

Media & Entertainment Tech

The year in review

2019

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About me

Hi there! I'm **Maxime Eyraud**.

I'm a media professional working at the intersection of technology and the creative industries. I'm based in Paris, France.

I've been passionate about media & entertainment for a long time. What I aim for now is to form a **long-term vision for the industry**. I write essays on interesting initiatives and trends I'm seeing, and manage an [Airtable database](#) where I keep track of investments in the space.

This presentation is just an opportunity for me to formalize what I've seen and put to use the best ideas, predictions, and resources I've come across this year. I'm hoping it can be helpful to others, too.

I'm looking to connect: you can reach me [via email](#), or find me on [Twitter](#) or [LinkedIn](#).

What you'll find here

This presentation is **an overview of the most interesting investments, trends, and players** I saw in the Media & Entertainment Tech industry in 2019.

The various sections emerged from both my readings and the market intelligence from my [personal database](#).

I wanted to make this presentation data-driven, but also entertaining. Some slides focus on numbers (**Notable Deals**), others on analysis (**Key takeaways, Trends, and Early signals**), and still others on specific

players in the space.

Being French, I mostly hear and read about Western products and companies. I've tried my best to counterbalance this bias and discuss trends that I think are having a global impact.

Methodology – 1/2

Focus

I define “Media & Entertainment Tech” as **the intersection of media/entertainment and technology**. This includes any technology product, service, or platform that impacts the value chain of media or/and entertainment in any way.

The space has come to encompass many industries, from gaming to publishing, to TV, movies, and music, to virtual and augmented reality, social and synthetic media – and everything in between.

It's also only growing larger, and more interesting, as the companies involved in those industries capture more of our time, attention, and spending.

In this presentation, I chose to focus on those industries where I saw the most activity and innovation last year.

Methodology – 2/2

Sources

The insights in this presentation were informed by **publicly available sources**, including: news media, industry publications, PR announcements, report write-ups, blogposts, and Twitter threads.

Data

The data, including investment activity and funding, derives from [my personal database](#), where I monitor Media & Entertainment Tech deals across all

stages.

I do not claim this data to be exhaustive. Information can be hard to come by, especially for early-stage companies, and public sources have their limits. My ability to track deals is dependent on the companies and investors that disclose them.

However, with **over 260 deals monitored in 2019**, I believe this research is representative of the larger investment activity in the space.

Table

I. OVERVIEW

II. GAMING

III. VIDEO

IV. MUSIC

V. AUDIO

VI. SOCIAL

VII. CREATOR ECONOMY

VIII. NEW MEDIA

IX. WRAP-UP

OVERVIEW

KEY TAKEAWAYS

A few macro trends in Media & Entertainment Tech – 2019

- **Categories are blurring as more companies operate at the intersection of multiple industries.** Music is using video for engagement and monetization; games are now social networks; podcasting is being redefined through interactivity; clips and highlights are making everything parsable, searchable, and spreadable. This creates endless opportunities for new forms of content.
- **Exclusive content is increasingly seen as a must-have to attract and retain consumers' attention.** Companies like Spotify, Twitch, Calm, and others are ramping up investments and locking in top creators to differentiate themselves from their competitors in highly competitive markets.
- **For every media company out there, a social layer is now non-negotiable.** Whether that's to spark network effects or the cultural conversation, enabling the co-creation and sharing of content is key.
- **Innovation in monetization is happening at a fast pace.** Creators keep pushing for new ways to monetize in hope to lower their reliance on major platforms, algorithms, and advertisers. The companies that can best serve them through innovative business models (e.g. rent-to-own or revenue share) have an opportunity to attract more customers and grow alongside them.

NOTABLE DEALS

Media & Entertainment – 2019 (1/2)

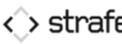
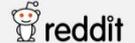
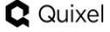
Company	Date	Round	Funding ▼	Investors
	March	Acquisition	\$1.45B	
	January	Acquisition	\$340M	
	February	Series D	\$300M	 腾讯 ANDREESSEN HOROWITZ  SEQUOIA 
	April	Strategic	\$280M	
	February	Acquisition	\$230M	

NOTABLE DEALS

Media & Entertainment – 2019 (2/2)

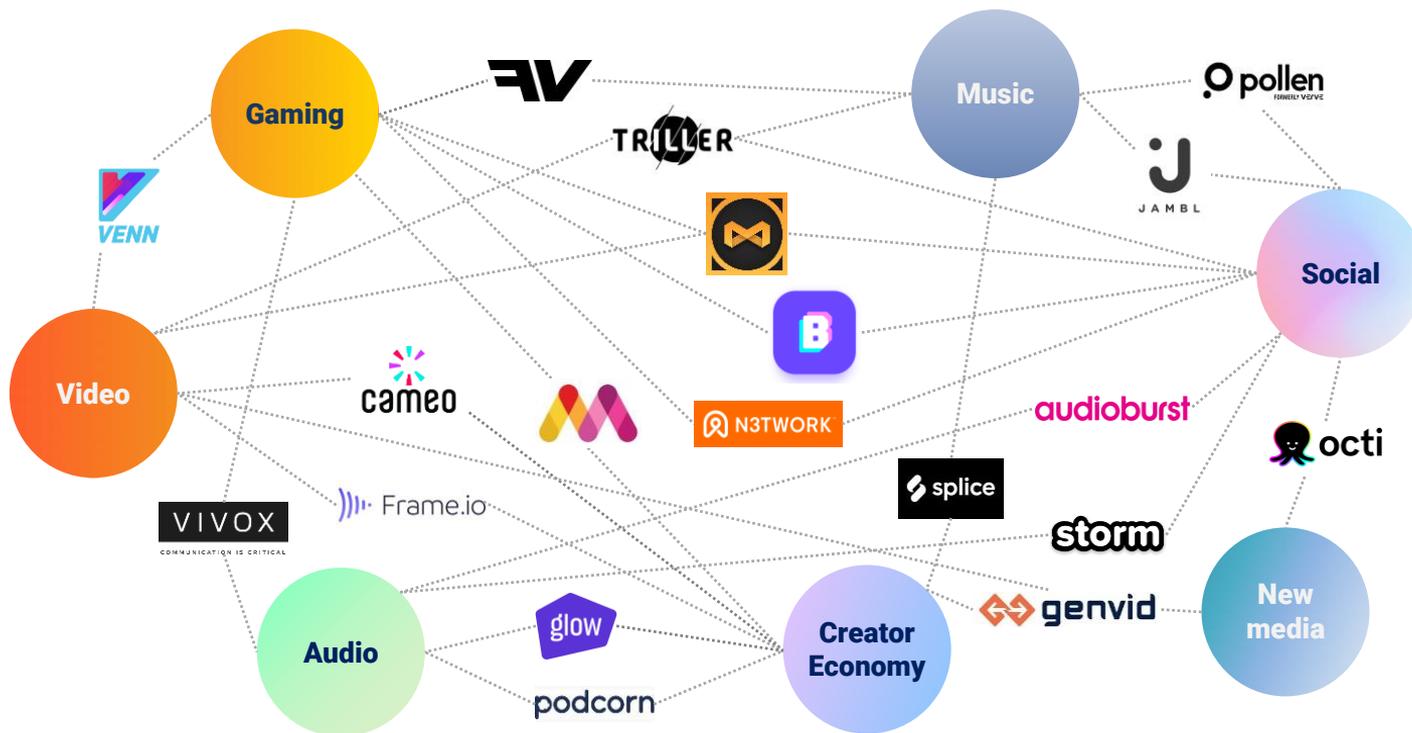
Company	Date	Round	Funding ▼	Investors
	April	Acquisition	\$200M	
	April	Acquisition	\$200M	
	October	Series D	\$200M	   (+3)
	May	Series C	\$150M	  LIGHT STREET (+2)
	July	Series E	\$135M	 

Most active investors – 2019

Investor	Incorporation	# of deals ▼	Investments
	Germany	25	             
	U.S.	10 *across 9 companies	     
ANDRESSEN HOROWITZ	U.S.	10 *across 9 companies	        
	Singapore	9	        
	U.S.	6 *all acquisitions	     

TREND

Exciting opportunities await at the intersection of multiple industries



Note: Not exhaustive

GAMING

KEY TAKEAWAYS

Gaming – 2019

- **The gaming industry is growing quickly**, generating an estimated \$152.1B in global revenue in 2019 (+9.6% YoY). Standing at 45% of the market, mobile is driving most of the growth, drawing in \$16.3B in Q3 alone – a 20% YoY increase from 2018.
- **In 2019, the space saw interest from both generalist and specialized VC firms.** While deals happened across the board, some categories stood out, including infrastructure providers, studios, and esports companies. As tech giants become more involved in the space and look for IP and back-end tools to acquire, M&A activity should increase significantly in the coming years.
- **Gaming is increasingly social.** Cross-platform distribution, social-based game modes, integrated communication tools, and viral user-generated content are expanding the market by attracting new audiences to the medium. This opens up massive opportunities for social-first companies.
- **The medium is gaining cultural prominence.** Brands and legacy content owners can't ignore the medium any longer if they want to address younger consumers. Native brand partnerships, virtual live events, and product placements could see rapid growth.

NOTABLE DEALS

Gaming (excl. esports) – 2019

Company	Date	Round	Funding ▼	Investors
 SCOPELY SEIZE THE PLAY	October	Series D	\$200M	NEWVIEW CAPITAL, CPP INVESTMENT BOARD, BAILLIE GIFFORD (+3)
 unity	April	Series E	\$150M	D1 CAPITAL PARTNERS, CPP INVESTMENT BOARD, LIGHT STREET (+2)
 WILD LIFE	December	Venture	\$60M	BENCHMARK, Bessemer Venture Partners
 N3TWORK	November	Series C	\$40M	KLEINER PERKINS, GRIFFIN GAMING PARTNERS, GALAXY DIGITAL, Korea Investment Partners Co., Ltd.
 BLADE	October	Series B	\$33M	serena, 2crsi

NOTABLE DEALS

Esports – 2019

Company	Date	Round	Funding ▼	Investors
	September	Series C	\$50M	  
	April	Venture	\$46M	    (+2)
	July	Series B	\$35M	 
	November	Series B	\$27M	   (+3)
	December	Series A	\$25M	

NOTABLE DEALS

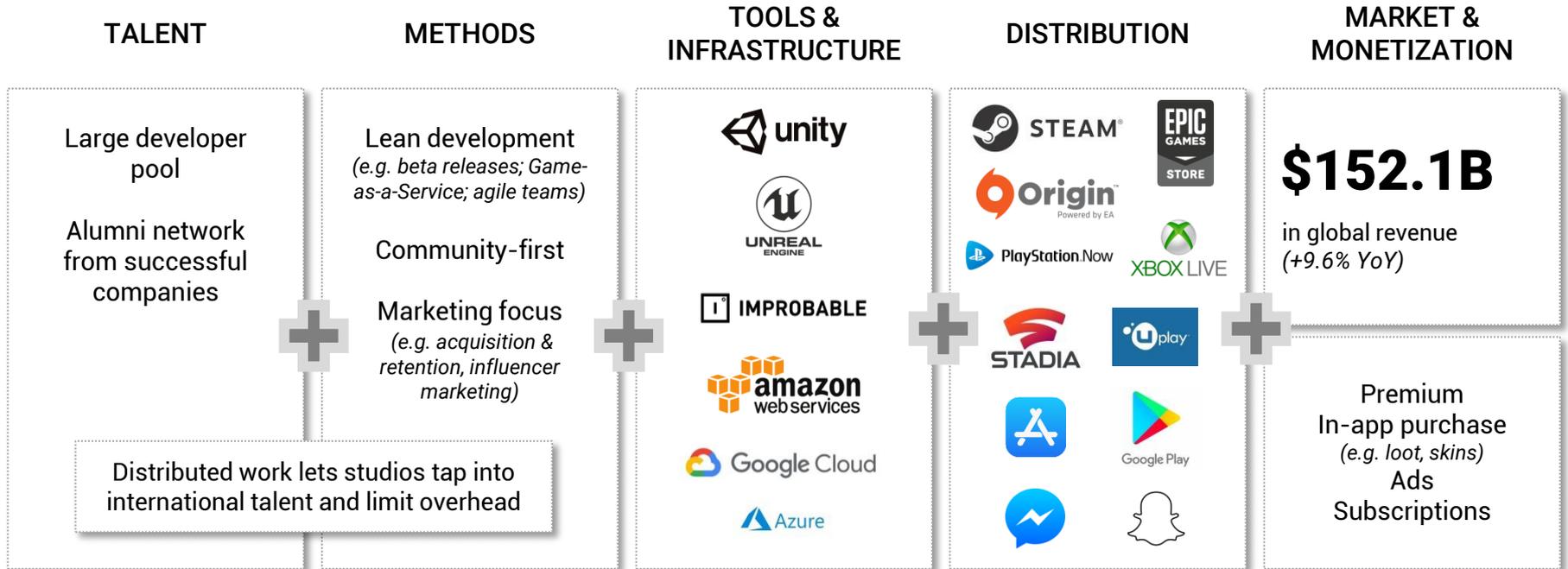
2019 saw massive acquisition activity in gaming



Note: Not exhaustive

TREND

New companies in the space can build off existing market and tech infrastructure



TREND

Gaming-focused funds are popping up everywhere

As the market matures, gaming-focused funds have an opportunity to invest across platforms, genres, business models, and game mechanics.

	Firm	HQ	Fund size	Recent investments
AUG 2019		Singapore	\$40M	   
SEP 2019		U.S.	Undisclosed	
OCT 2019		U.K.	100M€	 
OCT 2019		U.S.	≈ \$60M* *\$6M/year	

FOCUS

Play Ventures | playventures.vc

COMPANY SNAPSHOT

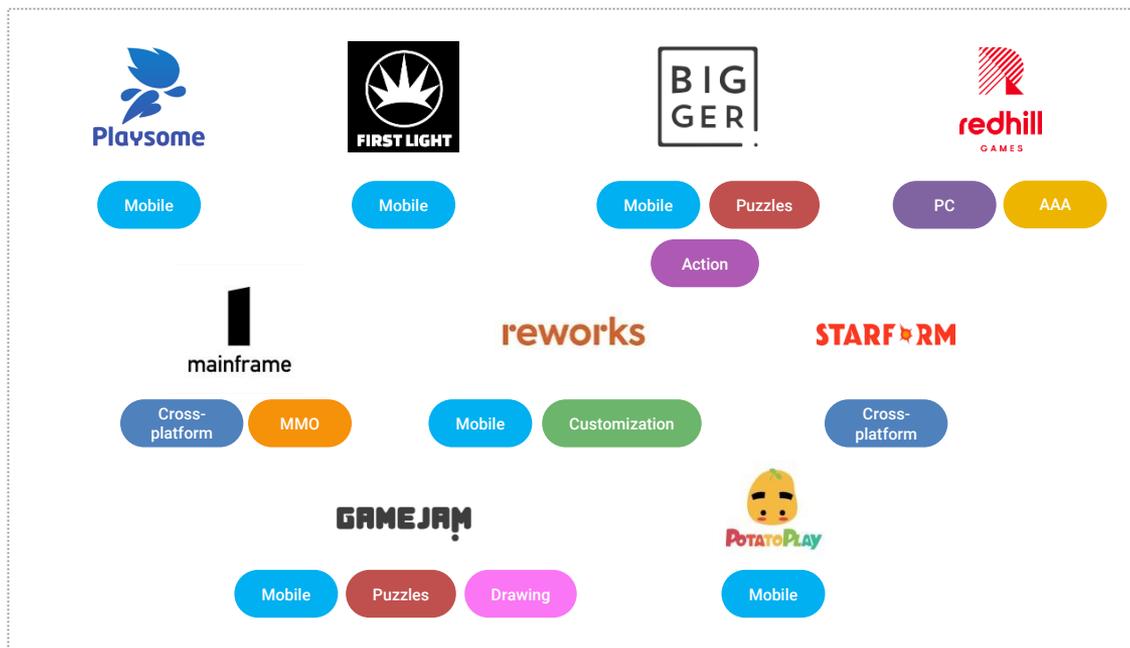
- **Founded in:** 2018
- **HQ:** Singapore
- **Type:** Early stage
- **Fund size:** \$40M (from a \$30M goal as initially announced in December 2018)

Play Ventures invests in **gaming and gaming services startups**, with a focus on **mobile & PC free-to-play games**. Areas of interest include streaming, marketing, acquisition, and data.

The fund is **investing globally** in Europe, Asia, and North America, expecting to make 8-10 investments per year.

Play Ventures has been actively investing since its inception, with already **16 investments**, 9 of which were disclosed as of January 2020.

CURRENT PORTFOLIO (Disclosed deals, as of January 2020)

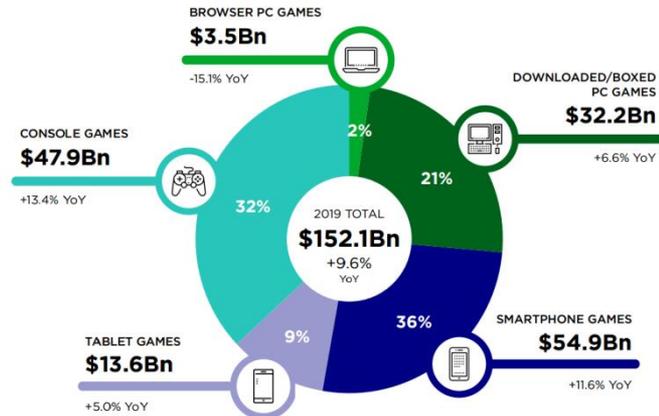


TREND

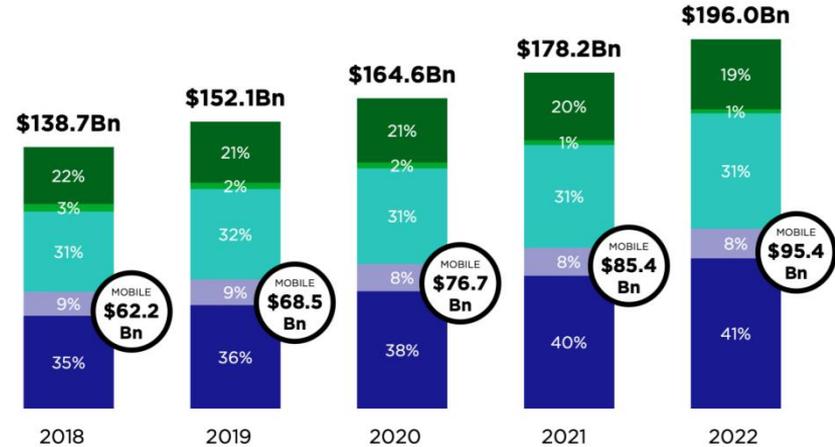
Mobile gaming is driving the growth in the market

+11.3%
projected mobile gaming CAGR

2019 Global game market, per segment



Segment breakdown of global game revenues (2018-2022)



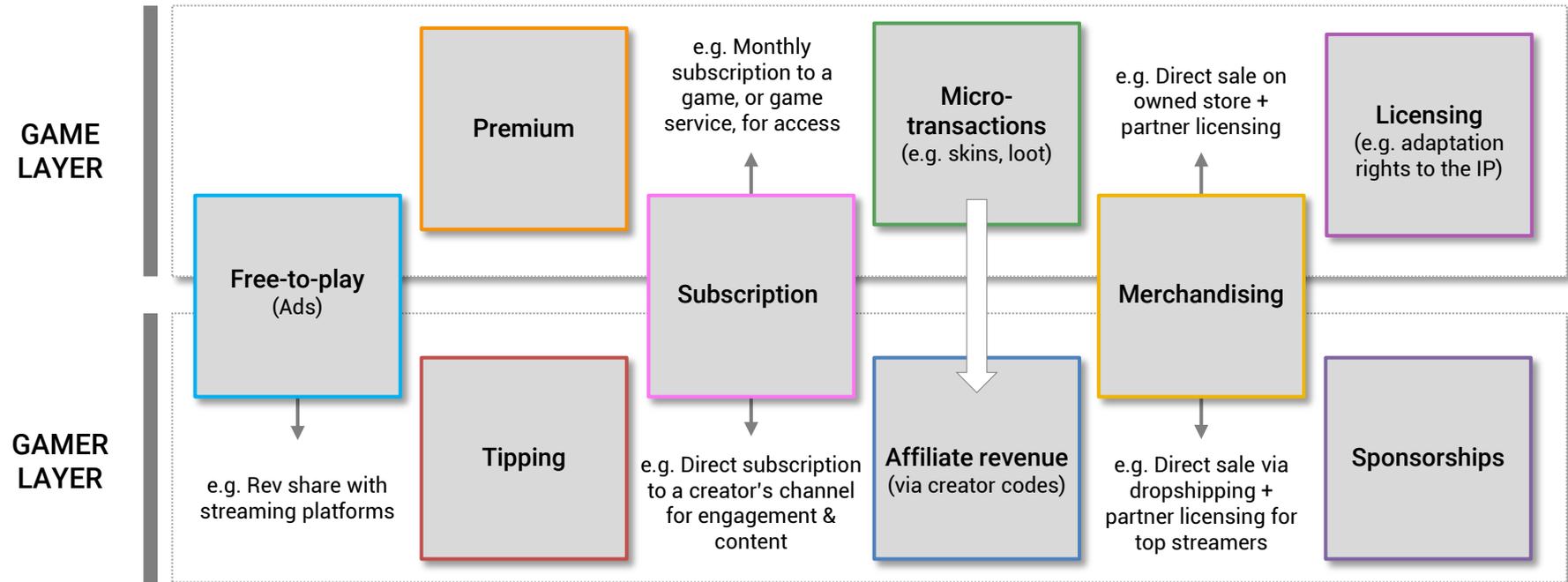
42.1B

Mobile game downloads in 2019 (+9.9% YoY)

TREND

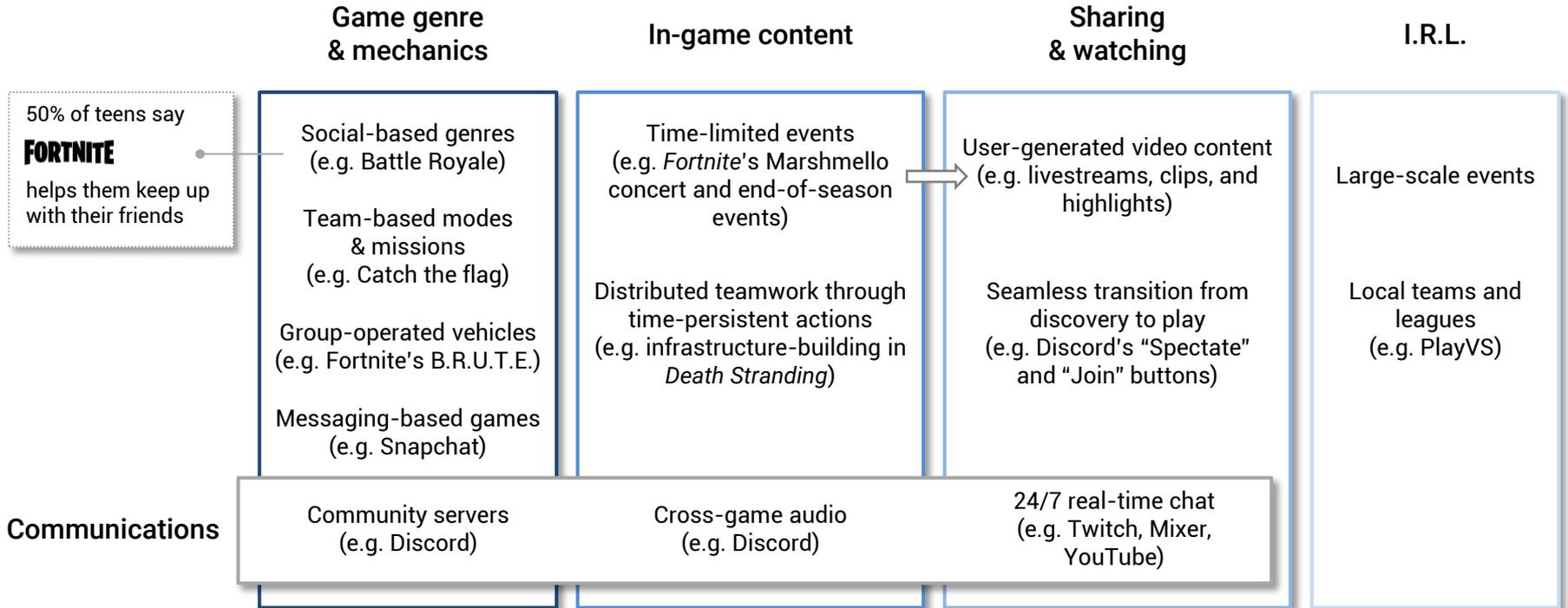
Gaming has mastered a multimodal business model

Digitization has enabled both games and gamers to maximize monetization, leveraging different levels of engagement and willingness to pay.



TREND

Social features are now impacting every aspect of the gaming experience



FOCUS

Snap | [snap.com](https://www.snap.com)

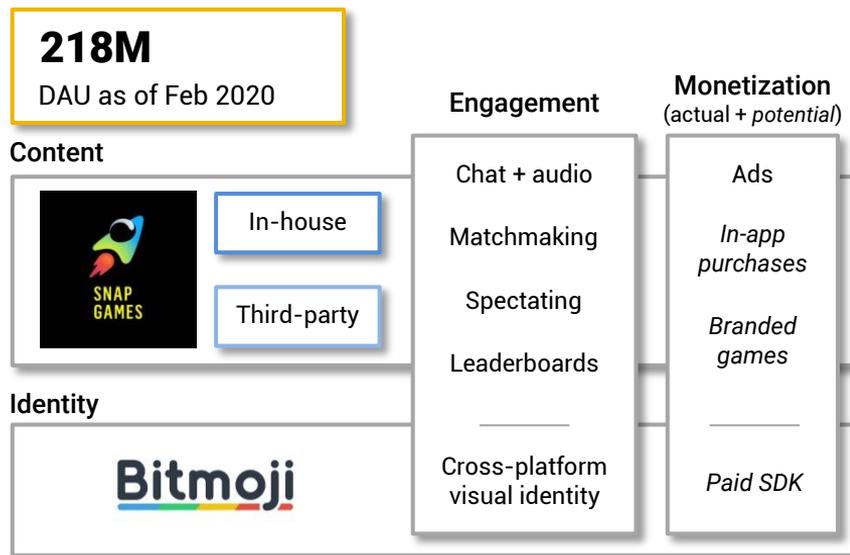


SNAP'S JOURNEY...

- MAR 2016
Acquired Bitmoji maker [Bitstrips](#)
- SEP 2017
Launched 3D Bitmoji
- LATE 2017 (revealed in JAN 2019)
Acquired gaming studio [Prettygreat](#)
- MAR 2018
Acquired 3D game engine startup [PlayCanvas](#)
- APR 2018
Launched AR lens games, [Snappables](#)
- APR 2019
Launched the [Snap Games](#) platform and [Bitmoji for Games](#) SDK
- DEC 2019
Introduced [Leaderboard games](#)

... TOWARDS A SOCIAL-CENTRIC CASUAL GAMING PLATFORM

As a messaging platform, Snap is using its existing **reach** and **communications stack** to enable new forms of laid-back gaming experiences between friends.



FOCUS

PlayVS | playvs.com



COMPANY SNAPSHOT

- **Founded in:** 2018
- **HQ:** U.S.
- **Latest funding:** \$50M (Series C, Sept 2019)

PlayVS is building the **esports competition infrastructure for schools and universities**. Its platform enables institutions to create esports teams, manage scheduling, compete with neighboring schools in leagues, and track stats.

Using PlayVS, players can recruit teammates and coaches and leverage data to experiment with strategies and team composition. The platform is accessible through a flat fee of \$64 per student per season, paid for by the schools.

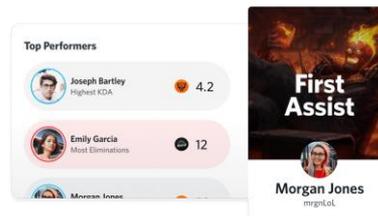
PlayVS currently has **80,000+ users in 13,000 schools in the U.S., representing 68% of the country.**

BUSINESS

A **perfect example of “[product zeitgeist fit](#),”** PlayVS is aptly positioned to seize a booming market.

As the gaming industry continues to grow, it's proving increasingly appealing as a career path, with opportunities in art, design, engineering, and product management. Esports also fosters skills like conceptual thinking, team work, and sportsmanship, helping students obtain valuable scholarships. **PlayVS allows institutions to make esports an integral part of their offering,** as both an engagement tool for their community and a compelling feature for prospective students.

In addition, **partnerships with schools, sports institutions, and game publishers give PlayVS a central vantage point in the esports ecosystem.** With direct access to game stats, the company could act as an agent on players' behalf, taking a cut of talent deals and sponsorships.

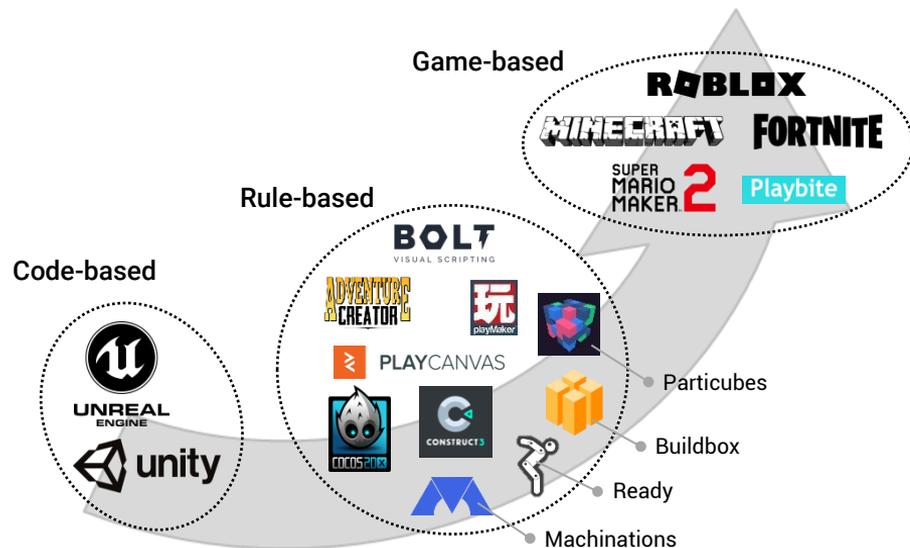


TREND

Game creation is shifting to simpler tools thanks to social-first platforms

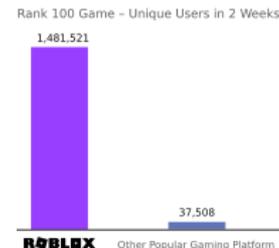
LOWERING THE BARRIERS TO GAME CREATION

Intuitive interfaces and built-in asset libraries are enabling a new wave of game creation, one of user-generated content and massive scale.



- Bypassing the need for coding skills, rule-based and game-based tools are **growing the total creator market by enabling non-technical audiences to participate.**

- Creator tools build on top of games provide **direct distribution and access to built-in audiences**, streamlining player acquisition. This makes them great avenues for individual creators, who often lack marketing support.



- As platforms implement new monetization models (e.g. pay-for-access, marketplaces), they're **building virtual economies that present creators with viable career paths.** Games such as Roblox and Minecraft are empowering individual operations to become full-fledge indie studios.
- User-generated gaming content strengthens a game's appeal, extends its shelf life, and **generates innovative forms of gameplay that can be integrated into the main game mode.**

TREND

Livestreaming platforms look for top talent for content exclusivity

Announcement date (2019)	Streamer	Old platform	New platform
August	Ninja	Twitch	Mixer
August	NickEh30	YouTube	Twitch
September	NICKMERC3	Twitch	Twitch
October	Shroud	Twitch	Mixer
October	Courage	Twitch	YouTube
October	King Gotalion	Twitch	Mixer
October	LOLiTO FDEZ	Twitch / YouTube	Facebook Gaming
November	Disguised Toast	Twitch	Facebook Gaming
November	Ewok	Twitch	Mixer
December	DrLupo	Twitch	Twitch
December	TimTheTatman	Twitch	Twitch
December	LIRIK	Twitch	Twitch
December	Corinna Kopf	Twitch	Facebook Gaming

Note: Not exhaustive

- As top streamers pursue opportunities with exclusive deals, **game streaming is no longer a pure platform play, but also a content play.**
- Switching platforms is putting **audience loyalty to the test.** Even prominent streamers risk losing some of their following: Ninja went from 14 million followers on Twitch to about 2.8 million on Mixer, as of January 2020. Exclusive deals are tests for whether viewers are more loyal to platforms or to the creators.
- Locking in top talent can help platforms **promote adjacent product & service launches** as each prepares for the **cloud gaming race.**



TREND

Brands looking for cultural relevance can't afford to ignore the medium anymore

ROBLOX



Aquaman quest & skins



DEATH
STRANDING



Ubiquitous product placement



LEAGUE OF
LEGENDS



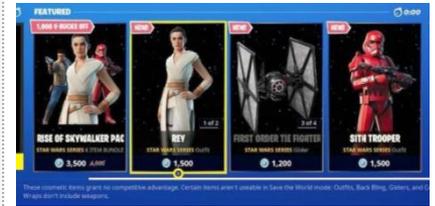
Online skins; offline collection



FORTNITE



*Star Wars event, game mode,
and skins*



VIDEO

KEY TAKEAWAYS

Video – 2019

- **Video platforms continue to innovate** with social features, new formats, and vertical-based content.
- **Gaming video content is going strong.** In the livestreaming space, challengers are gaining steam, with Facebook Gaming for instance seeing a 210% YoY increase in hours watched in December 2019. User-generated video content of all kinds and lengths is feeding interest in gaming as a whole, benefiting both the developers behind the games and who the creators who play them.
- With governments and regulatory bodies enforcing stricter privacy rules, **video platforms are finally taking a kids-first approach with content and data.** This includes implementing features such as age-gating, stricter content curation and moderation, parental consent management, and more. The space is ripe for disruption and in dire need of turnkey infrastructure.
- **Interactivity is becoming more central** for both engagement and monetization purposes. Whether that's through overlays sitting atop a video feed or through instant communications, consumers are keen to influence the content they're consuming. This opens up many opportunities for both infrastructure providers and new forms of content studios.

NOTABLE DEALS

Video – 2019

Company	Date	Round	Funding ▼	Investors
 BIGO	March	Acquisition	\$1.45B	 欢聚时代 YY Inc.
 PLUTO TV	January	Acquisition	\$340M	 VIACOM
 cheddar	April	Acquisition	\$200M	 altice
 Magisto	April	Acquisition	\$200M	 vimeo
 MXPLAYER	October	Series A	\$110M	 Tencent 腾讯

TREND

Video companies continue to innovate in features, formats, and positioning

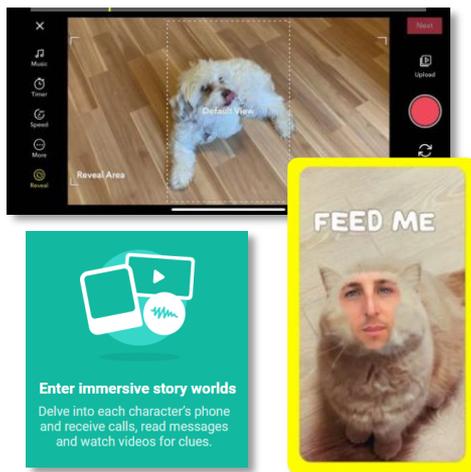
Social-first features

(e.g. TikTok's Duet and React modes + seamless sharing)



Interactive formats

(e.g. Firework's Reveal, Snapchat's Cameos, unr'd's transmedia stories)



Vertical-focused platforms

Gaming



*Medal.TV

JUKED
NEVER MISS A MOMENT

Learning



MASTERCLASS

NEBULA

monthly

Beauty

SUPERGREAT



Raised funding in 2019

FOCUS

Eko | eko.com



COMPANY SNAPSHOT

- **Founded in:** 2010 (known as Interlude until 2016)
- **HQ:** U.S.
- **Latest funding:** \$250M (Strategic investment, October 2018)

Eko is an interactive video platform for creators, publishers, and brands. Its suite today includes:

- Eko Studio, which turns static video files into interactive stories via a drag-and-drop interface;
- Eko Video Player, which distributes interactive content to Eko's properties, partners' websites, and social platforms;
- Eko Sparks, a native ad unit that enables smart advertising within interactive stories.

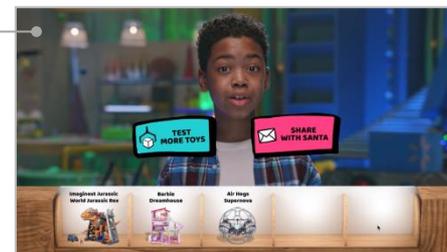
Eko's analytics offer insights on how viewers are responding to the content across the web.

BUSINESS

Eko has positioned itself as both an enabler and educator for the medium, helping partners experiment with interactivity and connecting them with talent to produce compelling creatives. Working with select partners on original content, it's able to showcase its platform's capabilities, develop new use cases, and attract customers.

With the promise of engaged viewing, **interactive content has direct applications in ecommerce**, prompting viewers to stores based on the choices they make in a story – something Eko is exploring through a joint venture with Walmart.

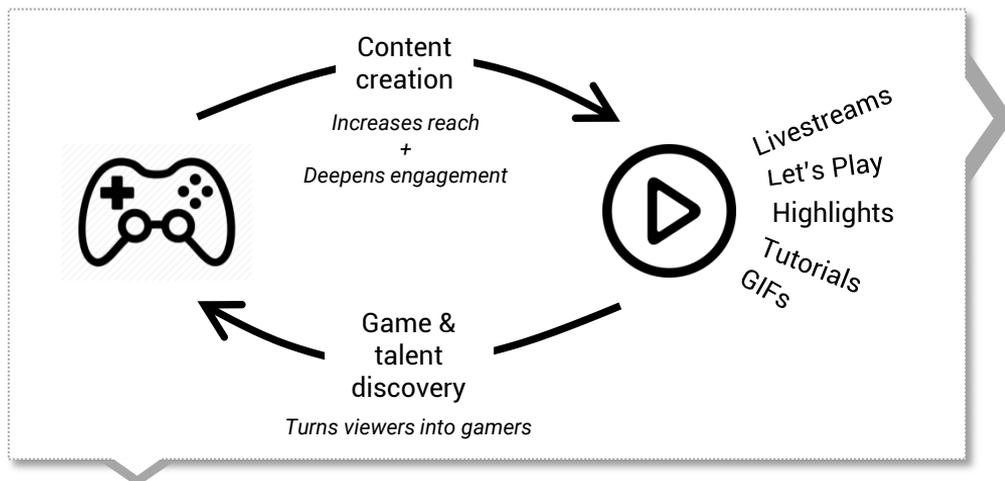
With major platforms today lagging in terms of interactive content, **Eko's cross-platform player makes it an attractive solution** for brands looking to engage viewers and shoppers in novel ways.



TREND

Gaming video content continues to drive awareness and generate revenue

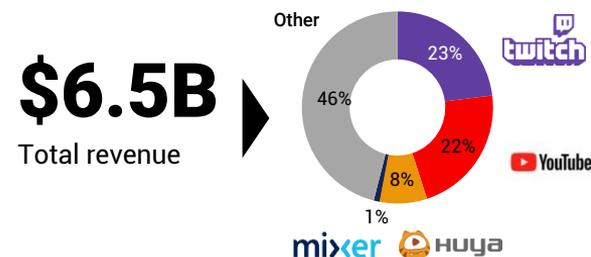
The watch/play flywheel



77% of Gen Z gamers and **71%** of Millennial gamers watch gaming video content

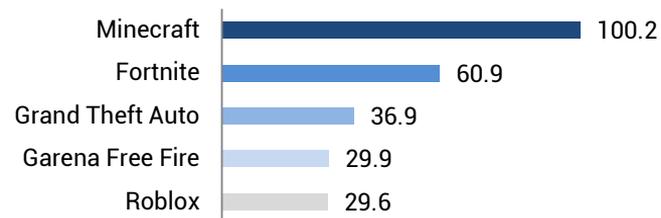
Gaming video content market, 2019

Revenue generated by platform, in %



Most watched games on YouTube, 2019

in billion views



FOCUS

Twitch | [twitch.tv](https://www.twitch.tv)



CREATING THE FUTURE OF LIVE VIDEO CONTENT

Already the leading livestreaming platform, Twitch continues to push live video content forward with new categories and interactive features. As an Amazon subsidiary, it's able to leverage its parent company's assets to enable new behaviors and business models.

Category	"Just Chatting"	Co-watching / Co-streaming	Live shopping broadcast
Preview			
Creator value-add	Casual conversation	Personal commentary	Social influence
Interactivity	Chat, polls	Chat, polls, betting, leaderboards, heat maps	Chat, polls, lists
Amazon tie-in	/	Amazon Prime Video	Amazon Prime
Monetization	Ads + Sponsorships	Ads + Sponsorships	Affiliate links

- **For creators, those categories are additive**, allowing them to diversify their brands and reach new audiences.
- **Interactivity is key**. Dedicated overlay extensions provide endless opportunities for engagement and monetization.
- **Some categories come with challenges**. Co-streaming, for instance, requires the content be cleared beforehand, lest creators infringe on copyright. A limited number of partner channels are currently available for creators on Twitch to stream freely.

NOTABLE DEALS

Kids' video content & tech – 2019

Company	Date	Round	Funding ▼	Investors
	February	Venture	\$13M	 Harbert European Growth Capital  MAYFAIR EQUITY PARTNERS 
	March	Acquisition	Undisclosed	
	April	Seed	\$2M	
	May	Acquisition	Undisclosed	
	November	Venture	Undisclosed	 Sandbox & Co  VENTURE FOUNDERS 

EARLY SIGNAL

Video platforms start taking a kids-first approach with content and data

NOTABLE ANNOUNCEMENTS

FEB 2019

TikTok [was fined \\$5.7M](#) for failing to seek parental consent before collecting personal information of users under the age of 13

SEPT 2019

- Google agreed to a [\\$170M settlement](#) after illegally harvesting personal information from children on YouTube
- YouTube announced plans for a [\\$100M fund](#) to help content makers create "thoughtful, original" kids' content

NOV 2019

YouTube [announced](#) "child-directed" videos will no longer include comments, click-through cards, end screens, or notifications

KEY TRENDS

- **New legal pressures and consumer demands around data and content safety** are prompting platforms to reconsider how they engage and monetize children
- This creates opportunities for digital-first players who can give parents some peace of mind with **safe content, interfaces, and monetization options**

Kids-friendly



Kids-first



- Companies that can offer **turnkey, COPPA & GDPR-compliant tools** will become the go-to infrastructure providers for the kids-first digital ecosystem. Desirable features will include: age-gating, content curation and moderation, parental consent management, parental dashboard, and safe monetization.

MUSIC

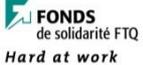
KEY TAKEAWAYS

Music – 2019

- **Music is increasingly turning to video for promotion, engagement, and revenue across platforms.** From short-form to long or extra-long form content, video is helping artists ignite the cultural conversation and reach new audiences. On the user-generated side, virality can be a boon to creators, but often still comes at the expense of actual monetization.
- **The music creator stack is getting dedicated solutions,** with deals happening all across the value chain. By removing barriers to creation and offering creators new ways to monetize, these tools are growing the total market of music hobbyists and professionals. Concentration is to be expected as adjacent players join forces and incumbent platforms look to add to their creator-focused toolkits.
- **Music rights have become an attractive asset class** for specialized funds, which have raised large amounts of capital to proactively acquire music catalogues. With new interfaces and consumer habits fostering catalogue consumption, owning the publishing and master rights to culturally influential songs can generate long-term revenues.
- Despite ongoing experimentation, **music platforms in the West are still missing key social features.**

NOTABLE DEALS

Music – 2019

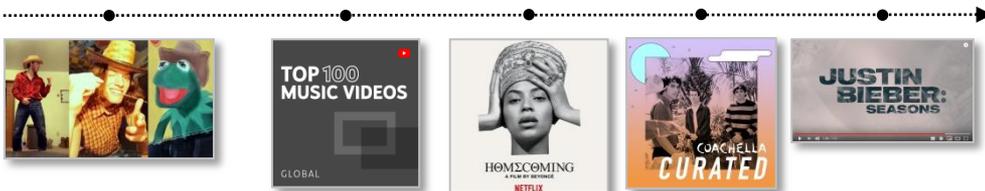
Company	Date	Round	Funding ▼	Investors
 pollen <small>FORMERLY VESPER</small>	March	Series B	\$60M	    (+4)
	March	Series C	\$57.5M	  
	October	Series B	\$28M	Proxima Media
	July	Series B	\$26M	    (+5) <i>Hard at work</i>
 Sofar <small>SONGS FROM A ROOM</small>	May	Venture	\$25M	 

TREND

Music turns to video for promotion, engagement, and revenue across platforms

Format	Short-form	Middle-form	Long-form	Ultra long-form
Typical content	Dance videos, #challenges, memes	Video clips	Documentaries, livestreams	Series, livestreams
Key players	  	  	     	  

- **Video is increasingly central to music.** Beyond monetization, it's key to igniting the cultural conversation and indirectly generating value across platforms through impressions and engagement.
- **Music video content is getting shorter, and longer.** To go viral, new releases turn to meme-able hooks and lyrics that make for share-worthy content on video platforms. To deepen engagement, top talent opts for well-crafted documentaries in multi-million dollar deals.
- **Music platforms themselves are adding video features,** from music video playlists to loop background videos. Format convergence means there's an opportunity for a "visual music" platform to become a digital-native MTV.



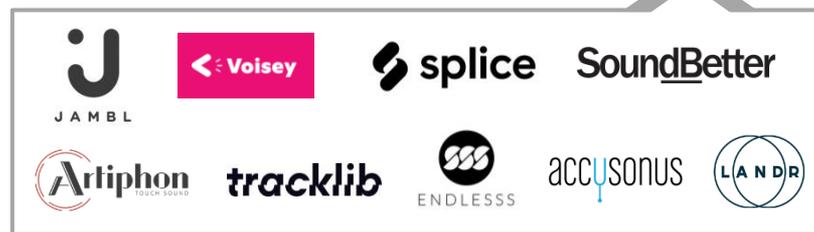
TREND

The music creator stack is getting dedicated solutions all across the value chain

+9%

Projected CAGR of the global music production software market during the 2020-2024 period

Creation



Licensing



Promotion



Note: All companies above raised funding in 2019; Soundbetter was acquired by Spotify.

- Companies are **lowering the barriers to creation** by: removing the need for technical acumen; giving access to ready-to-use content or hireable talent; and offering attractive pricing models (e.g. SaaS, rent-to-own, time-based pricing for samples).
- By empowering hobbyists, those tools are **growing the total addressable market of music professionals**, sending additional customers to companies further down the value chain. Conversely, **monetization optionality** is enticing more aspiring artists to consider music as a career path in the first place.
- Having solved one particular pain point for creators, companies can **move across the value chain to tackle adjacent businesses** (e.g. from creation to distribution, or from licensing to royalty management). There is a massive opportunity for a single player to build an integrated creative suite for music prosumers, the way Adobe has done with design, photo, and video.
- **The space is attracting corporate money.** Deals in 2019 involved Spotify (acquiring SoundBetter), Sony Innovation Fund (Tracklib, Landr), Warner Music Group (Artiphon, Landr), and Shure (Landr).

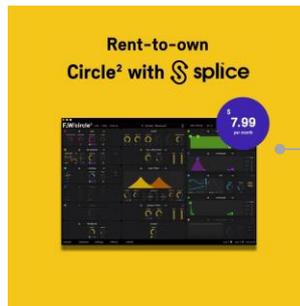
COMPANY SNAPSHOT

- **Founded in:** 2013
- **HQ:** U.S.A
- **Latest funding:** \$57.5M (Series C, March 2019)

Splice is an audio production company that provides professional beatmakers with the content and tools they need to create music.

Its offering is twofold. On the content side, its marketplace gives **unlimited access to millions of royalty-free sound samples** for \$7.99 a month. On the tool side, Splice lets customers **try professional plugins before acquiring them** either upfront or on a rent-to-own basis.

Splice integrates with the major music production solutions to **enable version control and collaboration in the cloud.**



BUSINESS

Splice is **solving major pain points for beatmakers**. First, its marketplace frees them from tedious licensing issues, letting them focus on creation instead. Second, its rent-to-own model offers a flexible option for beginners to access the best tools, bypassing the need to illegally download them as they otherwise would.

Increasingly involved in content, Splice is working with artists on exclusive sound packages and releasing its own Splice Originals. Meanwhile, appealing video content (e.g. tutorials & masterclasses) serves as an effective acquisition channel to turn hobbyists into customers.

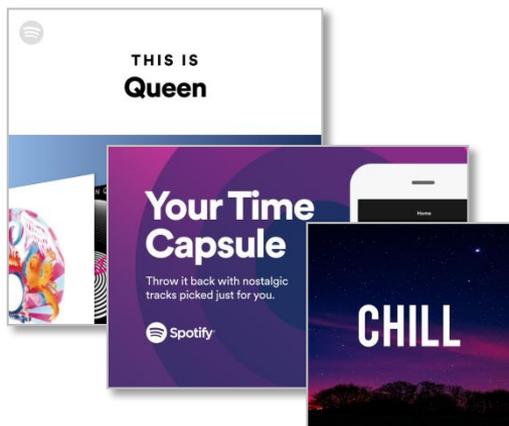
The company's broad offering and customer-friendly pricing enable it to address not just professionals but also prosumers. Its **total addressable market is bound to grow** as barriers to entry continue to dissolve for creators.

TREND

New interfaces and consumer habits foster catalogue consumption

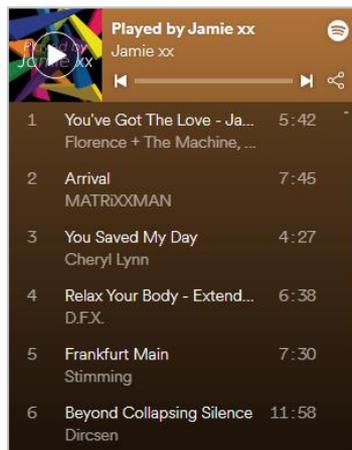
Playlist-induced consumption

(e.g. "This is," Time Capsule, "Mood" playlists)



Enriched artist portals

(e.g. artists' playlists)



Genre- & moment-centric audio queries

(e.g. "Alexa, play the best Christmas song.")



TREND

Music rights are drawing increasing interest as an attractive asset class

Firm	Latest funding	Available capital
------	----------------	-------------------



H1 2019	\$300M+	\$800M+
---------	---------	---------

		\$800M+
		across two funds



APR 2020	\$188M (£150M)	\$1B+
----------	----------------	-------

		\$1B+
		in gross equity capital;
		listed on the London
		Stock Exchange



DEC 2019	\$650M	\$650M
----------	--------	--------

		\$650M
--	--	--------

A joint venture between
Warner Music Group
and Providence

- Catalogue (i.e. songs released 18+ months ago, as opposed to more recently-released, or “frontline” tracks) generates **long-term revenue** as songs are covered or remixed by new artists, or placed for synch rights in content across advertisements, TV shows, movies, and video games.
- **Streaming services have lowered the barriers to entry for consuming catalogue songs.** The proportion of revenue going to catalog is *increasing* in the streaming age, not declining – nearing 70% of total annual consumption [according to Nielsen Music](#).
- **Hit songs have a potentially unlimited lifespan if they can go past fad status** and enter the collective psyche. By focusing on lasting cultural impact, IP funds aim to leverage pop culture as a currency.

FOCUS

Hipgnosis Songs Limited Fund | hipgnosissongs.com



COMPANY SNAPSHOT

- **Founded in:** 2018
- **HQ:** U.K.

Hipgnosis Songs Fund LTD is a music IP investment and song management company.

Its investment vehicle provides investors with pure-play exposure to **music royalties**. It is publicly listed on the London Stock Exchange.

The fund has raised over \$1B in gross equity capital to invest in "**proven hit songs with a track record of success and cultural impact.**"

As of April 2020, Hipgnosis has deployed over \$650M to acquire the rights to more than 40 select music catalogues. In most instances, the fund seeks to acquire 100% of those rights.

BUSINESS

Hipgnosis seeks to acquire influential songs it can actively manage and find licensing and synchronization opportunities for. It's after both **publishing rights and master rights**.

Cultural influence serves as a predictive tool to identify under-exploited songs that are likely to be continuously played and/or covered by new recording artists.

With long-term potential, **top catalogs come at a high premium**: Hipgnosis's portfolio of songs was acquired on a blended acquisition multiple of 12.84x historical annual net income.

Like music itself, investing in music is a hit-driven business:

143 songs

(or about 1.3% of the company's current catalog)

generated

80%

of the fund's £23M revenues in the six months to end of September 2019.

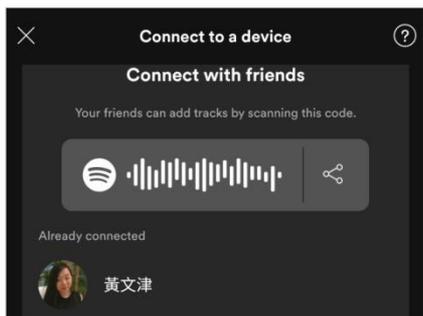
EARLY SIGNAL

The next stage of music will be social-driven

On-platform

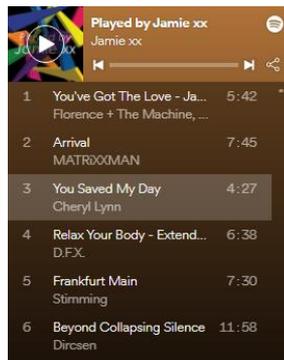
Consumption

(e.g. Spotify's QR-style Social listening code)



Discovery

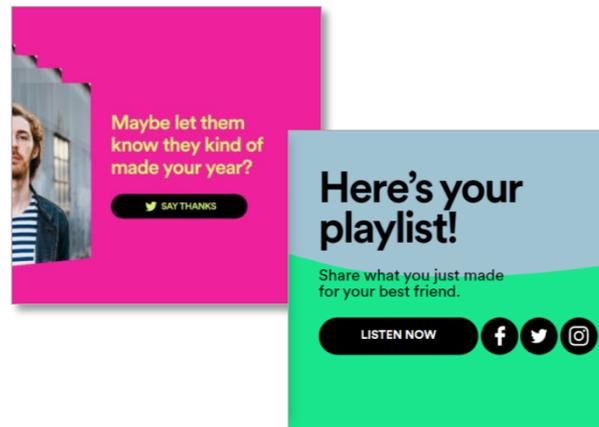
(e.g. Spotify's Artist-made playlists, Apple Music's Follow feature)



Cross-platform

Sharing

(e.g. Spotify's Wrapped campaign, Pet playlists, etc.)



AUDIO

KEY TAKEAWAYS

Audio – 2019

- **Hardware penetration is unlocking a world of opportunities for audio companies.** With it comes the promise of always-on, ambient audio that can better fit into our busy lives and power more personalized content and experiences as we switch contexts during the day.
- **Podcasting had a breakout year in 2019,** with large venture deals and significant acquisitions. Investments happened across the stack, with production studios, creator tools, and monetization tools raking in most of both the deals and funding. The space is growing more competitive as specialized tools start to focus on specific needs and business models.
- **Podcasting is also quickly gaining cultural momentum.** With major platforms ramping up their investments in content and brands and celebrities experimenting with the medium, podcasting is seeing increased awareness and is reaching the mainstream conversation.
- **Vertical audio Consumer Subscription Services are seeing rapid growth** as consumers become more comfortable paying for digital products and premium content. Those services that can add value consistently by encouraging repeat usage can enjoy long-term customer loyalty and revenue.

NOTABLE DEALS

Audio (excl. Podcasting) – 2019

Company	Date	Round	Funding ▼	Investors
	February	Series B	\$88M	   
	December	Series B	\$40M	   
	November	Acquisition	\$37.5M	
	July	Series B (extension)	\$27M	 
	April	Strategic	\$10M	    

NOTABLE DEALS

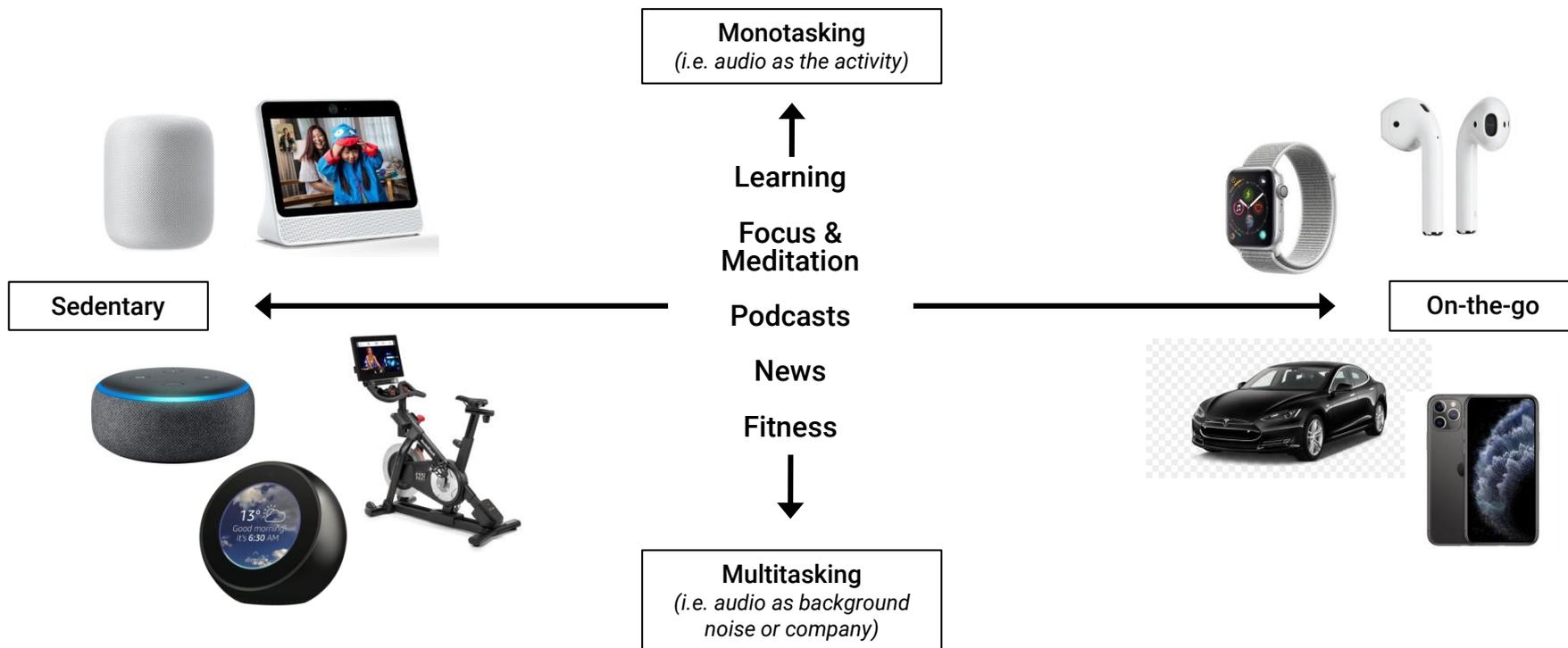
Podcasting – 2019

Company	Date	Round	Funding ▼	Investors
	February	Acquisition	\$230M	
	February	Acquisition	\$110M	
	February	Venture	\$100M	 
	March	Venture	\$60M	 
	March	Acquisition	\$56M	

Estimated split (source: Recode). Spotify paid a combined \$340M to acquire the two companies.

TREND

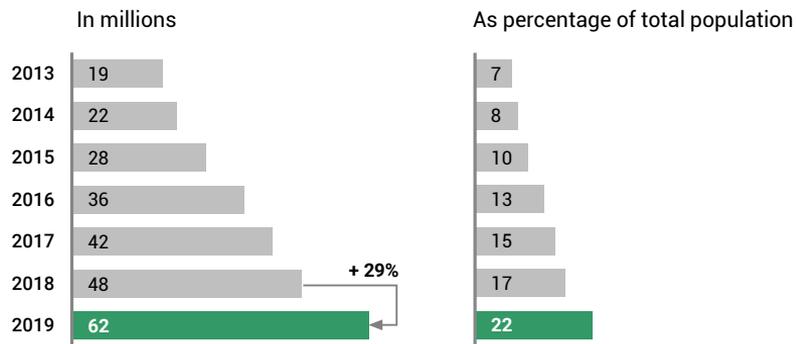
Hardware penetration is unlocking a world of opportunities for audio companies



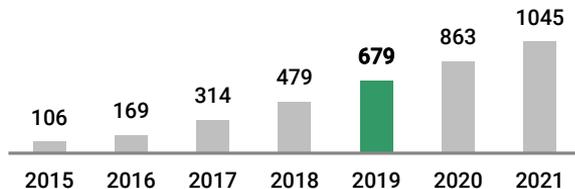
TREND

2019 was a breakout year for podcasting

Weekly U.S. podcast listeners



U.S. podcast ad revenue (in \$ million)



- **Mainstream availability of software tools for creating, editing, and distributing podcasts** is encouraging more and more creators to take the leap, if even as hobbyists. Apple Podcasts reached a total of [over 900,000 shows](#) in Feb 2020.
- **With more, and more diverse podcasts than ever, consumption continues to grow.** The number of weekly U.S. podcast listeners grew by 29% YoY in 2019, while average weekly podcast consumption reached 6 hours and 37 minutes. Americans listen to an average of 7 episodes per week.
- **The distribution layer remains fragmented** between one legacy player (Apple), growing powerhouses (e.g. Spotify, iHeartRadio), and a long tail of smaller listening apps. Differentiation is happening in many ways, from content exclusivity to user-facing or/and creator-facing features.
- With brands like Marvel and celebrities like the Obamas jumping into podcasting, **the medium is gaining cultural momentum.**

TREND

2019 saw investment activity across the entire podcasting stack

Funding	Creator tools	Content	Distribution	Monetization	Analytics
Podfund	Anchor descript Lyrebird	Gimlet Wait, What? PARCAST Luminary majelan Sybel Cadence3 SOLVE PARADIS©	himalaya e	podcorn audi on	Chartable
	e			Anchor Pippa Podimo glow audioburst	BACKTRACKS

 Acquired in 2019

- **Creator tools have expanded beyond audio** to include automatic transcripts and teasers.
- **Exclusive content is becoming increasingly important** as both incumbents and new entrants (e.g. Luminary, Sybel, Majelan) aim to attract users to their platforms. This makes content studios attractive acquisition targets as sources of intellectual property.
- It's unsure content alone can justify the switching costs for already active listeners. Listening apps could differentiate themselves by addressing more niche verticals.
- Podcast monetization remains challenging. **Dedicated solutions are emerging to enable specific business models**, from targeted ads (AUDION) to subscriptions (Glow) and sponsorships (podcorn).

EARLY SIGNAL

New tools are making podcasting easier for creators and more fun for listeners

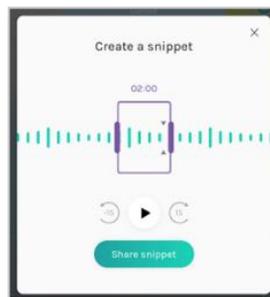


Text-based audio editing



*Entale

Sharable sound snippets



TIMELINE {NOTATION}

Audio-within-audio embeds



FOCUS

Spotify | [spotify.com](https://www.spotify.com)



NOTABLE ANNOUNCEMENTS

- FEB 2019**
Acquired Gimlet Media and Anchor and outlined "audio-first" strategy
- MARCH 2019**
Acquired Parcast
- APR 2019**
Launched 'Spotify for Podcasters' analytics
- MAY 2019**
Spotify-owned Soundtrap debuted podcast editing tools
- JUNE 2019**
Signed Barack and Michelle Obama to produce exclusive podcasts
- JAN 2020**
Debuted personalized podcast ad insertion
- FEB 2020**
Acquired The Ringer

PODCASTING IS CENTRAL TO SPOTIFY'S AUDIO-FIRST STRATEGY

With about 70% of revenue going to the labels, music's cost of goods sold hinders Spotify's growth potential. Podcasting enables the company to increase engagement, address niche audiences, grow its ad inventory, and improve its profit margin.



FOCUS

Podfund | podfund.com

Podfund

COMPANY SNAPSHOT

- **Founded in:** 2019
- **HQ:** U.S
- **Latest funding:** \$2.3M (Seed, May 2019)

Podfund is a for-profit venture **providing funding and resources to podcasters** - or "audio-first, creator-led media companies."

It provides funding between \$25,000 and \$50,000 based on creators' stage, track record, traction, revenue, and intended use of the funds. The deal follows a **revenue share model** where Podfund receives **7-15% of revenue for the first three to five years** depending on traction, ad revenues, and projected growth.

The company also **supports creators on business matters**, giving them access to a network of advisors as well as software tools.

BUSINESS

Launching a podcast comes with a steep learning curve for independent creators. Podfund's support enables podcasters to ramp up by deploying the **funds towards capacity** (growing production output, hiring extra help, going full-time, or launching a new show) **and marketing**.

Podfund's revenue share model makes it especially appealing. **Creators retain 100% ownership of their shows**, freedom to develop parallel income streams, and discretion of where and how to distribute. Podfund's and creators' interests are aligned as indie shows become full-fledge media & events companies.

Besides industry-specific metrics (e.g. publishing cadence and cost-per-mille), **Podfund selects creators the same way VC select entrepreneurs**, looking at a team's background; entrepreneurship experience; industry knowledge; and creative talent and vision.



Advertising

Affiliate marketing

Sponsorships

Tipping

Merchandising

Subscriptions

Live events

IP licensing

TREND

Vertical audio Consumer Subscription Services aim to address our every needs

\$195M

Global consumer spending in the top 10 earning meditation apps in 2019 (+52% YoY)

Written word (Books/Articles)



Meditation/Mindfulness

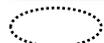


Fitness



Miscellaneous



 Raised funding in 2019

- **Our ears remain under-utilized and under-monetized.** Americans listen to audio for an average of 4 hours per day, less than half of total time spent with media (standing at 11 hours and 27 minutes per day in 1Q19).
- Users can **harness the format's ubiquity to fit new habits into their daily lives**: 79% of audio consumption takes place while people are engaged in activities where visual media can't reach them. Hand-free, snackable content enables repeat usage, reducing the risk of churn.
- **Subscription-based audio apps are poised for growth as consumers become increasingly comfortable paying for digital products**: CSS app spend is expected to grow from <\$10 today to \$100 in the U.S. by 2022. Offering multiple tiers or plans can help ease out free-to-paid conversion.
- Revenue predictability allows subscription services to **focus on premium content**, for instance by partnering with celebrities to reach mainstream audiences. This can serve as a differentiation and retention tool in crowded verticals.

FOCUS

Calm | calm.com



COMPANY SNAPSHOT

- **Founded in:** 2012
- **HQ:** U.S
- **Latest funding:** \$27M (Series B extension, July 2019)

Calm is a mental fitness company offering content around meditation and sleep. Having started out as an audio-only app, Calm has since expanded into other media, including video and publishing.

The company's primary product is an audio app that offers content such as meditation sessions, Sleep Stories, and music. As of January 2020, the app had 70 million downloads and over 2 million paying users.

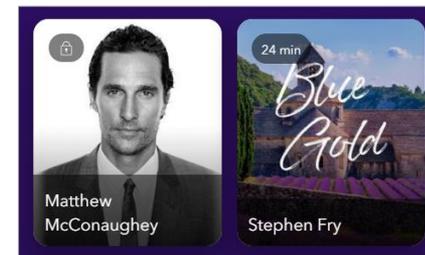
Calm has received attention for partnering with celebrities on premium content.

BUSINESS

Calm has turned to its own advantage a number of macro trends, including consumers' growing awareness of meditation and mental fitness as a whole, greater willingness to pay for digital services, and growing interest in audio content.

In addition to its app, the company has expanded offline, striking notable partnerships with XspresSpa, a fast-spa service with dozens of locations in U.S. airports; American Airlines; and Accor's Novotel chain. These deals have created **new touchpoints for consumer to experience the company's content and mission in their daily lives.**

Calm is now also tackling the B2B side, providing businesses with plans that include custom audio segments and standalone quiet booths to improve overall productivity and worker retention.



SOCIAL

KEY TAKEAWAYS

Social – 2019

- **Online behavior continues to diversify along the social spectrum**, as major platforms experiment with community-centric communications and users bypass various features to serve their own needs. Our daily communications are growing increasingly fragmented between various social paradigms that now each come with their own dedicated platforms and expectations.
- **Clips and highlights have become inescapable** as clip-based creator tools and media companies aim to make content parsable, shareable, and discoverable across platforms. While content attribution and monetization remain challenging, we're already seeing new types of creators emerge by curating the best user-generated content out there.
- **Physical products could lead to a new wave of social networks**. With large user bases and built-in user behaviors at their core, brands in categories like sports (e.g. Peloton), audio (e.g. Apple), and transportation (e.g. Lime) have an opportunity to add a social layer to their offering and create product-based communities.

NOTABLE DEALS

Social – 2019

Company	Date	Round	Funding ▼	Investors
	February	Series D + Strategic	\$300M	 腾讯 ANDREESSEN HOROWITZ SEQUOIA  
	August	Series D	\$100M	 TRUSTBRIDGE 泰信资本  順為 SHUNWEI Lightspeed  (+3)
	October	Series B	\$28M	Proxima Media
	June	Acquisition	\$25M	
	June	Strategic	\$20M	

TREND

Online behaviour continues to diversify along the social spectrum

NOTABLE ANNOUNCEMENTS

MAR 2019

Facebook's Mark Zuckerberg published his "Privacy-Focused Vision for Social Networking"

APR 2019

Facebook unveiled a major app redesign, with a new focus on groups

JUL 2019

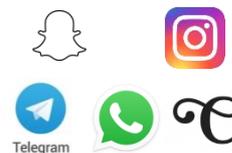
- Snap's first global campaign launched, focusing on "Real friends"
- Instagram debuted "Chat," a sticker option that lets friends and followers join group DM conversations from within Stories

OCT 2019

Instagram started testing Group Stories

KEY TRENDS

- Major platforms are making moves towards community-centric communications
- Platform utility is being upended as users continue to bypass features (e.g. large-scale DM groups, paid access to Close Friends on Instagram)
- Younger users are increasingly comfortable navigating platforms using fluid personas and leveraging broadcast virality for fame and career opportunities

Social paradigm	Public	Community-based	Private
Distribution	Broadcast (i.e. one-to-many)	Flexible	Selective (one-to-few)
Key feature	Feed	Groups/threads	Chat
Currency	Status	Community	Relationships
Content	"Socially acceptable"	Interest-based	Personal
Identity	"Public me"	"Many me-s"	"Real me"
Representative networks			

FOCUS

Community | community.com



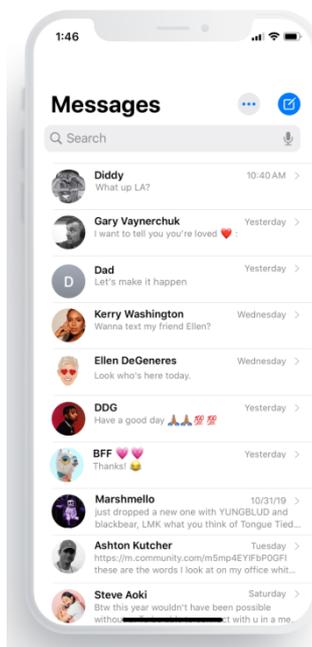
COMPANY SNAPSHOT

- **Founded in:** 2018 (previously Shimmur)
- **HQ:** U.S
- **Latest funding:** \$50M (Series C, March 2019)

Community is a **direct-to-fan communication platform** that lets influencers engage their community through text messages.

The product is used by celebrities and experts who want to **own the relationship with their audience** without third-party control.

Community has drawn **significant interest from the music industry**, where artists and management companies are harnessing direct engagement to let fans know of merch drops and tour dates.



BUSINESS

Getting a share of fans' time and attention on social platforms has become increasingly difficult. Creators are finding the limits of organic reach to get visibility on algorithmic feeds, and notification fatigue has raised fans' expectations when it comes to social content.

By contrast, text messages as a delivery mechanism bring **a sense of immediacy** (over 90% of text messages are opened within 3 minutes) **and intimacy**. Guaranteed distribution allows for greater reach and conversion rates.

Community enables celebrities to **leverage 1:1 communication at scale**. Thanks to location data, the service is especially valuable to individuals involved in location-based entertainment (e.g. tours, exclusive shows, book signings, pop-up stores...). SMS could become a staple of direct engagement and monetization.

TREND

Clips and highlights become inescapable in the virality era (1/2)

Clip-based creator tools and media companies aim to make content increasingly parsable, shareable, and discoverable across platforms.

Format	Video	Audio
Notable companies	    	  
Notable features	Automatic clipping, tagging, and resizing; looping; watermarking; 1-click download and sharing	Automatic clipping and transcripts; parsable content; deep linking

 Raised funding in 2019

- Clipping tools are helping creators reach new audiences by repackaging their work into more snackable bits.
- **Cross-platform shareability is driving convergence between previously distinct formats:** text transcripts make audio searchable and SEO-friendly, while video clips let audio creators share their content on platforms where audio alone isn't supported.
- **Attribution is key** to both creators' and platforms' long-term success. Features like watermarking and deep linking can help make sure the attention, credits, and revenue opportunities go to the original creators.
- **Monetization remains a challenge.** For creators, social-first video and audio clips today serve mostly as top-of-the-funnel teasers for drawing audiences to longer-form content on other platforms. Companies can provide their tools on a SaaS basis or leverage data to give creators insights into how, when, and where their content is being shared.

TREND

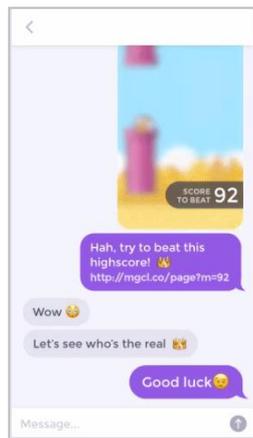
Clips and highlights become inescapable in the virality era (2/2)



Payment-enabled video clips



GIF-powered player referral



Parsable audio clips



EARLY SIGNAL

Physical products could lead to a new wave of social networks

	Sports	Beauty	Transportation	Audio	Home Entertainment
Company		<i>Glossier.</i>			
Product					
Reach/usage	1.4M+ members 512K Connected Fitness subs	2.5M Instagram followers	120+ cities worldwide 100M+ rides	90M+ units sold (estimates)	50M+ units in the U.S.
Social features	Live classes Shoutouts "Shared rides" Badges / Leaderboard Challenges	Social-led product Physical stores Referral program	City tours First Ride Academy	Shared listening	Voice calls Multiplayer games Alexa Communication for Kids

CREATOR ECONOMY

KEY TAKEAWAYS

Creator Economy – 2019

- **As more creators attempt to go full-time, they're using a variety of digital tools and platforms** to serve their needs across the value chain. Depending on their preferred medium, audience size, and business model, most of them are forced to mix and match. The space is waiting for a full-stack creator suite, à la Adobe.
- **New funding models have appeared to support creators in the early days.** Whether that's through grants, loans, or investments, companies like Substack or Podfund are playing the long game and keeping their interests aligned with creators'.
- **Platforms are enabling fans and creators through multiple reward systems.** Rewarding actions rather than subscriptions for instance lets supporters contribute in non-monetary ways, expanding the total addressable fanbase for creators.
- With consumers willing to put a price on relationships, **“Community-as-a-Service”** could empower more creators to take the leap by monetizing time, access, and personality rather than any particular type of work.

NOTABLE DEALS

Creator Economy – 2019

Company	Date	Round	Funding ▼	Investors
 Lightricks	July	Series C	\$135M	 
 streamlabs	July	Acquisition	\$89M	
 PATREON	July	Series D	\$60M	   
 cameo	June	Series B	\$50M	   
 substack	July	Series A	\$15M	 

TREND

A fragmented Creator Stack is enabling "Passion careers" at scale



Balaji S. Srinivasan ✓
@balajis

It's never been easier to be a one-man media company, but the toolchain is fragmented.

Someone will build the Adobe Suite for influencers.



Li Jin @ljin18 · 6 sept. 2019

Now, a new generation of tools have users that are initially just regular individuals, but who want to grow into businesses in their own right. There's an opportunity to engage users pre-"enterprization," enable their growth, and capture economic value as they professionalize.

1 5 57



Li Jin @ljin18 · 6 sept. 2019

The recipe is to start with a very basic offering -- something that might even look like just a toy -- and, as customers grow and start to earn revenue and develop new needs, get pulled into additional product capabilities.

1 4 42

- **As more creators attempt to go full-time, they're using a variety of tools and platforms** to serve their needs across the value chain, whether it's to create; grow their audience; distribute, promote, and monetize their work; or engage with their communities and customers.
- Because of platform fragmentation and tremendous diversity among creators, there is **no one-size-fits-all solution**: depending on their preferred medium, audience size, and business model, creators will need different tools and platforms. For beginners, **the combined cost of their personal stack can stand in the way** of their going all-in.
- **A growing number of tools are addressing specific intersections of a medium and a business model.** In podcasting alone, Glow focuses on subscriptions; Podcorn, on partnerships; Audion, on personalized ads.
- To serve their users, medium-focused companies will want to move along the value chain, either with new products or through targeted acquisitions. Medium-agnostic platforms like Patreon may favor third-party integrations to solve creators' most common pain points.

TREND

Creator diversity means there's no one-size-fits-all solution in the Creator Stack

	Funding	Creation	Distribution	Monetization	Engagement
Medium-agnostic	gumroad KICKSTARTER Karat			gumroad stripe Buy me a coffee PayPal Square	discourse DISCORD DISCIPLE
Video		vscO	YouTube f NEBULA		
Gaming		streamlabs ROBLOX MINECRAFT DISCORD	twitch YouTube mixer		
Audio (incl. music)	Podfund OPEN	LANDR (→ Soundtrap) splice accuSONUS	Anchor audioburst	Spotify Apple Music glow acast Supercast	
Writing			Medium Revue TinyLetter wattpad W	ghost	wattpad W
Physical products	shopify		shopify Etsy pietra		

Note: Not exhaustive

FOCUS

Substack | substack.com



COMPANY SNAPSHOT

- **Founded in:** 2017
- **HQ:** U.S
- **Latest funding:** \$15M (Series A, July 2019)

Substack is a platform **enabling individual writers as well as publishers to host, distribute, and directly monetize their newsletters.**

Writers can start a publication from scratch or import existing email list and posts. They can monetize by setting their own monthly and annual pricing for their work, with Substack taking a 10% cut.

The company has been building **an engaged community of journalists, authors, analysts, and bloggers.** As often influential users join the platform, Substack's visibility is growing quickly, as is its appeal for prospective writers.

BUSINESS

Substack is a great example of a company building a **differentiated toolset for a well-defined creator community**, and growing alongside them.

Individual writers until recently had to use a combination of tools and destinations to create, publish, and monetize their work. Substack's all-in-one solution makes it a compelling alternative, while its commission-based model ensures that its interests are aligned with creators'.

Beyond independents, Substack now has an opportunity to address the broader market of mid-size publishers. The company [recently announced](#) multi-author support, and several existing publications have moved to the platform.

While focused on writing, its infrastructure could expand to serving other subsets of creators. In February 2019, Substack added support for podcasts, pointing to a future where it might address creators in every medium.

Earn money publishing on Substack

See what you could earn with subscriptions

800 subscribers

\$7/month

\$4,440 per month ⓘ

Get started

FOCUS

Notify | notify.me

notify

COMPANY SNAPSHOT

- **Founded in:** 2018
- **HQ:** U.K.
- **Latest funding:** \$1M (Pre-seed, September 2019)

Notify is a platform that allows users to subscribe directly to content creators. Its mobile app (in early access) pulls creators' content from across the web and social platforms, and displays it in a chronological feed. Deep links let users access that content natively on the platforms where it was posted.

Creators can send both automatic and manual notifications, but fans keep control over the sort of notifications they want to receive.

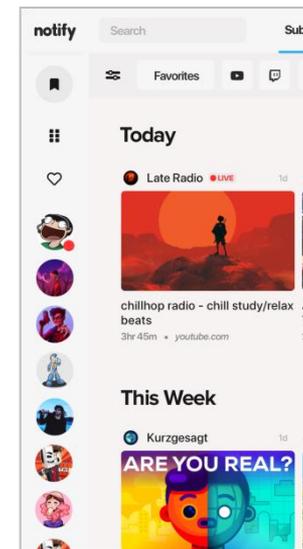
The app includes engagement (messaging, streaks) and monetization features (tipping).

BUSINESS

With content spread across multiple media and platforms, **keeping track of a creator's work takes a lot of effort.** As creators continue to experiment with the latest social platforms, consumers are increasingly missing out on what their favorite creators are up to.

Moreover, **algorithmic feeds and platform saturation are making it difficult for beginner creators to reach their fans** in a crowded marketplace.

Notify's centralized feed aims to solve those two pain points. Automatically aggregating all of a creator's latest releases **provides consumers with a single touch point and maximizes the chances that the content will get noticed.** By streamlining consumption, deep linking **effectively drives monetization**, no matter which platforms creators are posting content on, from YouTube to Twitch or Spotify.



EARLY SIGNAL

New funding models aim to support creators in the early days

Announcement date	Company	Initiative's name	Terms
FEB 2019	 gumroad	Creators Fund	<ul style="list-style-type: none">• Model: Grant• Amount: Variable• For: Creators (any medium)• Frequency: annual
MAY 2019	 Podfund	N/A	<ul style="list-style-type: none">• Model: Investment• Amount: \$25,000-\$50,000• For: Podcasters• Frequency: monthly
OCT 2019	Jack Conte, founder and CEO of  PATREON	Super Patron Endowments Fund	<ul style="list-style-type: none">• Model: Grant• Amount: ≈ \$50,000• For: 1 creator (any medium)• Frequency: annual
NOV 2019	 substack	Substack Fellowship for Independent Writers	<ul style="list-style-type: none">• Model: Stipend• Amount: Undisclosed• For: Newsletter writers• Frequency: annual

TREND

With potentially global reach from Day 1, no niche is “too niche” to monetize anymore

*“As far as I can tell **there is nothing** – no product, no idea, no desire – without a fan base on the internet. Every thing made, or thought of, can interest at least one person in a million – it’s a low bar.”*

-- Kevin Kelly



The Hoodwitch

Rituals, memes, and mystical insights about tapping into forces beyond yourself



The Sourdough School

Advice and courses on baking sourdough, plus insights on its effect on the human microbiome



Wired To Hunt

A website, podcast, and videos with everything there is to know about hunting white-tailed deer



The Brothers Brick

Awesome builds and techniques alongside interviews with leaders in LEGO building

TREND

Platforms are enabling fans and creators through multiple reward systems

A LOOK AT TWITCH'S DUAL MODEL

Twitch is spearheading the fan engagement & monetization race. With the launch of Channel Points – a channel-specific loyalty program – in December 2019, the platform continues to create new ways to connect creators with their fans.

Fandom paradigm	Status-based 	Action-based 
Rewards fan for	Subscribing	Taking specific actions (e.g. watching, posting)
Hierarchy	Free vs. Paid	Leaderboards
Benefits (for creators)	Revenue	Engagement
Rewards (for fans)	Exclusive content (e.g. emotes, badges, special alerts) Exclusive chatroom Ad-free experience	Random/Select Sub Emote Message highlights
Reward system	Unlocked through subscription	Redeemed with points

- **Different platforms will focus on different models.** As a livestreaming platform, Twitch enables creators to experiment with both status-based (subscriptions) and live, action-based (Channel Points) rewards.
- Creators largely benefit from gamifying fandom as fans vie for recognition and try to outdo one another in the eyes of the community.
- **Rewarding actions rather than subscriptions enables supporters to contribute in non-monetary ways, expanding the total addressable fanbase for creators.**
- **Still, more engagement often means more revenue too.** Twitch channels with large audiences are seeing up to +18% in time spent by viewers, leading to more ad revenue.



EARLY SIGNAL

"Community-as-a-Service" gains steam as creators put a price on relationships

Li Jin @ljin18 Follow

As consumers desire greater control over how they spend their attention, an emerging biz model will be paying for ongoing access to *people*--or what I'll call "Community-as-a-Service."

Thread 📌

12:43 PM - 23 Oct 2019

137 Retweets 636 Likes

42 137 636

Li Jin @ljin18 · 23 Oct 2019

There's now lots of subscription services for high-quality premium content (Substack for newsletters; Knowable & Luminary for audio, etc).

But for creators who lack the ability to sell something tangible, Community-as-a-Service enables monetizing *time* and *access*.

1 6 62

Social enablers

[Parasocial relationships](#)

Move towards curated micro-communities

Cultural enablers

Experiences over goods

Hobbies shift to digital

Distrust of large social platforms

Technical enablers

Social platforms

Online payment

Automation tools

Success factors

*"Not every community can successfully charge for access. The paid model works best when there's **high intentionality** (the community is a destination), **desire for recognition** within the community, **peer-to-peer affinity & interactions**, and **potential for ongoing exchange of value.**"*

-- Li Jin

COMPANY SNAPSHOT

- **Founded in:** 2017
- **HQ:** U.S
- **Latest funding:** \$50M (Series B, June 2019)

Cameo is a marketplace where fans can book **personalized video shout-outs from their favorite celebrities**. Consumers receive short-form videos tailored to every occasion from birthday wishes to prom invites and pep talks.

Prices range from \$1 to \$1000+, with an average price of \$50. Cameo takes a 25% cut.

The product's supply side has grown to **thousands of talents from all areas of entertainment**, including TV, music, sports, and social media. As it expands internationally, Cameo is also leaning into the micro-influencer segment.



Rapper
Snoop Dogg
Musicians • Actors • Legends

Book now for \$750

92 Reviews



[See all reviews](#)

BUSINESS

Cameos are **inherently social**. The product's virality is amplified as the recipients, their friends, and the celebrities share the shout-outs with others. The videos' positivity makes them all the more likely to go viral.

Like on every other social platform, fame and revenue on Cameo likely obey a power law, with top talent getting the lion's share, and the long tail competing for what's left.

Unlike other platforms, however, Cameo isn't feed-reliant. Users book a talent because they - or a loved one - like that person specifically. As a result, the service can provide a **new revenue stream even to lesser-known celebrities who still generate high engagement from smaller communities**.

The company could expand its offering beyond static videos to enable live convos, Q&A, and more.

NEW MEDIA

KEY TAKEAWAYS

New Media – 2019

- **The hardware and consumer apps software are telling different stories of the state and future of augmented reality.** 2019 saw several AR pioneers collapse (Meta, ODG, and Daqri) and well-funded startups struggle (North, Magic Leap). Meanwhile, consumer app players like Snap, Niantic, and Mojang continued to innovate at a steady space, reinforcing new consumer behaviors and generating revenue in the process.
- As their novelty begins to decay, **virtual beings seem to have reached a plateau.** Storytelling serves as the main differentiator, enabling the best players to move beyond the agency model and create IP with more long-term business potential.
- **Synthetic Media companies are letting creators blur the lines of what's real** across multiple media. Along with new creative possibilities, this calls for technologies that can help consumers and businesses better detect forgery, authenticate content, and re-establish trust in the media we consume.

NOTABLE DEALS

AR/VR – 2019

Company	Date	Round	Funding ▼	Investors
 magic leap	April	Strategic	\$280M	
 SANDBOX ^{VR}	January	Series A	\$68M	    
 DIGILENS 	May	Series C	\$50M	   
NORTH	March	Bridge (debt)	\$40M	  
 LEAP MOTION	May	Acquisition	\$30M	

NOTABLE DEALS

Synthetic Media – 2019

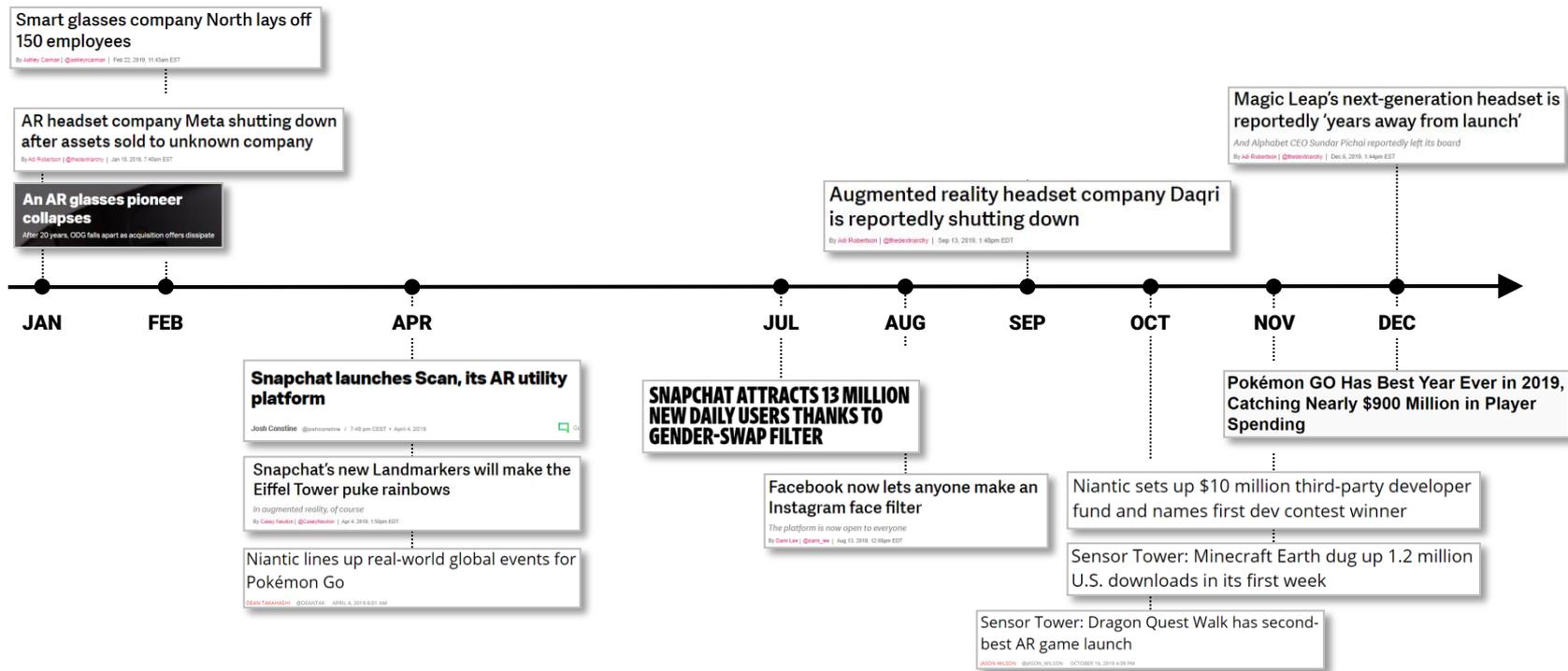
Company	Date	Round	Funding ▼	Investors
	January	Series B	\$20-30M *Undisclosed amount. Funding range provided by TechCrunch	 
	July	Series A	\$10M	    (+?)
	April	Seed	\$3.1M	    (+3)
	December	Seed	\$2.5M	   
	January	Seed	\$2M	   

TREND

The hardware and software markets tell different stories of the state of AR

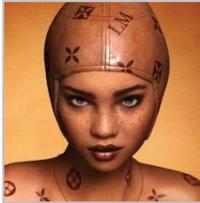
HARDWARE

SOFTWARE



TREND

The rise, and plateau, of virtual influencers

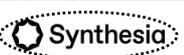
	Brand influencers	Virtual agencies	Studios
Notable companies	  	   	   
Focus	Engagement	Engagement	IP
Business model	Brand partnerships (e.g.: KFC x Casper)	Brand partnerships; Character design for brands	Digital sales, merch, brand partnerships, IP licensing
Select influencer			

 Raised funding in 2019

- Brands and creators have harnessed 3D and illustration tools to **engage consumers with a new kind of influencers** on digital platforms. Those virtual beings span the entire “reality spectrum,” from realistic brand influencers (e.g. KFC) to cartoon-like 2D characters (Shadows).
- Brands in beauty, fashion, and entertainment were especially quick to seize the opportunity. However, part of those influencers’ appeal to consumers lied in their novelty as virtual beings; **it’s not clear how long the interest can last after that novelty starts to decay.**
- **With story-rich portfolios of characters, studios have a long-term advantage over agencies.** Storytelling allows them to prolong consumer interest and monetize in more diverse ways across multiple platforms.

TREND

Synthetic Media companies let creators blur the lines of what's real

	Generation	Detection
Video	  	    
Visual media (excl. Video)	    	
Voice	      	

Note: Not exhaustive  Raised funding in 2019

- Once limited to tech-savvy creators, **AI-based content generation is now easily accessible across multiple media**, from text to video, audio, GIFs, and 3D content. As the underlying technology gets commoditized, it's **shifting from professional creator tools to consumer products**, reaching more and more users.
- Most tools today focus on a specific medium, with use cases as diverse as: voice cloning, “mass personalization” of ads, localization and dubbing, or streamlining tedious steps in the creative process.
- Along with advancements in creation, come **growing interest in, and need for, forgery detection and media authentication**. To fight tech-enabled fraud, disinformation, and propaganda, detection companies are looking at **solutions such as trustability scores and digital fingerprints**.

TREND

Deepfakes receive attention, and raise concerns, across multiple media

February 2019
AI-generated photo portraits



April 2019
David Beckham audio & video deepfake



April 2019
Marvel's Avengers GIF deepfakes



May 2019
Joe Rogan audio deepfake



May 2019
Nancy Pelosi audio & video deepfake



June 2019
Mark Zuckerberg audio & video deepfake



November 2019
Joe Rogan audio & video deepfake



FOCUS

Runway ML | runwayml.com



COMPANY SNAPSHOT

- **Founded in:** 2018
- **HQ:** U.S
- **Latest funding:** Undisclosed (December 2018)

Runway ML is a software platform that helps designers, animators, and video content creators use machine learning without code.

Its drag-and-drop interface lets creators apply AI-based creative functions such as object detection and tracking, background removal, and content generation to their work, using predefined machine learning models.

Creators can use various inputs (including images, videos, text, and audio) and integrate Runway ML with their existing creative workflows and preferred tools such as Unity, Photoshop, After Effects, Ableton, and others.



Face Recognition
by Davis E. King

Recognize faces and match them with reference images.



Fast Style Transfer
by Justin Johnson

Stylize images in the style of famous painters.

BUSINESS

Tech giants like Google, Amazon, and Microsoft regularly open-source machine learning models to let developers use them as building blocks for their own applications. Runway ML is making those resources accessible to non-coders under a one-stop-shop for the “AI art” community, bypassing the need for technical know-how.

The platform’s current pay-as-you-go model lets users experiment with various creative functions and pay only for the ones they’re actually using. Runway ML plans to **enable non-coders to develop and share their own machine learning models**, which could pave the way for a **global “creative AI” marketplace** where every creator could monetize their proprietary effects.

The company is taking a collaborative approach to product development, actively working with the open source community and educators.

WRAP-UP

Further reading

This presentation was inspired by the insights I've come across this year from people all over the industry.

Though I'm obsessed with giving credit where it is due, I've tried my best not to flood the slides with too many side notes.

I'm making this presentation available on my [personal website](#), along with **a comprehensive list of the resources that informed my views** for this edition.

I can only encourage you to dive in if you're curious to learn more on any particular sector or topic I've covered here.

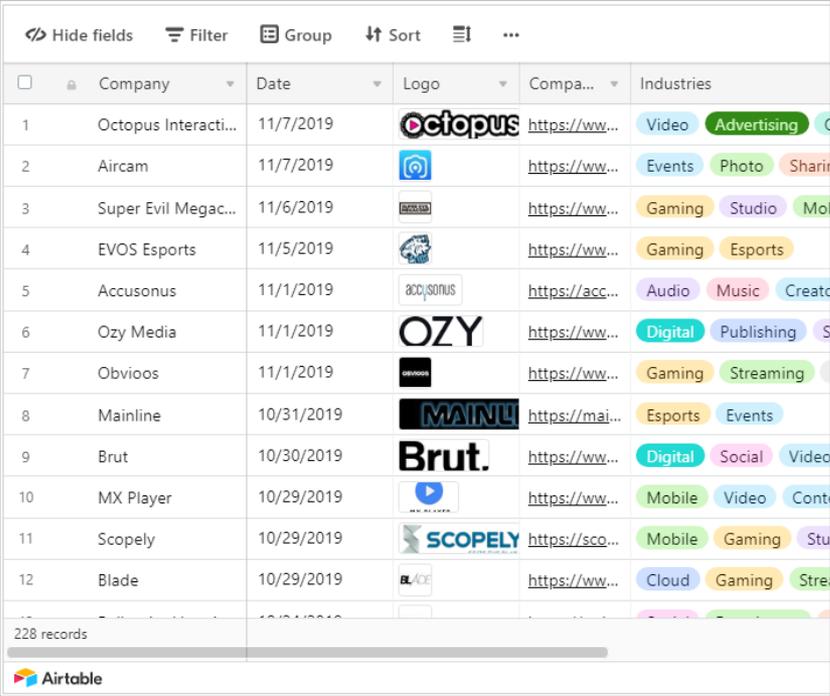
You can take a look [here](#).

Want to monitor Media & Entertainment Tech?

I manage an [Airtable database](#) where I keep track of investments in Media & Entertainment Tech.

I use it as an evergreen resource for monitoring the latest announcements, picking up emerging trends, and identifying active investors in the space.

You can access it [here](#).



	Company	Date	Logo	Compa...	Industries
1	Octopus Interacti...	11/7/2019		https://www...	Video Advertising
2	Aircam	11/7/2019		https://www...	Events Photo Sharin
3	Super Evil Megac...	11/6/2019		https://www...	Gaming Studio Mol
4	EVOS Esports	11/5/2019		https://www...	Gaming Esports
5	Accusonus	11/1/2019		https://acc...	Audio Music Creato
6	Ozy Media	11/1/2019		https://www...	Digital Publishing S
7	Obvioos	11/1/2019		https://www...	Gaming Streaming
8	Mainline	10/31/2019		https://mai...	Esports Events
9	Brut	10/30/2019		https://www...	Digital Social Video
10	MX Player	10/29/2019		https://www...	Mobile Video Cont
11	Scopely	10/29/2019		https://sco...	Mobile Gaming Stu
12	Blade	10/29/2019		https://www...	Cloud Gaming Stre

Learn more about exciting initiatives and companies

I write essays about the intersection of media, technology, and culture.

My [latest piece](#) is about Wattpad, a Canada-based company building a full-stack platform for short-form writers.

Wattpad's genre-agnostic, data-driven approach, enables it to pick up early signs of breakout potential, support its most promising authors, and leverage a never-ending trove of IP.

At a time when Hollywood is desperate to find safe bets with franchise-level appeal, Wattpad is offering content producers pre-sold brands with global potential.

I believe **Wattpad could become the next entertainment giant.**

You can read why [here](#).

Subscribe to my newsletter

You may have noticed I've mentioned Substack before... Guess what – **I'm launching a newsletter too!**

It's called [Recreations](#) and it's about the same thing I've discussed in this review: the intersection of media, technology, and culture.

In it, I'll discuss interesting initiatives, trends, and companies in Media & Entertainment Tech, and share my notes on some of the best books and resources I come across as I continue to explore the

industry.

I see Recreations as an opportunity to learn in public and hopefully start interesting conversations.

You can subscribe to it [here](#).

While I still have you here

Putting together this presentation pushed me to structure my views on the present and future of an industry I'm passionate about. I hope it's been valuable to others as well, be they industry insiders or curious observers.

What did I do well? What could be improved? What trend(s) do you think deserved more attention? What sector would you want to learn more about?

If you have any comment or question, [just let me know!](#) All feedback is welcome.

This was the first edition of this review. There will be others, if there's interest.

One last thing! It's true, what they say: Sharing *is* caring.

If you think my work was helpful, please take a minute to share it with others - it really helps!

Cheers,
Maxime Eyraud

Connect with me

hi@maximeeyraud.com

