeper beyond celebrity influencers by creating a resilient “creator middle class” and will lead the industry’s next phase of growth.
 - **We believe that the creator economy has entered a phase where it will deliver sustained and accelerated growth even in the post-pandemic era, driven by monetization platforms that can turn creators into businesses on a large scale.**
- **Investor interest in the creator economy – especially monetization platforms – is on the rise, with several platforms achieving unicorn status.** Creator economy companies raised \$1.7 billion+ in funding last year and this number is expected to almost double to \$3.3 billion by 2025. We believe that the industry is now set to enter its next phase of funding and will start receiving capital from public equity investors – as demonstrated by SPAC deals – and will experience heightened M&A activity in the coming quarters, which will result in value discovery and multiple expansion.
- **We believe following are the Creator Economy names that investors should monitor:**
 - **Cameo:** leading video shout-out platform, valued at \$1 billion+.
 - **Kajabi:** industry-leading all-in-one platform that makes it simple for knowledge entrepreneurs to create a successful business online, valued at \$2 billion+.
 - **OnlyFans:** platform with 1.5 million creators and 150 million users. Has paid \$5 billion+ to creators so far. Valued at \$1bn+. Looking to go public via SPAC deal.
 - **Patreon:** powers membership businesses for creators by giving them the tools they need to acquire, manage, and grow paying subscribers. Valued at \$4 billion+.
 - **Playboy Group, Inc. (PLBY):** created Centrefold – a curated, creator-led platform dedicated to creative freedom, artistic expression, and sex positivity. Went public through merger with SPAC Mountain Crest Acquisition Corp. in 2021.
 - **Substack:** allows creators to create newsletters, build, and monetize audience, valued at \$650 million+.
 - **Tango Me:** live streaming platform with 400 million+ users and annual revenue of \$140.3 million, valued at \$1 billion+.
 - **Twitch (AMZN):** World’s largest live streaming platform, with more than 8 million creators. Owned by Amazon (AMZN).
 - **Vimeo, Inc. (VMEQ):** leading all-in-one video software solution, providing the full breadth of video tools through the software-as-a-service (SaaS) model.

Creator Economy – Ready to Disrupt the Media & Entertainment Industry

Creators Will Fuel the Next Phase of Growth of Media and Entertainment Industry

- The global creator economy, worth \$104 billion, has matured over the past decade and is set to disrupt the traditional media and entertainment market.** The creator economy can be defined as an ecosystem that includes the creation, distribution, and monetization of digital content through digital media platforms where like-minded consumers and creators interact to form highly engaged online communities. This includes content creation tools, distribution, and monetization platforms, and most importantly creators like social media influencers, bloggers, online tutors, live streamers, and videographers, among others. According to Signalfire, there were more than **50 million creators worldwide** in 2020. Even though the concept of creator economy where a creator is delivering his/her content directly to an engaged audience is decades old – consider the concerts of music artists, or stand-up comics – the emergence of digital platforms has revolutionized this concept. Digital platforms such as YouTube (GOOGL) allow millions of individual content creators to put their content in front of the world without having to spend anything or writing a line of code. According to Influencer Marketing Hub, as of May 2021, the global creator economy was \$104.2 billion, and going forward, it is expected to chart an accelerated growth path similar to that of the gig economy.
 - The creator economy is the part of the larger media and entertainment industry.** According to PwC, the global media and entertainment industry was \$2.0 trillion in 2020 and is expected to reach \$2.5 trillion by 2025. The industry suffered a setback in 2020 due to the COVID disruptions, as several forms of media and entertainment were curtailed when users were confined to their homes. Going forward, this industry is expected to grow at a CAGR of 5.0% between 2020 and 2025. The market, that is still dominated by traditional TV and home video in terms of revenue, is expected to be disrupted in the next few years, as OTT video, video games, and internet advertising segments will register higher than average growth, with virtual reality expected to be the fastest growing segment over the forecast period.

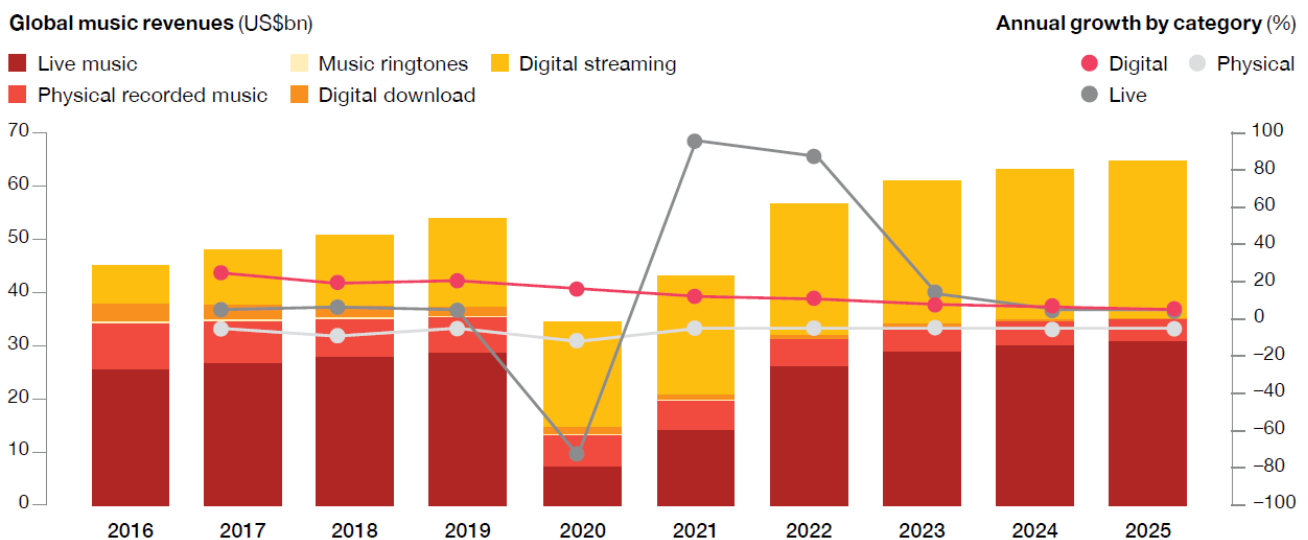
Chart 1: Growth of The Media and Entertainment Industry Revenue Should Bounce Back in the Next Few Years



Source: Intro-act, PwC, Omdia

- The shift from producers to creators and rising media consumption by younger audience put the creator economy in a strong position to disrupt the traditional media and entertainment landscape.** The pandemic was an inflection point for the traditional media and entertainment industry, which was waiting to be disrupted due to its inefficiencies. Consumer affinity has shifted from high-production value commercial content to authentic user generated content, available on popular digital media platforms like YouTube (GOOGL), Instagram (FB), and TikTok, among others. This trend is driven by two mega shifts – on the demand side, consumption is being dominated by younger audience, and on the supply side, the driver is the shift from producers to creators. For example, Quibi, a venture-backed short-form content start-up helmed by Hollywood veterans, found that its highly produced shows with established stars flopped badly, while at the same time, 20-year-old TikTok influencer Addison Rae garnered 80 million followers. Similarly, in the music segment, pandemic years have dealt a significant blow to traditional media forms of music – physical recorded music and digital downloads, and even though the growth will return to the industry, it will now be driven by digital streaming and live music. The revenue of music industry declined by 74.4% in 2020 and will only reach 2019 levels by 2023. However, between 2020 and 2025, the music sector will grow at CAGR of 12.8%. This growth will be fueled by live performances and digital streaming segments – key elements of the creator economy as several emerging music artists are leveraging digital media platforms to showcase their art and reach their audience directly instead of going behind the label of a recording studio.

Chart 2: Live Performances and Digital Streaming – Key Parts of the Creator Economy – Will Drive Growth

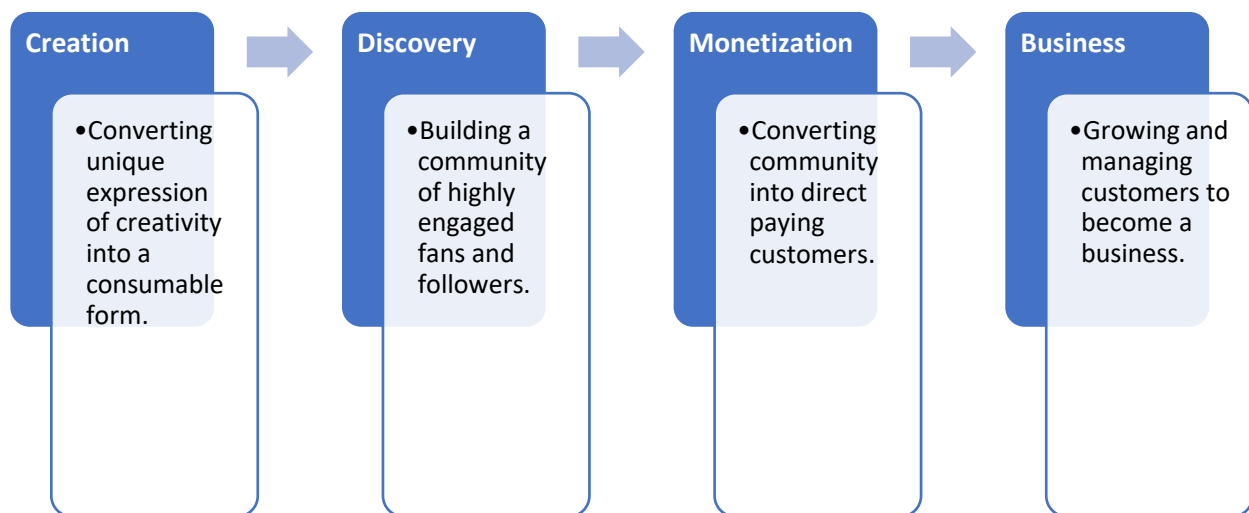


Source: Intro-act, PwC

Creator Economy – Turning Individuals Into Businesses

- At the core of the creator economy’s growth is its ability to help creator turn into businesses by giving them access to platforms that allow for monetization and growth of their communities.** Creators are the basic building blocks of the creator economy and a look at the lifecycle of a creator business helps us understand how they are creating value and converting their expression of creativity into a growing business, which in-turn creates opportunities for other ancillary players in the ecosystem to grow with them. The first step of the lifecycle is creation, where the creator identifies her unique expression of creativity and converts it into a consumable form that she thinks will resonate with the audience. This could be a form of music, a thematic newsletter, or even periodic fitness drills. This process also creates opportunities for creator tools providers such as designing and video editing tools. Once the consumable content is created, the next step (discovery) is focused on building a highly engaged community on digital media platforms such as YouTube (GOOGL), Cameo, or Substack. This involves creating focused content for a reasonably long period to build a dedicated audience across media platforms and to establish creative leadership in her area of focus. Once a sizeable, engaged audience is created, the next step is to monetize the content. Creator platforms offer different monetization options and at this stage the creator might have to use community management and engagement tools to ensure that her audience is converted into direct paying customer. There is an abundance of monetizing platforms; as a result, the creator needs to choose the right platforms, and work toward migrating the audience from other platforms to the platforms where monetization is taking place. Finally, once the creator has a sustained stream of paying content consumers, she can focus on growing and managing the customer base, i.e., act a business. At this stage, creators could require another set of tools to 1) finance their business, 2) CRM tools to manage customers, and 3) data analytics tools to analyze customer behavior and create a long-term content strategy.

Chart 3: Lifecycle of a Creator Business



Source: Intro-act, Kalaari Capital

- The creator economy lifecycle above is enabling people across the world to reap benefits of digitalization by channeling their creative energies in the form of content which can resonate with audiences worldwide and can hence be monetized.** The emergence of multiple monetization platforms is allowing creators to create innovative content and explore new forms of expressions that resonate with different types of audiences. This has led to diversification of monetizable content beyond the traditional music and entertainment-based content. The chart below looks at some of the popular monetizable content forms and the platforms that are allowing creators to monetize these content forms. A detailed list of creator economy platforms – by sector – is also provided in the Appendix.

Chart 4: Creator Economy is Enabling New Forms of Work

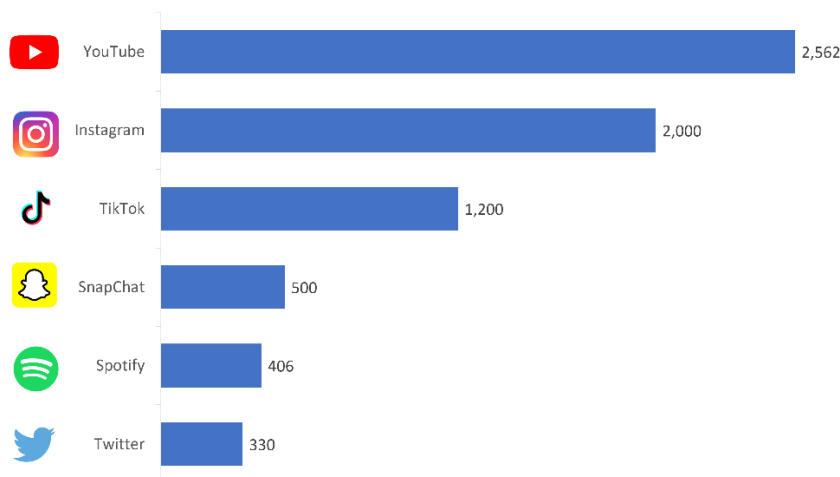
Segment	Type of work	Common monetization options	Platforms
Radio	Podcaster	Subscriptions, platform payouts, tips, brand deals	Anchor, Castbox, Megaphone
TV	Vlogger, content creator	Subscriptions, platform payouts, tips, brand deals	TikTok, YouTube, OnlyFans
Print	Newsletter writer, blogger	Subscriptions, platform payouts, tips, brand deals	Substack, Medium, Ghost
Teaching	Virtual coach, teacher	Subscriptions, pay-per-class	KAJABI, Teachable, Udemy
Fitness	Virtual fitness coach	Subscriptions, pay-per-class	Strydal, PLAYBOOK

Source: Intro-act, Flow Partners

- We believe the creator economy can be classified into three segments – discovery platforms, monetization platforms, and creator tools.**

 - Discovery platforms.** This segment includes digital media platforms that have millions (and often billions) of users and are the easiest way for creators to build a community of highly engaged followers or fans. These platforms came to the fore with the Web 2.0 wave and have allowed creators to break the barriers of traditional content distribution by reaching their audience directly and seeking feedback and patronage to improve content. While the mode of discovery for each platform can vary – such as video, microblogging, pictures, short-videos, or livestreaming – they remain a popular choice for audience discovery, even in niche areas. Examples of these platforms include YouTube (GOOGL), Twitter (TWTR), Instagram (FB), TikTok, Medium, Twitch (AMZN), and Snapchat (SNAP), among others.

Chart 5: Monthly Active Users on Top Discovery Platforms (Million)








Users captured as of: Instagram (Dec 2021), Twitter (Q1 2019), YouTube (Jan 2022), TikTok (Dec 2021), Spotify (Dec 2021), Snapchat (May 2021)

Source: Intro-act, Statista, Omnicore agency, Business of Apps

- Monetization platforms.** This segment – which we believe houses future winners, a theme we discuss in detail later in this report – includes tools and platforms that help creators monetize their communities effectively, by allowing them to build direct monetization channels with their followers and fans. The creators on these platforms usually have an engaged community of casual fans on discovery platforms, and through monetization platforms they can convert these fans into direct paying customers. Monetization channels differ with platforms, such as tiered periodic subscription fee, selling merchandise, or engagement-based pricing, but the focus here is allowing the creator to have a substantial portion of the revenue, while the platform usually keeps a smaller administration fee. Examples of these platforms include Substack, Patreon, Kajabi, Onlyfans, Tangome, Teachable, Roblox, and Cameo, among others. (See user and payment stats of these platforms below.)

Chart 6: User and Payment Stats of Major Monetization Platforms

Platform	Payment Stats
	<ul style="list-style-type: none"> 1,000,000 paying subscribers. Top 10 authors collectively make over \$20 million per year.
	<ul style="list-style-type: none"> 8 million monthly active paying supporters. More than 250,000 creators are supported by at least one supporter.
	<ul style="list-style-type: none"> 150 million users. 1.5 million creators. Top creators make \$100,000+ every month.
	<ul style="list-style-type: none"> 400 million users. Streamers can make up to \$2,000 a day. Top Streamers can make \$100,000+ from gifts alone.
	<ul style="list-style-type: none"> 202 million monthly active users. Top developers have made more than \$1 million on Roblox

Source: Intro-act, Backlinko, Company Websites

- Creator tools.** This segment includes tools that allow creators to create their content and grow and manage their business. In the creator business lifecycle, these tools fall under the creation and business phases. The tools used by creators in the creation phase are generally those used for ideating, writing, designing, creating, and editing – examples of such tools are Canva, Invideo, Scalenut, Zencast, and Biteable, among others. In the business stage of the lifecycle, creator tools help in growing and managing customers and enable the creator-to-business transformation discussed earlier. These tools include website building tools such as Wix and Squarespace, finance management tools such as Karat Financial and Qorner, community management tools such as CreatorStack, and data analytics tools such as Phyllo.

Chart 7: The Creator Economy Market Map by Segment

Content creation

Financing

Administrative tools

Analytics & operations

Off-platform monetization tools

Subscriptions

Fan interactions

Community management

Blockchain

Courses

Merchandise

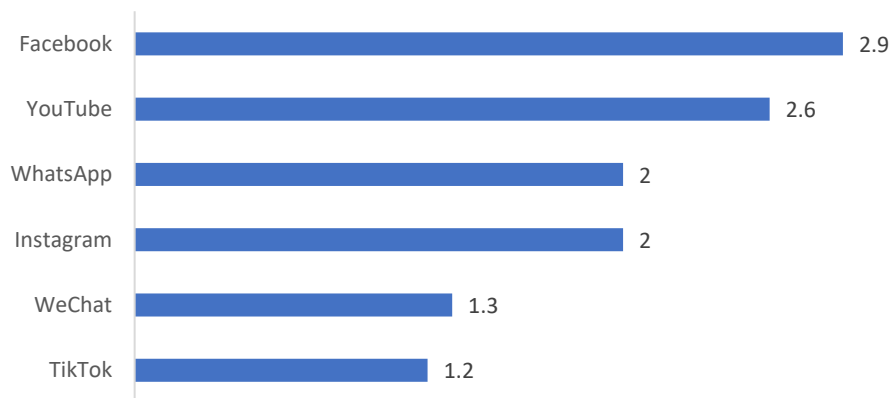
Ad platforms

Source: Intro-act, CB Insights

Value Migration from Discovery to Monetization Reshaping Creator Economy

- Discovery platforms have historically been the de-facto choice for amateur creators for gathering eyeballs and validating content.** The total number of active users that some of these platforms have beat the population size of most countries, thus creating a huge addressable market for creators. These platforms also allow creators to validate the commercialization potential of their content, unless of course they are an established celebrity in their respective field. The wide cross section of userbase these platforms offer increases the possibility of discovering the right audience for creators. These platforms also allow creators to seek feedback from followers and improve their content as they prepare it for commercialization. Another factor that has made the discovery platforms popular is the earnings the top creators make from these platforms, as some of these numbers are extremely lucrative. For example, eight-year-old Ryan Kaji earned \$26 million in 2019 from his YouTube (GOOGL) channel, Cristiano Ronaldo can earn up to \$1 million per sponsored Instagram (FB) post, and Addison Rae took home about \$5 million in 2020 through TikTok. Further, in 2021, there was a 40% increase in the number of channels making more than \$10,000 a year.

Chart 8: Top Social Media Platforms (Number of Active Users in Billions)

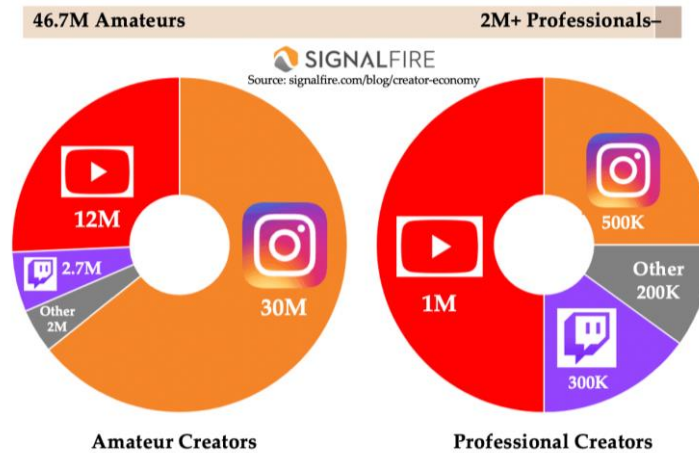


Source: Intro-act, Statista

- However, limited monetization opportunities for amateur creators and rising competition for eyeballs is pushing creators away from discovery platforms and toward monetization platforms.** The earning figures of top creators on discovery platforms are enticing, but the positive impact of these numbers gets offset by the challenges faced by amateur creators on these platforms.
 - Limited monetization opportunity.** Most discovery platforms only share a fraction of the revenue that they make from the content on their platforms with the creators, and this usually ties back to the size of their follower-base, which goes against amateur creators. According to Signal Fire, of the ~50 million creators worldwide, 46.7 million or 93%+ can be classified as amateur individual creators who are monetizing content creation only part time. These amateur creators were classified based on their smaller follower-bases – 100-10K on YouTube and 50-100K on Instagram (FB). YouTube (GOOGL) is one of the most popular discovery platforms because of its sophisticated ad-sharing model of sharing 45% ad revenue with content creators. However, this model has two limitations: 1) ad revenue is contingent on viewers not skipping ads, in which case no ad revenue is earned, and 2) ad revenue is also negatively impacted by ad-blocking technology used by viewers. This means that relying on ad revenue from YouTube is very unrewarding unless the creator builds a huge following. This results in a scenario where 97.5% of YouTubers don't make enough to reach the U.S. poverty line of \$12,880.

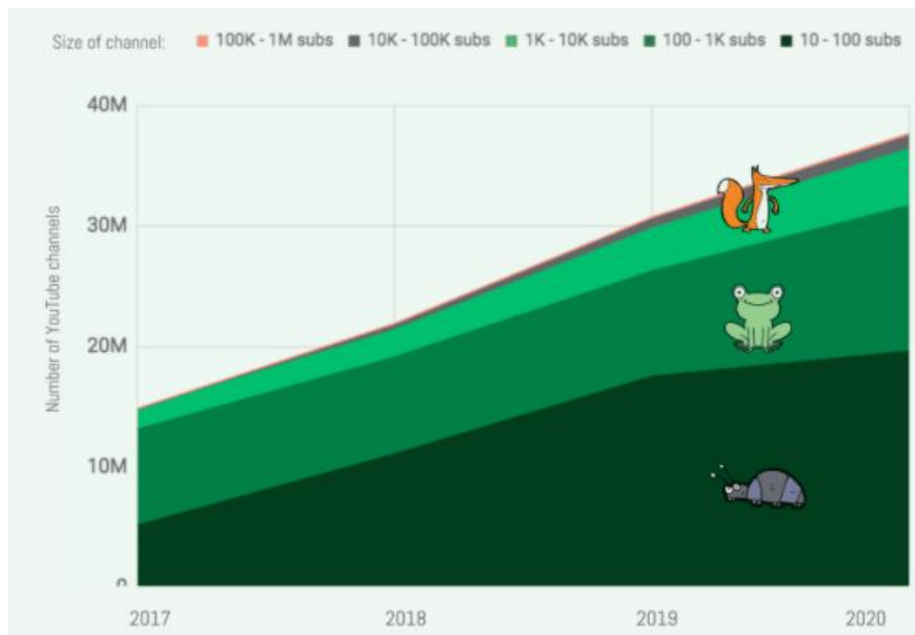
- Stiff competition for engaged eyeballs.** The number of users and creators on discovery platforms is rising rapidly. When Signal Fire sized the 50 million creator economy in September 2020, Instagram (FB) had 1 billion active users; this number has already doubled to ~2.0 billion as of December 2021. Similarly, the number of YouTube channels grew 23% from 31 million in 2019 to 38 million in 2021 according to Tubics.com. This increasing competition from demand side (rising users) and supply side (increasing creators) makes it difficult for amateur creators to attract sufficient number of eyeballs for their content, despite the wide user-base of discovery platforms, thus limiting their ability to travel the distance from being an amateur creator to becoming a professional creator/business.

Chart 9: ~93%+ of Creators are Amateurs



Source: Intro-act, Signal Fire

Chart 10: Growth in Number of YouTube Channels between 2017 and 2020

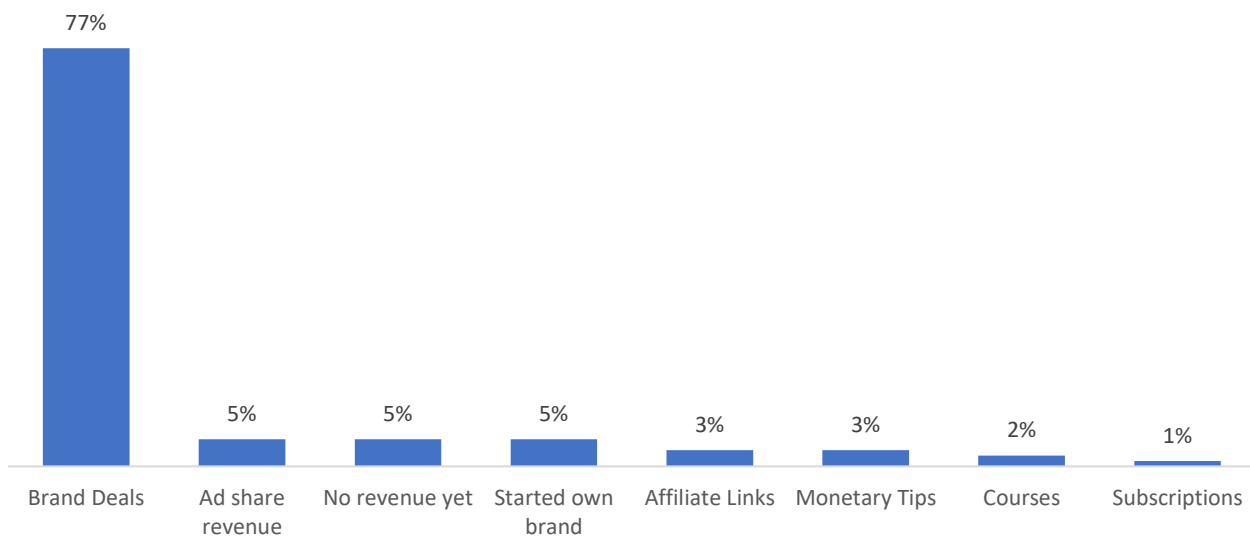


Source: Intro-act, Tubics.com

- Given the above limitations, creators are forced to rely on alternative sources of income, and while brand deals have emerged as a popular choice, such deals are currently more beneficial for celebrities and top creators.** According to a survey released by Influencer Marketing Hub in May 2021, in which 2,000 creators were surveyed, 77% of the creators depended on brand deals for their revenue; ad-share was the highest revenue source for only 5% creators while only 1% depend on subscriptions. However, brand deals have traditionally gone to celebrity influencers with large follower-bases, which results in concentration of revenue with top creators.

 - We expect that as creators drive higher engagement with audience, brand deals are likely to open-up for them on discovery platforms.** Brands have been flocking influencers with large follower bases in the last few years. These influencers are hugely famous celebrities or athletes. While these celebrity influencers drive reach, they do not drive engagement. This is because the influencer is only delivering a campaign created by the brand’s marketing team without investing any time to optimize the impact or drive engagement. On the other hand, small creators who are known for creating exceptional content, tend to go a step further and work with the marketing team to ensure that the campaign has maximum impact. This is evident in an analysis done by Hashtag Paid, where micro (<25k followers) and mid-tier creators (25k–100k followers) were found to be generating higher engagement rates than macro creators. Small creators are also expected to charge less compared to large influencers, therefore making them an attractive option for brands. We believe this will allow small creators to improve monetization options on discovery platforms.

Chart 11: Highest Revenue Sources for Surveyed Creators (%)

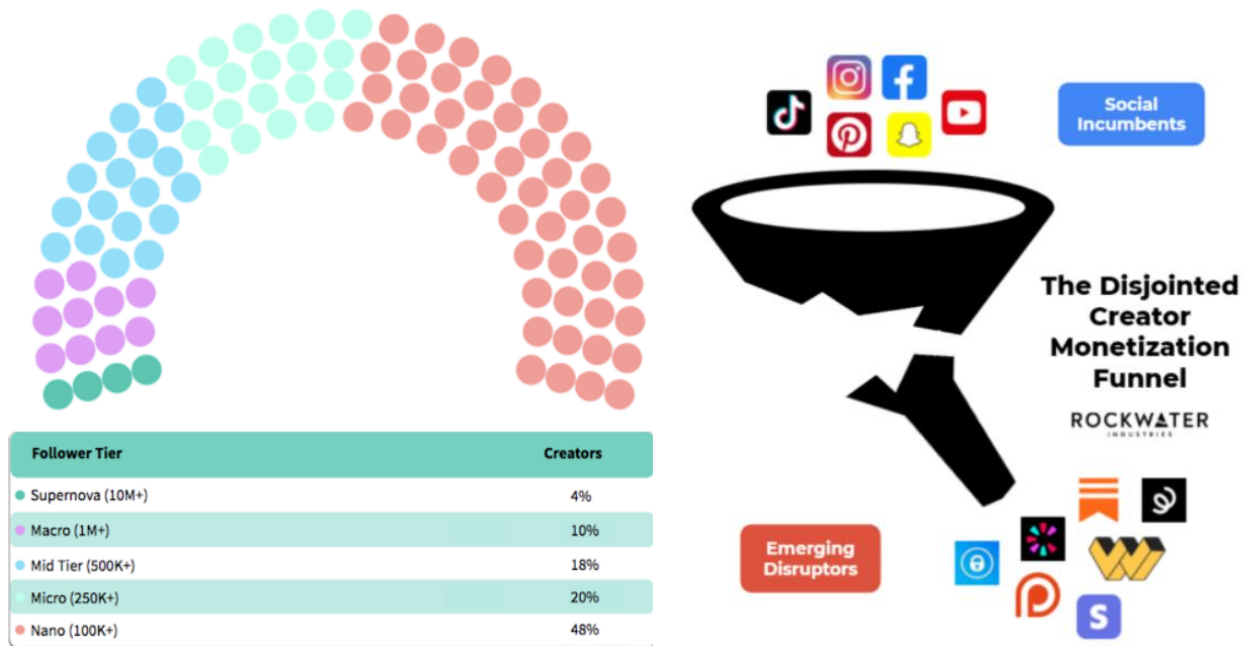


Source: Intro-act, CB Insights, Influencer Marketing Hub

- Overall, the limitations of discovery platforms have made it difficult for 68% of creators (that have less than 250,000 followers) to monetize their content – this is driving the value migration from discovery platforms to monetization platforms.** The traditional transactional relationship between creators and discovery platforms has been defined by a tradeoff between reach and content. Platforms lure in creators with their wide global reach, and creators in turn deliver unique, engaging content, which is mostly free for the audience to consume. Discovery platforms monetize this scaled engagement through advertising and share a small percentage of this revenue with creators. As a result, creators, especially small ones with <250,000 followers, are forced to evaluate other monetization options to leverage their content and

audience base. These small creators lack the resources or influence to create branded products or attract brand deals to drive revenue growth. According to Andrew Cohen at Rockwater Industries, this creates a disjointed monetization funnel for creators where they can get access to huge audience through social incumbents or discovery platforms, but find it difficult to monetize this reach, which has resulted in the formation of emerging disruptors or monetization platforms, which allow faster and economically rewarding monetization options to creators. Monetization platforms act as bottom-of-the-funnel monetization engines for creators by giving them tools and infrastructure that they can use to monetize their content directly, turning their followers into customers and themselves into a business.

Chart 12: The Disjointed Creator Monetization Funnel is Driving Growth of Monetization Platforms



Source: Intro-act, Influencer Marketing Hub, Rockwater

- **The migration toward monetization platforms like Cameo, Only Fans, TangoMe, Substack, Kajabi, etc., is being driven by their advantages which include better economics for creators, faster monetization, and lower competition for relevant eyeballs.**
 - **Economically rewarding.** Monetization platforms offer better economic models to creators compared to discovery platforms. Most monetization platforms do not charge set-up or subscription fees but take a small percentage from the earnings of the creators, when they are able to monetize their content.
 - **For example, Substack charges only 10% from the paid subscription revenue of creators while Patreon charges 5% to 12% from the payments received by the creators,** implying that creators receive 90% or more of the revenue generated by their content vs. the 45% offered by YouTube (GOOGL).
 - **Faster monetization.** Monetization platforms enable creators to make money quickly, so that the platform can also make money fast. Therefore, algorithms and interfaces are tuned to allow better monetization options for creators. Also, these platforms do not rely on advertisements for generating revenue but allow monetization of content; therefore, creators can start making money from their subscribers that are willing to pay for their

content, instead of waiting to reach a cut-off for number of followers or views before their content can be monetized.

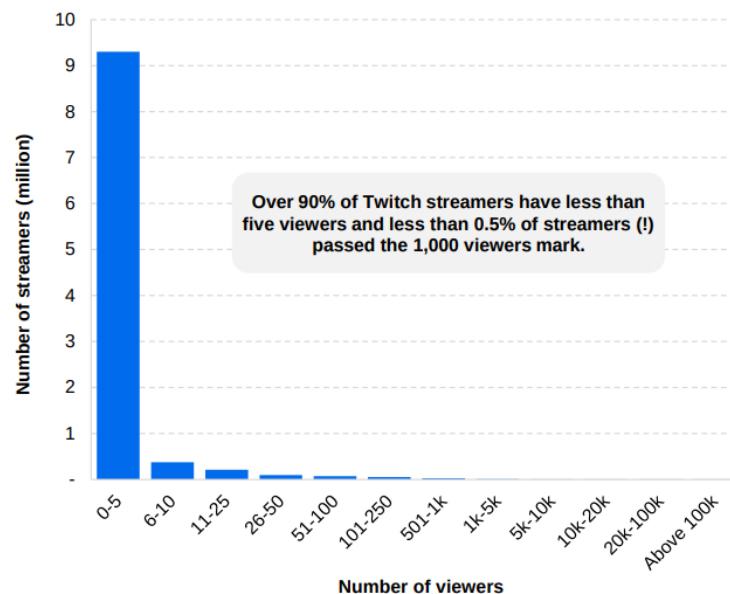
- **For examples, platforms such as Kajabi charge a subscription fee from the creator for putting their courses on their platform, but creators are paid from the first course they are sell on the platform.**
- **Less competition for eyeballs.** Most monetization platforms categorize their content and have limited creators related to specific fields or expertise; this further increases the chances for monetization.
 - **While YouTube had 38 million channels in 2020, OnlyFans has more than 1.5 million creators.** This gives creators a less competitive market and a higher chance at getting more user mind space as compared to YouTube.
- **Relevant audience.** The audiences visiting monetization platforms are aware of the model of the platform and are ready to pay for the content if it matches their expectation. This is not always the case on discovery platforms where audience expect all content for free.
 - **For example, Substack – that offers paid newsletters on a variety of topics – is a more focused platform for finding and regularly getting content on a specific topic, compared to a microblogging platforms like Twitter (TWTR) that address multiple content types.**

The Monetization Wave Is Shaping Key Creator Economy Trends

- **Given the above context, small creators are taking their followers off discovery platforms, a trend we expect to grow as creators look to diversify and grow their revenue streams.** Once creators build a mature monetization model on these new monetization platforms, they are likely to migrate their followers from discovery platforms to monetization platforms. In recent years, we have already seen several ad-hoc examples of influencers leaving discovery platforms for a variety of reasons – unjustified economic models, conflict with terms of use, conspicuous algorithms, and shift toward a particular form of expression.
 - YouTuber Pewdiepie had moved to a blockchain-based live streaming platform in 2019, citing the poor rewards model of YouTube (GOOGL). YouTube brought him back a year after signing an exclusive deal.
 - In January 2022, vlogger Hank Green, who had more than 6 million followers on TikTok, claimed that TikTok's economic model for paying creators is flawed and creators' earnings will reduce as their followers grow.
 - As monetization platforms grow and offer better economic incentives, we believe this trend will intensify, making monetization platforms more popular and the de-facto choice of creators.
- **Monetization platforms are also enabling the creators to invest in creator tools, such as video editing tools, community management, website development, digital marketing, and financing, in turn helping to widen the creator economy:** Since most of the creators fall under amateur category, they are unlikely to invest in sophisticated creator tools for economic reasons, which in turn prevents them from creating superior content more efficiently. With monetization platforms, amateur creators can shorten their monetization cycle and start making revenue faster, which will allow them to invest in content creation tools, to make their content even more user friendly and their content creation process more efficient. At the same time, with their followers and fans turning into paying customers, creators are also likely to invest in customer management tools just like any other business. This means that the demand for upstream and downstream creator tools will be boosted, and new innovative tools will emerge that will focus on helping creators run their businesses.
 - We have already seen this happening, with Karat Financial, a company that offers banking, card, and financing solutions to creators trying to address the need for these services, which is felt by creators as the traditional banking system is still not tuned into the creator economy.

- Other creator tools companies are highlighted in the Creator Economy Market Map discussed earlier.
- Monetization platforms have been partly successful at addressing the problem of the “creator middle class” and are better positioned to address hyper concentration of benefits with top creators.** One of the challenges that inhibited the growth of creator economy during the last decade was the absence of the creator middle class. Top creators on most discovery platforms made huge money going into six and eight figures, but a large proportion of creators found it difficult to make reasonable amounts of income. This hyper concentration of revenue with some creators resulted in a phenomenon called the “absence of creator middle class”, which ultimately resulted in amateur creators losing interest in these platforms. Monetization platforms do a better job of opening new options for creators where they can start monetizing their content directly as compared to discovery platforms, solving the “creator middle class” problem. Creators can now look for a platform that is most relevant for their content and build their audience on these platforms, organically and by migrating existing followers from discovery platforms. However, it is worth noting that monetization platforms do not address this problem completely as they also face concentration of revenue with top creators, albeit to a lower extent than discovery platforms:
 - Onlyfans:** Top 1% creators take away 33% of profits
 - Patreon:** Just 2% of creators make more than the federal minimum wage.
 - Roblox:** A single game enjoys disproportionate interest from users and therefore creators of this game take home disproportionate revenue.
 - Twitch:** Over 90% of streamers have less than 5 viewers and less than 0.5% of streamers crossed the 1,000 viewers’ mark.
- However, we believe that since the monetization platforms do not rely on advertising revenue and take either subscription fee or commissions from creators’ earnings, having more creators and providing them better opportunities to monetize their content should push them toward supporting amateur creators and widen the “creator middle class.”

Chart 13: Distribution of Twitch Streamers vs. Viewers

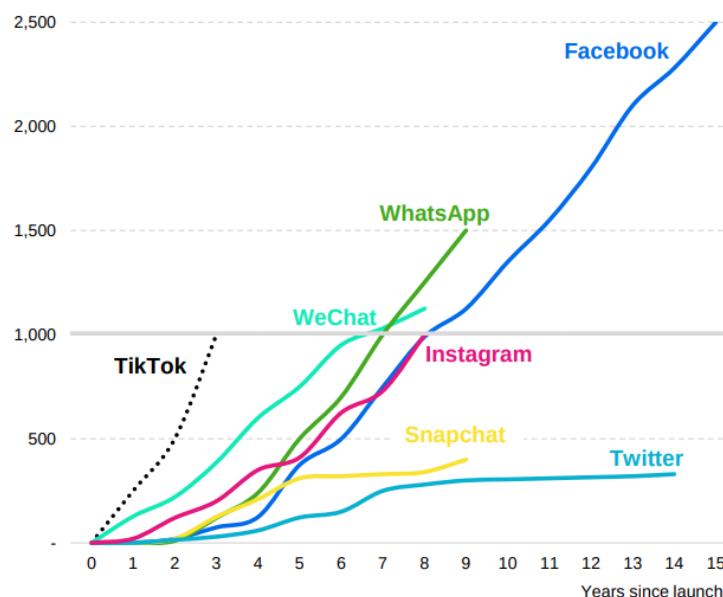


Source: Intro-act, Flow Partners

Discovery Platforms Are Taking Measures to Stay Relevant and Retain Top Creators

- Even as monetization platforms are becoming more popular with creators, incumbent discovery platforms are also making investments and launching new features to support creators by starting creator funds and integrating additional monetization features on their platforms.** Discovery platforms understand that ensuring a vibrant creator ecosystem is key to their success. Therefore, they are taking measures to empower their respective creator ecosystems. From launching attractive creator funds to incentivize creators; to integrating additional monetization features such as tipping or subscription, social commerce, live shopping, starting brand marketplaces; and embracing NFTs, the incumbents are taking a slew of measure to stay relevant and help grow their business and in turn the creator economy, a trend that is likely to result in a win-win for creators and their audience.
 - YouTube (GOOGL):** In her annual letter highlighting YouTube’s 2022 priorities, Susan Wojcicki, CEO of YouTube mentioned the word “creators” 52 times, and the only other word used more was YouTube. This goes along with a slew of measures announced by the company in its efforts to empower the creator ecosystem. Some of these efforts include adding monetization options beyond ad revenue share – such as newly launched features Super Chat and Channel Membership – and allowing creators to leverage social shopping by hawking clickable and shoppable products. It has also created a \$100 million fund for creators to push its short-form video product ‘Shorts’ and has disabled the dislike count button to protect the reputation of small creators.
 - Instagram (FB):** Instagram has the largest number of creators among all platforms and continues to attract new users and creators at a rapid rate. Fazed by a flight of creators toward other platforms due to limited monetization options, rapidly changing algorithms, and disproportionate focus on creating video content, Instagram announced in 2021 that it would invest \$1 billion to support creator ecosystem on its platform. A part of this fund will go toward launching the Subscription service, where followers can pay a small monthly fee to creators to get access to premium content from influencers they follow.














Chart 14: Time Since Foundation to Reach 1 Billion Users



Source: Intro-act, Flow Partners, Financial Times

- TikTok:** The Chinese platform has seen strong growth in the past few years and is the fastest to reach 1 billion users (see chart above). It has also taken steps to address creator resentment and for supporting the development of creators. The company has built out a creator marketplace to connect creators with brands. In July 2020, it announced that over the next three years, it will give USD 1 billion to the creators in the U.S. and will more than double that amount globally. TikTok users can apply for this program and if successful, TikTok will start paying them regularly for posting content.
- Twitter (TWTR):** In September 2021, Twitter launched the new ‘Super Follow’ option, with select creators in the U.S. This will allow creators to charge a monthly fee for exclusive, extra tweet content for their biggest fans.

Chart 15: Steps Taken by Large Digital and Discovery Platforms to Support the Creator Economy

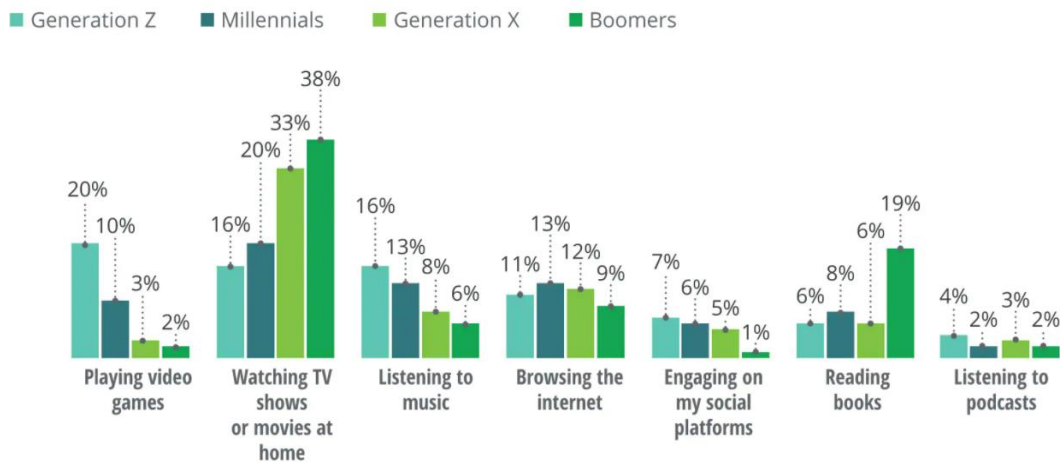
	Creator Funds	Tipping / Subscriptions	Commerce	Live Shopping	Brand Marketplace	Newsletter	Social Audio	Custom Video Requests	NFTs
Comps									
	\$1B, \$25M, \$10M	✓	✓	✓	✓	✓	✓	✓	✗
	\$100M	✓	✓	✓	✗	✗	✗	✗	✓
	\$2B	✗	✓	✓	✗	✗	✗	✓	✓
	8 figures / month	✓	✗	✗	✓	✗	✗	✗	✗
	Undisclosed	✓	✓	✓	✗	✓	✓	✗	✓

Source: Intro-act, Rockwater

Multiple Demand and Supply Tailwinds Will Drive Sustained Growth of Creator Economy

- **In addition to the onset of the monetization wave, we believe that the confluence of technology advancement, evolving generational behaviors, and after-effects of the pandemic disruption will ensure that the creator economy enters a period sustained and accelerated growth.** We look at some of these growth drivers below:
 - **The advancement and accessibility of technological tools has lowered barriers to entry to the creator economy and will continue to act as a supply-side tailwind.** One of the biggest supply-side drivers of the growth of creator economy is the rapid advancement that has taken place in **smartphone cameras**. This has revolutionized the creator economy by allowing individuals with niche skills to create engaging content for their audience, without requiring large recording studios or even purchasing high-quality and expensive cameras. Most smartphone cameras today can produce acceptable quality of video content. At the same time, the emergence of highly capable **cloud-based creator tools** has allowed creators to edit and design their creations to further enhance user experience. Another technology breakthrough that was achieved about two decades ago was the emergence of **web 2.0 platforms** such as Facebook (FB) and YouTube (GOOGL) – this phenomenon has grown rapidly and has resulted in launch of thousands of platforms where content creators can publish and market their content. While initially these platforms allowed individual creators to share their content with like-minded audience that could ‘like’ the content or ‘follow’ the creators, some of these platforms later started sharing ad-revenues with creators, taking the first steps toward monetization of content. Finally, **gig-economy platforms** like Airbnb and Uber that allowed individuals to monetize their assets and transportation services on digital platforms, inspired the creation of digital platforms such as Patreon and Kajabi, where creators can monetize their skills, art-forms, digital products, etc. These platforms are now turning creators into businesses.
 - **A generational behavior change, mainly among Gen Z and Millennials, is driving media and entertainment consumption away from traditional media producers toward niche creators.** The other mega trend that is fueling the growth of the creator economy is the changing generational behavior of content consumers. This can be seen in several content consumption trends that are playing out, especially among Gen Z and Millennials (born between 1982 and 2007). The consumer of today puts a **greater emphasis on individuality** and wants to follow people he/she can identify with, instead of large media production houses. There is also the “**distracted viewer phenomenon**” at play that is pushing consumers away from linear programming and toward bite-sized, instantly gratifying content, that is available in the form of micro-blogging or short-form video streaming platforms. As consumers spend increasing amounts of time on social media there is an **urge to join niche digital communities** where they can access content of their choice anytime and engage with like-minded individuals. The modern consumer is also willing to ignore the high production value of the content over **authenticity of content** delivered by small creators. Finally, the **desire to self-curate** the content that they consume rather than following the programming itinerary of broadcasted channels or release schedules of movies, is also making creator-driven channels a bigger priority for consumers. As a result of the above trends, younger consumers are getting increasingly inclined toward digital forms of entertainment and are at the center of the growth of the creator economy. According to the Fall Pulse Survey, published in Deloitte’s Digital Media Trends report in October 2021, the combined Gen Z and Millennial audience chose watching TV shows or movies at home (36%), playing video games (30%), listening to music (29%), and browsing the Internet (24%), as their number one entertainment activity.

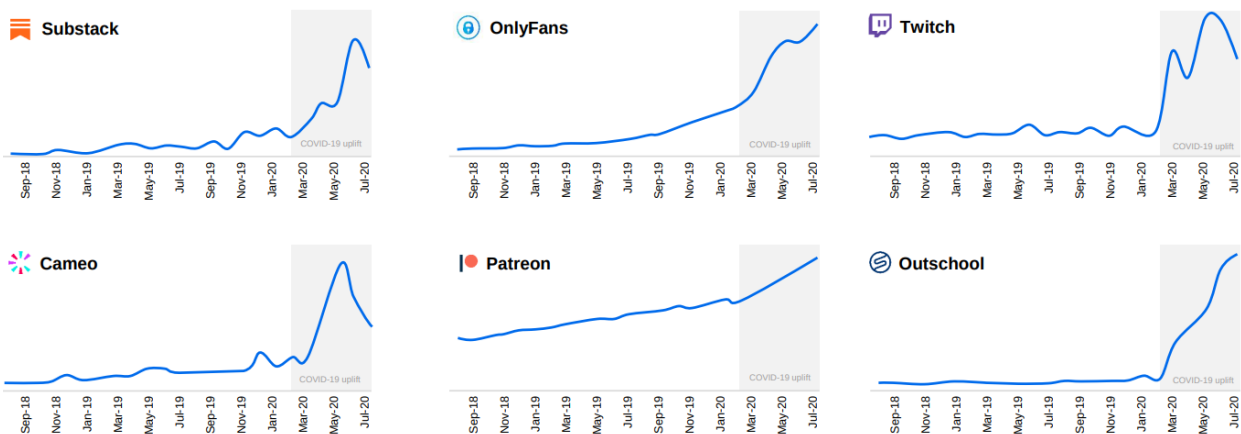
Chart 16: Favorite Entertainment Activity – Younger Consumers Are Gravitating Toward Digital Entertainment



Source: Intro-act, Deloitte

- Several macro-trends related to digitalization of the global economy have been pushing the creator economy forward, but the COVID disruption has acted as trigger which has put the creator economy on an accelerated growth path.** The creator economy was maturing in the last few years, driven by larger digitalization trends such as increased internet penetration, ubiquitous access to smart phones, increased digital content consumption, and rise of social media. All these factors have trended positively over the last decade and have been instrumental in creating a digital backbone on which the creator economy is based. However, in 2020, when the world was struck by the biggest pandemic that forced governments across the globe to enforce lockdowns, digital media platforms became primary and, in many cases, the only form of media and entertainment consumption. Also, with millions of employees working from home, many decided to pursue the creator route as a vocation by joining or creating niche online communities according to their interest. Existing creators also saw significant rise in their followers. The positive impact of this trend on the revenues of monetization platforms is shown in the chart below. Even though COVID-related restrictions will eventually ease, we believe that the consumer and creator base generated by these platforms, coupled with a permanent change in consumer affinity for creator content, will ensure sustained growth of the creator economy for a long time.

Chart 17: Revenues of Monetization Platforms Saw a Boost During COVID

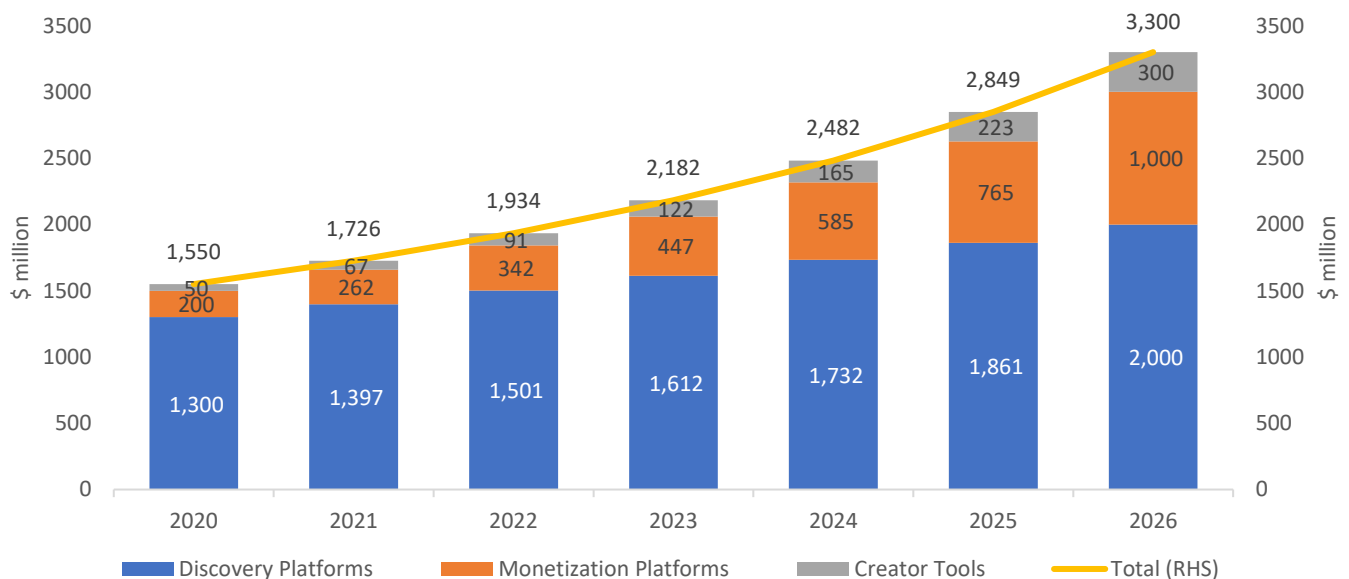


Source: Intro-act, Flow Partners

Rising Investor Interest and Value Creation in The Creator Economy

- Funding of creator economy companies has skyrocketed as investors look to participate in this growth sector.** According to Kalaari Capital, creator economy companies raised \$1.7 billion+ in funding last year and this number is expected to almost double to \$3.3 billion by 2025. Discovery platforms account for the largest share of this funding and are expected to retain their leadership in the coming years with annual funding expected to grow at a 7.4% CAGR to \$2 billion by 2026. However, funding directed toward monetization platforms and creator tools is expected to grow sharply in the next five years. Monetization platforms, that received \$200 million in 2020, will see sharp investor interest and the annual investment in companies from this segment could reach \$1 billion, translating into a CAGR of 30.8%. The creator tools segment, that was the smallest segment in 2020, with only \$50 million invested in these companies will see fastest growth in investment as the total investment by 2026 is expected to reach \$300 million per year, growing 6x during the forecast period.

Chart 18: Monetization Platforms and Creator Tools are the Fast-Growing Segments for Investor Funding

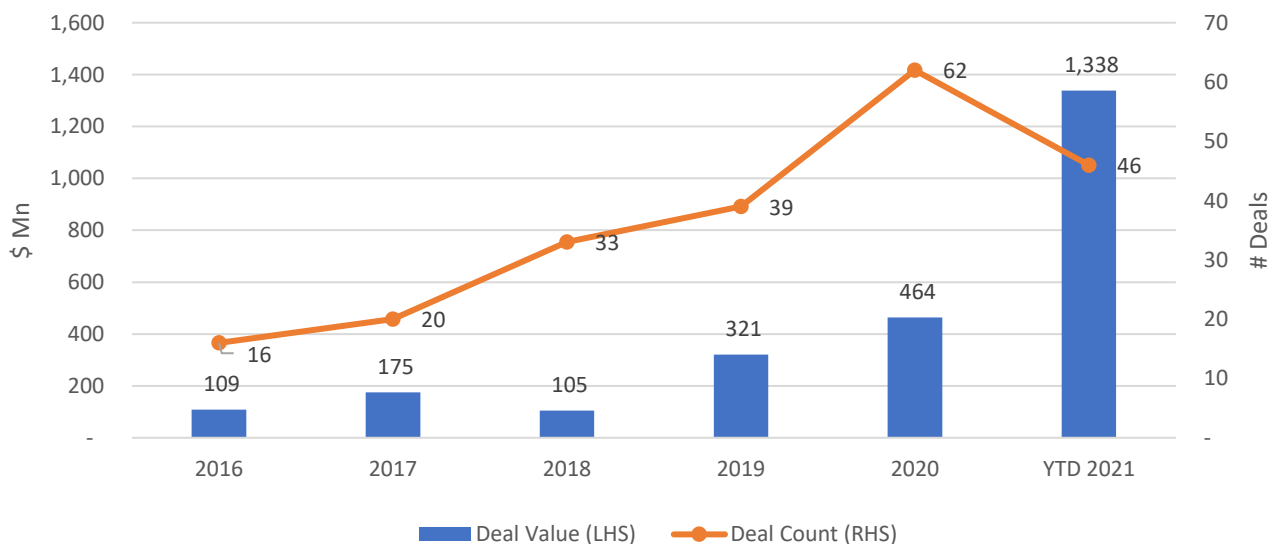


Source: Intro-act, Tracxn, Kalaari Capital

- Growing investor interest in monetization platforms and creator tools is also evident in funding data from CB Insights.** Funding data CB Insights – based on the 125 company creator economy companies that they track – shows that investor interest in the sector rose sharply in 2021, with these companies attracting \$1.3 billion in investments in the first six months of the year. This number is 2.9x of the total funding raised in 2020, which was \$464 million. This positive investor sentiment is also reflected in the number of deals. In 2020, total deals stood at 62, whereas in the first six months of 2021, 46 deals had already taken place, putting the industry on an annual run rate of 90+ deals. Our analysis shows that not just the deal value and volume, but **average deal size is also rising sharply. It went up from \$6.8 million/deal in 2016 to \$29.1 million/deal in 2021, indicating strong investor appetite for larger rounds in creator economy start-ups.** The strong 2021 numbers were driven by three monetizing platforms that attracted large deals and achieved the unicorn status:
 - Cameo:** In March 2021, Cameo closed a \$100 million series C round, and achieved a valuation of **\$1 billion**. This investment round was led by investment firm e.ventures, which was joined by strategic investors such as Google Ventures, Amazon’s Alexa Fund, and UTA Ventures.

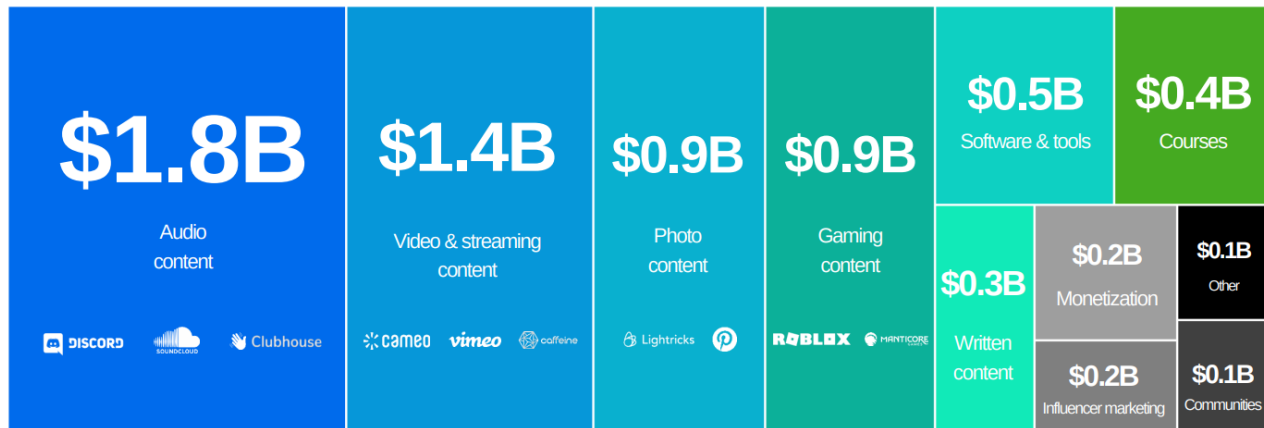
- **Kajabi:** In May 2021, Kajabi closed a \$550 million funding round led by Tiger Global Management, and joined by TPG, Tidemark, Owl Rock Capital and Meritech Capital. The company joined the unicorn group as it was valued at more than **\$2 billion**.
- **Patreon:** In April 2021, Patreon received \$155 million in funding, valuing the company at **\$4 billion**, confirming its status as a unicorn company. This investment round was led by Tiger Global.
- **Several other companies from the monetization segment and the creator tools segment have also raised funds in the past few months.**
 - These include popular paid newsletter platform Substack that raised \$65 million and Beat-making software service Splice that raised \$55 million. GRIN, that provides marketing software to brands to manage their relationships with influencers, raised \$110 million in October 2021.
- **We believe that the creator economy is now set to enter its next phase of funding and will start receiving capital from public equity investors – as demonstrated by SPAC deals – and will also attract M&A activity in the coming quarters, which will result in value discovery and multiple expansion.** In October 2021, Gaming and esports brand Faze Clan declared that it is merging with SPAC B. Riley Principal in a deal that will see the company go public on NASDAQ. The deal values the company at about \$1 billion. In December 2021, Canadian video platform Rumble Inc said it would go public by merging with blank-check firm CF Acquisition Corp VI (CFVI) at an initial enterprise value of \$2.1 billion. Further, UTA Acquisition Corp. (UTAA) – a SPAC backed by United Talent Agency – priced its IPO at \$230 million in December 2021, and its plans to use that capital to pursue a company in the gaming, creator economy, and digital media sectors. **We believe growing interest public equity investors will drive valuations of creator economies higher, result in value discovery and multiple expansion for companies across the sector.**

Chart 19: Investor Interest in Creator Economy Has Grown in the Last Five Years



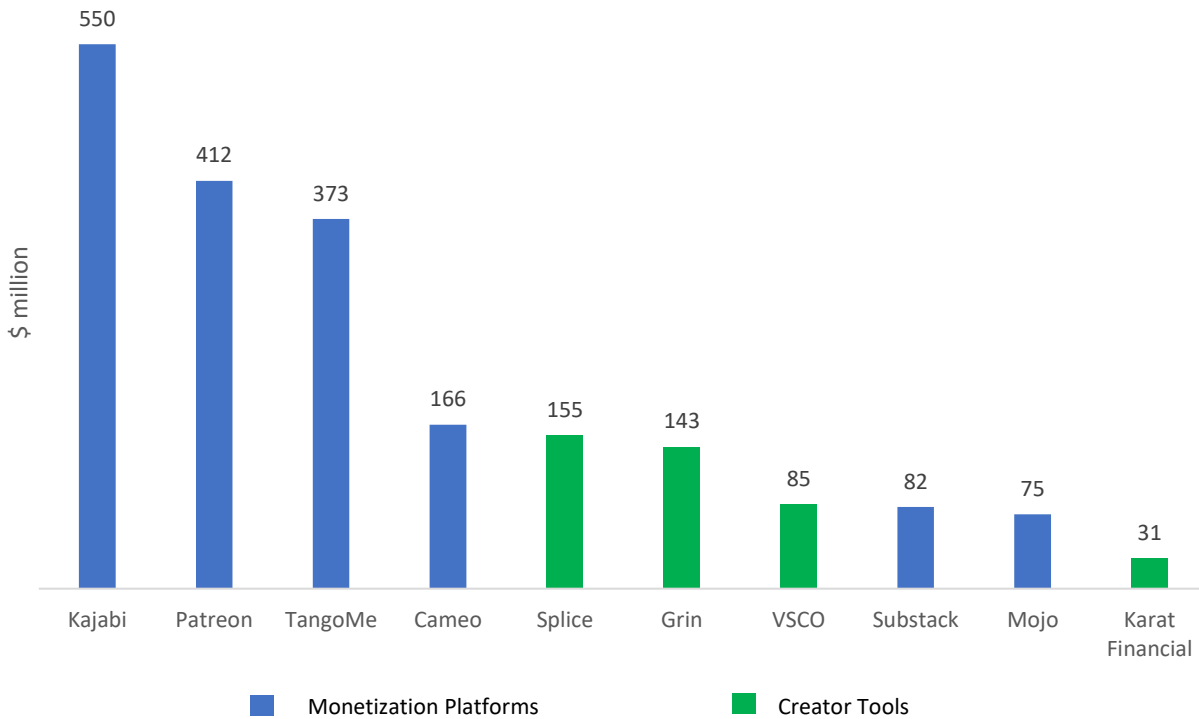
Source: Intro-act, CB Insights. YTD Data for 2021 is as of June 4, 2021.

Chart 20: Sector Break-down of VC Investments in Creator Economy, 2015-2021



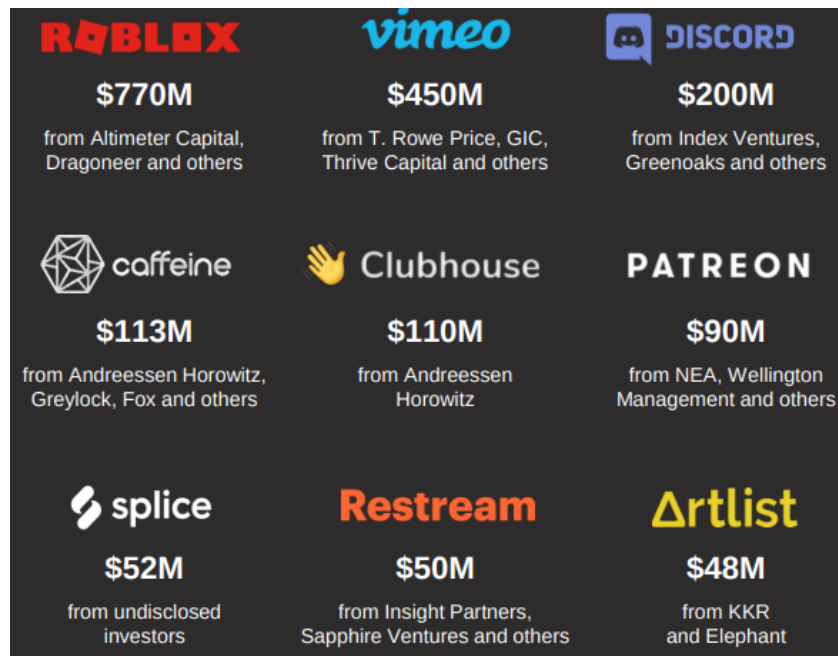
Source: Intro-act, Flow Partners

Chart 21: Most Well-Funded Creators Economy Companies



Source: Intro-act, CB Insights, Growjo

Chart 22: Notable Equity Raises in 2020 and 2021 – Investors are Backing Behind Monetization Platforms



Source: Intro-act, Flow Partners. 2021 Data Through February 2021.

Chart 23: Top Creator Economy Investors and the Top Companies They Have Funded

Investor	Deals done (2015-2021)	Funded companies
Andreessen Horowitz	20+	Clubhouse caffeine Medium substack descript ROBLOX
Y Combinator	15+	Outschool Karat Quora Universe Jemi substack
SV Angel	15+	Anchor gumroad PATREON Outschool splice MANTICORE GAMES
Greylock	10+	caffeine ROBLOX DISCORD Universe koji Medium
Bessemer Venture Partners	5+	DISCORD Canva podcorn STREAMLOOTS PopularPays
Benchmark	5+	POPSHOP LIVE DISCORD Quora MANTICORE GAMES
Accel	5+	gumroad Anchor DISCORD VSCO
Union Square Ventures	5+	Outschool splice SKILLSHARE.

Source: Intro-act, Flow Partners. Data as of February 2021.

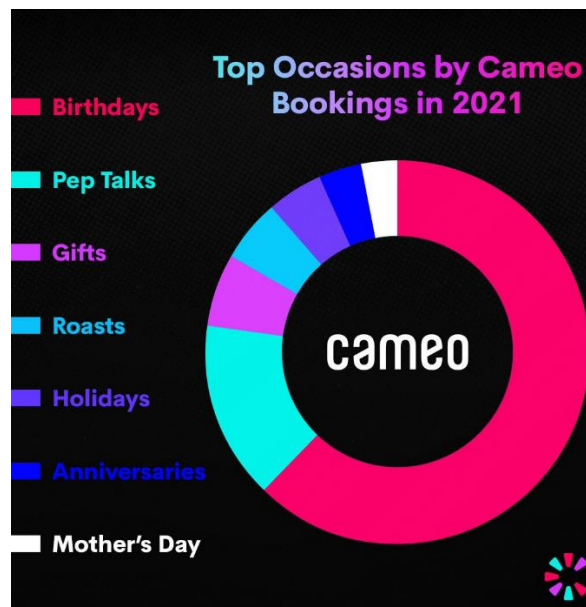
Key Creator Economy Names for Investors to Monitor

- We believe investors evaluating the Creator Economy should focus on the following names: 1) Cameo, 2) Kajabi, 3) OnlyFans, 4) Patreon, 5) Playboy Group, Inc. (PLBY), 6) Substack, 7) TangoMe, 8) Twitch (AMZN), and 9) Vimeo, Inc. (VMEQ). We discuss each of these names below (in alphabetical order).

Cameo

- Cameo is a provider of video shout-out service with a mission to create the most personalized and authentic fan experiences. Found in 2017 and based in Chicago, Cameo has created a marketplace that allows fans to book and pay for personalized video shout-outs from actors, athletes, musicians, comedians, and other celebrity influencers of their choice. In the last five years, Cameo has grown its talent roster to nearly 50,000 personalities and has facilitated more than 4 million moments around the world. In 2021, the platform saw substantial demand globally, with more than 10,000 talents added to Cameo, delivered to 183 countries. The platform generates ~80% of its demand from the U.S. but is now looking to expand its global presence. In February 2022, the company announced a commercial partnership with Softbank in Japan to grow its pie of Japanese talent and users. Celebrities can set their own prices starting from \$15 and going up to \$3,000 max. Cameo takes 25% from each purchase. According to Growjo, Cameo has more than 400 employees and generates annual revenue of ~\$125 million.

Chart 24: Top Occasions for Cameo Bookings in 2021



Source: Intro-act, Cameo

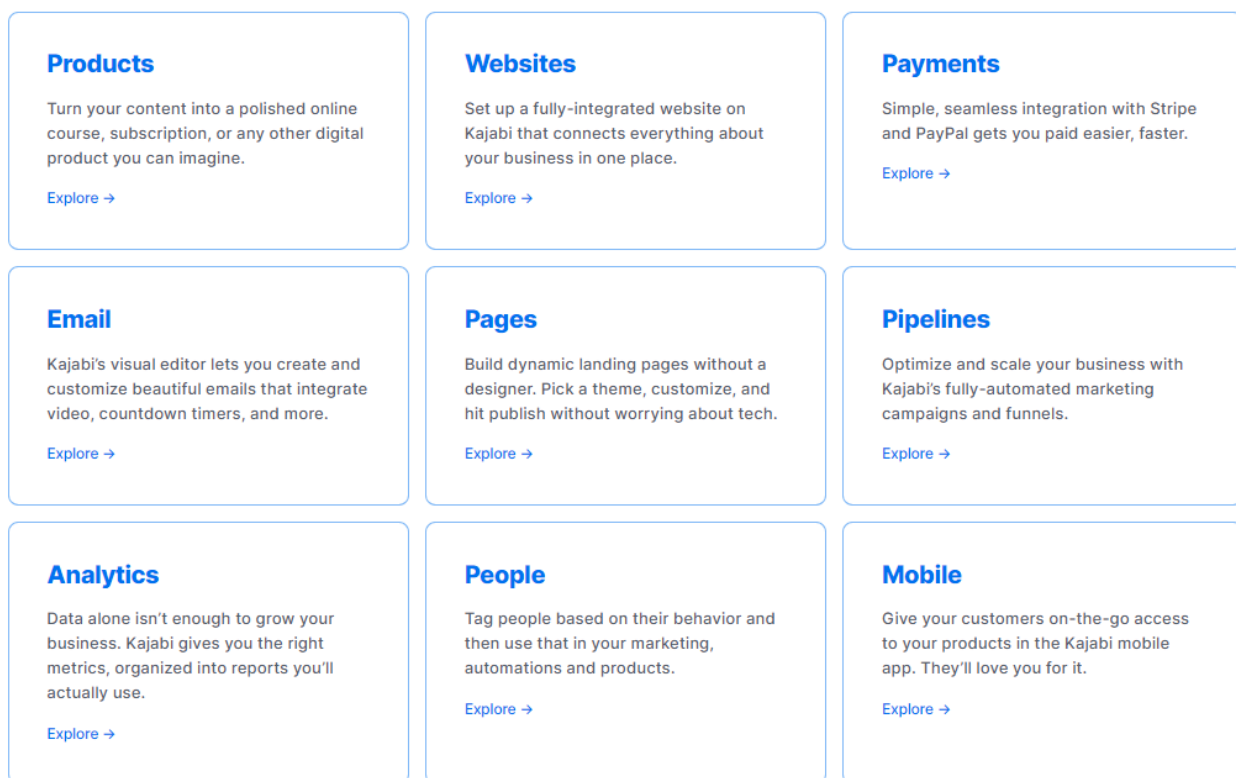
- To further strengthen fan experience, the company has launched Cameo Pass NFTs. In February 2022, the company launched Cameo Pass, a limited set of 6,000 combined art and utility NFTs featuring unique art from some of the most influential artists in Web 3.0. This pass will grant successful purchasers access to art forms created by artists such as Burnt Toast, Vinnie Hager, and Luke McGarry; be a part of an engaged community of stars and fans; and gain exclusive invites to events such as celebrity Q&As, meet & greets, and launch parties organized by Cameo; with more unique privileges to be added soon.

- **The company has acquired Represent to expand its talent pool as well offer more monetization opportunities to its creators.** In October 2021, Cameo acquired Represent, a marketing and merchandising platform that builds direct-to-fan brands for top celebrities and creators in the world. The acquisition will expand and diversify Cameo’s existing talent pool, introduce new ways for talent and fans to connect, establish new monetization opportunities for talent on the platform, and provide the entire Cameo community with a new way to fundraise for non-profit organizations. Since its launch in 2014, Represent has established itself as the leading merchandising partner for standout cultural moments, including the recent Friends reunion, and has worked with talent ranging from Jennifer Lopez, Ed Sheeran, Leonardo DiCaprio, and Matthew McConaughey, among others.
- **Valued at \$1 billion+, Cameo’s strong business fundamentals have been recognized by several investors that have invested in the eight funding rounds that the company has participated in since 2017.** The company did its angel round in 2017 and followed it up by two seed rounds and a series A round in 2018. The seed rounds were led by Starting Line and Next Play Ventures. The series A round in which it raised \$12 million was led by Lightspeed Venture Partners and saw repeat investments from investors who funded the seed round. In June 2019, the company closed a \$50 million series B round led by Kleiner Perkins, with participation by The Chernin Group, Spark Ventures, Bain Capital and Series A lead investor Lightspeed Venture Partners. In March 2021, the company achieved unicorn status, when it raised \$100 million at a valuation of \$1 billion+. This round was led by e.ventures and also included strategic investors GV (formerly Google Ventures), Amazon’s Alexa Fund and UTA Ventures, and growth investors such as SoftBank Vision Fund 2, Valor Equity Partners, and Morgan Stanley’s Counterpoint Global.

Kajabi

- Kajabi is the industry-leading all-in-one platform that makes it simple for knowledge entrepreneurs to create a successful business online.** Since its launch in 2010, Kajabi has empowered over 50,000 knowledge entrepreneurs in 120 countries to serve 60 million students and make over \$3.5 billion in sales. The company’s mission is to empower knowledge entrepreneurs who are serious about their business to achieve success online. From website creation, email marketing, course authoring, business analytics, and acceptance of global payments, Kajabi combines everything entrepreneurs and SMBs need into one single platform to run their digital business. Kajabi has consistently made it to the **Inc 5000 list of fastest growing companies in the U.S.**
- A well-integrated and feature-laden platform is at the center of Kajabi’s offering that allows creators to easily use the platform to run their business.** With Kajabi’s robust product features, users get access to an ecosystem where they can publish, market, and sell knowledge products such as online courses, live coaching, products, newsletters, membership sites, and communities. The company’s comprehensive toolkit integrates various bundle of software such as Shopify, Wix, etc. that a business would need to get itself off the ground and offers these on an easy-to-use platform that non-tech creators can easily use. Some of the popular self-help experts use the platform such as Brendon Burchard, Danielle Leslie, Amy Porterfield, and Sophia Amoruso.

Chart 25: The Rich Feature Set of the Kajabi Platform Helps It Stand Out Against Other Creator Platforms



Source: Intro-act, Kajabi

- Valued at more than \$2 billion, Kajabi is among the most funded creator economy companies.** While the company started in 2010, it was only in 2019 when Kajabi received minority growth investment from Spectrum Equity that it came on investors radars. At that time, the company’s creators had already sold courses worth more than \$1 billion and 41 million users had accessed courses on their platforms. In early 2021, the potential and unique positioning of Kajabi in the learning

management systems market was recognized by large investors including Tiger Global Management, TPG Capital, and Owl Rock Capital, when Kajabi raised \$550 million in private equity funding (led by Tiger Global Management) at a valuation of more than \$2 billion. The company plans to use these funds to scale its team, continue building products, expand internationally, and explore strategic mergers and acquisitions that can further diversify its product portfolio and reach.

OnlyFans

- OnlyFans is one of the most successful creator economy platforms that welcomes creators from all genres and imposes least restrictions on the content they can share.** Founded in 2016, with a vision to develop a site where creators could monetize their content free of advertisers, OnlyFans has today become one of the leading global social platforms. Unlike other social platforms, OnlyFans welcomes all creator genres and their content. The platform continues to grow as more creators are using content to connect with their fans. Today it has more than 1.5 million creators, more than 150 million registered users, and has paid out more than \$5 billion to creators. Creators can set a subscription price for their content between \$4.99 per month \$49.99 per month. In addition, they can also set up tips or paid private messages starting at a minimum of \$5. These tips and private messages can boost creator earnings as well as promote better engagement and loyalty among their fan bases. Creators can create their account for free on OnlyFans, and when they start earning from the platform, it keeps 20% of the earnings while distributing 80% to creators.
- OnlyFans has established itself as preferred platform for sex workers and amateur pornographers and has benefitted tremendously from the pandemic.** The OnlyFans platform uses technology to optimize creator engagement, while protecting the content posted by creators. When a creator posts, over 60% of their fans see and interact with the content. Over 80% of direct messages sent by creators are seen and opened. Over 100 creators have earned over \$1 million since monetizing their content on OnlyFans. The platform has an age-limit of 18 for users, and a government ID is required for signing up. It also protects every creator’s branded content by ensuring that the content is not shared outside of the platform. If a user tries to take a screenshot, it appears black and users can be banned from the platform, if they are caught taking screenshots and recording content. High engagement rates, strong content protection mechanism, lucrative monetization options and low restrictions on type of content, are they factors that have made the platform a first choice for creators that post adult entertainment content.

Chart 26: OnlyFans User Counts (Million)

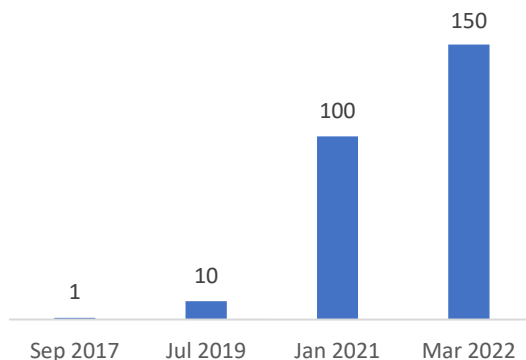
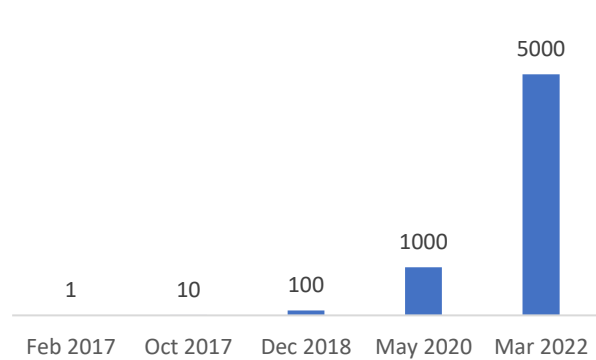


Chart 27: OnlyFans Creator Payouts (\$ Million)



Source: Intro-act, OnlyFans

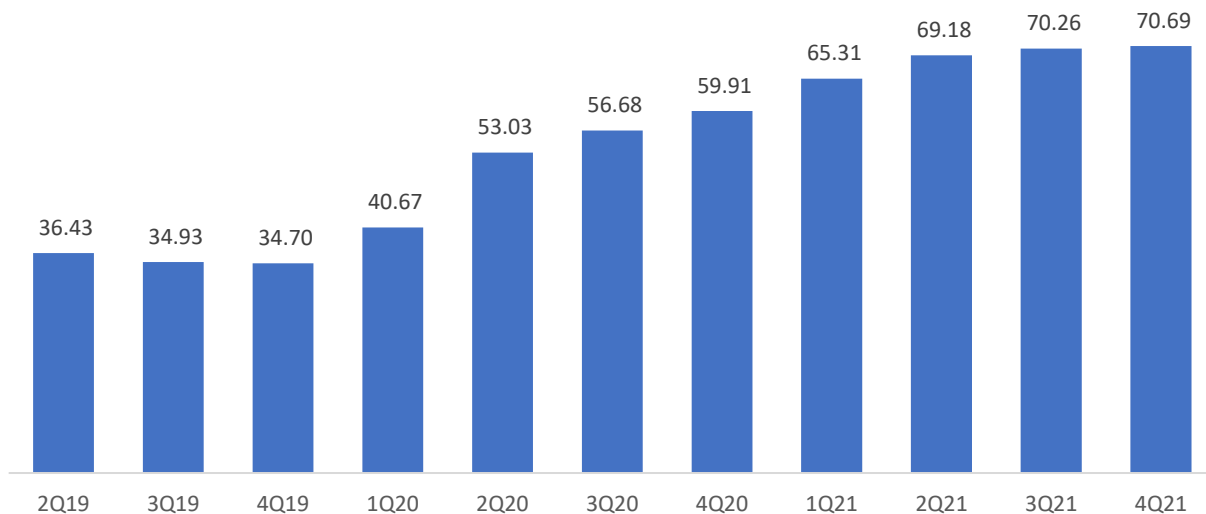
- The platform has been trying to diversify its creator base by attracting mainstream influencers.** While the growth of OnlyFans has been strong, the platform has struggled to attract investors because of its content guidelines that allow sexually explicit content to be posted on the platform. The company announced in August last year to ban posting adult content, under pressure from its banking partners, but has since reversed the ban stating that its banking partners have assured that OnlyFans can support all genres of content. The platform has been trying to diversify its creator-base and several mainstream influencers such as musicians, actresses, reality TV stars, fitness instructors and chefs have joined the platform. It has also launched an OFTV app, which only streams non-adult content from its creators.
- The company seeking funding at a valuation of more than \$1 billion in 2021 and according to news reports, it is now looking to public through a SPAC deal.** As of March 2021, the company anticipated \$1.2 billion in 2021 revenue and \$2.5

billion in 2022 revenue and was seeking to raise funds at a \$1 billion+ valuation in June last year. The company is now looking to go public via a SPAC deal and has reportedly been in touch with multiple SPACs for this purpose. Among the SPACs contacted by OnlyFans was Forest Road Acquisition Corp. II, co-led by former Disney execs Kevin Mayer and Tom Staggs. However, the company's positioning as a porn platform is acting as a bottleneck during these discussions. As a result, OnlyFans is looking to diversify its creator base by attracting influencers and creators from other segments.

Patreon

- Patreon was started in 2013 with an idea to directly pay creators for the value they were providing to subscribers.** It powers membership businesses for creators by giving them the tools they need to acquire, manage, and grow their paying subscribers. With a subscription-style payment model, subscribers pay their favorite creators a monthly amount of their choice in exchange for exclusive access, extra content, or a closer look into their creative journey. This model is a win-win as creators retain creative freedom while getting the salary they deserve, and fans get to rest easy knowing that their money goes directly towards creating more of what they love. As of March 2022, Patreon has more than 250,000 creators supported by more than 8 million subscribers, and creators have earned more than \$3.5 billion through the platform. Patreon allows creators to charge per month or per creation and charges a platform fee that varies between 5% and 12% depending on the plan the creator picks.
- COVID-19 acted as a catalyst for growth of the platform, drawing subscribers in huge numbers to the platform and boosting creator earnings.** Within 18-months of its launch, the platform hit 125,000 subscribers and total monthly payments hit \$1 million. However, the onset of the pandemic in March 2020 acted as an inflection point for the platform, driving new growth momentum in number of subscribers as well as the estimated monthly payouts to creators. The month on month estimated payout to creators grew by 12.2% in March 2020, followed by another 16.1% growth in April 2020. According to Growjo, Patreon has ~800 employees and according to Influencer Marketing Hub, the company generated \$160 million in revenue in 2021. As of November 2021, video seems were the most popular creator category on Patreon, with 25.9% of creators, followed by podcasts (7.7%), music (7.4%), and games (6.5%).

Chart 28: Estimated Quarterly Payouts on Patreon (\$ Million)



Source: Intro-act, Graphpreon

- Patreon is contributing toward formation of a ‘creator middle class’ and is working on developing better content hosting and consumption tools.** Going forward, the company plans to launch a native video platform that will allow creators to use the Patreon platform to host their video channels instead of YouTube (GOOGL) or Vimeo (VMEO). Being a creator-first platform, its video functionality will be ad-free and will focus on providing tools to creators that will enable them to build better connection with their paying subscribers. In January 2021, the company hired Julian Gutman, Instagram (FB) Product

Leader as its Chief Product Officer. Julian, who was responsible for Instagram Feed, Stories, Ranking, Video, Profile and Interactions, at Instagram, will be guiding Patreon in building new content hosting and consumption tools.

- **Patreon is valued at \$4 billion, which makes it one of the most valuable companies in the monetization platforms segment of the creator economy.** Patreon has raised \$413 million in 11 funding rounds since its inception and is currently valued at \$4 billion. It achieved this valuation in April 2021, when it raised \$155 million in a series F round that was led by Tiger Global Management, and was supported by Woodline Partners, Lone Pine Capital, Wellington Management, Glade Brook Capital Partners, among others. The company intends to use these funds to pivot toward original content. Its two latest funding rounds were in secondary markets with Mirza Capital in January 2022 and Maximize Capital in November 2021.

Playboy Group, Inc. (NASDAQ: PLBY)

- **Playboy Group (PLBY) – through its Centerfold platform – is a creator economy name focused on creating a culture where all people can pursue pleasure.** Founded by late Hugh Hefner in 1953, PLBY is a pleasure and leisure company that provides consumers around the world with products, content, and experiences that help them lead happier, healthier, and more fulfilling lives. It offers products and services in four categories – sexual wellness, style & apparel, gaming and lifestyle, and beauty & grooming. PLBY has more than 1,200 employees, 80% of whom are women. 75% of the company’s audience is under the age of 34 and more than 50% of sales is made to women. PLBY sell its products in 180+ countries and is one of the top 20 most licensed brands globally. After going private in 2011, PLBY again became a publicly-listed company in February 2021 through a merger with SPAC Mountain Crest Acquisition Corp.
- **PLBY entered the creator economy with the launch of the Centerfold platform under its digital business in December 2021, rivaling OnlyFans.** PLBY acquired Dream, a social content platform that provides creators with tools to interact directly with their fans, in October 2021, for \$30 million. The objective of this acquisition was to expedite the launch of its Centerfold platform in December 2021. Centerfold is a curated, creator-led platform dedicated to creative freedom, artistic expression, and sex positivity, as well as to serve as the next evolution of Playboy’s long history at the intersection of culture and sex. Centerfold will be at the center of the Playboy digital ecosystem and will allow the company to expand its addressable audience considerably, by allowing the audiences of the creators into the platform. At the same time, it will monetize this audience by selling its direct-to-consumer (D2C) products.
 - The platform will arm creators with tools for multiple formats of content creation and direct fan interaction. It will also provide them access to Playboy’s vast audience and differentiated content, digital, and merchandise capabilities.
 - The platform currently offers basic functionalities such as tipping, messaging, subscription, and live video. In the next few months, it will integrate ecommerce into the platform, and in the longer term it will take the shape of a digital entertainment platform where members can attend online music concerts and access exclusive behind-the-scenes footage. The legacy Playboy TV product will also be integrated into the platform, which will give creators a direct entry into 100 million homes, which is the audience of Playboy TV.
 - The company launched the beta version of the platform in December 2021. It will soon launch the complete version and is already driving increased demand from creators. It is worth noting that within a month of its beta launch, the Centerfold platform website is clocking more traffic than Playboy.com. According to the company, the platform itself is expected to be highly profitable because it takes a 20% cut of the subscription revenue while 80% is shared with the creators. At the same time, its content production cost is very low, because nearly all content is generated by the creators.

Chart 29: Centerfold Launch Announcement and Example of Rabbitars NFT

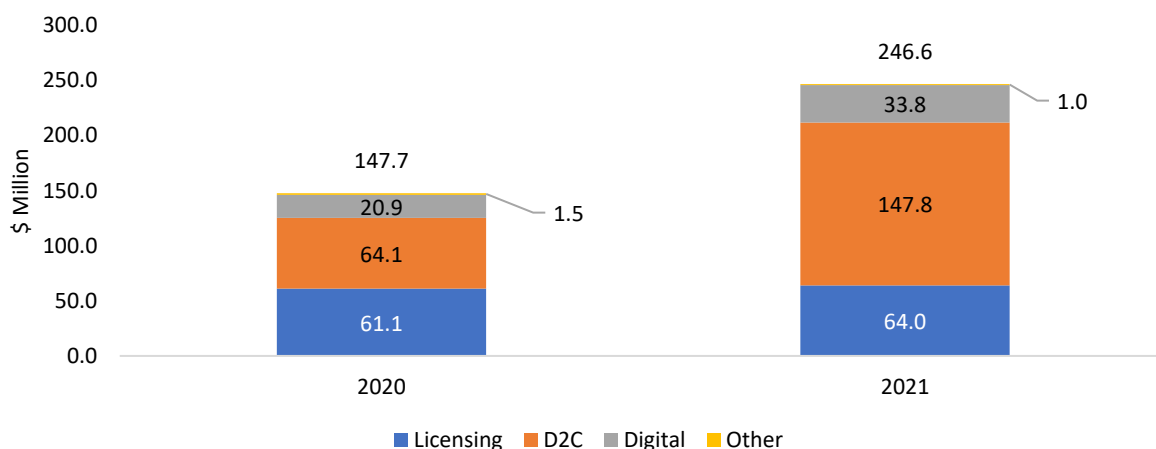


Source: Intro-act, PLBY

- The company is also planning to integrate NFTs into its offering.** PLBY is using blockchain and Web 3.0 technologies to create digital non-fungible tokens (NFT) 3D cartoon bunnies called Rabbitar that sell at upwards of \$700 per piece. In 2021, the company sold NFTs worth \$12 million. It has stored 11,000+ NFTs on Ethereum blockchain that can be bought from Opensea, a peer-to-peer marketplace for NFTs, rare digital items, and crypto collectibles. Every “Rabbitar” has more than 175 traits and owning them on the blockchain gives every owner the sense of belonging to the Playboy Club.
- PLBY is undergoing a strategic transformation from being a traditional media licensing business to becoming a D2C and digital services focused business.** PLBY operates in three segments: 1) licensing, 2) direct-to-consumer (D2C), and 3) digital subscriptions and content (digital). Traditionally, PLBY operated as a legacy media and licensing business, and licensing is still a vital component of its revenue stream (accounting for ~26% of 2021 sales). However, in recent years, the company has made concerted efforts to transition toward high growth D2C and digital segments. PLBY acquired Yandy (an online women’s intimates apparel retailer) in December 2019, Lovers (a sexual wellness retail chain) in March 2021, and Honey Birdette (an Australian luxury lingerie and lifestyle brand) in August 2021 to expedite its transition towards the D2C business. And in October 2021, it acquired Dream to advance its digital business with the launch of Centerfold platform discussed above.

 - With these acquisitions, PLBY has seen significant growth in its D2C and digital businesses over the last year.** In 2021, PLBY had a revenue of \$246.6 million in 2021, +67% y/y. Most of the growth came from the D2C segment, which generated \$147.9 million in sales (+131% y/y) and became a leading segment with a 60% revenue share (up from 26% in 2020), overtaking licensing’s 26% share. The digital segment’s share in overall revenue, too, expanded from 8% in 2020 to 14% in 2021. While PLBY’s adjusted EBITDA stood at \$32.4 million (+14.3% y/y) in 2021, the company is seeing an operating loss of \$68.8 million. However, the company is likely to turn profitable in the coming quarters driven by its fast-growing D2C and digital businesses as PLBY increase its products/service offerings in these two segments, which will attract more customers and content creators toward its platform. Moreover, PLBY has a strong balance sheet with \$69.2 million in cash as of December 2021, providing the company with ample dry powder to fund its future growth.
 - The company has also issued strong guidance (ex-of digital business).** PLBY has issued a guidance of achieving \$600 million in revenue by 2025 only from the licensing and D2C businesses, while maintaining 25% EBITDA margins. It expects the licensing business to grow at a steady single digit CAGR while the D2C business is expected to register mid-20% y/y growth during the period.

Chart 30: PLBY is Pushing for Growth in D2C and Digital Businesses (Revenue, \$Mn)

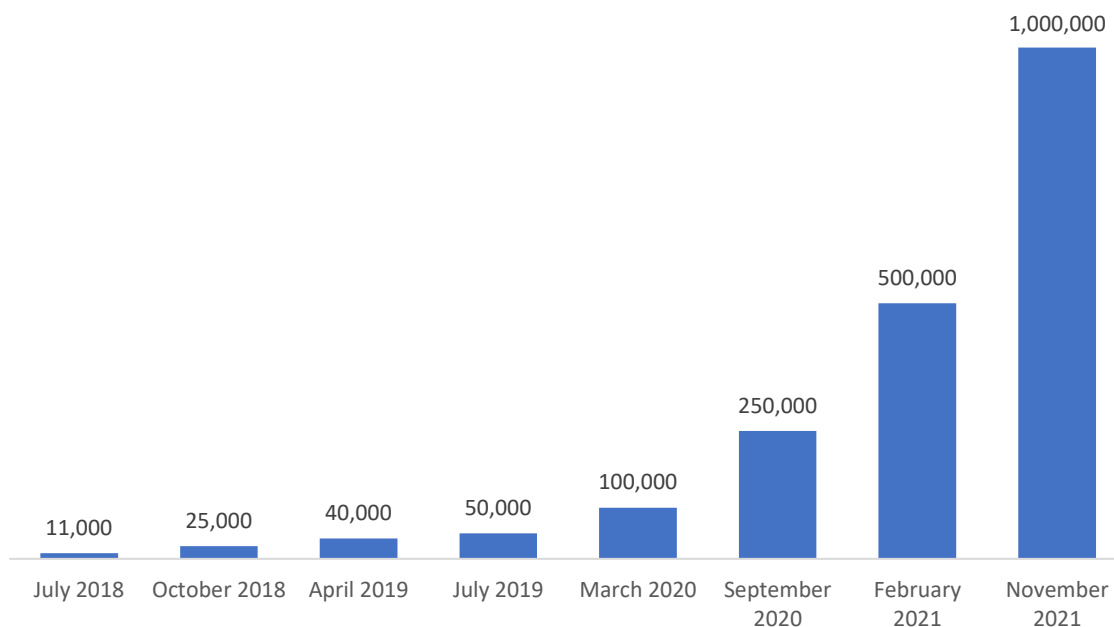


Source: Intro-act, PLBY

Substack

- Founded in 2017, Substack is an online platform that allows creators to create newsletters, build and monetize audience.** Substack is based in San Francisco and is backed by top creator economy investors such as Andreessen Horowitz and Y Combinator. Within a short time, the company has become a leader in the creator economy, when it comes to newsletters, by building a better business model for writers. Creators from across industries have flocked to the platform and are trying to leverage their followers by sending them engaging newsletters, or simply blog posts about topics of their expertise. There is no cost for creators to publish free newsletters on Substack, so creators can start building their audience by offering free subscriptions. Once the creator decides to take his/her newsletter paid, Substack charges 10% of the subscription fee, therefore creating a recurring revenue stream associated with each paid newsletter. According to Growjo, the company’s **annual revenue is estimated at \$61.5 million**, and it has more than 250 employees.
- Substack allows writers to reach the audience that values their content.** The company’s objective is to enable writers, bloggers, thinkers, and creatives of every background to pursue their curiosity, generating income directly from their own audiences and on their own terms. When readers pay writers directly, writers can focus on doing the work they care about most. A few hundred paid subscribers can support a livelihood, and a few thousand makes it lucrative – this concept resonated well with creators as well as the audience and within a year of launch the platform had more than 25,000 paying subscribers, which had risen to 500,000 by early 2021 and touched 1 million in November 2021.

Chart 31: Substack has Demonstrated Rapid Paid Subscriber Growth

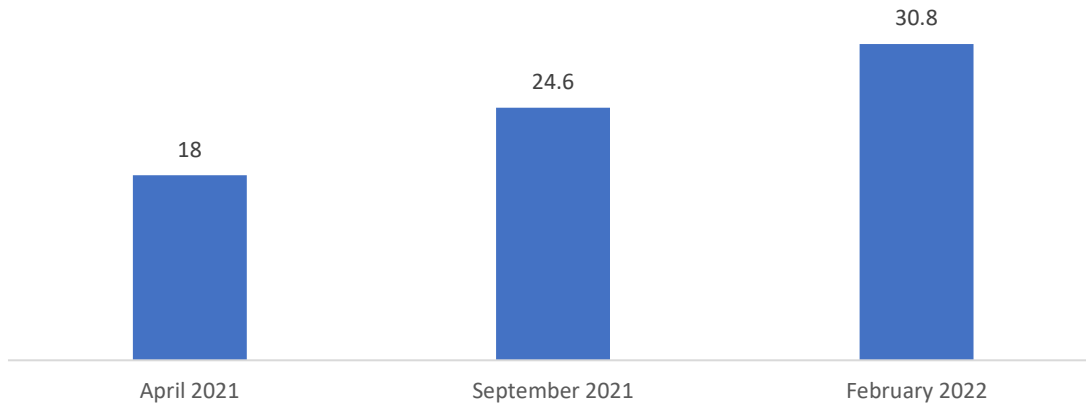


Source: Intro-act, Backlinko

- Substack has managed to make its platform attractive for established professionals as well as amateur creators.** A key reason for Substack’s runaway success has been its attractiveness to established journalists and professionals in other fields. These journalists have realized that trust often leads to loyalty, and the trust that they have built with their audiences over the years can be converted into loyalty toward them, instead of media platforms that employed them. For example, Emily Atkin, who worked at The New Republic and ThinkProgress, before starting her own climate focused Substack newsletter *Heated*, is earning more recognition and money on Substack than she earned at any salaried journalism job. Celebrities from other fields such as media and culture are also finding the platform an interesting way to engage with their fans, while

monetizing the engagement as well. At the same time, the free to start option and an ability to market content seamlessly via email marketing is attracting amateur creators to join the platform and engage the audience with their unique content. This ability of the platform has led to availability of rich and diverse content, which the audience is willing to pay for. The steadily growing website views indicates that reader interest is intact and growing. To further diversify the medium of content delivery, in December 2020, Substack added an audio hosting function, integrating podcasts with newsletters.

Chart 32: Substack has Managed to Grow Reading Audience Consistently (Million)



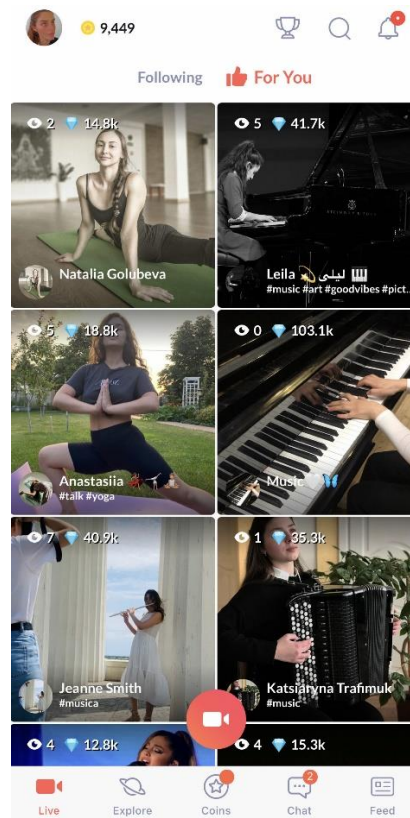
Source: Intro-act, Backlinko, SimilarWeb

- Thanks to its continued success, Substack has attracted interest from leading creator economy investors and was last valued at \$650 million.** The company has continued to raise private capital over the past few years. It started with a pre-seed round in the form of an accelerator program in January 2018 for \$120,000 funded by Y Combinator, a leading creator economy investor that has invested in 20+ creator-focused companies. This was followed by a seed round in April 2018, when Substack raised \$2 million from 11 investors. Then in July 2019, after the company had proven the success of its business model, it raised \$15.3 million in series A round led by Andreessen Horowitz and backed by Y Combinator and Fifty Years. Andreessen Horowitz reemphasized its commitment towards Substack’s business model by closing a series B round for \$65 million in May 2021 at a valuation of \$650 million, in partnership with Fifty Years. We believe reinvestment by top investors validates the strength of Substack’s business model and execution, making it one of the creator economy names to watch.

Tango Me

- Tango Me (Tango) is a live-streaming platform where streamers get the tools they need to manage and grow their virtual empire.** Founded in 2009, the company started as a free mobile messaging app, which evolved into providing video calling features. Today, Tango allows users to send free text messages, play games, and make free phone calls and video calls as well as stream live to an audience. The company uses state-of-the-art live video and messaging, and fueled by the emergence of creator economy, it has become one of the leading video streaming platforms. The app was last reported to have ~400 million users and is currently ranked #6 on the list of top social grossing apps on Google Play Store. With over 400 employees spread across the U.S., Israel, Cyprus, Ukraine, Russia, and Belarus, Tango has emerged as one of the most innovative and influential companies in the creator economy. According to Growjo, the company generates an **annual revenue of \$140.3 million**.
 - Tango’s vision is to ensure that talent is rewarded, and through its platform it has proven that people feel better when they support their favorite performers and connect with them more personally. It aims to minimize unnecessary friction and allow everyone to enjoy live content and support their favorite creators with as much, or as little, as they feel comfortable giving.
 - Tango takes social media engagement to next level by offering live content and connections with no ads or interruptions, all while respecting user privacy. Alternatively, it monetizes its platform through micro-payments, which it calls gifts, that creators can receive during the live streaming sessions.

Chart 33: Tango Launched the For You feature based on Streamer Recommendation System Technology



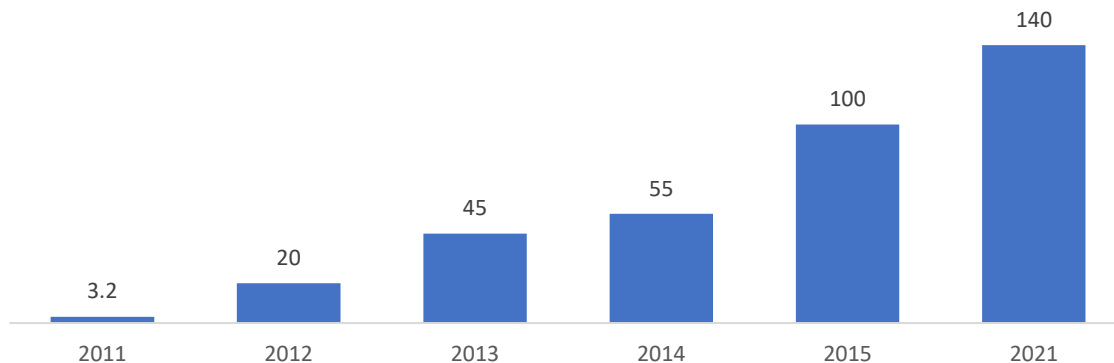
Source: Intro-act, TangoMe

- **Going forward, the company plans to invest in emerging technologies and diversify its content.** Tango has been at the forefront of embracing new technology to offer new features to its customers. In July 2021, it launched the Streamer Recommendation System, or SRS for short. SRS' superior algorithm can provide over 100,000 suggestions per minute in less than a tenth of a second per recommendation. To continue this momentum, it is looking at potential acquisitions in the space of augmented reality and non-fungible tokens (NFTs), to facilitate better creator and user experiences and promote transparent and faster payments on its platform. In terms of content, the company is looking at increasing the diversity of the content the platform offers, from gamification to digital trading, along with its aim of providing groundbreaking new tools in the live-streaming space.
- **Tango was valued at \$1.1 billion in its last funding round in 2014 and has not needed additional funding since then.** Tango has been around for more than a decade. It received heightened investor interest in its early years and achieved a valuation of more than \$1 billion in 2014, when it raised \$280 million in a series D round led by Alibaba Group and supported by Threshold and Access Industries. Prior to this, the company had received funding from more than 20 investors in five rounds. Some of these investors include Qualcomm Ventures, AMD Ventures, Access BridgeGap Ventures, Translink Capital, and WR Hambrecht.

Twitch

- Twitch is the world’s largest live streaming platform, owned by Amazon (NASDAQ: AMZN).** Launched in 2011, Twitch is a live streaming service focused on gaming and eSports, where people can broadcast themselves live playing video games, cooking, or doing any other activity for a live audience. The company was **acquired by AMZN in 2014 for ~970 million** in a bidding war against Google (NASDAQ: GOOGL). According to Growjo, the **annual revenue of the company is \$3.1 billion**, and it has more than 1,800 employees. The company states that at any given moment, more than 2.5 million viewers are using the platform, and that it has 8 million unique creators and more than 31 million average daily visitors, as of 25 March 2022. In 2021, viewership on the platform exceeded 1.3 trillion minutes.
- Twitch is diversifying into different engagement categories to compete against other platforms and provide better engagement tools to creators to grow their audience.** Traditionally, Twitch has been centered around games; however, in recent months, it has diversified into other categories, where users can see people vlogging live, cooking, creating art, gambling, making music, singing, and doing much more. This has made the platform one of the most popular online entertainment destinations. In addition to individual creators and gamers, esports organizations use the platform to host tournaments, while others conduct live interviews with sports players (NBA), or even do sponsorship deals with specific streamers to boost their user base. While the platform has not provided details about its revenue streams, according to Investopedia, it could have at least four revenue streams – subscription fees, advertising revenues, merchandise sales, and a cut of the payments for the animated "bits" that participants buy to add some punch to their comments and reward their favorite players. Most streamed games on Twitch include League of Legends, Fortnite, Counterstrike: Global Offensive, Dota 2, Grand Theft Auto V, and Tom Clancy’s Rainbow Six Siege.

Chart 34: Twitch Monthly Active Users (Million)



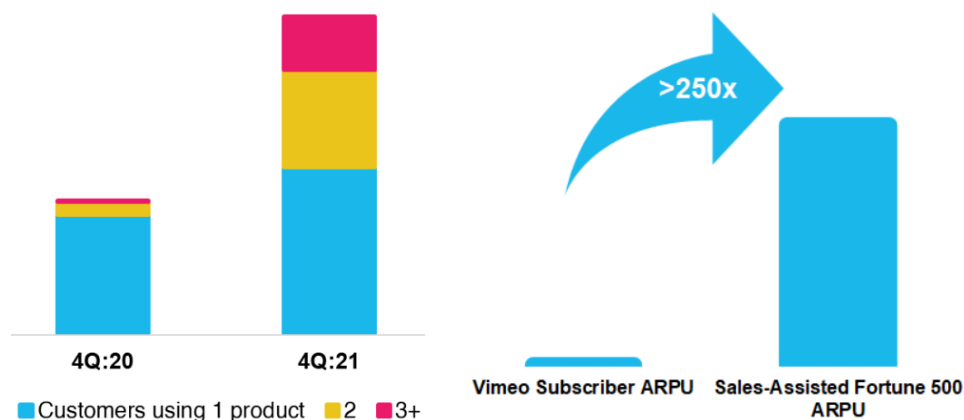
Source: Intro-act, Backlinko

- The company’s strategy includes using local pricing strategy to boost user subscriptions from non-U.S. countries and build a global audience for creators.** While the number of viewers on the platform have consistently soared, Twitch observed that subscribers as a percentage of active users in Europe or Asia were roughly 50% lower relative to North America. In Latin America, the subscription rate was even worse – nearly 80% lower than North America. Until May 2021, the company offered a starting price of \$4.99 for subscribers from across the globe, and the actual amount charged to subscribers was equivalent to conversion of this amount in local currency. This price made it difficult for many viewers to support their favorite creators and prevented creators from being able to grow their communities, make more content, and welcome new fans. To address this concern, the company made a change to its pricing policy under which the subscription price varies depending on the geography of viewers. This has led to strong reduction in subscription prices for some Asian countries where the starting subscription prices were reduced by up to 60% and is expected to drive number of paid users higher, thus benefitting both the company and creators.

Vimeo, Inc. (NASDAQ: VMEO)

- Vimeo, Inc. (VMEO) is the world’s leading all-in-one video software solution, providing the full breadth of video tools through the software-as-a-service (SaaS) model.** It provides a single turnkey solution to create, collaborate, and communicate with video. Businesses face significant barriers to use video today, including time, cost, lack of technical expertise and the need to pay for and manage multiple software vendors. VMEO’s cloud-based software eliminates these barriers and solves essential video needs such as creation, collaboration, distribution, hosting, marketing, monetization, and analytics. It serves a growing community of over 260 million registered users, and more than 1.5 million paying customers in over 190 countries. Its users include creative professionals, small businesses, marketers, agencies, schools, nonprofits, and large organizations. As of December 31, 2021, VMEO’s video player was embedded on millions of websites and powered billions of views a month, with more than 300,000 new videos being uploaded to the platform each day. The company is regarded as an industry leader in video technology, having set new standards in adopting higher resolutions, advanced imaging and audio protocols, new video compression formats, and intelligent streaming algorithms.
- VMEO’s strategy is to target large enterprises that drive significantly higher Average Revenue Per User (ARPU), compared to other users.** The company earns revenue primarily through its SaaS business model, selling subscriptions to its cloud-based software on an annual or monthly basis. It employs a “freemium” pricing strategy, offering free membership and access to its video tools alongside paid subscription plans for advanced video capabilities. While the company offers basic (free) memberships and self-serve subscriptions plans for all users, it also employs a dedicated sales force to sell ‘Sales-assisted Subscription plans’ to enterprises. These sales-assisted contracts range from thousands to hundreds of thousands of dollars per year and have significantly high ARPU compared to other subscriptions. As of December 31, 2021, sales-assisted customers represented 30% of the company’s revenue. The sales assisted plans include:
 - Vimeo Enterprise**, which includes intuitive tools to record and upload content, secure live streaming of events, a corporate video library, webinar functionality, single-sign-on support, CDN optimization to improve quality-of-service in corporate networks, robust analytics, and the ability to use its technology on a white-label basis.
 - Vimeo OTT**, which is an over-the-top (OTT) video monetization solution that allows customers to launch and run their own video streaming channel directly to their audience through a branded web portal, mobile apps, and Internet-enabled TV apps.
 - Vimeo Custom**, plans that are optimized for high-volume users, to provide significantly higher storage or bandwidth.

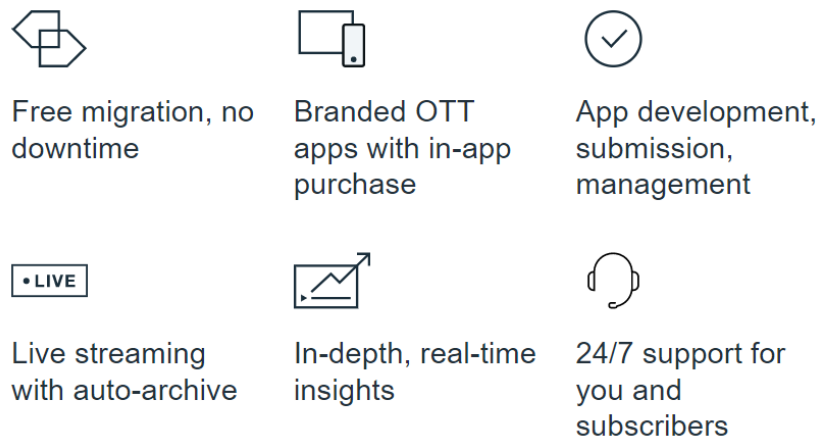
Chart 35: VMEO is Diversifying Product Portfolio for Enterprises and Targeting Large Companies that Generate High ARPU



Source: Intro-act, VMEO

- Through the Vimeo OTT product, VMEO is trying to give successful creators a chance to build their own branded OTT channels.** VMEO has been a very popular creator tool for years and has been positioned as an ad-free alternative to YouTube. It provided sophisticated tools for creators to create and host videos on their platforms, and with the emergence of monetization tools such as Patreon, creators were able to monetize their channels. Creators surely are a large portion of 1.5 million paying VMEO customers, who pay small monthly subscription amounts to keep their content on the platform. However, with Vimeo OTT, the company is providing successful creators the chance to monetize their audience by launching their own branded OTT channels, apps, and websites. Creators own their brand and customers, and Vimeo provides all the tools and services to make this happen – from migration, to integrating payment options, app development, live streaming, analytics, and customer support. More than 6,500 channels are already using Vimeo OTT for monetizing their videos – these include a wide variety of creators and brands from yoga instructors to churches to opera houses and education channels, among others. We believe this is a unique product that can attract highly successful creators not only from the VMEO ecosystem but can also be attractive for top creators and influencers from other discovery platforms such as YouTube, TikTok, and Instagram.

Chart 36: Vimeo OTT Allows Creators to Start their Own OTT Channel










Source: Intro-act, VMEO

- Recent policy changes enforcing bandwidth limits for top bandwidth users have not been received well by the creator community, but the company has tweaked the policy to arrest reputational damage.** In March 2022, there were several reports from top Vimeo creators, saying that they received notices from VMEO about paying for excess bandwidth usage or risk account closure, and losing their content at a short notice. While this move was in line with the company’s stated policy, where top 1% bandwidth consumers will have to pay for bandwidth consumption, the significantly higher amounts they were being asked and the short notice for the same, caused panic among creators. To address this concern, the company has made changes to the policy and capped monthly bandwidth usage at 2 TB for every user. Once creators exceed this limit, they will be notified and given time to cut back on their data usage. They will also have a minimum of 30-days to reply to Vimeo and work out a deal if they continue above their monthly limit.
- Fundamentals are strong.** In 2021, VEMO’s sales increased 38% year-over-year to \$392 million, driven by a 11% increase in subscribers and 18% growth in ARPU. The company expects to grow sales by 15%-18% this year. Cash flow from operating activities stood \$16 million in 2021, up from \$13.9 million in 2020. Free cash flow was \$15.5 million, compared to \$13.0 million in 2020.
- In March 2022, VMEO was named to Fast Company’s annual list of the World’s Most Innovative Companies for 2022.** This is the fifth time Vimeo has been named to Fast Company’s list, having previously been recognized as one of the World’s Most Innovative Companies in 2013, 2015, 2019, and 2020.









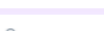
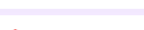
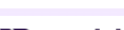

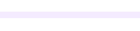
Appendix – List of Creator Economy Start-ups by Sector

Chart 37: Fitness Content

Animoto	 ANIMOTO	Create video content
Salut	 SALUT	Create livestream content, monetize community
Magisto	 Magisto	Create video content
Playbook	 PLAYBOOK	Create video content, manage community, monetize community, grow community
Strydal	 Strydal	Create livestream content, manage community, monetize community, grow community
Superset	 Ss	Manage community, monetize community, grow community
My PT Hub	 mypthumb	Creates livestream content, manage community, monetize community







Source: Intro-act, Influencer Marketing Hub

Chart 38: Podcasters

Acast	 acast	Create audio content, manage community, monetize community, grow community
Anchor	 Anchor	Create audio content, manage community, monetize community
Buzzsprout	 buzzsprout	Create audio content, manage community, grow community
Capiche FM	 C	Create audio content live
Castbox	 Castbox	Create audio content, manage community, monetize community
GetVokl	 V	Create video content, manage community, grow community
Glow	 glow	Create audio content, manage community, monetize community
Podbean	 PodBean	Create audio content, manage community, monetize community, grow community
Squadcast	 SquadCast	Create audio content
Supercast	 Supercast	Manage community, monetize community
Vurbl	 vurbl	Create audio content
Red Circle	 RedCircle	Monetize community, grow community
Megaphone	 Megaphone	Create audio, monetize community














Source: Intro-act, Influencer Marketing Hub

Chart 39: Writers/Bloggers

Ghost		Create email and newsletters, monetize community, manage community
Letterdrop		Create newsletters or blog, manage community, monetize community, grow community
Medium		Create written content, monetize community
Revue		Create editorial/newsletters, manage community, monetize community, grow community
Substack		Create blog/newsletter content, monetize community, manage community
Steady		Create newsletters/posts, manage community, monetize community
Tales		Create a book, monetize community
Wattpad		Create a book, monetize community













Source: Intro-act, Influencer Marketing Hub

Chart 40: Musicians

Ableton Live 11		Create music
Sonix		Create music files
Stageit		Create and host online concerts, monetize community
Beatstarts		Create digital music, monetize community, grow community
Createsafe		Create music business, manage community, monetize community
Mastered		Create remastered music
FL Studio		Create music
Garageband		Create music
Kobalt Music		Create music stream, monetize community
Snapjam		Create music
Splice		Create music
Stem		Create music, manage community, monetize community
Landr		Create music, monetize community








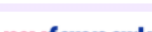
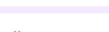
Source: Intro-act, Influencer Marketing Hub

Chart 41: Course Creators

Airsubs		Create classes, manage community, monetize community, grow community
Avocado		Create course, manage community, monetize community
Heights		Create course, manage community, monetize community, grow community
Kajabi		Create course, manage community, monetize community
Podia		Create course, manage community, monetize community
SamCart		Manage community, monetize community
Skillshare		Create course
Teachable		Create course, manage community, monetize community
Thinkific		Create course, manage community, monetize community
Xperienify		Create course
Virtually		Create course, manage community, monetize community
Slip		Create course, manage community, monetize community

















Source: Intro-act, Influencer Marketing Hub

Chart 42: Influencers

Cameo		Create exclusive content, monetize community
Memmo		Create exclusive content, monetize community
iFans		Create exclusive content, monetize community
Instasize		Create photos/videos
Later		Manage community, grow community
Lightricks		Create photos/videos
Looped		Create exclusive content, monetize community
My Fanpark		Create exclusive content, monetize community
Tipsnaps		Create exclusive content, monetize community















Source: Intro-act, Influencer Marketing Hub

Chart 43: Gaming

Athenascope		Create highlights
Discord		Manage community
Epic Games		Monetize community
GamerzClass		Create masterclass, monetize community
Hiberworld		Create game
Lowkey		Capture gaming highlights
Maestro		Create stream and game highlights, manage community, monetize community
Manticore Games		Create game, monetize community, grow community
Replai		Create highlights
Roblox		Create games, monetize community, grow community
Unity		Create game
1v1Me		Monetize community
Combo		Grow community
E-pal		Monetize community
Metafy		Monetize community
Nexus		Create channel, monetize community

Source: Intro-act, Influencer Marketing Hub

Chart 44: Live Streaming

Streamloots		Create livestream, monetize community
Loots		Monetize community
Twitch		Create livestream, monetize community, manage community, grow community
Mandolin		Create livestream, monetize community, grow community
Streamclub		Create livestream, manage community, monetize community
Uscreen		Create livestream, manage community, monetize community
Stream Elements		Create livestream, manage community, monetize community, grow community
Crowdcast		Create livestream, management community, grow community
Streamlabs		Create livestream, manage community, grow community
Lightstream		Create livestream
Onyx Servers		Create livestream
Restream		Create livestream
Special TV		Create livestream, monetize community
Stage 10		Create livestream, grow community

Source: Intro-act, Influencer Marketing Hub

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