

# Creator Economy



Capitalizing on passion and creativity.





## New-age corporate finance and technology advisory firm focused exclusively on digital economy.

Flow Partners is a technology advisory firm, providing transaction advice to the companies and investors that shape up the global digital ecosystem.

Our core mission is to support winning entrepreneurs and alternative investors in M&A, capital raising and independent transaction opinions.

Our team has over 20 years of technology advisory experience and we have been behind Europe's most high-profile digital deals.

We are proud to work with world's most prominent private equity and strategic investors, and leverage the technology industry know-how to provide high-quality corporate finance expertise.

Our team operates globally with significant presence in London, Berlin, Warsaw, Tel Aviv and Los Angeles.

### Selected experience of the team

pipedrive

bumble

badoo

VOLOCOPTER

FLIXBUS

ALOHA

Parship GROUP

facile.it  
RISPARMIARE È FACILE

SCHROTT 24

Luminati

ELEVATOR

Aroundhome

SILVERLAKE

BYRON CAPITAL PARTNERS

Oakley Capital



# This has been a breakout year for the creator economy.

## Creator economy is here to stay.

Content creators aim to publish and monetize their skills and abilities through variety of online platforms. The concept has been around a while (after all OnlyFans was already founded in 2016), yet it is only now when a shift in media consumption, pandemic lockdowns and the normalization of a remote-first setup came together – that ultimately enabled creators to make a living off originally generated content.

## TikTok revolutionized content creation as we know it.

TikTok was a pioneer of new generation 'low-code' solutions, allowing creators to make professional-looking, immersive videos with little technical learning curve. On the other side of the table, consumers received a tailored, constantly-refined and never-ending flow of content. On top of that, TikTok built a (truly) AI-driven curation algorithm giving newcomers as much chance to 'blow up' as superstars – essentially democratizing access to the Internet audience.

## Over \$800 million has been invested into creator economy startups in 2021 already.

Venture capital money flow into creator-focused companies is rapidly increasing and will most likely skyrocket in 2021 and beyond. US startups absolutely dominated the space, getting over 80% of total capital invested between 2015 and 2021. Other regions have lots of catching up to do, as virtually all market defining companies are based in the US.

## Creator economy in a nutshell

<b>Purpose</b>	To create, distribute and monetize online content
<b>Content</b>	Originally created and unique
<b>Forms</b>	Videos, photos, podcasts, music, newsletters, blogs, e-books, online courses
<b>Distribution</b>	Online platforms, e.g. TikTok, YouTube, Substack, Medium, Spotify, Soundcloud
<b>Monetization</b>	Platform payouts, subscriptions, tipping, patronage, one-off sales, brand deals, merchandise, affiliate marketing, tokens

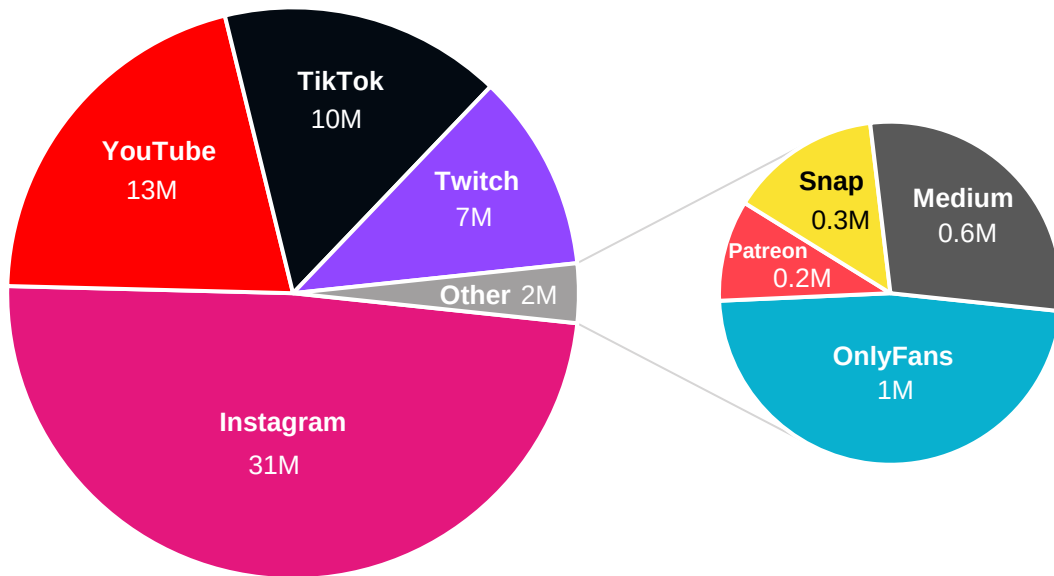
# Market



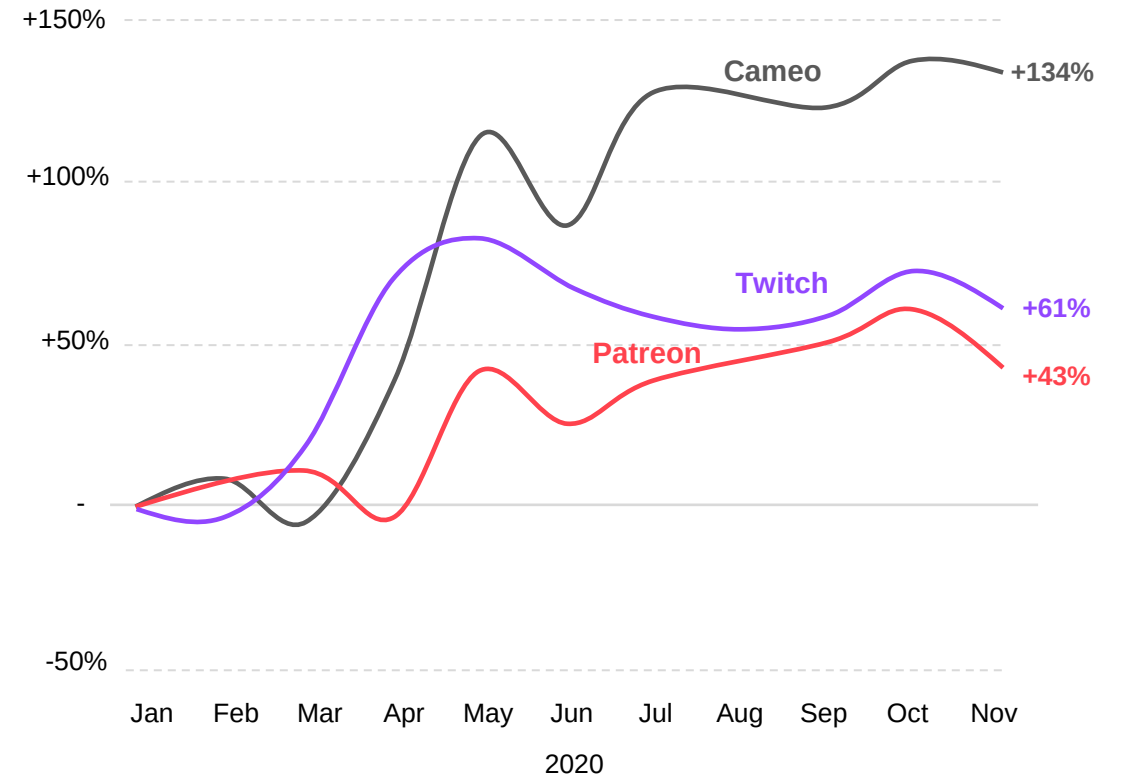


# There are over 65 million professional and amateur content creators worldwide.

### Number of creators worldwide across major platforms<sup>1</sup>



### Percentage change in downloads of creator-focused apps<sup>2</sup>



Source: 1. App Annie, Mention, Twitch, Medium, Flow Partners estimates. Snapchat includes Snapchat Spotlight only. 2. Apptopia  
 Note: 1. Includes creators with a certain follower or subscriber count.



# The whole new ecosystem continues to emerge around creators.

## Create & publish

### Video



### Streaming



### Photos



### Audio



### Writing



### Games



## Grow & monetize

### Monetization



### Courses



### Communities



### Fan Interactions



### Ecommerce



### Influencer Marketing



## Manage & analyze

### Analytics



### Software



### Finance



### Project Management



### Website



### Agencies





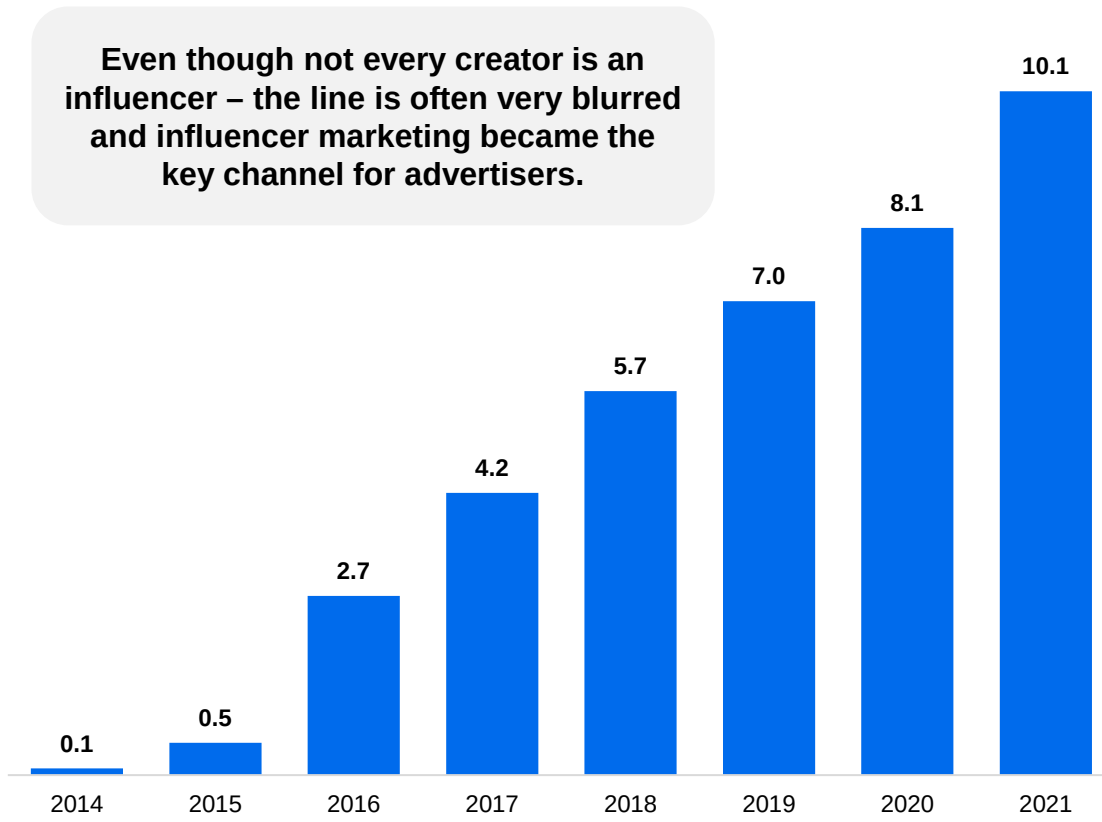
# Creator economy is enabling new forms of work.

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



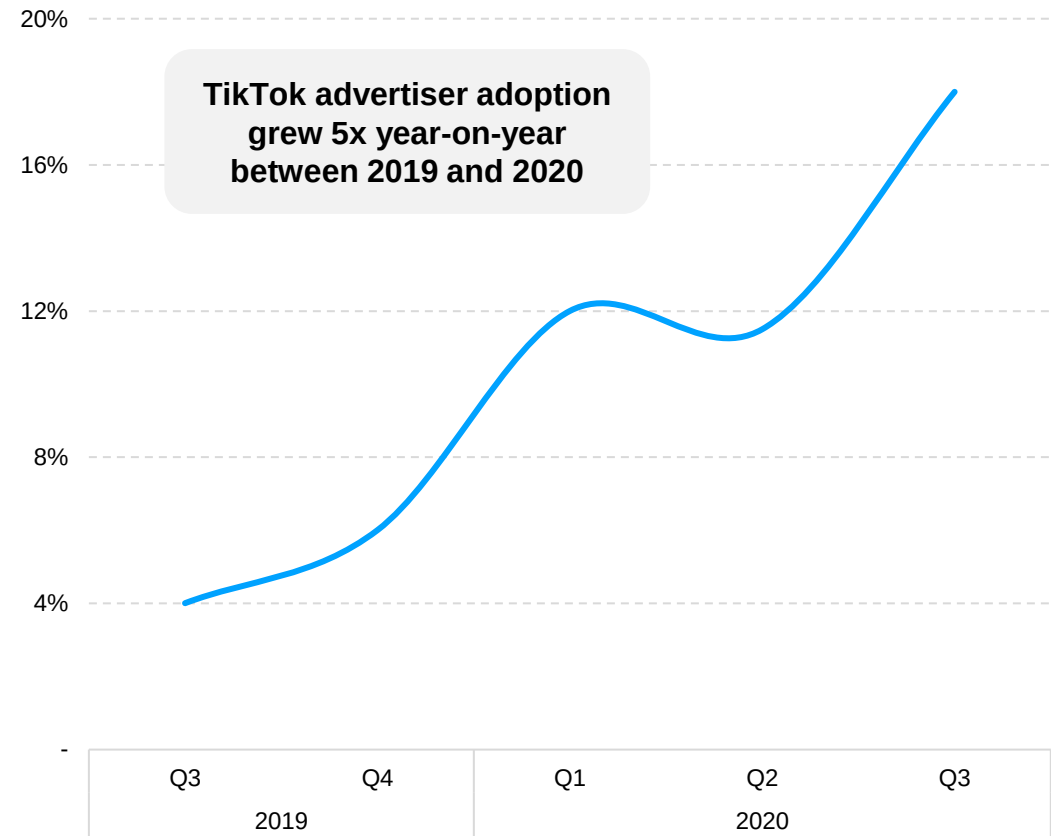
# Marketing budgets shift to new platforms to capture the creator wave.

### Global influencer marketing spend (\$ billions)



Even though not every creator is an influencer – the line is often very blurred and influencer marketing became the key channel for advertisers.

### TikTok advertiser adoption



TikTok advertiser adoption grew 5x year-on-year between 2019 and 2020

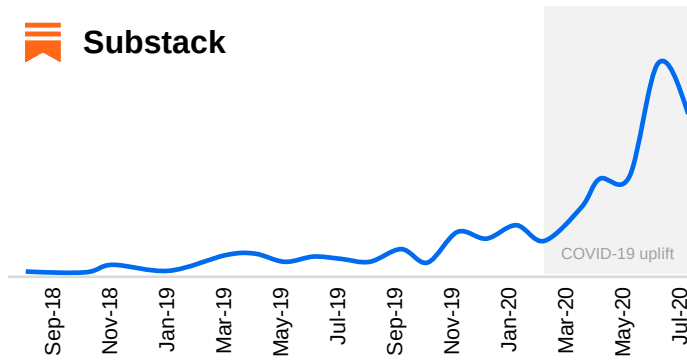


Market

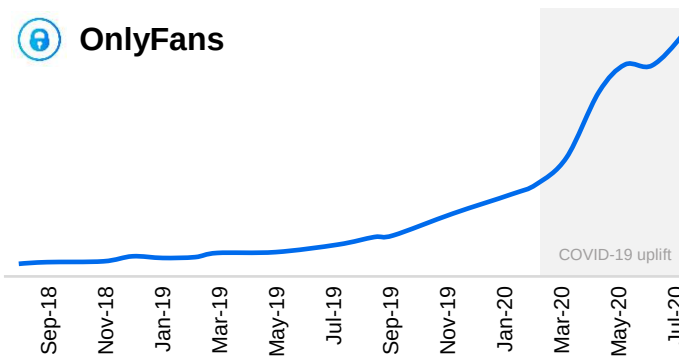
# Pandemic lockdowns have driven massive growth to creator platforms.

## Monthly revenue of selected creator platforms

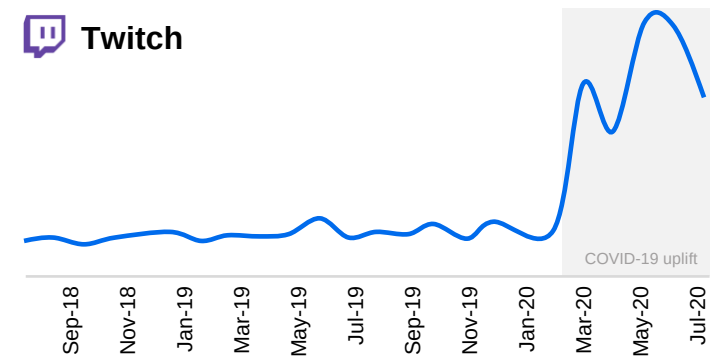
Substack



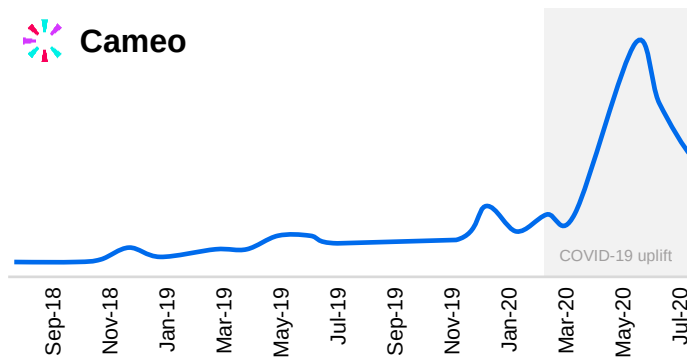
OnlyFans



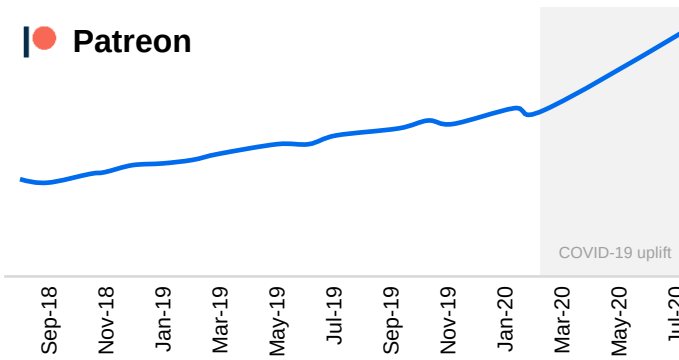
Twitch



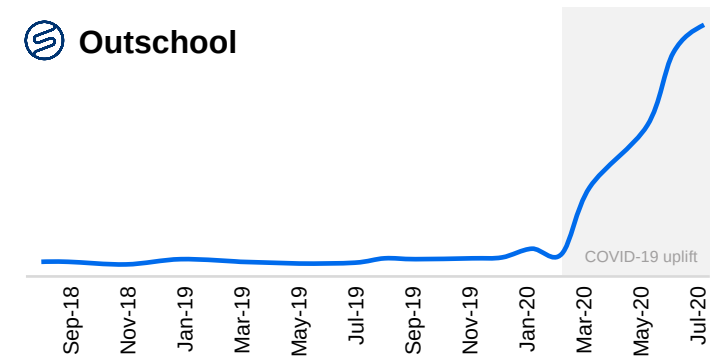
Cameo



Patreon



Outschool

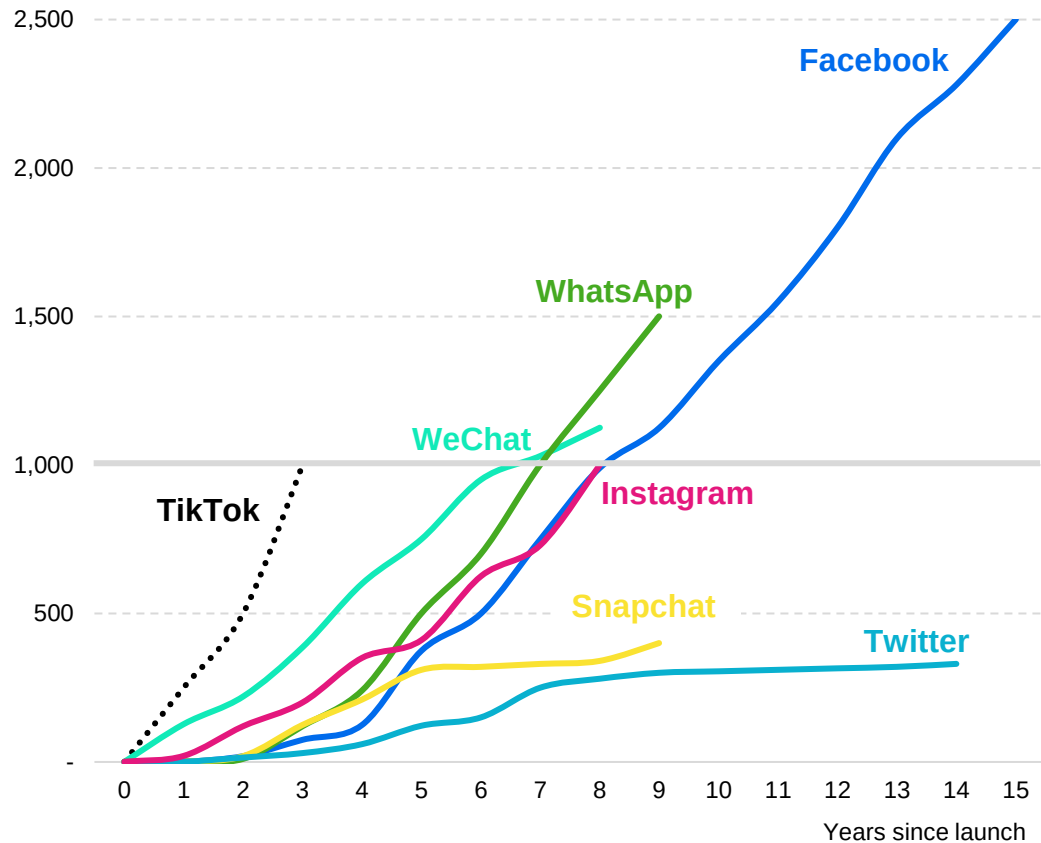




Market

# TikTok reached one billion users faster than any other social platform before.

### Time since foundation to reaching 1 billion users<sup>1</sup>



### Social apps ranked by MAUs in 2020<sup>2</sup>

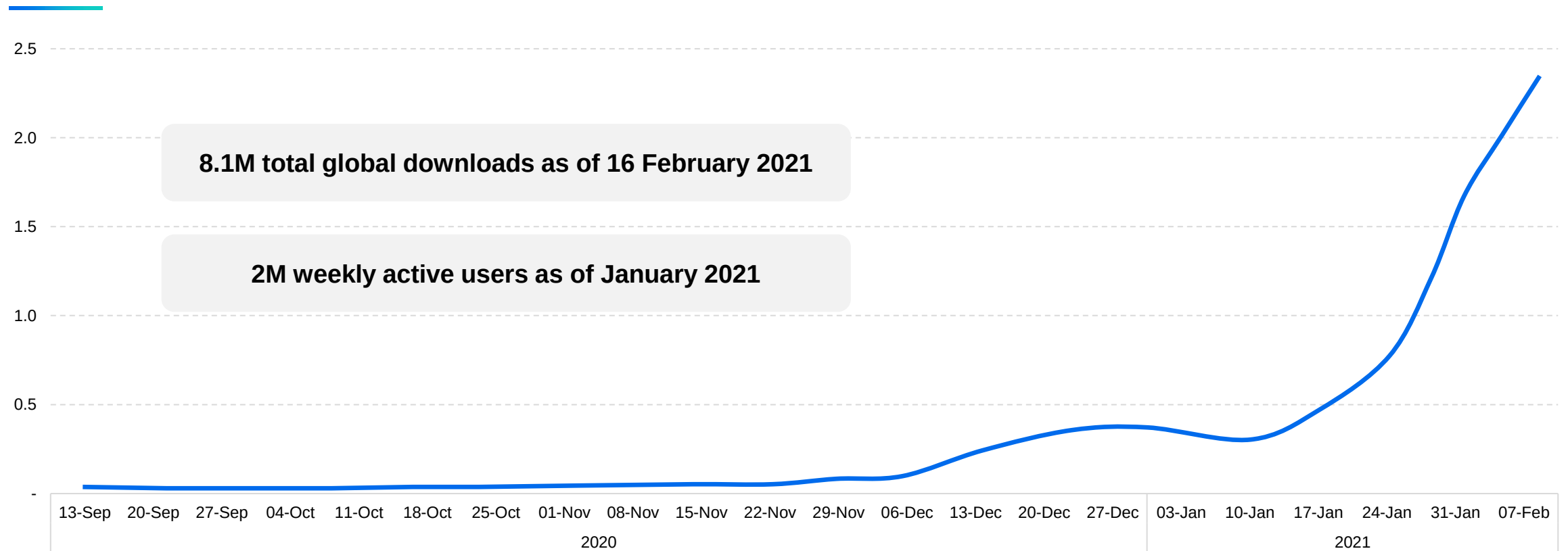
	US	UK	Germany	Australia	China	Brazil
1	TikTok	TikTok	TikTok	TikTok	TikTok	TikTok
2	Snapchat	Snapchat	Telegram	WhatsApp	Weishi	Telegram
3	Discord	Houseparty	Instagram	Houseparty	WeChat	Instagram
4	Facebook	WhatsApp	Snapchat	Twitter	Red	Snapchat
5	Instagram	Discord	Pinterest	Discord	Zhihu	Discord

Source: 1. Financial Times. 2. App Annie, annual reports.



# Clubhouse created a brand new way of audio creation and consumption, betting on unedited, real-time, raw communication.

Weekly downloads of Clubhouse iOS app



# Funding

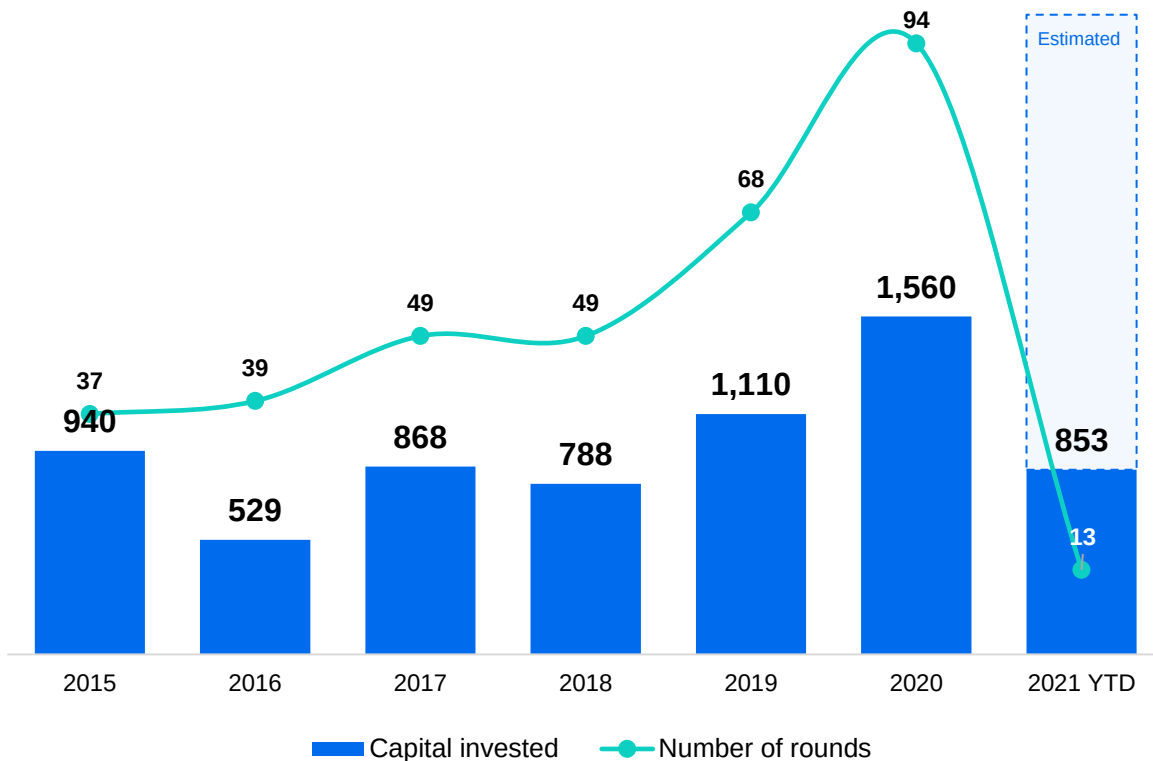




## Funding

# Nearly \$1 billion of venture capital went to creator-focused startups in 2021 already.

### Global VC investment into creator economy startups (\$M)<sup>1</sup>



### Notable equity raises in 2020 and 2021<sup>2</sup>



**\$770M**

from Altimeter Capital, Dragoneer and others



**\$450M**

from T. Rowe Price, GIC, Thrive Capital and others



**\$200M**

from Index Ventures, Greenoaks and others



**\$113M**

from Andreessen Horowitz, Greylock, Fox and others



**\$110M**

from Andreessen Horowitz

**PATREON**

**\$90M**

from NEA, Wellington Management and others



**\$52M**

from undisclosed investors



**\$50M**

from Insight Partners, Sapphire Ventures and others



**\$48M**

from KKR and Elephant

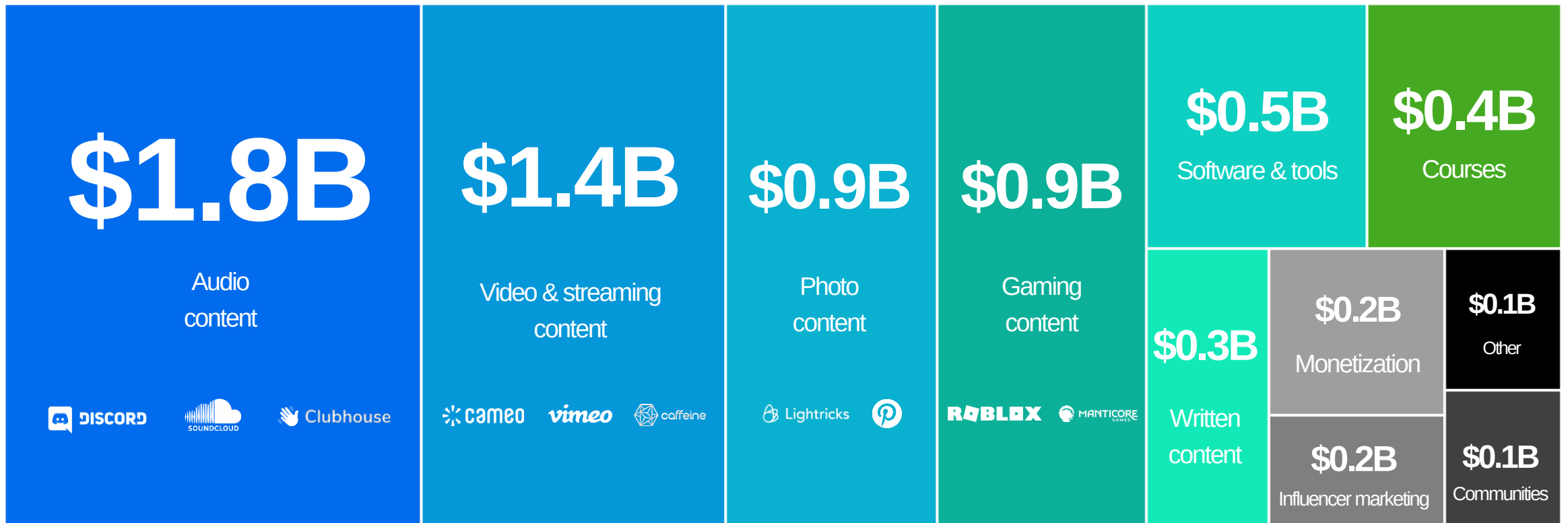
Source: 1. Pitchbook. Includes growth and expansion deals.  
Note: 2. Combines total capital that the company raised in 2020 and 2021.



Funding

Content creation platforms attracted over 80% of total venture capital invested into passion economy between 2015 – 2021.

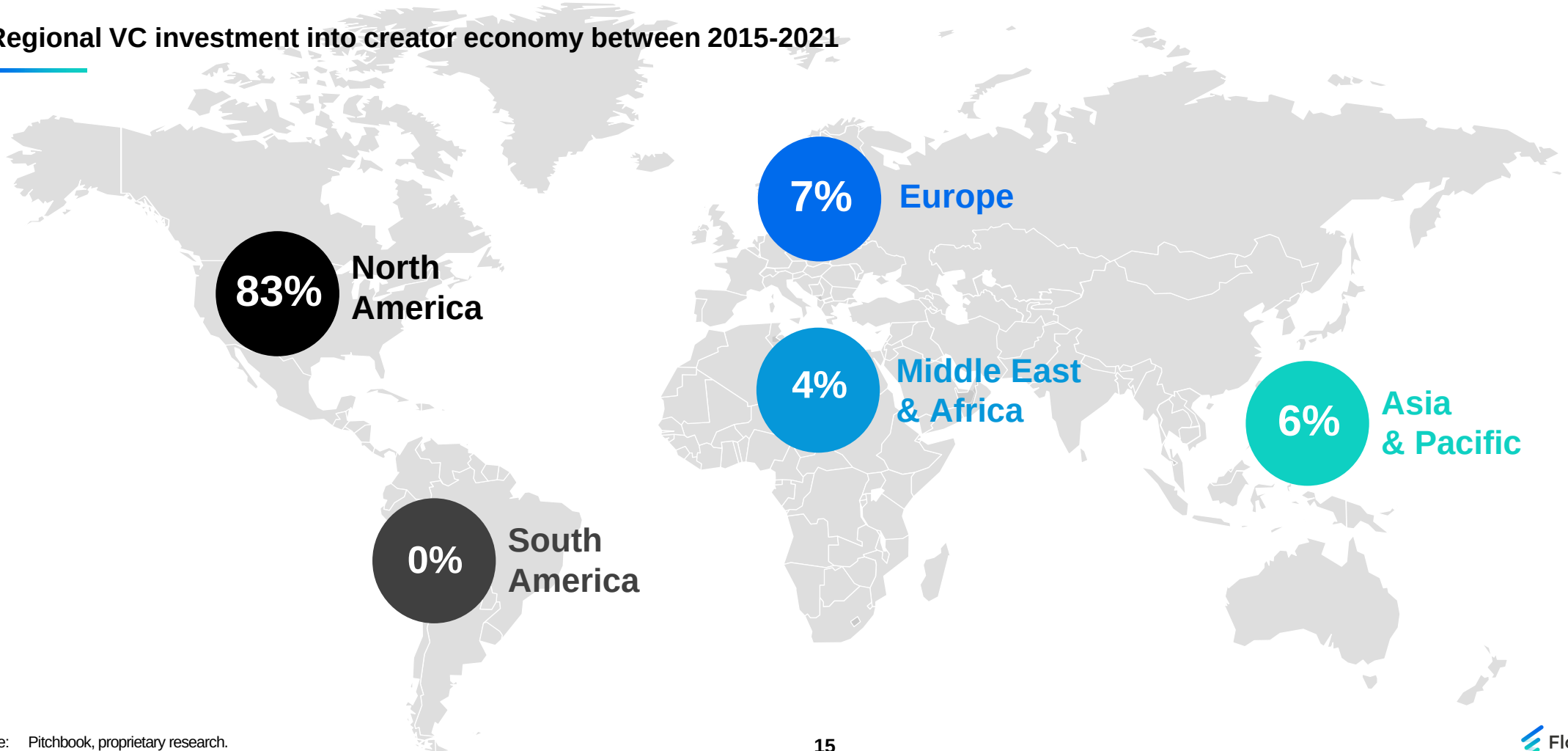
Sector breakdown of creator economy VC investment between 2015-2021





# US remains unrivaled – over 80% of total creator-focused venture capital went to American startups, with Europe and Asia lagging far behind.

Regional VC investment into creator economy between 2015-2021





## Funding

# Andreessen Horowitz is the most active creator economy investor and has been behind almost all high-profile rounds (Clubhouse, Substack, Roblox).

Investor	Deals done (2015-2021)	Funded companies					
<b>Andreessen Horowitz</b>	<b>20+</b>	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.			



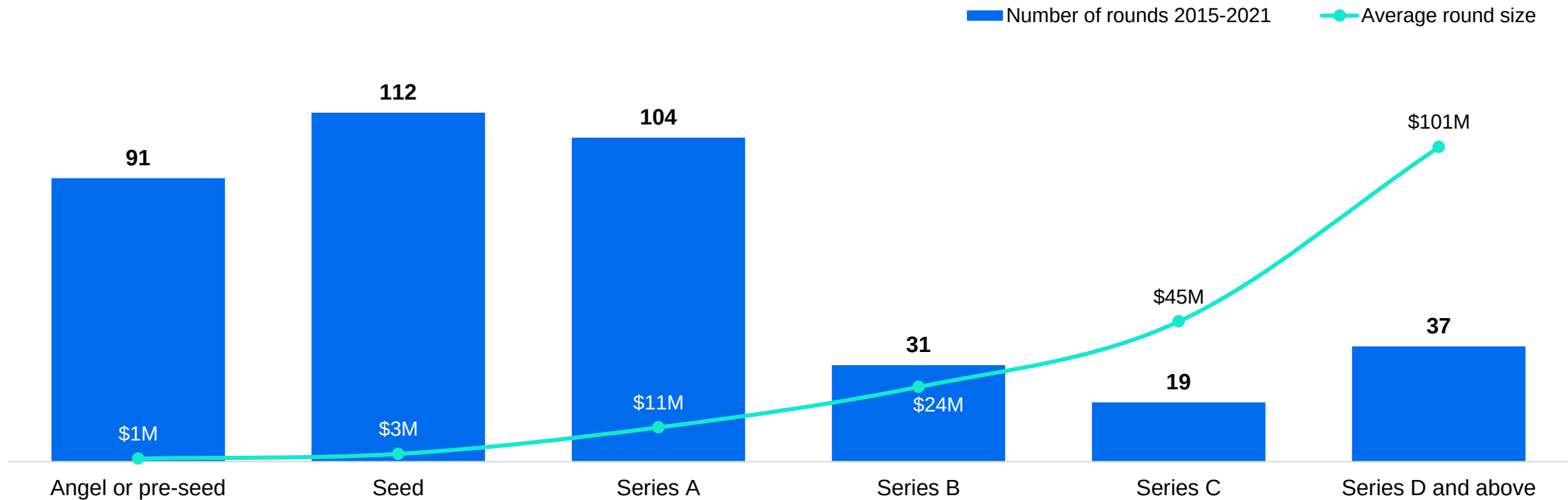
# Exit landscape lacks big deals, but is set to pick up pace in 2021 and onwards.

Date	Segment	Buyer		Target	Target Overview	Est. valuation	Deal type
Feb-21	Ecommerce	amazon	X	Selz	Ecommerce shop set up platform for SMEs	–	M&A
Jan-21	Writing	Twitter	X	Revue	Newsletter platform	–	M&A
Sep-20	Software	Social Native	X	Olapic	Online platform for user and brand-generated visual content	–	M&A
Jul-20	Streaming	Triller	X	Halogen	Online live video streaming platform for events	–	M&A
Jun-18	Influencers	Quotient THE RESULT OF KNOWING	X	Ahalogy	Influencer analytics platform	\$50M	M&A
Jan-18	Influencers	Viacom	X	Whosay	Influencer marketing agency	–	IPO
May-17	Ecommerce	Shopify	X	Oberlo	Drop-shipping platform with direct Shopify import	–	M&A
Jun-16	Influencers	Google	X	FameBit	Influencer link sharing platform	\$36M	M&A



# Early-stage rounds account for 80% of total capital invested into creator economy, proving the rapid growth of the sector.

Round breakdown of creator economy VC investment between 2015-2021



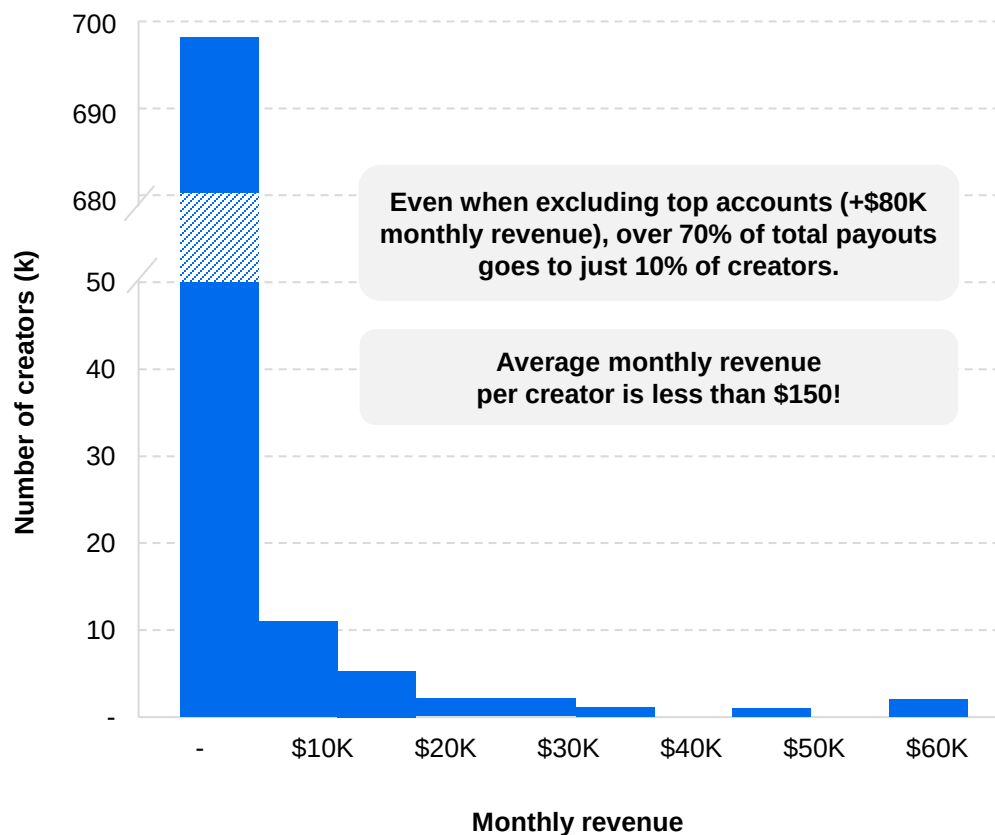
# Outlook



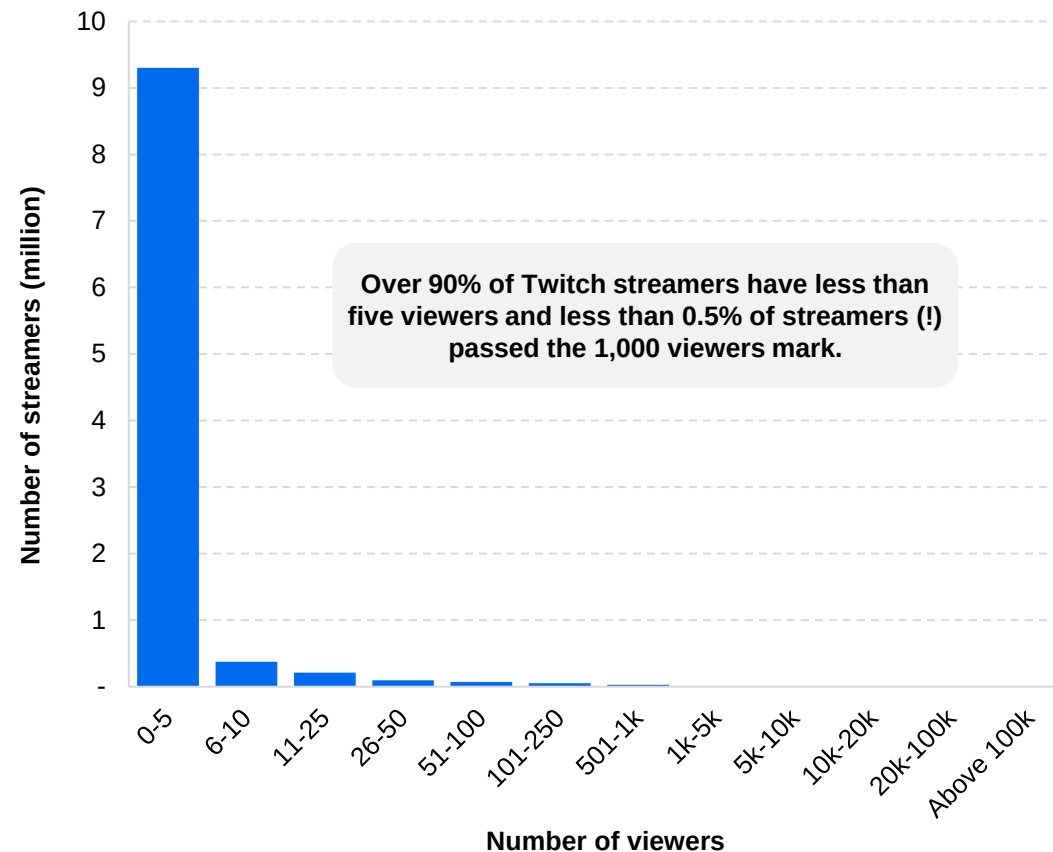


# A winner takes it (almost) all – creator economy suffers from a long tail issue.

### Histogram of monthly revenue per OnlyFans account (2020)



### Distribution of Twitch streamers vs. viewers (est. 2021)



Source: XSRUS, Sully Gnome Twitch analytics, proprietary research.



# New solutions emerge as creators tackle earnings disproportion issue.



## Adjusting 'broken' algorithms

Most social platforms (with a noble exception of TikTok) built algorithms in a certain way that popular creators are promoted even more, making it difficult for 'average Joes' to break out.

**Solution:** dive deeper into recommendation algorithms and explore niches of randomness, viewer engagement, device characteristics and diversity to flatten the 'social hierarchy'.



## Promoting unique content

With the increasing number of creators, much of the originally curated content becomes repeatable. It becomes very difficult for an 'another startup podcast' to become successful.

**Solution:** creators should explore untapped niches instead of focusing on broad segments; platforms may reward creators by boosting algorithms.



## Content discovery platforms

To promote content, creators rely on algorithms and their own social channels with the hope of going viral. Plethora of high quality podcasts, newsletters and video channels never become truly popular.

**Solution:** dedicated creator-focused content discovery platforms (*Product Hunt for creators*), for fans to discover high quality, original and under-the-radar content.



## Fair creator payouts

Many creator platforms (e.g. YouTube) keep direct link between advertising revenue and creator payouts, which incentivizes creators to publish content that can appeal to wealthy audiences.

**Solution:** platforms could focus on rewarding high viewer engagement and de-link ad profits from creator payouts (e.g. TikTok Creator Fund).



## Creator financing tools

Many of creator niches require significant amount of capital to start and grow the content business, and have no chance to be successful without having access to financial resources.

**Solution:** micro-lending creator initiatives for cash advances (*Patreon Capital*), blockchain-based crypto tokens, specialized creator-focused venture capital or venture debt funds.



## Education and training tools

Creator economy is still an up-and-coming vertical, with many creators entering space very recently and lacking operational expertise on how to run a successful creator business.

**Solution:** build support communities for creators to learn from each other; platforms to release educational resources (*Kajabi*) and mentorship programs (*Substack*).



# Many new verticals emerge to serve rapidly expanding creator needs.

## Social & non-fungible tokens (NFTs)

Personal and community tokens issued by creators, creator-issued collectibles articulating scarcity value.

Companies to watch



## Copyright and IP solutions

Digital rights management software solutions and intellectual property protection tools for creators.

Companies to watch



## Financial empowerment tools

Revenue-based financing options for creators and enablement tools to manage their creative income.

Companies to watch



## Co-creating & co-living spaces

Physical communities in remote locations across the globe for individual creators.

Companies to watch



## Creator-first monetization tools

Low-fee platform alternatives, 'tip jar' platforms, improved creator payout structures.

Companies to watch



## Creator-specialized venture capital

Niche financial vehicles tailored to creator economy offering equity and debt financing.











Companies to watch





# Non-fungible tokens (NFTs) became one of the hottest creator economy trends.

Crypto collectible ranking by sales volume (24-Jan to 24-Feb)<sup>1</sup>

	Product	Sales	Change (30 days)	Buyers	Transactions
1	 NBA Top Shot	\$199.7M	↑ 1,104%	67.0k	1,308k
2	 CryptoPunks	\$71.0M	↑ 1,477%	0.7k	2k
3	 Hashmasks	\$32.4M	-	1.9k	7k
4	 Art Blocks	\$4.3M	↑ 765%	0.6k	3k
5	 Sorare	\$3.6M	↑ 122%	2.9k	21k
6	 Axie Infinity	\$1.6M	↑ 94%	1.8k	5k
7	 Street Fighter	\$1.1M	-	4.0k	158k
8	 CryptoKitties	\$0.8M	↑ 962%	1.5k	4k
9	 F1 Delta Time	\$0.5M	↑ 121%	0.1k	0.2k
10	 Bitcoin Origins	\$0.4M	37%	0.4k	2k

Sources: CryptoSlam, Coindesk.

## NFTs in a nutshell

<b>Definition</b>	A unique, distinguishable digital collectible assets that are built on a blockchain platform
<b>Characteristics</b>	Indivisible, indestructible, non-interoperable, verifiable
<b>Platforms</b>	e.g. Ethereum, Wax, Flow
<b>Key attribute</b>	Not interchangeable with another (non-fungibility)
<b>Key value drivers</b>	Scarcity, high demand, monetization for a creator
<b>Examples</b>	Digital art, videos, animations, meme collectibles



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