



BREAKOUT STRATEGIC GROWTH PLAN

JUNE 2022



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Breakout

SECTION 01: **EXECUTIVE SUMMARY**



Breakout Executive Summary

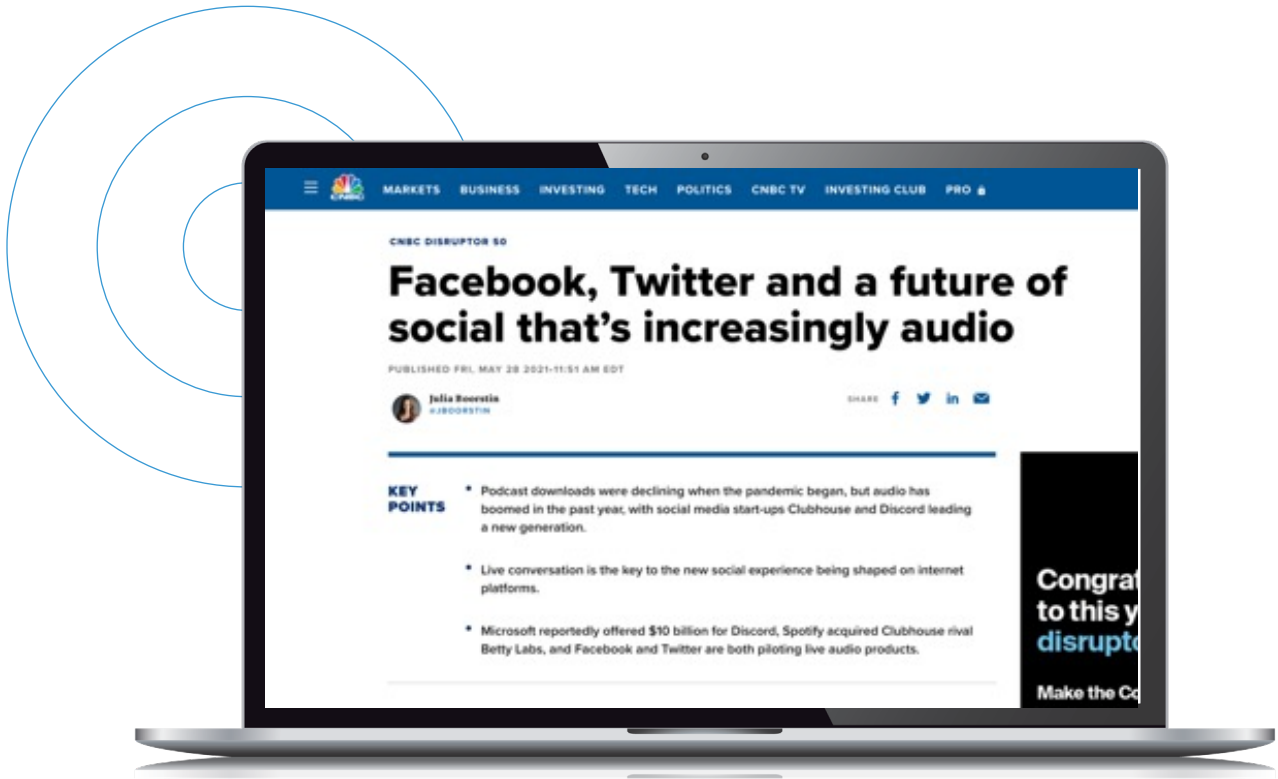
Breakout is an emerging Audio Social Network platform founded in 2021.

Breakout is seeking a strategic buyer who wants to work with our founding team members to grow the company into a category leader. This document will help guide growth efforts and strategies for the coming months and years.

Audio demand is through the roof with a rise in social media usage, smartphone users, and the resurgence of audio-based technology such as podcasting and music streaming. With demand surging into 2020, society was then hit by a worldwide pandemic.

While the beginning of ASN did not occur during the pandemic, these platforms grew quickly during the pandemic and continue to gain momentum, with valuations for Discord coming in at \$7 billion and Clubhouse at \$4 billion.

Like most top-ranked social media platforms, Breakout's technology has been engineered with the highest standard of excellence. Upon joining the platform, users quickly enjoy an experience like they do on popular apps used daily—such as Amazon, Instagram, and Twitter. This familiarity and usability have boosted Breakout's adoption amongst users and influencers alike.

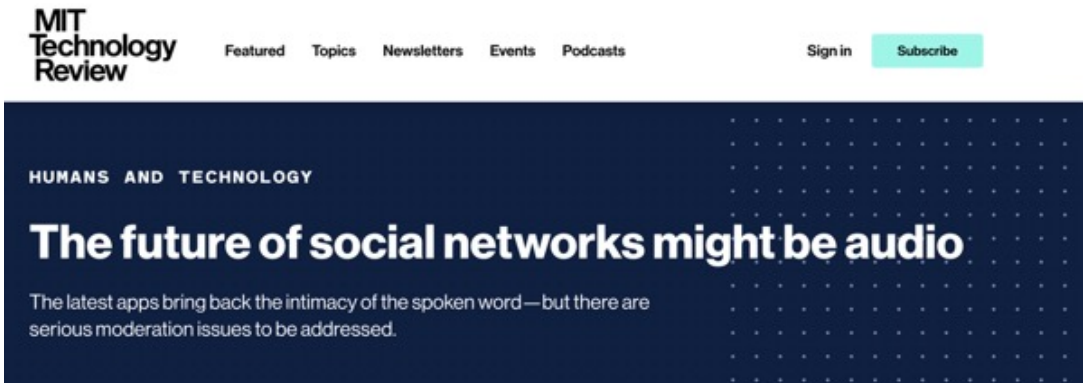


Additionally, Breakout is committed to free speech on its platform. While many competing social media platforms are quick to restrict users, Breakout is committed to giving all users a voice without shadow banning or restricting reach. All users are asked to abide by the community guidelines of no harm, no threats, and no criminal activity.



Users are expected to be highly engaged, spending approximately 30 minutes daily on Breakout. Time on the platform is spent in rooms and engaging with the news feed, recording their own hooks, on Bee search, finding new people to follow, and earning Bee tokens. Thirty minutes a day is comparable to leading social media platforms such as Facebook, Twitter, or Instagram.

A key component of Breakout is the platform's monetization opportunities. There are multiple revenue levers available for influencers and businesses alike. This aligned incentive creates a "win-win" for both the platform and its users. Breakout's "Branded Rooms" allow for customized rooms for brands and influencers to drive their users to scheduled or spontaneous live conversations – all in an branded, customized look and feel on the app. Also, Breakout boasts News Feed and Search Engine advertising opportunities. Breakout's "Bee Search" is an in-app search engine that allows users to stay on the app and search for information instead of leaving the app and losing time within the platform.



Hit fast forward to optimized conversions

3rd party ad content

nuve

5 Ways Entrepreneurs Can Harness Social Audio

Capitalize on the future of platforms and products in which audio is the principal means of communication.

By [Aaron Greenberg, PhD](#) December 7, 2021

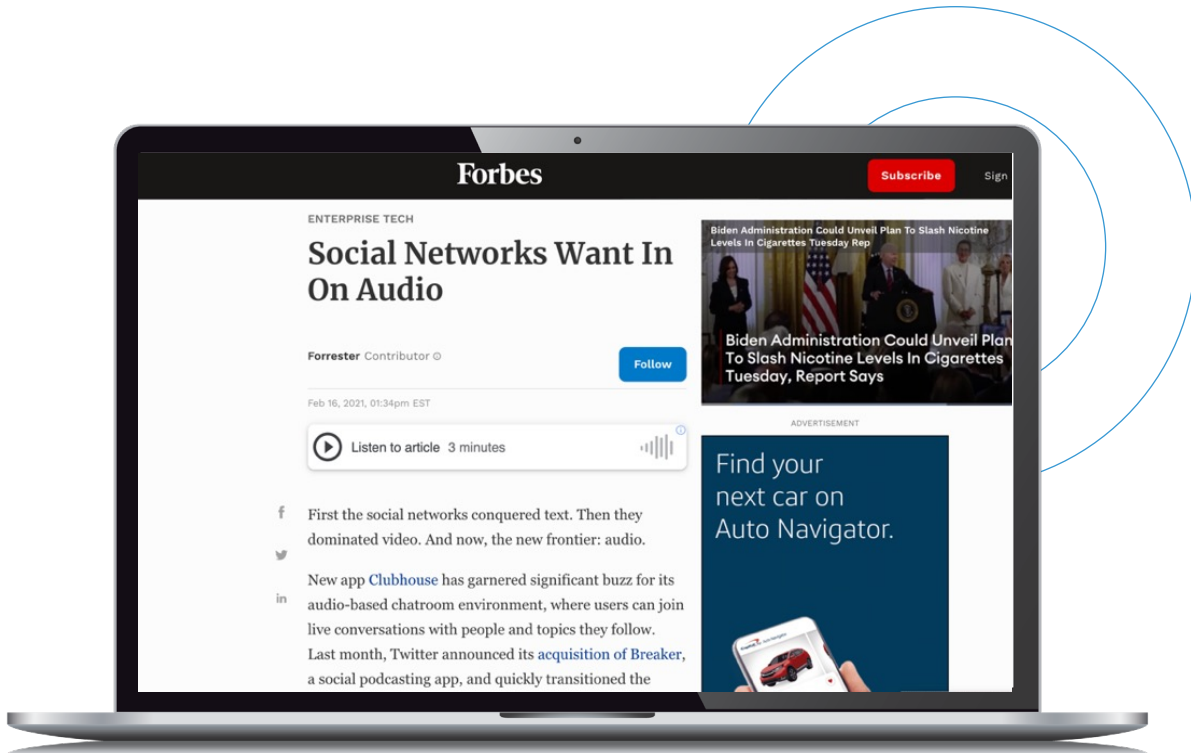
Opinions expressed by Entrepreneur contributors are their own.

Social audio suddenly seems everywhere. According to Sensor Tower, which tracks the global app economy, social audio app installs rocketed to 20 million in the first four months of 2021. As a result, venture capitalists are flocking to the space; in April of this year, Andreessen Horowitz led a Series C funding round valuing Clubhouse (a voice-based social network) at \$4 billion, though many are wary of the investment. Smaller startups with trendy names — including Wavve, RiffR, Spoon and Beams — are scrambling to grab market share before it's gobbled up.

These social audio apps have obvious appeal; much of the world has been in and out of quarantine for nearly two years now and we long for spontaneous connection... unscripted and unpredictable interactions, and an app like Clubhouse was well-positioned to answer these needs. Audio formats generally have been increasingly popular and lucrative in recent years: witness Spotify's pivot to podcasts, acquiring Gimlet for a cool \$230 million.

With social media advertising spending on a sharp rise, a strategic buyer will enjoy the continued adoption of social media advertising spending from a variety of brands worldwide. From 2020 to 2025, the number of people worldwide who use social media is expected to grow from 3.6 billion to 4.4 billion¹, meaning over half of the entire planet’s population scrolling through social feeds. Like Facebook, Twitter, and Instagram, Breakout’s News Feed features tailored content in a scrolling experience that allows users to discover new information and see the latest posts from those they follow. Advertising opportunities will also be baked into this feed.

Finally, users can buy badges and tokens to increase their personal clout on Breakout. Like mobile gaming apps, these paid badges are seen by fellow Breakout users and help drive community and a sense of belonging amongst those who earn and purchase these items. These diverse and lucrative revenue streams will complement the continued organic growth of users and influencers that can lead to an extraordinary valuation, long-term or hold, or strategic exit.



ASN platforms are now beginning to segment into topic-based, niched audiences. Clubhouse focuses intensely on business, marketing, and “hustle culture.” Spotify Live is dedicated to music-based conversations, and Discord has doubled down on gaming tips and tricks. Our research shows a demand for several other targeted interest, groups that do not have a dedicated ASN platform as a landing place for ongoing conversations. This market opportunity, along with the rise, popularity, and staying power of ASN, presents a bright future for Breakout. With organic growth continuing steadily without a public launch, Breakout is poised for rapid growth that the right strategic partner can help drive.

In summary, Breakout is an early adopter in a fast-growing category with burgeoning valuations for ASN platforms. This surge in demand is just now being segmented into massive, lucrative categories. Many of these topics, such as sports, sports betting, politics, food & beverage, faith, books, and education, present a blue ocean of opportunity for users who want to engage via audio. By leveraging our best-in-class product with a data-driven demand in categories poised for growth, Breakout is ready to rapidly engage with partners to expand and become a category-leading organization.

ADWEEK
COLUMNIST NETWORK

Think Social Audio Is a Fad? Think Again

Keeping community central to the experience is key as the medium finds its footing

should you quit your job and become an amateur dolphin trainer? 🐬

Edwin Caroline Carl
Malia Greg Carl

OTHERS IN THE ROOM

Columnist Network

We shouldn't dismiss Clubhouse as a one-hit-wonder. Clubhouse

The advertisement is set against a background of two overlapping circles, one green and one blue.



Sources

¹ [Beveridge, Claire, 2022. "56 Important Social Media Advertising Statistics for 2022," Hootsuite.](#)



Breakout

SECTION 02: **AUDIO SOCIAL MARKET**



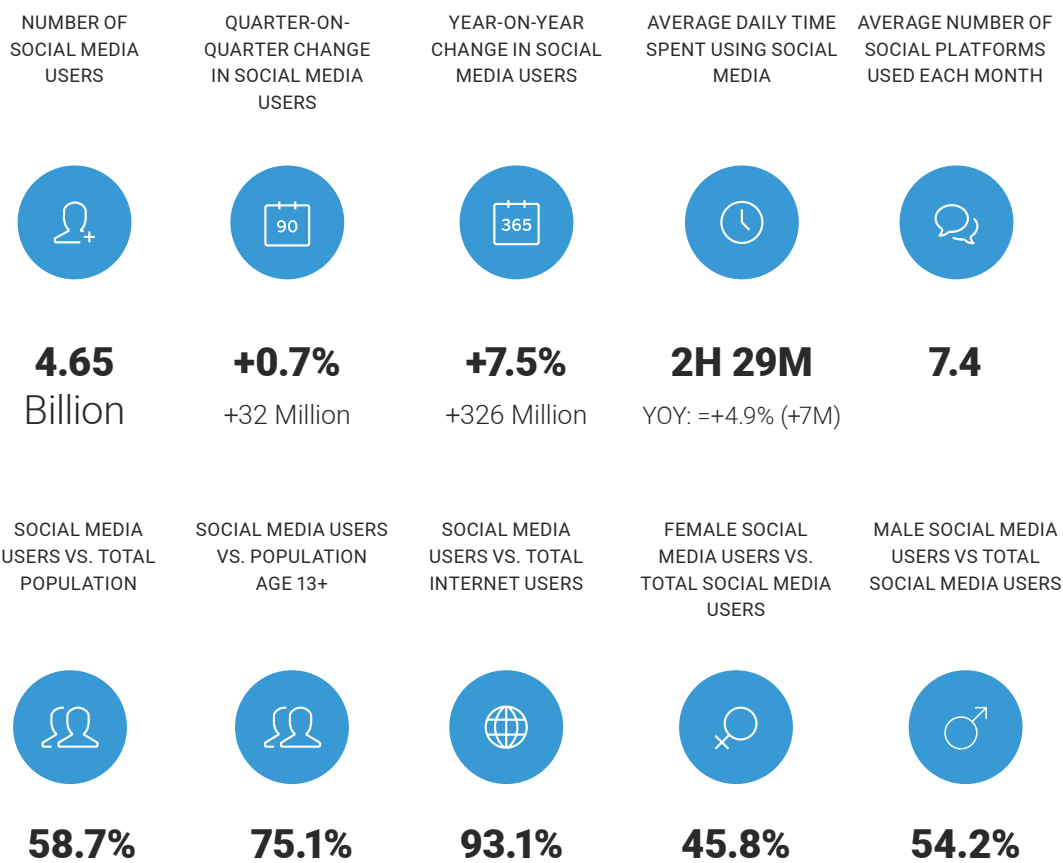
Social Audio: A Market Ready for A New Approach

Breakout is an audio-based social networking platform well positioned to take over a rapidly growing market in the United States and globally. Breakout chooses to focus on audio due to the market's growth, unique benefits of audio, and the potential to bring innovation to the audio segment.

Social Media Market Growth

Audio is a subset of the broad social networking and social media sphere. In the last year, an estimated 326 million people have joined social media, with more than 32 million new individuals joining in the first quarter of 2022 alone. That equates to an annualized growth of 7.5%, with an average rate of more than ten new users every second. Nearly everyone with internet access uses social media, and growth will continue as the global population continues to come online. The average users spend 2.5 hours a day online and engage with more than seven platforms each month—audio benefits from the overall lift in social media growth.

Overview Of Social Media Use



Source: [Datareportal.com](https://www.datareportal.com)



Global social media adoption has risen alongside increased smartphone ownership, with 6.64 billion people owning a smartphone today, compared with 3.66 billion in 2016. Statistically, there are more Android users than iOS users worldwide—87.4% compared to 12.6%.¹

6.64 **Billion**
smartphone users in
the world today.

83.72% of people have
smartphones
today

[Source: Bankmycell.com](http://Bankmycell.com)

Demand for Audio

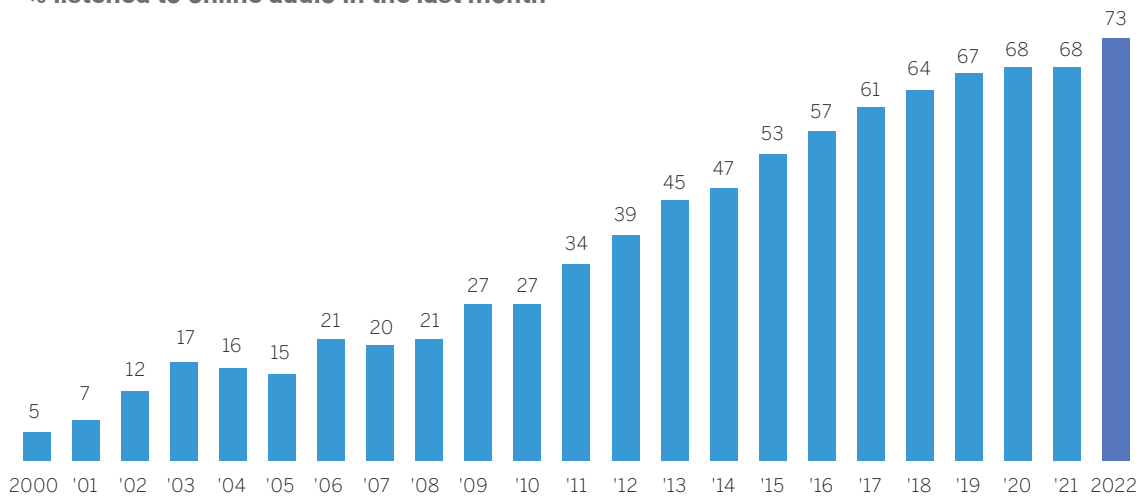
In the U.S., there is enormous demand for audio consumption through smartphones, including podcasts, music streaming, audio news stories, audiobooks, and radio station apps. For those over the age of 12, 73% of the population listen to online audio, and within the 12-54 age segment, over 80% listen online each month. Furthermore, more than 30% of the population have listened to a podcast or online audio while in the car.

Monthly Online Audio Listening

TOTAL U.S. POPULATION 12+

% listened to online audio in the last month

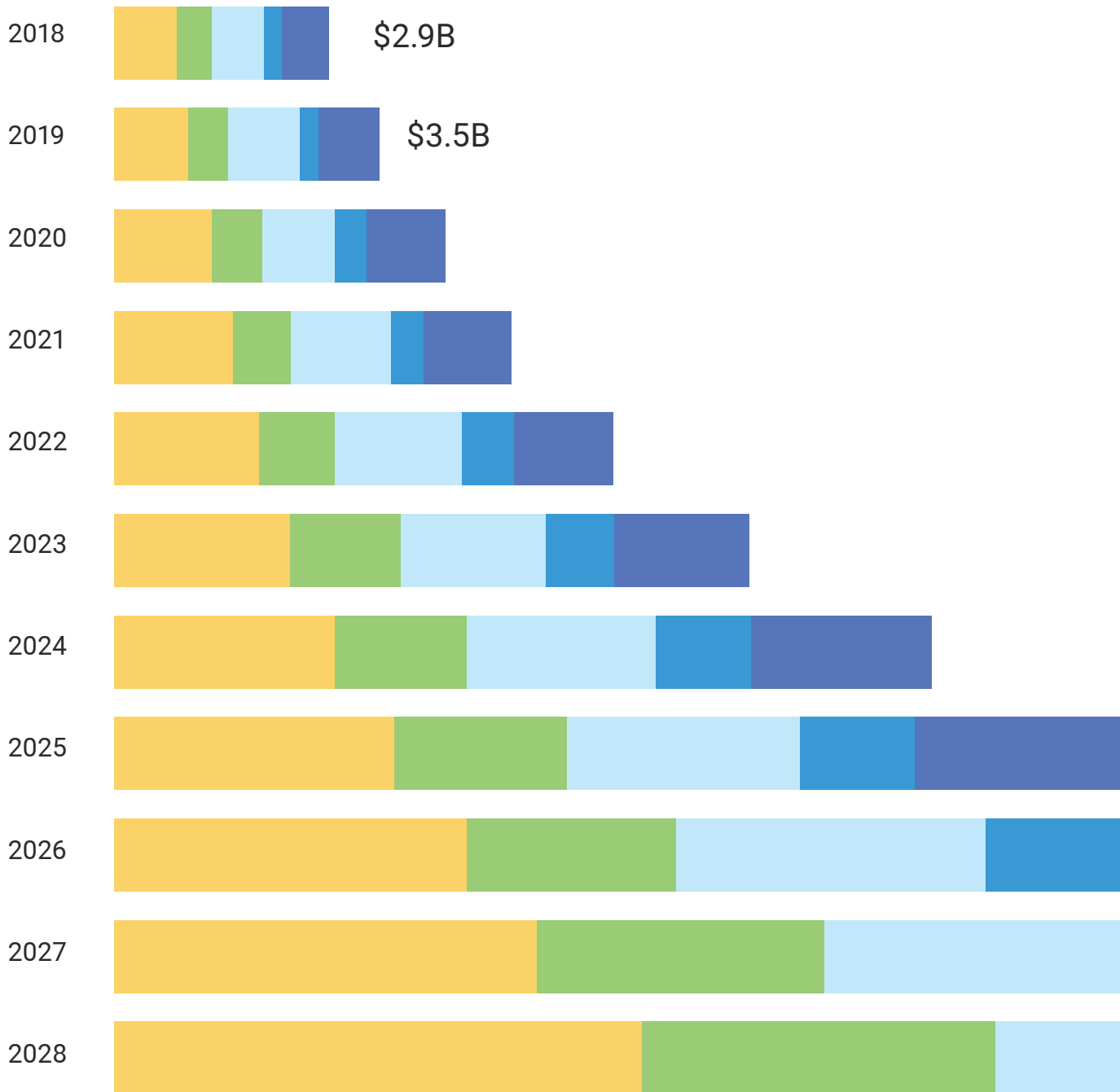
Estimated
209 Million



Source: Edison Research, 2022. "The Infinite Dial 2022."

U.S. Podcasting Market

Size, by genre, 2018-2028 (USD Billion)



- News & Politics
- Society & Culture
- Comedy
- Sports
- Others

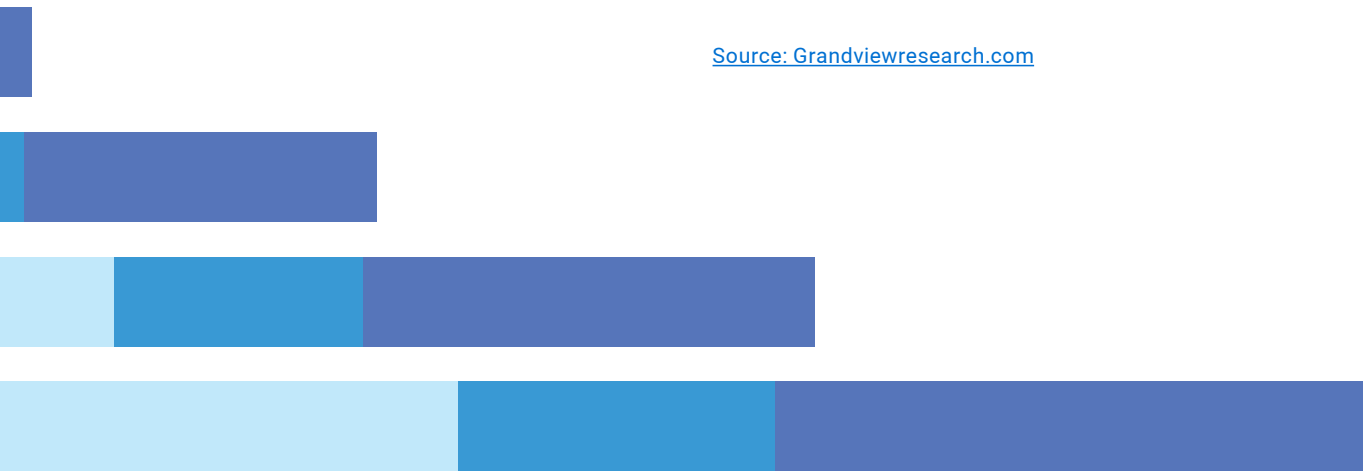
27.1%

U.S. Market CAGR,
2021 - 2028

Audio consumption is not slowing down. With an expected growth rate of 27% between 2021-2028, podcasts point to the demand for mobile audio.

These audio trends show the potential for Breakout—a new social audio product with a world-class platform that will be recognized by users and investors alike.

[Source: Grandviewresearch.com](https://www.grandviewresearch.com)



The U.S. Social-Audio Market

Breakout's initial focus will be on the U.S. to quickly solidify its leadership and then scale globally. With 88% of Americans ages 12 and older now owning smartphones, and 82% utilizing social media, the U.S. market is massive.² The infographic below shows the many growing areas of Audio Social Networking in US and beyond, and can put into scope the reason so many investors have been looking to fund growth-minded, quality platforms.

The broad audio market in the U.S. is enormous and well-established.

Andreessen Horowitz led a Series C funding round valuing Clubhouse at

\$4B



Social audio app installs rocketed to **20 million** in the first four months of 2021.



Audio formats generally have been increasingly popular and lucrative in recent years: witness **Spotify's** pivot to podcasts, acquiring Gimlet for a cool **\$230 million**.

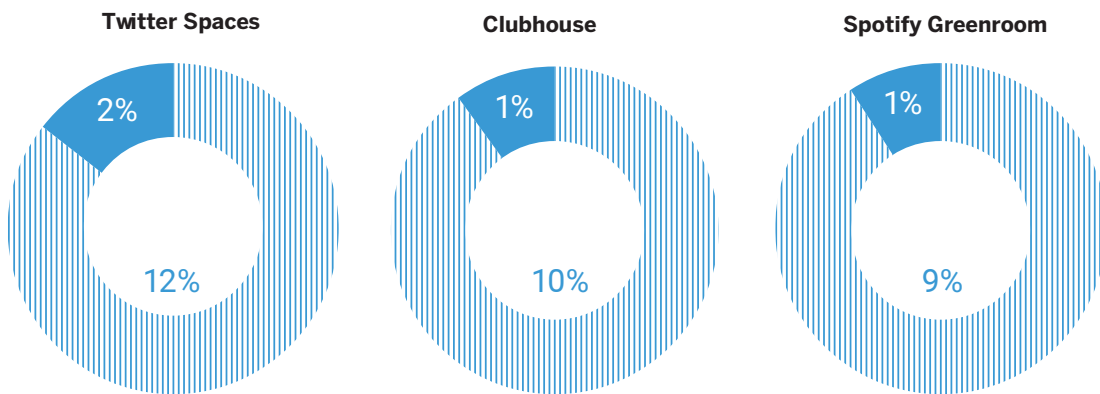
[Source: Entrepreneur.com](https://www.entrepreneur.com)

Capitalizing on the trend for social media growth and audio consumption, Breakout has the opportunity to **shape** and **dominate** social-audio.

Social audio is relatively nascent; even the most well-known players are not household names. Clubhouse launched in April 2020, and only 10% of the population is aware of the platform. The market is ready for an inspired platform to take hold of the opportunity by delivering a fantastic user experience and clearly communicating the beauty of social audio.

Early Days for Social Audio Services

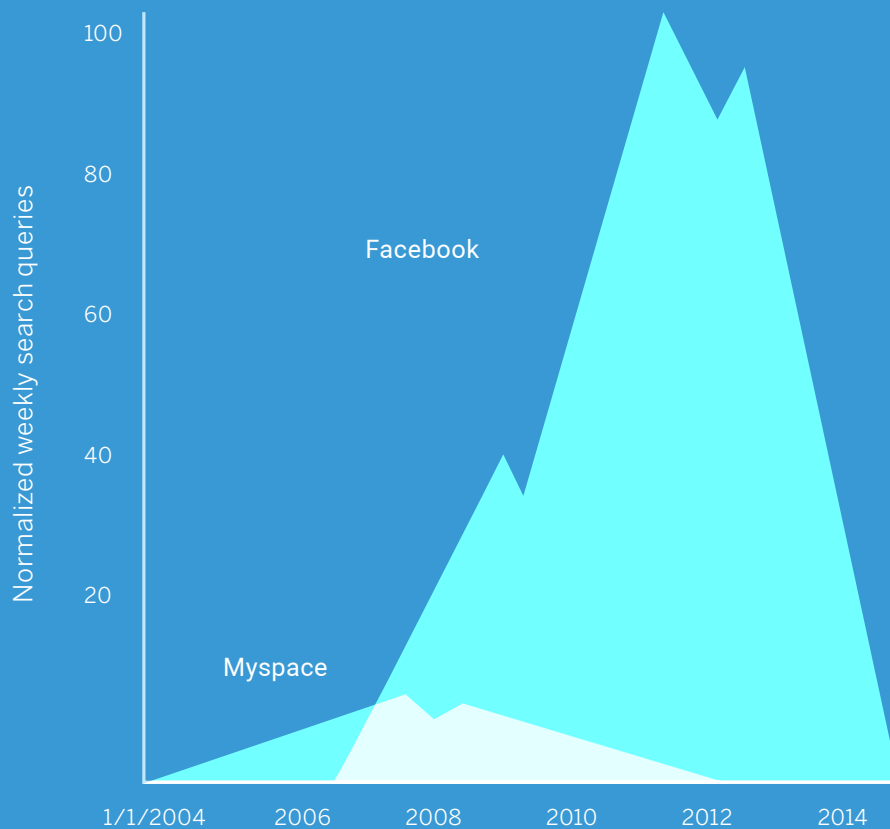
● % aware of service ◌ % currently using service



[Source: Variety.com](https://www.variety.com)

Facebook and MySpace provide a case study on how a platform that isn't first to market can establish market leadership. When Facebook launched in 2004, it was not the first mover; MySpace targeted the same audience and entered the market before Facebook. It generated enormous interest, received much early press, and created a considerable valuation when investors jumped in.³ Yet, Facebook targeted the niches that propelled it forward, gained market share, and stayed front-of-mind even with the entrance of big players such as Instagram and Twitter.

With a similar focus and continued emphasis on the user experience, Breakout can grow the overall social audio market and gain a significant share.



Source: blogs.cornell.edu



Spotify Live Case Study

Similar to how Clubhouse and Discord focused on doing one niche well (business and gaming), Spotify Live followed suite.⁴ Spotify had 365 million monthly active users in mid-2021 and has achieved steady growth over the past five years, from less than 100 million users in 2015. Spotify recognized that the US market is in an early era of Social Audio, and that developing their own platform would not be as effective as airing one. So in March 2021, Spotify turned their attention to social audio, acquiring Betty Labs for \$67.7 million. Betty Labs is the creators of Locker Room, a sports-based audio, social network. In real-time, members of the app could join live conversations surrounding sports news, trades, rumors, etc.

The result of the purchase was an increase Spotify's stock. The price was up 2.8% in early trading the Tuesday after the purchase to nearly \$260 per share. This shows the value that early investors are seeing in the ASN progress, and the clamor to be apart of the next big wave of social audio.

Spotify quickly rebranded the application to Spotify Greenroom in June of 2021, orienting the platform around live music sessions, artist Q&As, and listening parties. It existed as a separate application for nearly a year, and In April 2022, the company again rebranded the initiative to 'Spotify Live' and integrated the platform into their primary application.





Audio: the Better Social Alternative

Benefits of Audio

Benefits of Audio

Tech analyst Jeremiah Owyang refers to social audio platforms as the "Goldilock" medium for the post-COVID 2020s: text is not enough, video is too much, and audio is just right. In Owyang's estimation, social audio represents the opportunity for social connection and empathy without the downsides of video. Users never need to "look their best" and can avoid the social pressures that attend visually-driven social networks.⁵

Audio-driven networks offer an alternative model based on thoughtful conversation and engagement rather than passive production and consumption of images. Research has shown that audio-centric imagination can be a powerful tool to improve cognitive function and emotional stability.

A study by the Journal of Verbal Learning and Verbal Behavior found that listening to a story enhances the brain's visual processes and stimulates deeper cognition. The study found that the brain is more likely to create imagery from listening to a story than from reading in a traditional format.⁶ A 2016 study by UC Berkeley also found that listening to narrative stories improved neural stimulation and enhanced semantic processing.⁷





Risks of Image-based Social Platforms

Social audio is not only a more functional tool but also a much healthier alternative than video and image-centered platforms. Below are examples of issues that continue to arise with these social platforms:

Video Fatiguing:

Significant psychosocial research supports this hypothesis. Professor Jeremy Bailenson, founding director of the Stanford Virtual Human Interaction Lab (VHIL), examined the psychological consequences of video communication and noted four fatiguing dynamics:⁸

1. Excessive amounts of close-up eye contact are highly stressful
2. Seeing yourself during video chats constantly in real-time is fatiguing
3. Video chats dramatically reduce mobility
4. The cognitive load is much higher in video chats

Refer to the appendix for a further look into these fatiguing dynamics and how they negatively affect the life of an everyday user.

Psychological damage:

Video and image-based social media affects user fatigue and can also thrust users into mental health, image, and social safety issues. For example, the image-driven nature of platforms like Instagram and TikTok has also been psychologically damaging for users, many of whom are children. Rates of depression reportedly doubled among teen girls between 2009 and 2019,⁹ and self-harm hospital admissions soared nearly 100% for girls ages 10-14 from 2010 to 2014.¹⁰ These trends align with the number of teen girls joining and becoming more active in image-based social media. Many analysts and scholars attribute this trend to the prevalence of social media. Facebook was famously subjected to Congressional inquiry in 2021 following the leak of thousands of internal documents that showed Instagram had a damaging impact on young users. An internal study showed that 13.5% of teen girls said it makes thoughts of suicide worse, and 17% said it makes eating disorders worse.¹¹

Government officials and child-safety advocates argued that TikTok's computer algorithms also promote eating disorders and self-harm/suicide to young viewers, which prompted eight states to launch an official investigation into the platform in March of 2022.¹² Early research has shown signs of these issues on TikTok,¹³ and anecdotal research from TikTok users has only glimpsed into the severity of the problem, with several interviews confirming negative body image influences and thoughts of self-harm.¹⁴

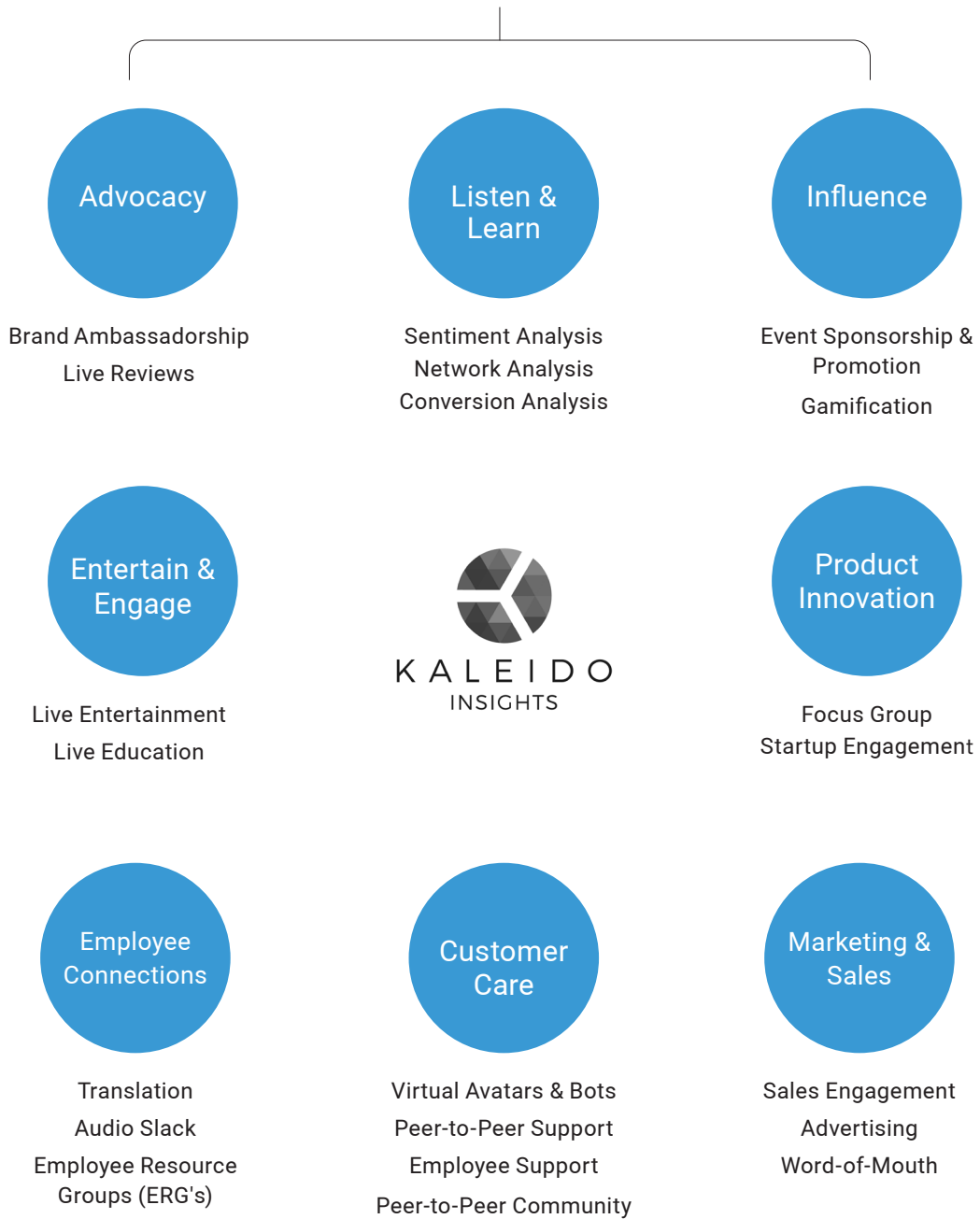
In contrast with video and image-driven social media, audio enables safe driving, mobility, and healthy mental activity.

Audio: A Better Model for Social Media Businesses

The Breakout platform is poised to successfully market to brands relying on engageable content to reach their target audiences. The tech research and analysis company, Kaleido Insights, has identified at least 20 potential business use cases for social audio platforms. These insights are listed below and provide an understanding of the best uses of these platforms. Individuals worldwide are engaging in social buying and engagement through the following 20 cases. Breakout enables brands to capitalize on many of these use cases. As Breakout approaches brands and influencers, it will highlight these opportunities to engage easily with their key stakeholders. Through audio as a source of communication services and education, Breakout Audio will have the opportunity to benefit not only the brands and products that engage but will also benefit and inform the influencers and users that are interacting with audio daily.



Social Audio Use Cases for Business



[Source: web-strategist.com](https://www.web-strategist.com)



Listen & Learn

Sentiment Analysis: Analyze transcripts of conversations to determine positive/neutral/negative sentiment concerning products, services, and brands. Lean on existing social media sentiment metrics as a starting point, adding inflection, volume, tone, and more.

Network Analysis: Analyze user connections and network maps to uncover influencers, followers, engagement patterns, etc. Additionally, track who goes in which room or space, which content or individuals are attracted to, and predict what they may do next.

Conversation Analysis: Analyze the spread of messages and ideas throughout networks by reviewing transcripts, keywords, timestamps, etc. Use to inform product and service innovations and eventually predict the "next big thing."



Influence

Event Sponsorship and Promotion: Sponsor an on-platform "event" (conversation, room, etc.) that aligns with an in-person event or other online events. Or host a brand-sponsored conversation with influencer hosts.

Gamification: Create marketing promotions that spur platform users to follow your company, key leaders, or branded mascots in exchange for prizes, content, rewards, loyalty points, etc. Utilize platform-enabled gamification as well, as developers build gaming apps (e.g., crypto rewards).



Advocacy

Brand Ambassadorship: Enlist brand ambassadors to act on your company's behalf, embodying your brand "lifestyle." Ambassadors can organically participate in relevant conversations to positively impact brand perception. Ambassadors and influencers may overlap in your advocacy strategy; be transparent regarding sponsorship.

Live Reviews: Options may include using a product together live while chatting on social audio or rooms dedicated to reviewing a product type or specific make/model.



Customer Care

Virtual Avatars & Bots: Utilize AI-powered chatbots to answer simple customer care questions via voice assistant. Social audio could be instrumental in assisting those with accessibility issues who prefer voice communication.

Peer-to-peer Support: Host regular conversations where customers can help one another in solving problems, much like crowd-sourced support models in the sharing economy. Reward customers for assisting others with crypto, branded tokens, loyalty points, public praise, etc.

Employee Support: Conversations moderated by company employees where customers can voice complaints and concerns and problem-solve.

Peer-to-Peer Community: Similar to P2P Support, but more centered on the lifestyle community around your brand or products. Think Airstream and Jeep's lifestyle communities they've built as examples. Social audio offers a place to gather and engage on the go.



Product Innovation

Focus Group: Similar to the traditional focus groups in every researcher's playbook, host an audio-only focus group where customers can drop in quickly to share input on critical questions. Add sentiment analysis for even greater insight.

Startup Engagement: Many companies engage with their industry's startup ecosystem via incubators or accelerators. Take that idea into social audio by hosting regular sessions to explore the industry's future and the impact of startup technology.



Entertain and Engage

Live Entertainment: Host live entertainment for your customers on social audio platforms, complete with audience engagement and Q&A. From music to conferences, artists are looking for safe spaces to perform and monetize.

Live Education: Think Masterclass, but bite-sized with the ability to engage with the instructor and other students. Social audio has a remarkable ability to offer unparalleled access to experts like never before; companies can share their valuable knowledge and insights with their customers.



Employee Connections

Translation: Combine social audio with live translation applications to help global employees better communicate with each other and overcome language barriers in real-time. The same functionality could also be applied to better communicate with customers in care capacities.

Audio Slack: The pandemic has ushered in increased usage of Slack and other internal communication platforms. Add social audio to the communications arsenal as a way for teammates to convey ideas and communicate either synchronously or asynchronously.

Employee Resource Groups (ERGs): Use social audio as an engagement platform for ERGs to communicate and gain access to employees from other locations. Social audio offers a more intimate form of communication which can be helpful when discussing important issues addressed by many ERGs.



Marketing & Sales

Sales Engagement: Assign salespeople with vetting out leads and nurturing prospects within rooms and conversations. A word of caution: engagement perceived as disingenuous may receive backlash, so tread lightly with pushy sales tactics.

Advertising: Though platforms like Clubhouse don't offer any form of advertising as part of their business model today, paid ad models won't be far behind, and businesses will be clamoring to include them in their marketing budget.

Word-of-mouth: Integrate social audio as a platform into existing social media WOM campaign strategies (paid or earned conversations).



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- ¹³ [Liu, Jiayan, 2021. "The Influence of the Body Image Presented Through TikTok Trend-Videos and Its Possible Reasons." Atlantis Press.](#)
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Breakout

SECTION 03: **BREAKOUT COMPETITIVE OVERVIEW**



Breakout Introduction

Breakout is the premier Audio Social Network (ASN) for users to create rooms and drop in on audio conversations. Breakout exists to:

1. Provide a censorship-free platform that welcomes all users that abide with the community guidelines of no harm, no threats, and no criminal activity
2. Enable influencers to easily monetize their reach
3. Improve the user experience for anyone wishing to engage in conversation with interested parties around the globe

Users can link up with influencers, industry leaders, and meet people globally to share interests, stories, and opportunities. Breakout is an easy-to-use, highly engaging social networking application that was created with original source code and offers several technical advantages over its competitors. In late May 2022, Breakout launched a major update on v4.4 with the introduction of the interactive feature **Breakout Activity Feed**, a personalized feed that serves users' interests, highlights fresh developments in the community, and provides an ability to share thoughts. Breakout is available on both iOS and Android.

Key Features

Home Page Feed

From the homepage, users can listen to hooks, add their hook, find people to connect with, start a Bee search, see trending live rooms, and host a Breakout room. Navigating the app is intuitive and easy to learn.





Chat Rooms

This is where users come to join conversations that matter most. Chat rooms are the core feature of Breakout, allowing individuals to organize their own conversations. There are three user roles within each chat room: host, speaker, and audience member. As a host, the user can moderate and control the room. This includes pulling audience members up to the “speaking stage,” muting speakers, editing/ending the chat room, and removing users. Speakers can participate in the Breakout conversations (and mute other speakers), and audience members can listen.

Each Breakout user can create chat rooms and events in advance, launching the room on global, social, or private. Global chat rooms allow all users on the platform to see, join, and listen in. Social rooms are limited to members who are linked up with each other and do not broadcast out to all Breakout users. Private rooms are designed for small group settings or one-on-one calls, where the user wishes to have an encrypted conversation. It allows users to easily “link up and speak up” by starting a private audio room that is not publicly listed.

Each room includes a text-to-chat feature where members may communicate while listening in. There are no limitations on the number of attendees in each room. Unique to Breakout, an eventual feature will be the ability to reduce larger rooms into smaller “breakout” rooms.

Global and social chat rooms can be tagged with specific category identifiers, allowing other users on the platform to find them via interests. Similar to other social media platforms, there are a variety of categorical topics for users to find topics of interest. For example, some categories include finance, investing, health and wellness, food, and travel. Categories are discussed in detail in the Growth Strategies section. Category selection is very important, as the algorithm facilitates connection between users with similar interests based on their engagement with overlapping topics. In addition to direct category selection, Breakout members can utilize a hashtag function to follow different categories and curate content by topic, increasing social engagement and content promotion.

Audio Hooks

Audio hooks, also known as audio stories, are short voice recordings users can create with the ability to either name their hook with text and/or place a hyperlink if they choose. The idea behind the audio hooks is to create a fun, useful tool to help users market or share quick ideas by creating audio hook content. For influencers, they are able to create voice content without having to dress up or take pictures, sharing valuable thoughts or sounds at any given moment. Hooks are perfect for quick, real-time updates, stories, thoughts, inspirations, and announcements.





BeeSearch

In each chat room users will see a blue bee, representing Breakout's own internet search engine called BeeSearch™. When users want to search for additional information, they typically leave the site they are using to find suitable results. Platforms like Facebook, Twitter, ClubHouse, and TikTok all have native search engines, but results are restricted to the social media platform itself. A search may help find an old high school friend or a TikTok video, but it is not very helpful when users are seeking external information, which are a large chunk of searches. Instead, users are temporarily pushed away from the platform and towards Google, giving Alphabet advertising revenue and pulling consumers towards external sites.

Breakout avoids those issues with BeeSearch. A native, fully integrated search engine, BeeSearch is a vehicle for growing revenue, boosting user satisfaction, and increasing average time spent on the platform. Like traditional search engines, BeeSearch allows advertisers to purchase keywords and promote search results, increasing brand awareness and opening new opportunities for customer acquisition.

BeeSearch also gives Breakout users more unique and engaging conversations on the platform, through things like real-time fact-checking or finding articles a speaker may be discussing. These distinctive experiences allow the user to engage in conversations in a more authentic and creative manner, improving the marketplace of ideas and quality of audience engagement across the board.



BeeSearch enables the monetization of search, letting advertisers bid on keywords or make topic-specific ad placements. It also allows for the collection of key data points, providing insight that can inform content creation. Chat room hosts can learn what their participants searched for, and at what point in the conversation they made certain searches. Such data can be vital to corporate partners who host events on the platform, allowing them to see engagement metrics in real time.

It can also be useful to everyday content creators, letting them understand which portions of their presentation people sought to clarify or which portions drove action. Breakout users can also make BeeSearch an interactive portion of their chats, pushing participants to a specific website or having them dive deeper on a certain topic on their own.



Premium and Branded Rooms

Premium rooms enable monetization for influencers, creators, and brands as well as Breakout. Room hosts set a fee to join a room that will contain original, compelling content. It motivates users to create outstanding content so that users are willing to keep returning to premium rooms. Breakout retains 10% of the revenue from premium rooms with the rest going to the host. Hosts can track earnings for each room through their creator wallet. Branded rooms are verified so that the influencers and brands are as they claim.

Breakout Marketplace

The Marketplace is where influencers and brands connect within the Breakout ecosystem to build data-driven influencer marketing campaigns.

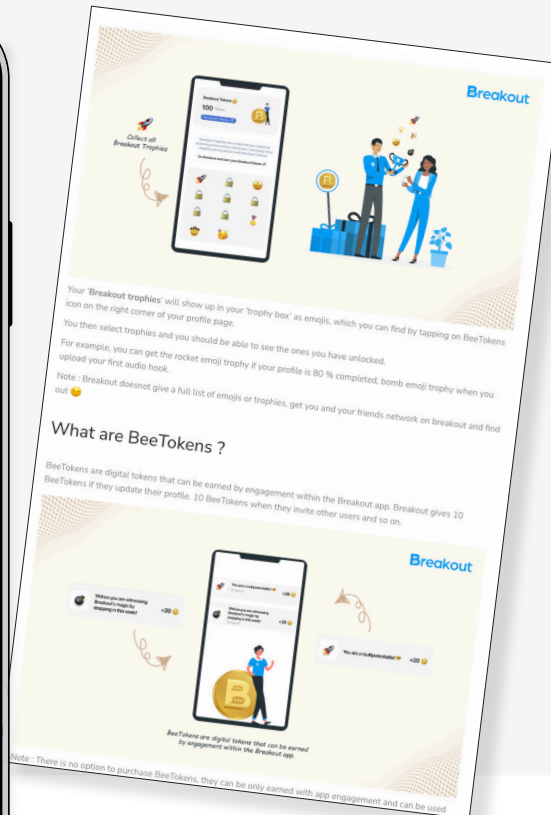
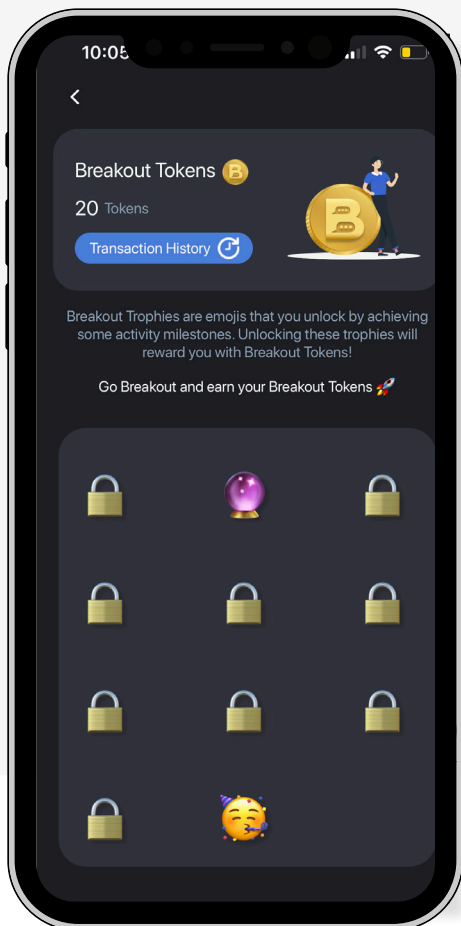
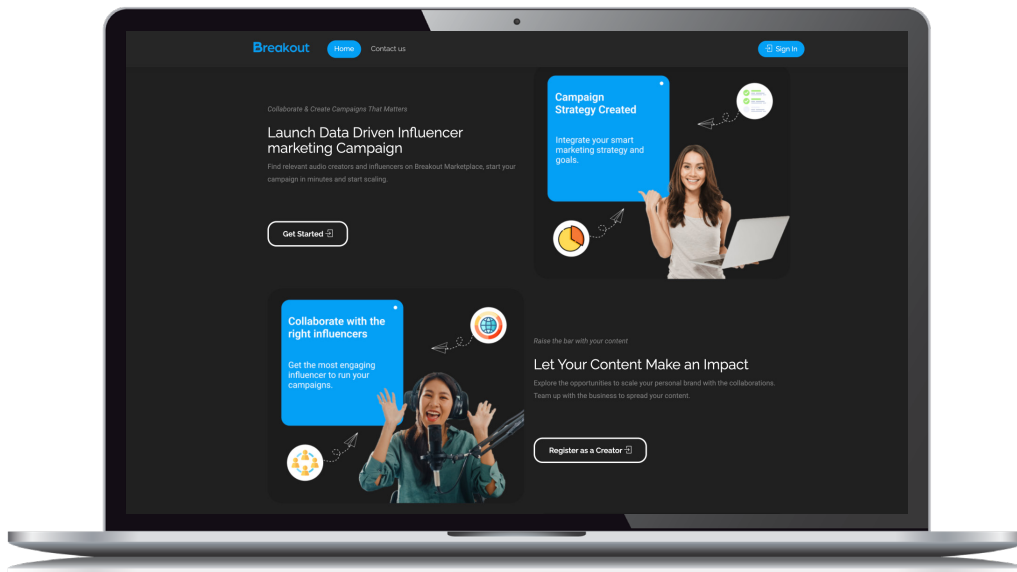
Using Marketplace, brands can:

- Search for influencers active in their industry and connect without leaving the app
- Engage influencers for hooks, newsfeed posts, or larger events in a Breakout room
- Get detailed insights to make data-driven decisions

Brands and influencers alike will have access to a complete analysis of hosted rooms and can measure the key metrics needed to inform strategies. Breakout retains 20% of the influencer fee.

Breakout Tokens

BeeTokens are the digital rewards users earn by engagement within the Breakout app. BeeTokens can also be purchased to enable users to access exclusive content.



Breakout Team: Leadership



William C. Harvey (Cody)

**Chairman of the Board,
Chief Executive Officer**

Cody Harvey is an American entrepreneur responsible for a plethora of market-disrupting technologies in finance, entertainment, block chain, and SaaS (most recently Kennected Software). Generating over \$250 million in revenue through online strategies and software, Cody has proudly shown the business world more efficient ways to accomplish its goals - empowering small businesses and government administrations alike by simplifying business processes and showing the world that traditional methods are not above improvement.



Arpan Shah

Chief Technology Officer

Arpan graduated from BITS Pilani (a 1.4% acceptance rate university) with a major in Computer Science. He then worked at IBM in the ISL department, focusing his efforts on the Watson Supercomputer before he moved on to pursue his own successful ventures. Arpan's strength is in developing successful bootstrapped SaaS companies. He knows how to build fast and anticipate if the market will validate ideas, which has led to several successful businesses:

- Saleshandy.com - 2013 to 2017 (exit/sold)
- Gokiosk - 2014 to present (active on more than 25,000 devices)
- Halfpixel Gaming Solutions (provides casino-related technology services) - 2016 to present
- Kennected- 2018 to present



Victoria P. Vo

**Chief Branding &
Creative Officer**

Vo is a diverse entrepreneur who has worked in industries ranging from tech to retail, hospitality, service, and real estate. A preeminent international advisor and thought leader for numerous industries, she is adept at facilitating global expansion and creative branding to accelerate a company's growth. She started, created, and grew brand values by developing distinctive styles and concepts that exceeded the industry's standards and set new trends within those spaces. In her early years, she established companies within the beauty and service industry that would eventually become market leaders.



Eric J. Lomas

**Chief Risk Officer &
Board of Director**

Eric possesses a diverse legal background spanning 17 years and touching many different industries and roles. Beginning at a startup that was a precursor to a major sports network, Eric drafted and negotiated license agreements, on-air talent contracts, and distribution arrangements for broadcast partners. In 2013, he founded and operated Lomas Law LLC, a full-service firm focused on real estate, until joining Breakout Global Technologies in the CRO role. Eric also serves as managing partner of Viper Capital, a Florida-based advisory firm providing consulting on capital raise, M&A transactions, financial modeling, and negotiations with Apple with respect to getting applications approved on the Apple Store.



Risk Management

All individuals that want to join Breakout are required to acknowledge and agree to follow the community guidelines found here: <https://www.breakout.fm/community-guidelines/>.

Breakout users are encouraged to flag issues; the leading internal team to moderate the platform will investigate the flagged issue, and if needed, address issues raised by the community. Furthermore, the team actively monitors the platform for fraudulent profiles.

The company has currently engaged Alerding Castor LLP as corporate legal counsel and its advisory board as the expertise to advise the company in the areas of government relations, litigation and compliance, risk transfer, cyber security, and infrastructure design.

The current application is currently built with encryption making the application secure; however, the management team realizes there are targeted threats that occur in the marketplace. Breakout engineers and developers continue to modify and enhance the platform by implementing cyber security at multiple levels. The focus includes implementing protection at both the user interface level as well as the server levels.





Competition in the Social Audio Landscape

Clubhouse

Clubhouse is the most notable player in the space. Launched in April 2020, it began as an invitation-only app with 1,500 beta users. The platform positioned itself as an exclusive, invite-only audio application where people could have meaningful conversations. It did so at a time when people were cut off from their existing social groups and in-person interactions. By December 2020, the platform had more than 600,000 users and a reported valuation of \$1 billion.¹

That rapid growth continued in 2021, reaching two million users in January, six million in February, and 10 million in March.² In April 2021, the company had added more than 11 million users, totaled 13 million downloads, and reached a valuation of \$4 billion.³ During the summer of 2021, the company launched on Android, removing the invite-only system shortly after. In total, the application received more than 34 million app downloads between launch and October 2021.⁴

Clubhouse is dominated by hustle culture. Topics related to sales, social media, deep tech, and startups have twice the impressions of any other platform topic. Time spent on Clubhouse is less about engaging with others like a typical social media platform and much more about networking oneself. It has rapidly morphed into a business promotion and networking site like LinkedIn, except its community is particularly focused on the digital world. Most topics discussed center around e-commerce, social media marketing, cryptocurrency, AI, etc.

Tim Marcin, a journalist for Mashable, wrote in a Clubhouse review, "Every room I've jumped into feels like an unholy mashup of self-promotion, seminar lecturing, and the mind-numbing prattle that typically fills the ballrooms of professional conferences." Marcin concluded, "It felt less like a cocktail party and more like someone selling me a timeshare."⁵ Breakout can provide its users with a better, more engaging experience than Clubhouse.

Though often recognized as the first player in the space, Clubhouse was preceded by another social audio company: Discord.

Discord

Discord is a chat application similar to early communications programs like Skype or TeamSpeak. The platform only had text and audio communication at launch, adding video calling and screen sharing in 2017. It has also added integrations with Twitch, Spotify, and Xbox Live—services used regularly by gamers. It is unique as a social audio network because it lets users create individual servers for specific games and interests, similar to how Reddit uses subreddits or Slack uses channels. These servers can become massive communities in and of themselves, with the largest five having more than 800,000 members each.⁶

Started in 2015, the platform has 6.7 million active servers and 350 million users. Its members also make heavy use of the platform, with more than 25 billion messages sent in an average month.⁷ Discord's rise has coincided with the growth of e-sports and games like League of Legends, Overwatch and Fortnite, which all had rather limited communication tools. Gamers initially used it as a tool to communicate while playing, but Discord evolved into a social platform where gamers could organize. Instead of searching on Google or Reddit for gaming forums to find other players, Discord created a space where people could join a server specifically dedicated to a game or organize their own communities.

More than 70% of Discord users are on the platform for gaming, and many of the core features and partnerships the company have pursued were driven by the gaming community.

The company generated \$130 million revenue in 2020, according to The Wall Street Journal, with almost all revenue coming from Nitro, its premium enhancement bundle. Discord generally is not in favor of advertising. In 2021 it was valued at \$7 billion, doubling its value in under a year.⁸ Usage also catapulted during the COVID-19 lockdown, with Discord reaching 100 million monthly active users and a new peak of 10.6 million concurrent users.⁹



Audio Social User Profiles

Market research tools enable the development of user profiles for Discord and Clubhouse. The user profiles are based upon the Twitter and Instagram followers of both Discord and Clubhouse, compared to each other. The following points summarize the key observations and point to opportunities for Breakout. Refer to the appendix for additional details.

- Discord users are, on average, younger than Clubhouse users; however, both platforms attract users younger than the average population. Breakout can distinguish itself by featuring a compelling mix of topics that attract a broad age range of users.
- Discord users are significantly more male than female, whereas Clubhouse users are more balanced between male and female. Again, having the right content will promote use by both men and women.
- Of Clubhouse users, 64% are Democrats, compared to 52% of Discord users; Breakout can reach the Republican community by offering content and a tone that is welcomed by more conservative individuals.
- Discord users are heavily engaged in the gaming world, while Clubhouse users are interested in building their influence business, technology, building a startup, entrepreneurship, and business in general. Breakout will identify categories of interest to focus on to build initial demand and engagement with the platform.

Competitors Summaries

In response to the rapid growth of Breakout, the most prominent Social Media players added audio-focused segments to their platforms. Facebook, Twitter, Spotify, and LinkedIn moved to add social audio capabilities to their platforms. Even Amazon, which has previously avoided the social media market, launched an audio social media application centered around DJing and music.

The table below summarizes the social-audio competitive landscape. The first table is a high-level overview, and the second table provides more details on features. This competitive analysis provides a backdrop for the Breakout growth strategies. More information on competitors is available in the appendix.

Platform	Description	Members	2021 Revenue	Strengths	Weaknesses
Breakout	Up and coming social-audio network Offers hooks, breakouts rooms, and news feed Bee search Influencer marketplace			Rich in features Multiple ways to engage users Flexible to fit many genres Monetization for both influencers and Breakout	New to the market
Clubhouse	Leading social-audio platform Focused on business "hustle culture," and technology Rooms are primary feature	10M	\$4B valuation	Market leader, first-mover	Not monetizing platform Growth has slowed Limited updates U.S. focused Room only engagement
Discord	Text, audio, streaming, and video chat program Organized by server Discord Nitro subscription service Originated with a focus on gamers, now trying to broaden its reach	350M	\$130M 2020 \$7B Valuation	Available on many different platforms Offers users flexibility in how to engage Some users willing to pay a premium to use Very heavy daily use Continued growth	Revenue is small vs. other large platforms
Twitter Spaces	Public, live audio conversation Host controls who speaks Ticketed Spaces allows hosts to earn revenue Early into launch	206M Active Daily	\$5B (Twitter)	Access to twitter user-base Natural extension from text conversations to audio	Nascent offering
Facebook Live Audio Rooms	Live Audio Rooms integrated into Facebook Real-time conversations with peers and communities Audio and video Targeted at public figures	2.9B Active Monthly	\$117.9B (Meta)	Current user base and data on user base	New to market Not available to everyone Seems in conflict with focus on the metaverse



Platform	Description	Members	2021 Revenue	Strengths	Weaknesses
LinkedIn Audio Events	Currently audio only, plans to add video Live, interactive, planned conversations New, limited information available	830M	\$10B	Events are a natural extension from its business networking core Ability to leverage user data to promote the most relevant events	Offering seems to lag major event tech providers
Spotify Live	Focused on hosting live “podcasts” that users can engage with Available as its own app and within Spotify Recently renamed from Greenrooms	419M	\$11.43B	Relationships with well-known content providers Leading digital audio platform	Limited in-app engagement unless a conversation is happening Cannot start your own conversation from within Spotify
Amazon Amp	Focused on music, like “live radio” – not social networking Users can access large song library	200M (Prime)	\$31B	Amazon’s large customer base	Amazon lags Spotify in number of users for audio listening

Features	Breakout	Club-house	Discord	Twitter Spaces	Facebook Live Audio	LinkedIn Audio Events	Spotify Live	Amazon AMP
Speaker Limit	Unlimited	8,000	Unlimited	13	50	17	1000	1
Listener Limit	Unlimited	8,000	Unlimited	Unlimited	Unlimited	Unlimited, 3-hour time cap	1000	Unlimited
User Roles	10 (Host, Speaker, Audience)	3 (Moderator, Speaker, Listener)	Unlimited	3 (Host, Co-host, listener)	2 (Hosts, Listeners)	3 (Host, Speaker, Listener)	3 (Host, Speaker, Listener)	2 (DJ/Host, Caller/ Listener)
Devices	iOS & Android	iOS & Android	iOS & Android	iOS & Android	iOS & Android	iOS & Android	iOS & Android	iOS & Android
Voice Messaging	Yes	No	No	Yes	Yes	Yes	No	No
Voice Calls	Yes	Yes	Yes	Yes	Yes	No	No	No
Video Calls	No	No	Yes	No	Yes	Planned	No	No
Screen Sharing	No	No	Yes	No	Yes	No	No	No
Audience Reactions	Yes		Yes	Yes	Yes	Yes	No	Yes
Scheduling Room	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Private Rooms	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hooks/ Stories	Yes	No	No	No	Yes	Yes	Yes	No
E-Wallet	Yes	No	No	No	Yes	No	No	No
Premium/ Branded Rooms	Yes	No	Yes	No	No	No	No	No
Activity Feed	Yes	Yes	No	Yes (Twitter)	Yes (Facebook)	Yes (L)	No	No



Sources

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Breakout

SECTION 04: **GROWTH STRATEGIES**



Introduction

There is a rich history of using audio to connect with content consumers. Mediums such as radio, music streaming, podcasts, telephone, event announcers, and digital personal assistance (such as Alexa) all point to the role of audio in our society. Social audio networking will grow out of this rich American and global history of audio engagement. It builds by uniquely enabling a two-way, spur-of-the moment, authentic conversation.

The use of social media has classically revolved around two principles—active and passive use. For a social media platform to have success, it needs to cater to both those who desire to produce content, as well as those who desire to consume it. Leveraging both the active and passive nature of social media from a user perspective is key to success. Therefore, critical growth strategies center around constantly providing engaging content while simultaneously attracting users and encouraging them to regularly interact with the network. Breakout also deploys a strategy of intentional product development by continually innovating based on early adopter feedback. This crowd-driven approach enables Breakout to strategically enhance features and usability.



Given Breakout’s unique positioning, platform capabilities, and technological strengths, it will be a standout in the social audio space by offering content that is a compelling mix of:

- Live and on-demand listening
- Public to all and private to close connections
- Entertaining and educational

The Breakout strategy consists of three foundational elements, which are each supported by multiple tactics and initiatives:

1. **Recruit and reward** today’s leading voices by giving them a place to say more and engage with their followers
2. **Continually enhance** the user experience and entice users to start and end their day with Breakout by expanding the way they integrate ASN into their daily routine
3. **Monetize** through multiple approaches that enable users to customize their experience



Grow the Content Base

The strategy that will catalyze growth and adoption is to recruit thought leaders to provide relevant, easy-to-consume content that will attract users to the platform and the conversation. Breakout will attract influencers, thought leaders, and content providers who will align to the topics of greatest interest and curiosity of social media users today and in the future. Thought leaders will be motivated to promote their Breakout rooms to their current follower base on other social media platforms. Continually attracting high-visibility content providers will lead to a rapid adoption of Breakout and a quick growth in downloads and engaged users.

The beauty of social media is that the users will shape the content. Content will naturally align to areas of interest over time. Furthermore, since Breakout can track what users are searching for on Bee, as well as what content gets the most favorable reaction, it will be abundantly clear which topics have the greatest potential. To start the flywheel of content and users, Breakout will intentionally recruit leading influencers and celebrities. Breakout is a compelling platform for many different areas of interest, and below are several that will have a strong following on Breakout.

Sports, broadly speaking, is the anticipated focal point of many Breakout conversations. To highlight how quickly an influencer-acquisition strategy focused on sports could contribute significantly to Breakout engagement and users, below are listed the Twitter and Instagram followers associated with one NFL team, the Indianapolis Colts. Identifying multiple influencers with a passion for the Colts will be more effective than solely focusing on the Colts franchise. Through contracts based on performance metrics such as the number of Breakout followers and introductions to other influencers, Breakout will jumpstart its user base. The Indianapolis Colts franchise is well connected to Breakout leadership and will be aggressively pursued. Once the Colts are engaged, it could lead to others of the 32-team NFL wanting to solidify their presence on Breakout.



The
Indianapolis
Colts

1,100,000 Twitter
891,000 Instagram

Room ideas: paid Watch Party rooms, events, fan trivia
Hook ideas: updates from coaches, players, owners

Steinberg
Sports &
Entertainment

44,400 Twitter (Leigh)
7,604 Instagram

Room ideas: draft commentary sessions
Hook ideas: reaction from athletes when they signed their first contract

Edgerrin
James

15,100 Twitter
170,000 Instagram

Room ideas: OTA activity, Colts post-game debrief
Hook ideas: quick stories on what it is like to play in the NFL, memory / clip of favorite plays

David
Letterman
or other
prominant fan

389,500 Twitter
386,000 Instagram

Room ideas: interviews with current / past NFL players
Hook ideas: comments from the game



Content Themes

The following content themes are strong Breakout topics, and the section below describes why Breakout will focus on these themes and how they can be optimized. The tactics include ideas to engage content providers as well as content consumers. Significantly more depth on each topic follows the summary tables.

These topics were identified based on the following features:

- Strong audio history
- Significant number of interested followers
- Not currently a key focus of Clubhouse, Discord, or other SAN and therefore an open opportunity for Breakout
- Willing content providers with more to say and open for conversation

Audio social networking aligns well with America's greatest pastimes, interests, and listening trends.

Leading Topics	Audio Fit - Examples	Room Ideas	Audio Hook Opportunities
Politics / Breaking News	Strong – talk radio, news radio, audio of news stories	Elections, key votes, topical, additional coverage of trending stories	Quick comments on events, bills, priorities, live updates on events
Sports / E-Sports / Betting	Strong – people love to listen to and talk about sports	Watch party, pre-game, and post-game commentary	Memorable moments, short stories, jokes, day-in-the-life
Faith	Strong – Christian radio; sermons, podcasts	Bible studies, faith conferences, mini-sermons, debates, and discussions	Inspirational quotes, reflections
Books	Strong – audio books	Book launches, discussions, author “behind the scenes”	Book recommendations, favorite quotes, and passages
Music	Strong – radio, digital music	Concert back-stage, live song demo, musicians talking about new releases	Favorite song line, what you’re listening to now, concerts, hook of a new song
Food & Beverage	Moderate – tends to be more visual but growing in audio	Virtual tasting parties	Favorite recipes, dishes, and drinks with link to recipe
Education / Academics	Strong – lectures, podcasts	Mini-lectures by academic thought leaders (mini- master class), virtual conferences	Thought leaders quick take on current events or their research



For all key content themes, a multi-pronged contributor strategy will support growth of compelling content and user acquisition.

Examples of categories of contributors by topic:

Leading Topics	Enterprises	Key Influencers	Up-and-Coming Contributors
Politics / Breaking News	Press Secretaries, new media companies	Talk radio / podcast hosts, journalists	Local politicians, eyewitnesses
Sports / E-Sports / Betting	Sports agents	Retired pro athletes / famous fans	College stars
Faith	Multi-location churches	Christian radio contributors	Local pastors, Bible study leaders
Books	Publishers	Authors	Book club leaders
Music	Record labels	Musicians, bands, DJs	Music fans
Food & Beverage	Breweries & distilleries	Chefs, bartenders	Food and drink bloggers
Education / Academics	Universities	Professors, researchers	Teachers and school board members

Recruitment tactics and investment required will vary for each type of contributor (enterprise, key influencers, and up-and-comers). Enterprise and key influencers will bring their fan base with them, while up-and-comers provide breadth to the conversation. Each type of contributor will offer a different take on key events, interesting trends, and daily happenings.





Politics / Breaking News

There are over 2,000 news and talk radio stations in the U.S., and news and politics is a leading genre for U.S. podcasts. And yet, politics is only the 11th-ranked category for content on Clubhouse.¹ Breakout does not want to push any sort of political agenda, but clearly Americans want to talk about politics and Breakout welcomes all opinions. Breakout can serve as the true bridge between journalists and the stories published. Politicians can engage with their constituents. Reporters can share breaking news in hooks, as it can be much easier and safer to record an audio clip versus typing out a post.

Perhaps the strongest valuation for Breakout manifests itself in the form of a news outlet running a breaking news story, and then having a Breakout chat room hosted by the journalist who just published it. This “inside scoop” to the inside scoop component would be a differentiator for whoever utilizes Breakout in this manner. If an entire news organization hosted audio events for some of their biggest breaking news stories, the traffic to these occasions would be unrivaled in the industry. A related approach is if Breakout integrated into an online news source to highlight active rooms related to news articles published by the news agency. This would allow a visitor scrolling through their favorite online news sources to easily jump into a Breakout room discussing an article of interest or a recorded room of a previous discussion.

Breakout could also serve as the audio medium for all news stories. Media outlets have started to offer dictated versions of some of their stories. Imagine Breakout being used as the dictation mechanism for an entire news entity’s daily content. Individuals could listen to multiple articles in one commute, which is considerably safer than attempting to read an article while on a commute.

Breakout could become a more developed and curated version of the comments section. People could participate in a chat room hosted by the journalist who has released a new article, or even listen to the dictated version of the article, and then offer their unique response to the article in another room or even as their individual hook.

Finally, Breakout can be a platform for independent journalists, thought leaders, and researchers that want a censorship-free space to engage with an interested audience. Leading broadcasters are carving out a space in podcasts—Breakout is a perfect fit for these types of content providers as well.



Sports / E-Sports / Sports Betting

In the case of both Clubhouse and Discord, each platform developed a niche identity toward one culture of users. “Hustle Culture” dominates activity on Clubhouse. People in the sales industry and influencer realms find large followings on this platform. In a similar vein, Discord has become an integral part of the gaming scene, with gamers using the app amid their online activity. Neither heralds a strong sports culture (it is only the 12th-ranked category for content on Clubhouse).² One option to generate significant activity on the Breakout app would be to leverage itself in like manner with emphasis on professional and collegiate sports.

Sports, e-sports, and sports betting are all big businesses in the U.S., and sports is growing quickly outside of the U.S. Fans are passionate about their teams; they love to talk about the game that just ended as well as games from 20 years ago. People follow high school, college, and major league sports. Ex-pats tune in at all hours of the night to watch games from their home country. Americans listen to games while driving, mowing the yard, or grilling. There is an engaged population full of big personalities such as retired pros, coaches, agents, college stars, and committed fans with plenty of interesting stories and insights to share. There are big games which are perfect for social and paid rooms. Between the big events, hooks are an engaging way to share what is happening at practice or to provide reflection on the last game. Sports podcasts are becoming a typical way to provide fans with the latest sports news, updates, inspirational content, and tips. They allow listeners to tune in anytime for game recaps and hot takes. From weekly chat shows going over game results, to interviews with former pros, or even motivational training programs, the world of sports podcasting can be as varied as the sporting industry itself. Breakout can step into this space as well as enable more real-time sports conversations.

The average user spends approximately 2.5 hours each day on social media, which happens to closely coincide with the length of time of America’s most popular sports, like football, basketball, and baseball. In-game participation on the app would provide the color of the sports bar from the comfort of the couch, and fans could use Breakout without taking their eyes off the game. This could also be extended to include the build-up to games, as well as post-game coverage of player/coach interviews, and the immediate reaction to each game.



Every professional and college sports franchise could host an official chat room for each live game. Franchises could leverage a high-profile alum from the organization to serve as the primary influencer/host for these events. By leveraging sports agencies, Breakout could identify former players who would be particularly interested in the earning opportunity of becoming an influencer on the app on behalf of their former team. Such a presence would not only be invaluable during in-game experience, but also in the weekly lead-up to each contest. Also, during slower times of the annual sports calendar, athletes could share colorful “war stories” from their days in the league. This is especially important considering 95% of American sports fans interact in some way with their favorite team during the off-season, with 60% conveying that a great year-round experience would make them more engaged, and 55% indicating they’d be more likely to purchase a ticket to a future game.³ This is where Breakout’s engagement will prove to be robust.

Finally, the massive presence of sports betting and fantasy sports plays right into the Breakout functionality. For instance, every Sunday morning Breakout users could flood the platform looking for last-minute advice for their fantasy football teams.

allegiant stadium

**TWO LEGACIES
ONE FUTURE**

RAIDERS
THE LAS VEGAS RAIDERS

RAIDERS

CIRQUE DU SOLEIL
LIGHT
SEASON HOTEL
RESERVED PARKING





Faith and Religion

Another area where Breakout's competition sees low activity is in the sphere of religion. This is interesting, since as many as 90% of Americans believe in God⁴ – 70% identifying as Christian,⁵ and 54% believing in the God of the Bible.⁶ This means a significant aspect of the American life remains untapped by most social media platforms. Religion is a leading genre for radio stations, and it has a long tradition of oral/audio teaching and preaching. Such an opportunity increases when one recognizes that this window might be even more pronounced amongst women. 55% of American Christians are women,⁷ and 78% of American adult women use social media as compared to 65% of American men.⁸ With more proclivity to Christian faith and social media use, American women represent a target audience for Christian content on Breakout. The social aspect is especially compelling for the religious segment because anyone who is a follower likely has something to say. Faith is a personal experience; it is not just religious leaders that have insight to share.

Women can utilize the Breakout platform for a myriad of uses. Whether a woman is working full-time outside of the home, or at home raising children, free time is sparse. A social media platform's ability to engage with women easily and meaningfully is critical. Breakout could be used to organize audio Bible studies or book clubs for women's groups, which would not require a woman to arrange childcare. Prayer groups could be arranged more frequently to accommodate busy schedules filled with school and sporting events. People could share blessings they have received from their faith during virtual praise events. Prayer rooms could be aligned to individuals going through a particular experience as they seek to learn from others facing a similar circumstance. Experts with deep knowledge could host rooms on mini-sermons or Q&A sessions. Finally, Sunday morning sermons could be recorded on Breakout, allowing women to catch up on any missed content. In each of these ways, and others, Breakout can succeed in reaching an untapped niche market within the realm of social media and drive more users to the platform.



Books

Nearly 50% of Americans report listening to an audio book. Since we listen to books over audio, why not discuss books through SAN? Rooms could form around book genres, specific authors, and specific books. Authors could host paid rooms to provide early information on new books being published. Due to the growth of Goodreads, it is evident that we like to know about what others are reading. It would be easy and insightful to follow someone with a similar reading interest as yours and listen to their quick hooks about what they're reading today.



Music

For music, there is an opportunity to focus on Country and Christian music. There are more country radio stations than any other type of radio station in the U.S., and Contemporary Christian music is another leading genre. While music is available digitally through many established companies, the angle for Breakout is its openness to all types of music, specifically Christian and Country. Musicians can host paid rooms for mini concerts, preview new songs, and share stories from the road. Podcasts focus on the artist sharing insights behind their music, which can easily be done on Breakout. Musicians could put a short clip of their music on a hook to introduce or gain awareness. There are many ways for musicians to engage with their audience and build a greater understanding of the audience's perspective.



Food & Beverage

Every nation has its own food and beverage culture, and the foodie trend points to the passion for this topic. While the food and drink theme have many dedicated TV channels, magazines, and blogs, there is a strong fit for SAN. We see evidence for the audio fit in that food is taking off in the podcasts market with the fifth position for themes. Consider virtual tasting parties for wine or bourbon. Subscribers to a particular wine club could organize a room with other subscribers. This would be a virtual collection of individuals passionate about wine from a particular vineyard. Vineyards or distilleries could organize paid rooms to give exclusive updates to their fans. These could also extend into virtual tasting parties, where the distillery or vineyard sends everything you need to participate in the tasting to your home. Famous chefs could offer paid rooms for Q&A sessions, especially after they've recently published a book or shared new recipes.



Education / Academics

Many students are pursuing online college degrees, adults are taking online courses to stay up-to-date, and nearly all high schools integrate digital learning into the curriculum. Americans and people around the globe are used to learning new skills and staying current through digital mediums. The news is a constant source of information but consider how powerful it would be to chat with a leading finance professor about Fed activity, discuss new trends in digital marketing with an industry leader, or hear a university astronomer describe a new discovery. Researchers and academics constantly discover new knowledge and share their findings with students, fellow researchers, and their industry through the classroom, conferences, and publications. Breakout provides an easy, "quick-to-market" way for these thought leaders to share their developments and monetize their expertise. We see examples of this on podcasts with history or myth busters – people are looking for ways to learn more and to learn different perspectives.

While LinkedIn appears to be focusing on corporate event opportunities related to audio, Breakout will keep a pulse on the development of SAN for conferences and events. LinkedIn will likely continue to focus on business conferences. Breakout will likely have an opportunity to step into the events and conference space for sports. Given the technology to restrict room access, Breakout is a natural fit to facilitate small group discussions to add a virtual element to in-person events.

Strategies to Attract Influencers and Users

Breakout will deploy a variety of tactics to recruit content providers and platform participants. Targeted, one-on-one selling that leads to a negotiated contract will be used for individuals with the potential to mega-contributors. Broader communication tactics will be utilized to reach future Breakout members.

High-profile Launch

Given the advanced status of the Breakout platform, it is ready for a full-scale, well publicized launch. This intentional approach to launching will provide a tremendous boost to downloads and users. A critical success factor is the opportunity for new users to engage immediately. That requires a steady flow of interesting rooms that are available to all users as well as captivating hooks by well-known contributors. The launch can contain the following elements:

- **PR:** Cody is interviewed on Podcasts and other avenues
- **Social:** Breakout leadership and Breakout influencers post on their social media accounts regularly about all the new things happening on Breakout
- **Paid media:** Media campaign to educate targeted potential Breakout members about the unique benefits of audio social network and all the interesting ways they can join the conversation at Breakout
- **Events:** Given the intended focus on professional sports, it would be compelling to have a big presence at Colts football games. This could include a giveaway for fans that download Breakout and engage in a Breakout room hosted by the team or a former Colts player.

Mega-influencer

This recruitment tactic is targeted at celebrities, athletes, politicians, and mega-influencers. This is an individual sales process in the beginning, and this caliber of contributor will expect to be valued for what they bring to the platform. For example, Breakout can compensate based on the number of followers and listeners they bring to the platform. For high-level influencers, Breakout could offer equity in exchange for their promotion of Breakout on other social networking sites. Another approach is to pay per number of active followers. These individuals will be recruited through a one-on-one process, with the expectation that they encourage their high-profile network to join Breakout. The leadership team's personal network will be the starting point for recruiting.



Reach will naturally grow as influencers see the opportunity on Breakout. Once a few key influencers are doing well on Breakout, doors will open to actively recruit influencers for any topic that Breakout wants to highlight.

Any arrangements with these influencers will be based on performance metrics such as:

- Number of followers
- Number of rooms hosted
- Number of events / paid rooms hosted
- Frequency of hooks
- Introductions to other influencers

The earnings potential and reputational opportunities for mega-influencers needs to be clearly communicated during the sales process. The benefits for individuals who make a career of being heard will see the benefit in both direct financial opportunities and indirect influence building.

- **Paid rooms:** Hosts set the value of admittance to their paid rooms, and they retain 90% of the revenue generated. For example, a \$10 room that has 1,000 visitors will net the host \$9,000.
- **User acquisition fee:** This will be negotiated uniquely with each influencer and will range based on their number of followers and the current number of users on Breakout.
- **Influencer marketplace:** Breakout provides influencers with a mechanism to easily connect with key brands active on the platform. Influencers can earn for hooks and events and retain 80% of the influencer fee. Events are expected to average an influencer fee of \$5,000 but will vary greatly based on the depth of content and number of followers. Brands prefer to engage with influencers they know; therefore, recruiting brands and influencers aligned to the key themes discussed above will increase the speed of growth for the Influencer Marketplace. Marketplaces can provide multiple services (relationship management, campaign management, influencer marketplaces, third-party analytics, and influencer content amplification) which Breakout will evaluate as the platform grows. The initial approach focuses on influencer discovery and payment management.
- Breakout creates a significant opportunity for entrepreneurs and brands to promote their own business, books, music, and merchandise.

Breakout will support these members with access to best practices and advice about how to grow their followers and increase room attendance. Breakout is a unique form of social media and will educate content contributors on how to optimize this compelling form of audio networking, including how to best manage rooms for engagement. Best practices include promoting Breakout on other social platforms, frequently recording hooks, focusing on in-demand topics, hosting chat rooms with other compelling contributors, keeping the conversation open and authentic, planning content that is unique and interesting, optimizing their bio, and making good use of hashtags. Hosting rooms at the same time each day encourages room participation as joining Breakout become part of our daily routine, like watching the morning or evening news.

Room hosts can go a step further by giving guests an opportunity to interact directly with them. For example, they can motivate guest engagement by offering that the guest who posts the most compelling question can join the room host in a live conversation. The best question can be determined by crowd likes.

Breakout Members

Members will be attracted by seeing influencers they currently follow on other platform sites become active on Breakout. Once members download the app, Breakout will keep them engaged with quality content. A media campaign (as mentioned in the launch plans and below) will provide awareness and interest, increasing the rate at which influencer followers download and become active on Breakout. Furthermore, Breakout has the capability to serve up content (e.g., influencers, rooms, and hooks) that aligns to each member's interest. Once members join Breakout, they will be motivated to spend significant time on the app because there are several ways to engage. Members can search for new contacts, scroll through their feed, listen to global rooms, and follow the daily cadence of their favorited influencer through hooks.

Breakout will utilize its marketing budget to incentivize influencers to promote the Breakout app and to run a paid digital media campaign on strategic platforms. Where the ads are placed to run will be determined by which audience Breakout most desires to reach. If the goal is to penetrate the sports culture, the ads could be placed on Bleacher Report during football season, activating its over 200 million users prior to kickoff.⁹ If Breakout wants to reach women of faith, ads could run on Magnolia Network, which launched to 3 million viewers in January¹⁰, and has ordered five new series and renewed three more.¹¹ Likewise, if Breakout wants to leverage news and politics, a digital advertising partnership with Breitbart could situate ad placement around top stories and headlines. Breitbart boasts over 45 million visits per month, averaging over 4 minutes and 2.5 pages per visit.¹²



Breakout could rollout a campaign that would leverage the unique audio-centric nature of the platform. The “Use Your Words” initiative would be designed to entice potential users to download the app and use their voice around the areas of interest they care most about such as sports, politics, or faith. “Use Your Words” is a common phrase in the American vernacular—something most have both heard and said before. Such a strategically located campaign could drive a myriad of new users to Breakout.

Once visitors hear the unique, authentic conversations occurring on Breakout, they will regularly come back for more. The following list is key for how Breakout will keep users engaged:

- Steady offering of high-profile, engaging, and interesting room hosts
- The ability to easily find rooms that align to their interests
- Contests and prizes, opportunities to engage with hosts, and earn Breakout tokens
- Regularly scheduled rooms that become part of their day
- A safe platform that respects their privacy
- The opportunity to create their own conversations

Inspired members will begin to build their own following and share unique content and ideas of their own. This will allow them to connect with others throughout the world with similar interests, which provides the opportunity for healthy social media engagement.

In the Social Audio Market and the Breakout Competitor Overview chapters, Breakout presented the research behind the case for Social Audio and the opportunity for Breakout to become a dominant player among the current platforms. There are still open niches that would greatly benefit from implementing Social Audio as an option for their users, presenting a blue ocean opportunity for the buyer of this platform.

There are currently no leading ASN platforms focusing on one of the identified topics in this strategy section. No platform has focused on sport, sports betting, politics, books, faith, or food and beverages; in the same way Spotify LIVE has focused on music, Discord has focused on gaming, or Clubhouse on business. These segments are still available and untapped, but they won’t last long. As social audio picks up traction, the the time is now to capitalize on the opportunity.





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 **Breakout**

SECTION 05: **BREAKOUT REVENUE OUTLOOK**

Introduction

Breakout is designed with multiple revenue streams for the platform, room hosts, and influencers. The design focuses on the importance of aligned incentives for the platform and content providers, which are crucial to its success in the coming years. Multiple avenues of revenue generation allow users to customize their experience, as it gives users the power to pay for content and an experience they value while enjoying a world-class experience for free.

At the beginning of 2022, Forbes reported on the impact of social audio, pointing out that while Clubhouse's growth is impressive, it's also been limited by the lack of monetization for content providers. "Platforms will also need to successfully incentivize creators to join their platform. They will need to invest in long-term relationships with creators so that conversations remain expert-studded, interesting, and relevant." The article continues that providing creators with ongoing opportunities to monetize their content is necessary for continued growth and recruitment of talent on a platform. Users of Clubhouse can currently send monetary tips to speakers, but that won't be enough to incentivize them to stay on the platform.¹

Breakout understands the importance of providing monetization paths for influencers that invest their time and network to provide compelling content and quickly attract users. Opportunities for content providers are outlined in the growth strategies section and included in the Breakout revenue streams discussion below.



User Growth

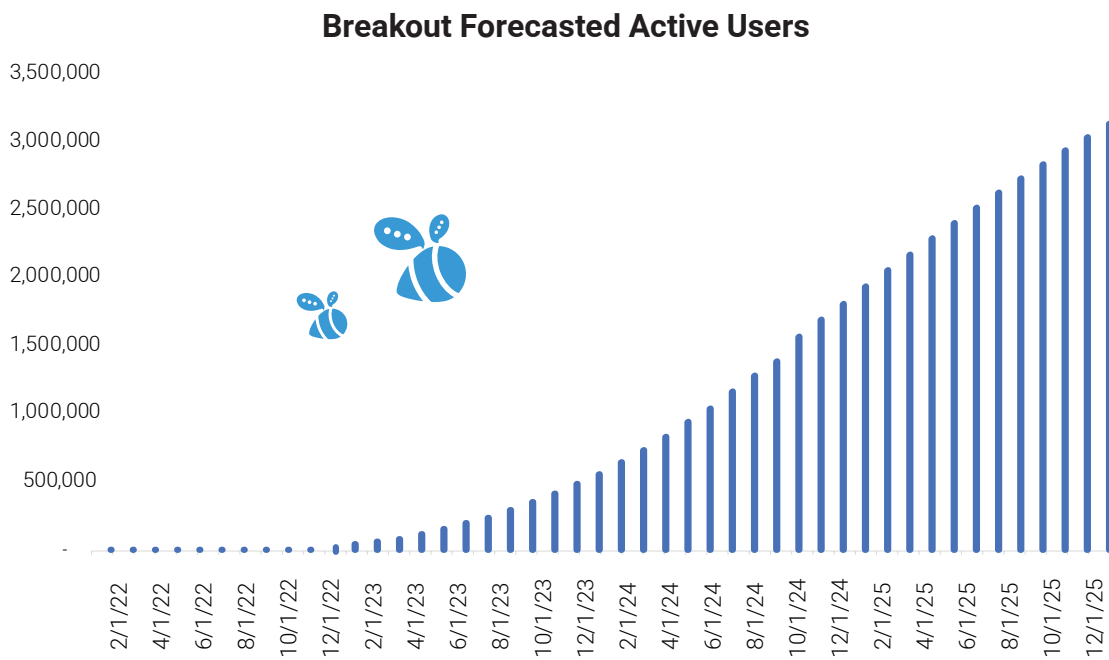
An engaged user base is essential to generating revenue for both Breakout and content providers. One reason Google can lead in online advertising revenue is that, at least in the United States, most searches are done on Google. Meta (Facebook and Instagram) generated more revenue per user than other platforms, likely because, in addition to having an effective way to blend ads into a news feed, they have more active users than Snapchat, Pinterest, or Twitter.

Clubhouse grew incredibly quickly when it launched. It did so through an invite-only phase that encouraged early adopters to promote Breakout to their friends. It then grew again rapidly with the release of the Android version in May 2021. Its growth was affirmed by attracting celebrities to the app and gaining publicity. It is currently estimated to have over 10 million weekly active users.

Date	Downloads
December 2020	2 million
March 2021	17.4 million
June 2021	29.1 million
September 2021	34.4 million

[Source: www.businessofapps.com](http://www.businessofapps.com)

Breakout revenue forecasts are based on total active users growing to three million by the end of 2025. This forecast is highly realistic when compared to the estimated 10 million active users at Clubhouse. While Clubhouse is the first mover, the growth strategies outlined in the prior section of this plan will create significant pathways for Breakout to grow.



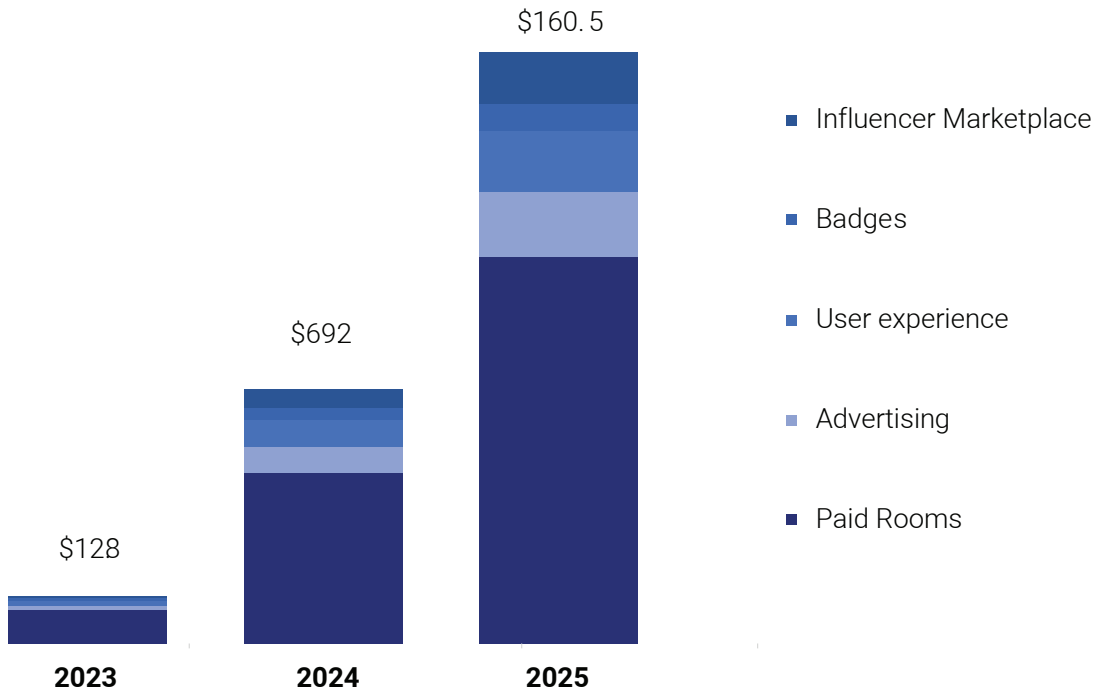
Users are expected to be highly engaged, spending approximately 30 minutes daily on Breakout. Time on the platform is spent in rooms and engaging with the news feed, recording their own hooks, on Bee search, finding new people to follow, and earning Bee tokens. Thirty minutes a day is comparable to leading social media platforms such as Facebook, Twitter, or Instagram.²



Revenue Forecast

Breakout is forecasted to generate revenues of more than \$160 million by 2025. The primary drivers are over three million engaged users and revenues of approximately \$50 annually per user. As a point of reference, worldwide, Facebook generates about \$40 revenue per user annually, while in the U.S., Facebook generates over \$200 per user annually.³ Twitter generates approximately \$22 of revenue annually per global user. The chart below summarizes the various revenue streams; each key revenue stream's critical metrics that drive growth are detailed below.

Breakout Forecasted Revenue



Revenue Streams

Premium Rooms

The revenue included in the chart is the total revenue collected for premium rooms. Influencers will set the price of attendance for their paid rooms. This revenue stream is based on a significant number of influencers offering relevant, engaging conversations. High quantities of appealing audio content are crucial to the Breakout experience. The revenue forecast assumes active users join a premium room once a quarter and pay \$10 per room. Key influencers will likely be able to charge significantly more than \$10 per room for high-demand events. Breakout retains 10% of the premium room fee. For example, in the chart above, premium room revenue is forecasted at \$105 million; Breakout will retain \$10.5 million of this total. There is a precedence of users paying to access content from trusted providers. For example, YouTube offers a Channel Membership for fans who wish to support their favorite influencers and gain additional content.⁴ Another example is people pay to watch their favorite shows on Amazon Prime, even though they already pay for a Prime membership. Listeners will want to support their favorite creators, especially to join in one-of-a-kind conversations and audio experiences.

News Feed and Bee Search Advertising Revenue

Advertising in the news feed and through search will be based on the number of views or clickthroughs, which will increase along with time spent on the platform. Advertisers will be attracted to Breakthrough based on the number of engaged users. This revenue stream will continue to scale as the platform steadily increases the collective number of hours of engagement per month. News feed advertising revenue is based on the following key assumptions:

- Active users spend five hours per month on the news feed
- Users see six advertisements (impressions) per hour
- The average cost per thousand impressions (CPM) is \$6.00⁵

As Breakout attracts more advertisers, it can show more advertisements per user. The key is to offer relevant advertisements to the user and not to show the same ad too frequently. The forecast is for \$5.4 million of news feed advertising revenue in 2025. Another \$1 million of ad revenue will be audio-only ads embedded in free versions of recorded rooms.



Bee keyword search will generate revenue similarly to Google or Bing. In 2020, Alphabet generated \$183 billion in revenue; Google search contributed \$104 billion. Advertisers bid on search keywords—specific words and phrases that lead their ads to appear to relevant users in search results. Advertisers can choose from different bidding strategies. For example, if they want to generate traffic to their site, they might do "cost-per-click" bidding, where they pay when someone clicks on their ads.⁶

The 2025 forecast for \$11 million of Bee search advertising revenue is based on the following:

- Active users conduct five searches per month
- 8% of those searches lead to a clickthrough
- \$1 price per clickthrough⁷

User Experience

User experience includes branded-room revenues, ad-free experience, and calendar revenues. Branded rooms are verified that the rooms are genuine to the brand, company, or influencer as described. This gives the users the confidence to follow brands and influencers of interest. Branded rooms are priced at \$250 per month, estimated at around 300 branded rooms by the end of 2025. Breakout retains this revenue of approximately \$1 million of revenue in 2025. This feature can potentially add significantly more revenue as brands are attracted to Breakout to interact with influencers and their fan base.

The second offering in this category is the ad-free experience. We know that a segment of the population will pay a premium to avoid advertisements. Spotify is an excellent example of this use case. As of Q1, 2022, Spotify reported 419 million average users, with 181 million paid subscribers.⁸ In the U.S., Spotify plans range from \$4.99 to \$15.99 per month. Breakout subscription fees assume that 10% of active users will pay for the ad-free experience at \$4.50 per month. Even with these conservative assumptions, the subscription fee represents nearly \$14 million in 2025.

The calendar feature is already built into the application, but as of May 2022, it has not yet been activated. Like Bee search, the calendar function will keep users active on the application; users will not leave to check their calendars to add planned Breakout rooms. Calendar revenue is estimated at more than \$2 million in 2025 based on 4% of the active user base paying \$1.99 per month.

Breakout Marketplace and Influencer Events

In recent years there has been a growth in agencies that help influencers connect with brands and, in turn, help brands find the right influencers for their marketing objectives. Breakout has built this feature directly into the app. Breakout will retain 20% of influencers' fees for promoting brands on Breakout.

Breakout also has a wallet feature that enables the payment between brands and the influencers within the application. This is a critical element of the app's success, as influencer monetization is a must for keeping amazing creators active and engaged. In the revenue chart above, influencer fees are forecasted at nearly \$14 million in 2025. Breakout will retain nearly \$3 million of the fees. Influencer fees will be based on the number of influencers, brands, and users active on the application. Brands will pay more for influencers with more followers; therefore, influencers will be motivated to bring more users to Breakout. There are various ways that brands pay influencers; the 2025 forecast is based on the following metrics:

- 25,000 unique users to build a new brand/influencer connection
- Max of 25 influencer events per month
- Average attendance of 150,000 users per event by the end of 2025
- \$50,000 payment per event

Other approaches to influencers and brands connecting will be through mentions in news feeds and hooks. These smaller interactions are not yet forecasted but will be accretive to overall revenue.

Badges

Badges are forecasted to generate nearly \$8 million in revenue in 2025, assuming that 5% of active users purchase a badge each month at \$5 per badge. Users will purchase badges to get access to special privileges within the app. Breakout retains all badge revenue.



Conclusion

Breakout revenue will scale quickly as the time spent engaging in conversation increases each month. The growth strategies are designed to reinforce the revenue drivers of the engaged content providers and audiences. A large and growing number of active users will motivate brands to partner with influencers active on Breakout, advertise through news feeds and search, and invest in branded rooms. An engaged audience can customize their experience through badges, an ad-free option, and pay to attend the rooms of most interest to them. The technology and plan are in place to drive engagement and revenue. The social audio market is ready for Breakout's Industry-leading platform. We believe, with the right partner, the execution of this plan will propel Breakout to a leading role in social audio networking and free speech.





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- ⁸ [Spotify, Q1 2022 Earnings Remarks](#)



Breakout

SECTION 06: **APPENDIX**

Appendix

Fatiguing Issues of Video

Excessive amounts of close-up eye contact are highly stressful.

In a typical meeting, people will variously be looking at the speaker, taking notes, or looking elsewhere. But on digital video calls, everyone looks at everyone all the time. A listener is treated nonverbally like a speaker, so even if you don't speak once in a meeting, you are still looking at faces staring back, and the amount of eye contact is dramatically increased.

"What's happening, in effect, when you're using Zoom for many, many hours is you're in this hyper-aroused state," Professor Jeremy Bailenson said. When someone's face is that close to ours in real life, our brains interpret it as an intense situation that will either lead to "mating" or "conflict." While one of those situations is more obviously preferential, both conditions can cause a state of heightened stress.

Seeing yourself during video chats constantly in real-time is fatiguing.

Most video platforms show a square of what you look like on camera during a chat. But that's unnatural. "In the real world, if somebody were following you around with a mirror constantly – so that while you were talking to people, making decisions, giving feedback, getting feedback – you were seeing yourself in a mirror, that would just be crazy. No one would ever consider that," Bailenson added.

He also cited studies showing that when you see a reflection of yourself, you are more critical of yourself, concluding that "it's taxing on us. It's stressful. And there's lots of research showing negative emotional consequences to seeing yourself in a mirror."

Video chats dramatically reduce mobility.

Audio conversations allow humans to walk around and move, but videoconferencing generally requires a person to stay in the same spot. Movement is limited in ways that are not natural. "There's growing research now that says when people are moving, they're performing better cognitively," Bailenson said.

The cognitive load is much higher in video chats.

In effect, Bailenson said, humans have taken one of the most natural things in the world – an in-person conversation – and transformed it into something that involves much thought: "You've got to make sure that your head is framed within the center of the video. If you want to show someone that you agree with them, you have to do an exaggerated nod or put your thumbs up. That adds cognitive load as you use mental calories to communicate." thumbs up. That adds cognitive load as you use mental calories to communicate."

Competitor Profiles:

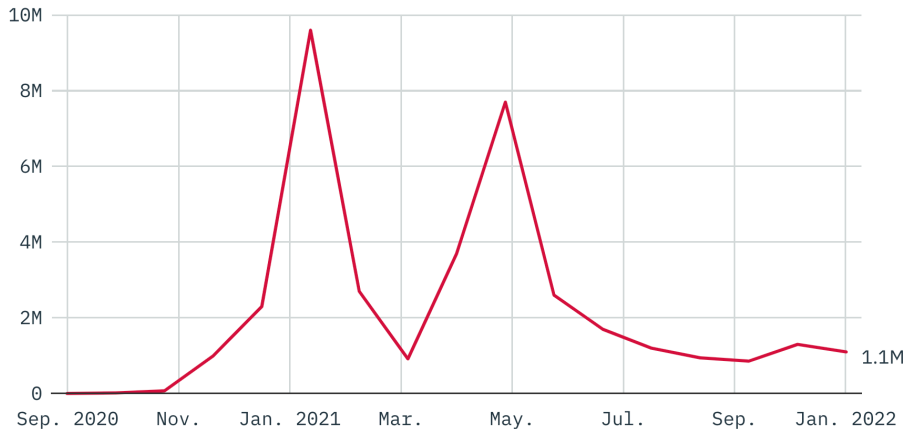
Clubhouse Download and Use Trends

A survey of users from April 2021 showed that 44% used the app at least once a day, and 13% accessed the platform less than once a month.¹ According to Clubhouse statistics, more than 700,000 Clubhouse rooms are created daily.²

Clubhouse downloads peaked during the pandemic and again once it rolled out on Android, and in 2021, Clubhouse continued to grow, reaching 34.4 million downloads in September alone

Global Clubhouse App Downloads

App Store downloads only until May 2021, when Clubhouse started its Android rollout

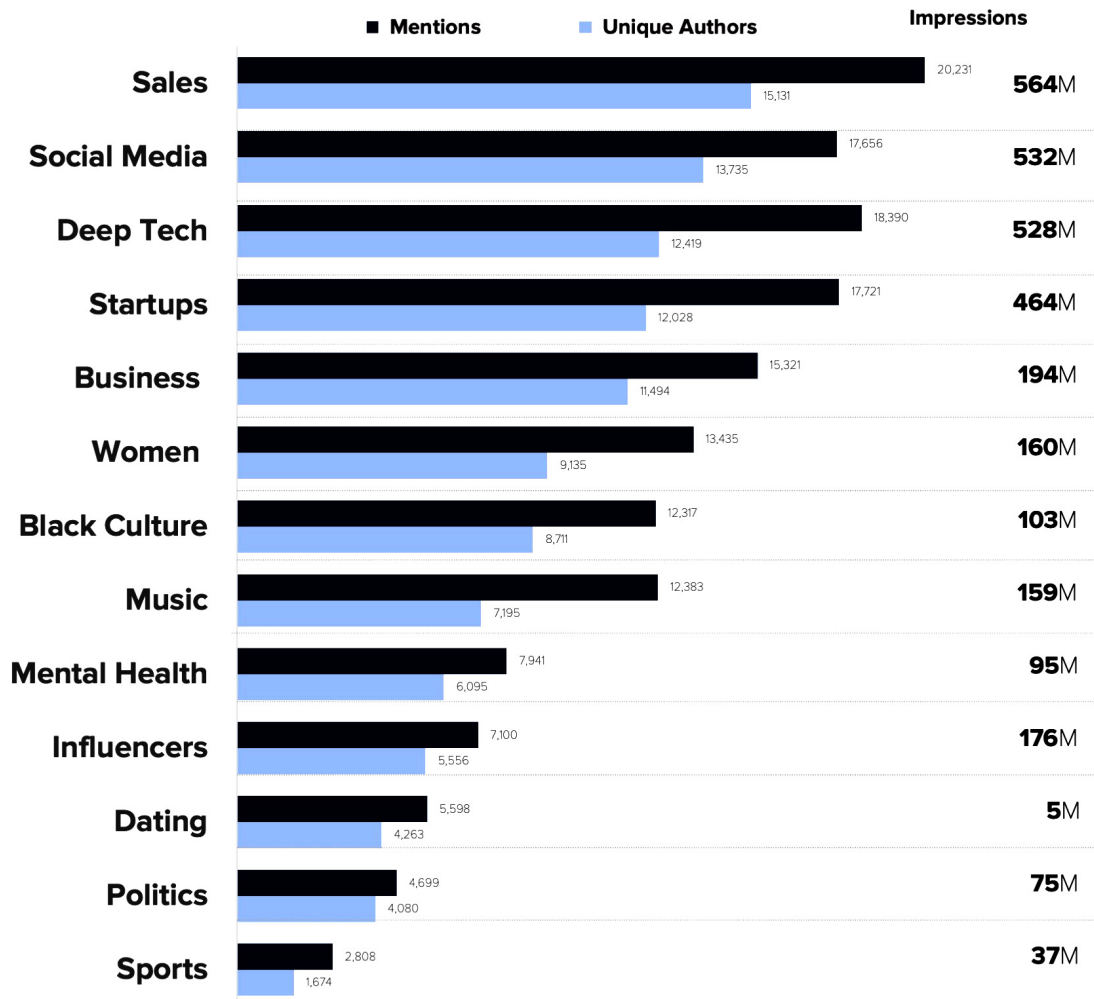


FOR MORE DATA, VISIT [VIP+](#)

SOURCE: SENSOR TOWER
NOTE: FIGURES DON'T FACTOR IN RE-INSTALLS OR APP UPDATES

Clubhouse only has four countries outside of the United States where they've received more than 100,000 downloads. And the four they have spread to the fastest include large English-speaking populations.³

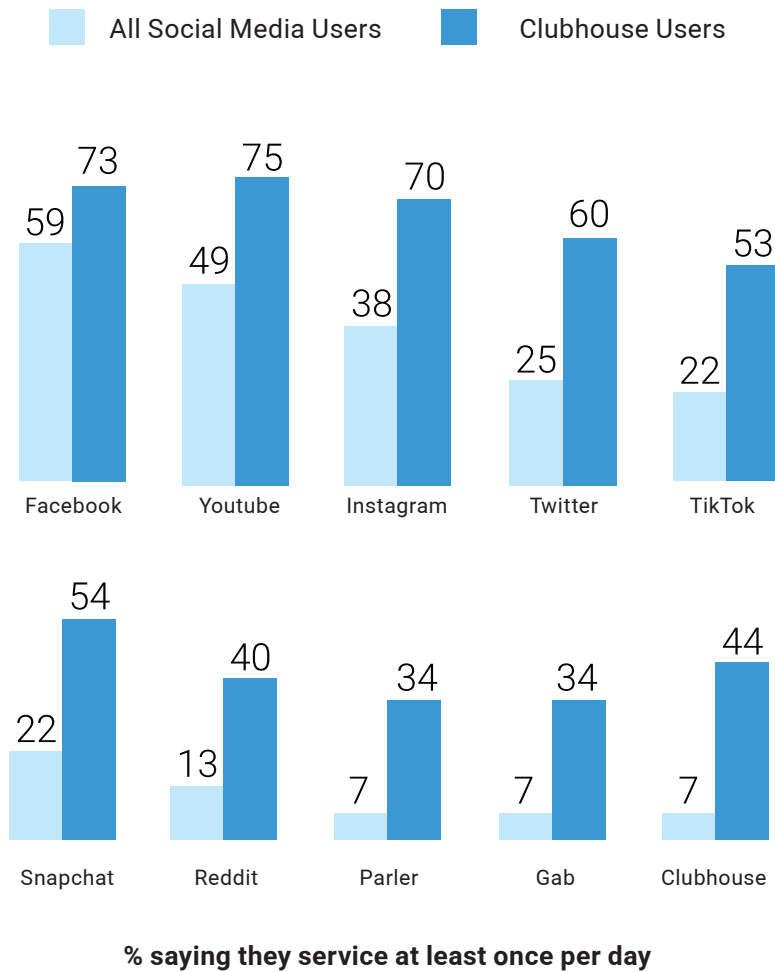
Clubhouse Topical Relevance



Source: Social Sharing & Conversations, Brandwatch

Date: Jan 2020 to Feb 2021

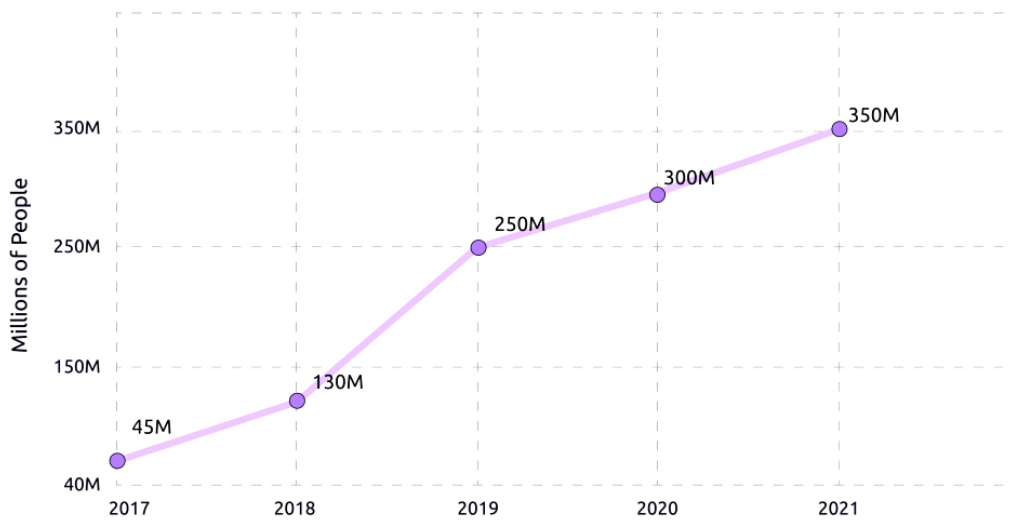
Results of a 2021 Edison Research survey also revealed that Clubhouse users are significantly more active on social media than typical consumers – nearly doubling the average usage rate of Instagram, Twitter, TikTok, and Snapchat for all social media users. The same survey revealed that Clubhouse's user base is significantly more educated than the U.S. population, with half of their members having graduate credits or an advanced degree compared with only 13% of the U.S.



Discord User Trends

Discord users continue to grow, and many are engaged daily, given the number of daily messages. With the global number of gamers estimated at 2.8 billion, Discord can grow while maintaining a focus on gaming.

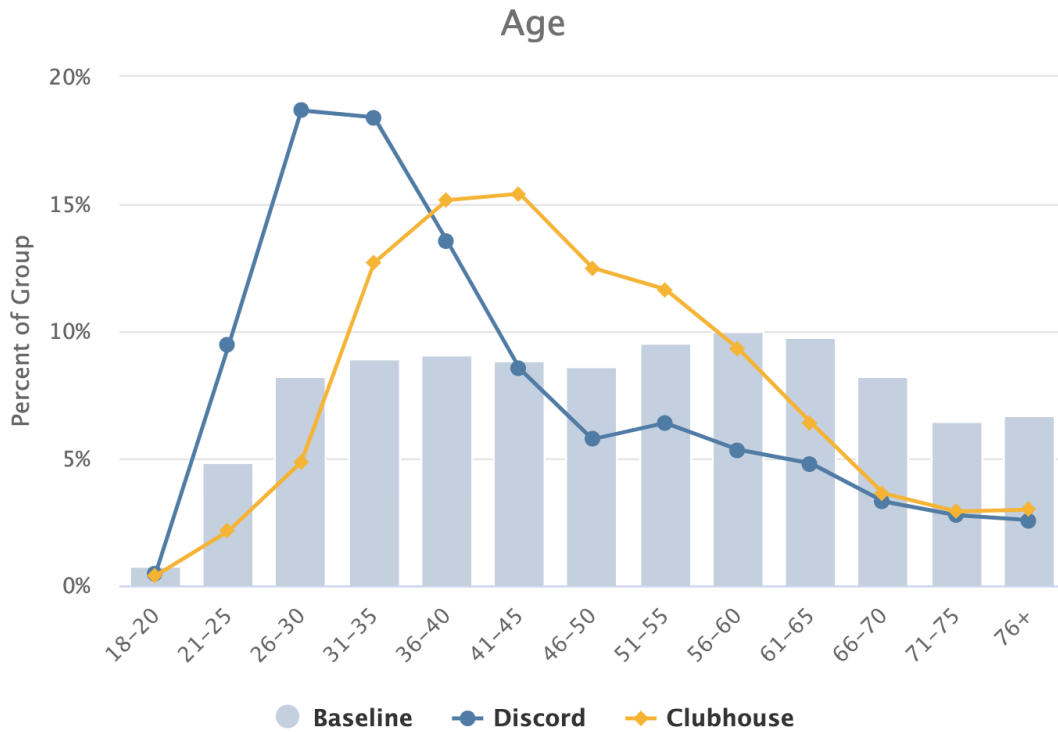
Estimated Discord Month Users 2017 - 2021



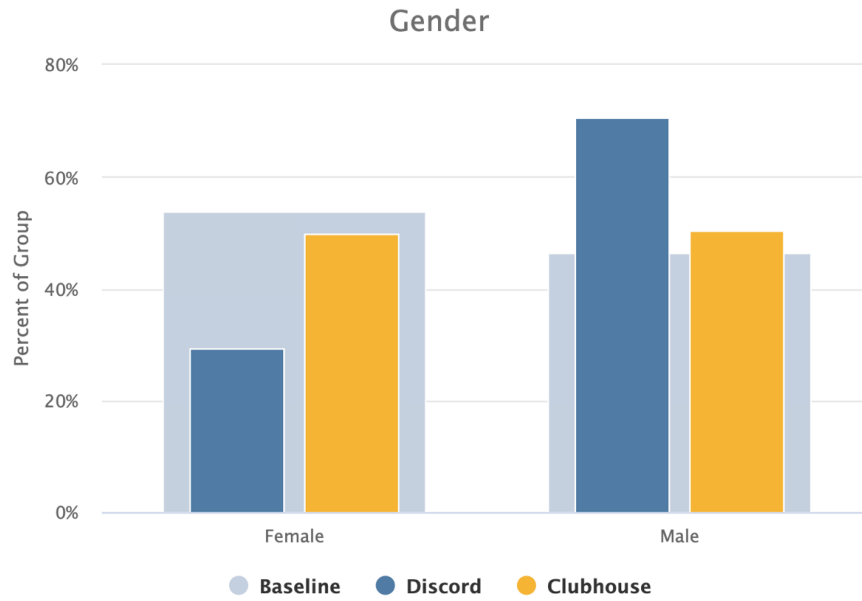
Clubhouse and Discord Demographics

The profiles of Clubhouse and Discord users are included here to understand current social-audio users. The analysis identifies the segments of individuals currently utilizing social audio and highlights the opportunity to focus on different subject niches. These profiles are based on the Twitter and Instagram followers of Discord and Clubhouse.

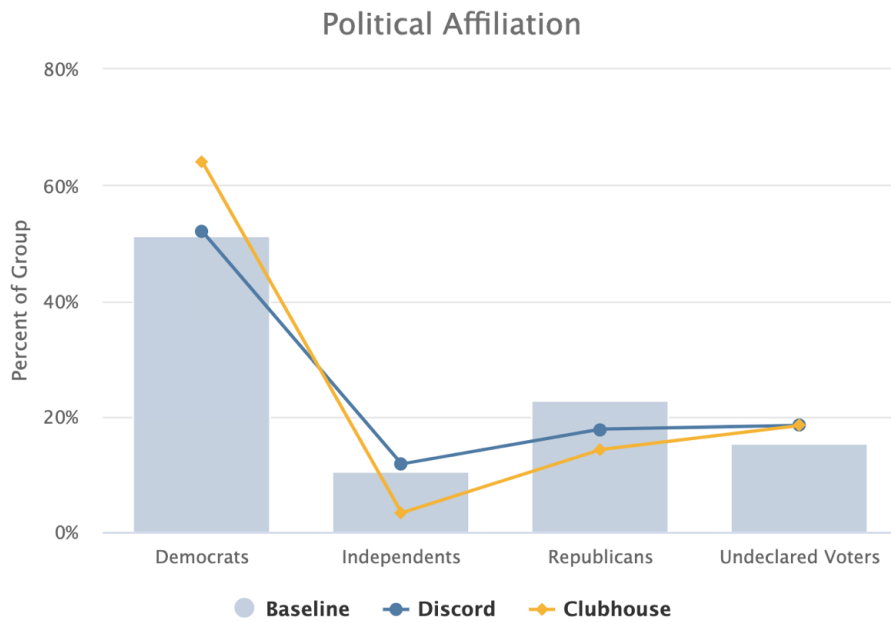
Discord and Clubhouse age vs. overall population



Discord and Clubhouse gender vs. overall population



Discord and Clubhouse political affiliation vs. overall population



Top ten interests of Discord and Clubhouse users





Social Audio as a Platform Addition

Twitter Spaces

Following the success of Clubhouse, many existing social media companies moved to add audio features to their existing platform quickly. Twitter was one of the earliest movers in the industry, launching Twitter Spaces in November 2020. The service was initially restricted to Twitter users with more than 600 followers, eventually expanding to all users in October 2021.⁴ The Washington Post reported that certain Twitter employees had suggested "no product was more important to the social company's growth strategy than its Clubhouse competitor, Spaces."⁵

"Spaces is a way to have live audio conversations on Twitter. We've been testing and building this in the open with @TwitterSpaces and your feedback, so we get it right. We love how it's shaping up, but there is much more to come, including new features and updates. Stay tuned! Note: We are early in our launch but growing. Anyone can join, listen, and speak in a Space on Twitter for iOS and Android. Currently, you can listen in a Space on the web. We are working on building out more functionality on twitter.com."

Source: <https://help.twitter.com/en/using-twitter/spaces>

According to a poll conducted by Edison Research, only two percent of the country's teens and adults used Twitter Spaces as of January 2022.⁶ On the entire platform, however, Twitter has 396.5 million users, and it can directly promote Spaces' use.

Meta/Facebook Live Audio Room

Last April, Facebook joined the audio social network trend, launching Live Audio. Facebook's version included other audio offerings like podcasting tools, short-form stories called Soundbites, and a Live Audio Rooms project.⁷

A little more than a year after launching, the company is pulling back on its live audio efforts. According to industry executives who work with the platform, Facebook is instead emphasizing other initiatives in conversations with podcast partners, including events in the metaverse and online shopping.⁸

LinkedIn Audio Events

LinkedIn, with more than 800 million professional profiles, recently launched an audio-only events product. The company rolled out the new platform in January, and users can list, host and market interactive, virtual live events.⁹ LinkedIn's interest in events goes back some way, starting with an Events hub that it first debuted in 2019, before the days of the pandemic and with a focus on in-person get-togethers.

Months into the Covid pandemic, LinkedIn formalized some ways it was being used in more virtual events scenarios. With the launch, it was noted that annual virtual event creation has grown by 150% over the last year, and it has seen a 231% increase in LinkedIn Live virtual event attendees in the same period. The topics covered have included AI innovations, opening keynotes, financial planning, live home installations, mentorship, cybersecurity, and award ceremonies.¹⁰

LinkedIn has also been using its size and financial muscle to invest in and acquire other companies in the events space. Last June, LinkedIn disclosed that it was investing in virtual events juggernaut Hopin – valued at \$7.75 billion in its most recent funding round in August 2021.¹¹ Last August, it also acquired a startup called Jumprope, which lets creators make and share how-to and other mentoring videos.¹²

Social Audio in the Music Industry

Amazon Amp

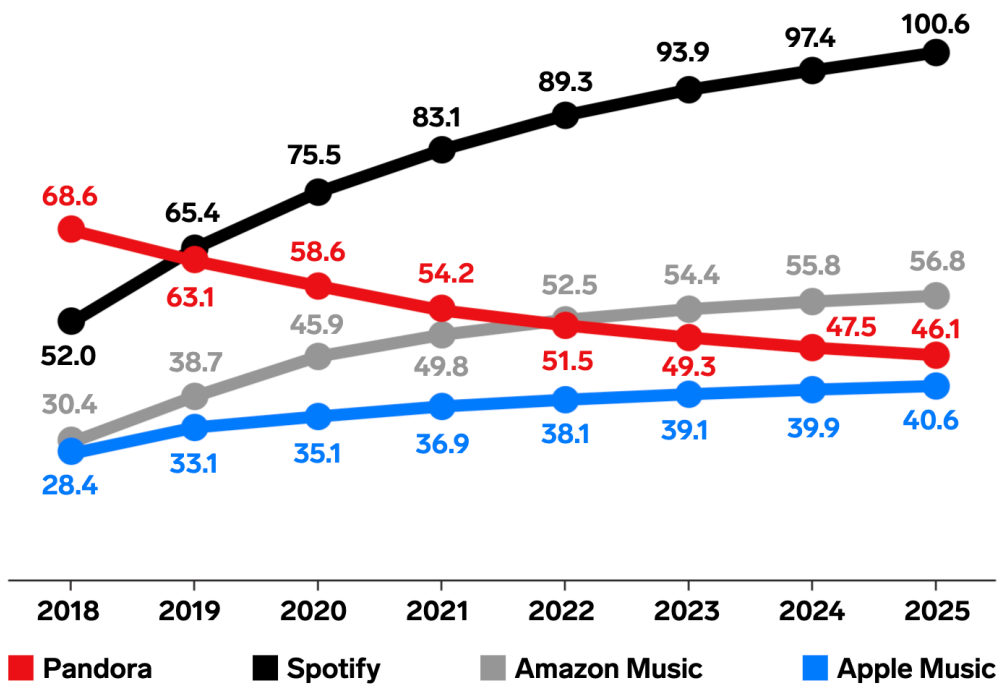
On March 8 of this year, Amazon launched Amp, a social audio application where users create radio shows, DJ, and play songs from Amazon Music. People on the platform can launch their own live show where callers can join and request to speak. Hosts can also play music in real time with their audience and preplan and schedule their shows.¹³

Sources familiar with the company's thinking say Amazon is not looking to build an audio social network like Clubhouse or Twitter Spaces but rather a digital radio-like tool for live-streaming performances and conversations. While Amazon Amp will likely include podcasts and talk radio programs, the company is focused mainly on music and events for now.¹⁴

Amp sets itself apart by giving users immediate access to millions of licensed songs from major music publishers. The streaming audio market (Spotify, Amazon Music, Apple Music) is a commodity service at its core because there's little inherent differentiation, so the companies seek to differentiate themselves and make their platforms stickier through initiatives like Amp, Spotify Live, etc. talk radio programs, the company is focused mostly on music and events for now.

Amp sets itself apart by giving users immediate access to tens of millions of licensed songs from major music publishers. The streaming audio market (Spotify, Amazon Music, Apple Music) is a commodity service at its core because there's little inherent differentiation, so the companies are seeking to differentiate themselves and make their platforms stickier through initiatives like Amp, Spotify Live, etc.

US Digital Audio Listeners, by Platform, 2018-2025 millions



Note: internet users of any age who listen to each service on any device at least once per month

Source: eMarketer, Aug 2021

269305

eMarketer | InsiderIntelligence.com

“Streaming audio is a key part of Amazon’s upper-funnel ads strategy,” says Andrew Lipsman, principal analyst at Insider Intelligence. “It wants to have a position in every important ad medium and sees streaming audio as the ultimate replacement for radio. It also helps explain its emphasis on Alexa-enabled cars. Amazon is playing the long game here, and it understands that audio is a big but often overlooked piece of the mix.”¹⁵

Potential Markets

Books

Goodreads example

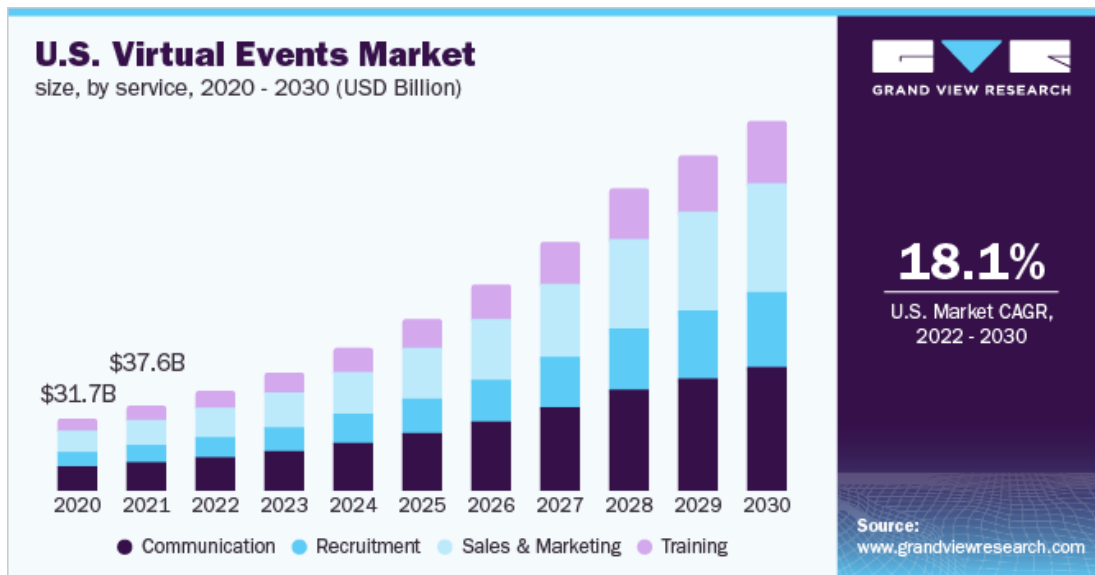
Goodreads was launched in 2007 by Otis Chandler and Elizabeth Kaur Chandler. They wanted to recreate the experience of walking into a friend's living room and checking out their bookshelves. Goodreads was designed to create a platform site for reviews primarily done via the blogosphere. Add in the digital book tracking via "shelves," and the site was born.

Goodreads was designed as a "long tail content" site, meaning its value comes from its breadth of content. The site holds millions of reviews about millions of books. Efficient SEO drives most people who search "Book Title + review" to Goodreads. The approach worked. By 2013, the company had grown to a staff of over 100 and 16 million users. Goodreads was then sold to Amazon for a reported \$150 million.¹⁶

As of November 2021, the company had 125 million members, 3.5 billion books on its site, 80 million reviews, and 110 employees.¹⁷

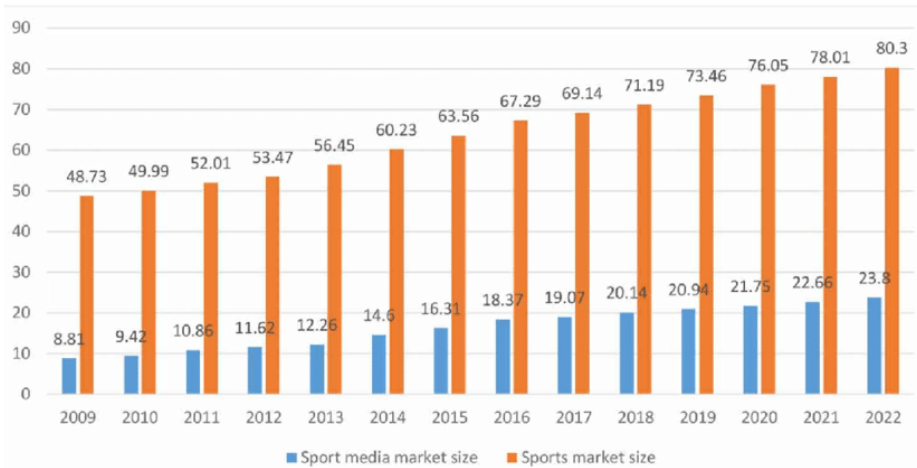
Events/Conferences

Millions are tuning into virtual events, and research shows that events will only increase post-Covid. Below is an example of Grand View Research's expectations for continued growth through 2030.



Sports

Modern technologies and fast Internet are drastically altering the role of the sports fan, and in turn are creating a rise in the sports media market that's only expected to increase. Sports enthusiasts used to solely watch sporting events on television or in person at stadiums. Unlike in the past, sports fans can now directly contribute to the creation of sports material. User generated content (UGC) is the word frequently used to describe a variety of media material kinds that are publicly accessible (and were produced by end users). Currently, sports fans produce a variety of UGC on social media sites and other online platforms, including podcasts, news, photos, and videos. Recently, sports fans have been more influential in the creation of sports media than traditional publishers; because consumers now view user-generated content (UGC) as a more dependable source for professionally produced information. UGC, for instance, generates more interaction than brand-generated material, and most consumers will pay more for UGC products.¹⁸

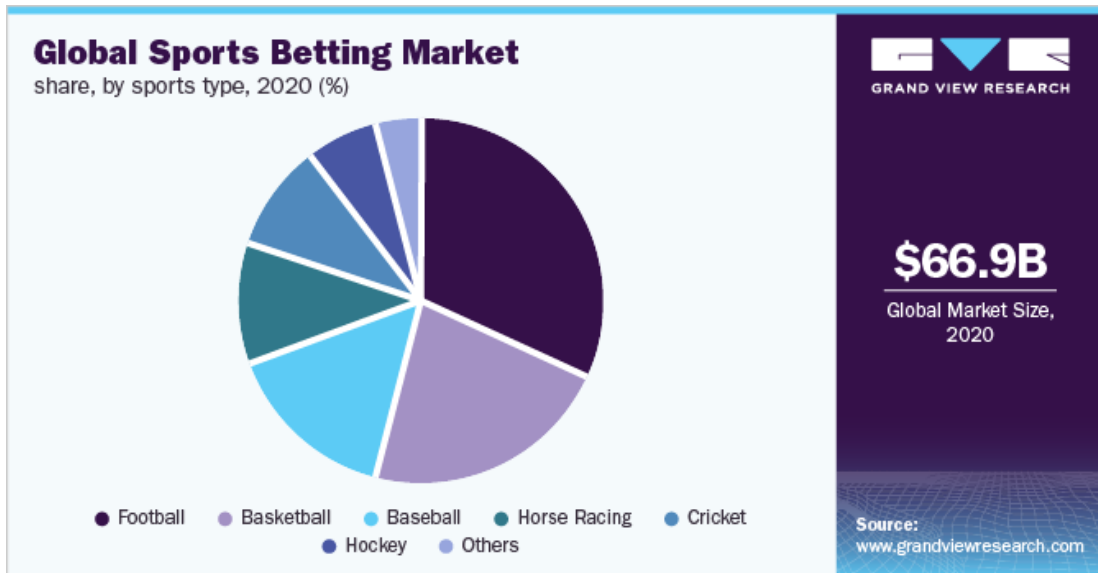
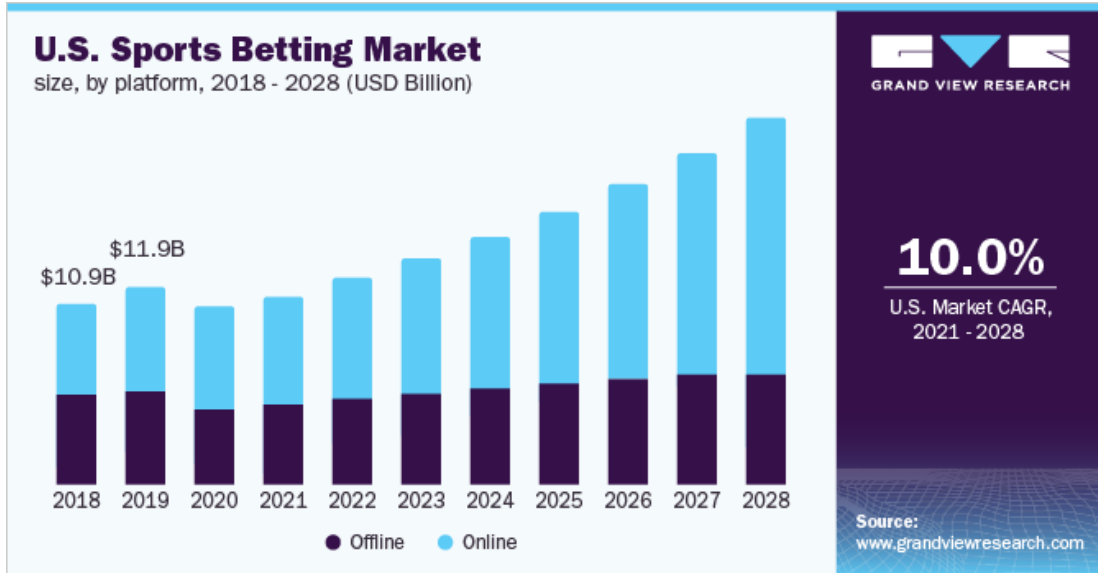


The emergence of non-traditional media outlets, accelerated by the rapid adoption of digital technology over the past two years, has fundamentally altered the media landscape, including how sports fans interact with their favorite teams. An increasing number of over-the-top (OTT) options are now available to sports fans, as evidenced by the fact that 40.7% of all sports enthusiasts worldwide choose to view live sporting events using digital platforms.¹⁹

The global sports market is also anticipated to expand at a compound annual growth rate (CAGR) of 9%. There is an anticipated CAGR of 9% and the market is anticipated to reach \$707.84 billion in 2026. In 2021, the sports market's largest region was North America. Africa is anticipated to experience the fastest growth during the projection period (2021-2023).²⁰

Sports Betting

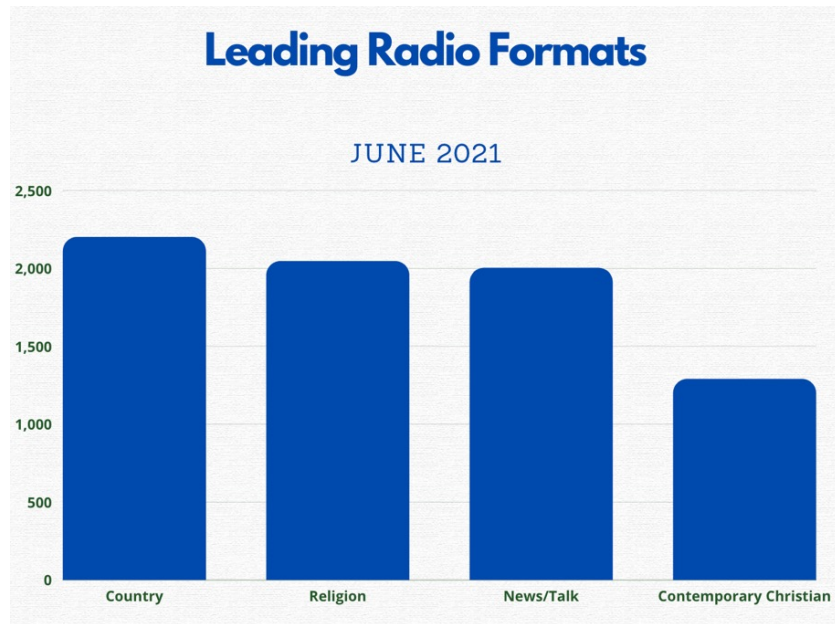
The global sports betting market size was valued at \$66.98 billion in 2020 and is expected to expand at a CAGR of 10.1% from 2021 to 2028.²¹



eSports

The Global eSports Market size is expected to reach \$3,574.9 million by 2027, rising at a market growth of 21.3% CAGR during the forecast period.²²

Radio

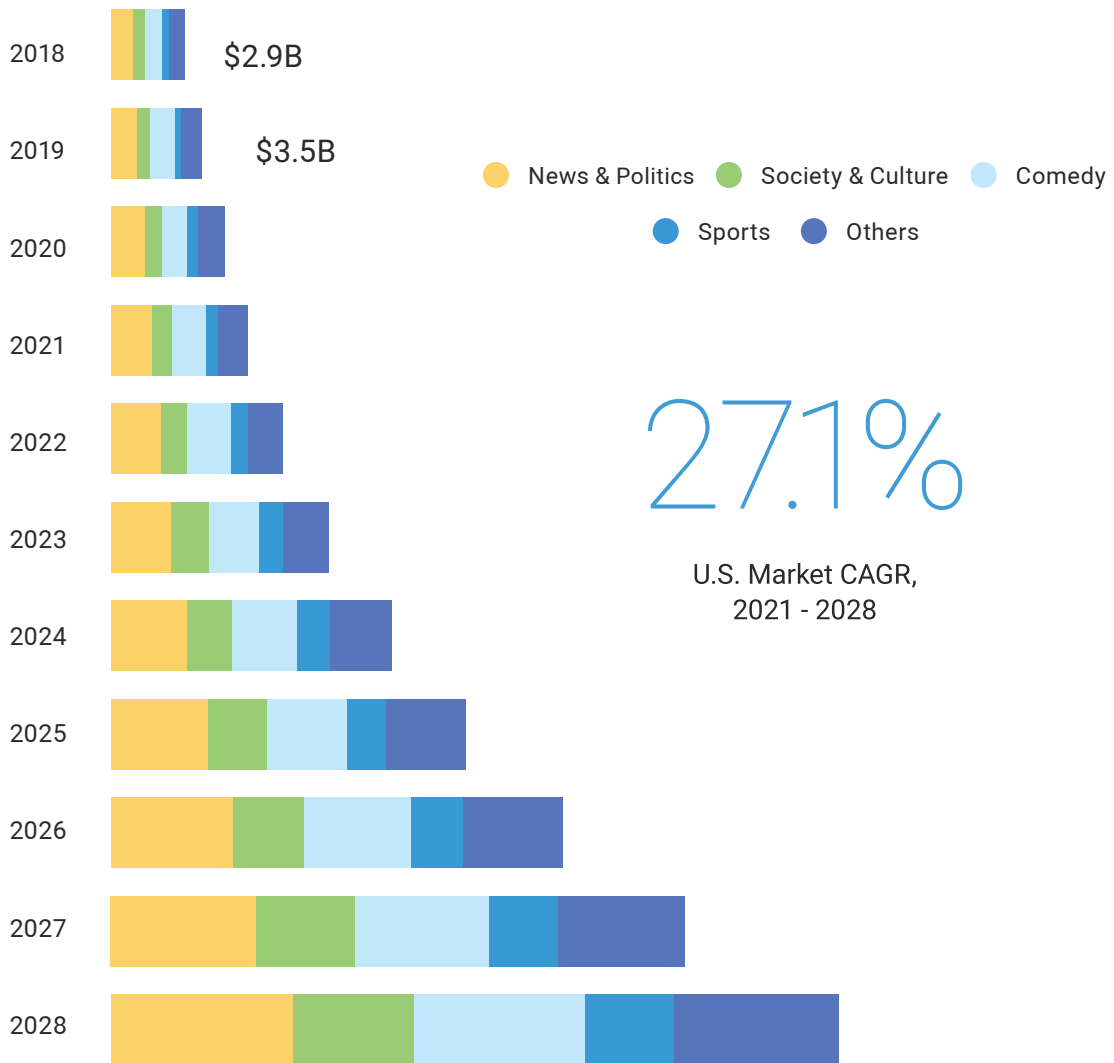


These four radio formats are the most popular in the United States by a significant margin.

Podcast Genres

U.S. Podcasting Market

Size, by genre, 2018-2028 (USD Billion)





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