CREATORS, COMMUNITY, & MONETIZATION

THE CREATOR ECONOMY IN 2022:

CrossBorderWorks
Music Tech Consulting & Advisory Firm
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Introduction to the Media and Music Salon Series

February’s event was the third in our Media and Music Salon Series, bringing together leaders in the creative and music industries. We examined how creators are evolving in 2022 and what tools and environments are essential to growth.

Nfluence Partners and CrossBorderWorks have teamed up to bring together CEOs, executives, entrepreneurs, influencers, and investors to exchange ideas and perspectives on timely topics in Media and Music.

Our Salon Series events are in the style of Jeffersonian dinners, albeit virtual for now. Jefferson was known for hosting dinners in the late 1800’s in his Monticello home, curating intimate groups of thought leaders and influencers to converse about a single topic, diving deep into a theme to spark collective wisdom. The purpose was to listen, learn, and inspire one another through meaningful dialogue over a shared meal.

The Creator Economy In 2022: Creators, Community, & Monetization

Spark

The third of our Media and Music Salon Series engaged a select group of eleven people across varied sectors of creator communities in lively conversation, sharing their views and experiences.

Our Spark was HITRECORD Co-Founder and President Jared Gellar. Jared provided insights on the production side of the creator economy and how collaboration is a critical component to what is happening in the creator community.

Other Participating Firms

- TikTok
- DISCO
- BandLab
- common sense networks
- Wasserman
- wattpad
- FEED.FM
- VSCO
- Exponential Creativity Ventures
- ARTIST GROWTH
- FRONTIER DESIGN
The Creator Economy in 2022: Creators, Community, & Monetization

Key Takeaways Overview

1. **Who is a Creator? We All Are**
   - The creator economy is broad, ranging from casual users focused on self-expression, to hobbyists and professionals
   - Creativity is universal to self-expression

2. **Community is Critical**
   - The current digital landscape is focused on audiences, whereas creators are leaning into communities
   - The shift in learning is now to use collaborative and shared experiences

3. **Creator Tools Empower Creators of All Shapes & Sizes**
   - Tech platforms must offer elegant and easy to use tools to attract creators—these capabilities are becoming a differentiator
   - Creators want simplicity, high usability, and ease of use, but there are limits to how many disconnected tools a creator will use

4. **Monetization Models are Evolving Rapidly**
   - Creators have many motivations for expressing themselves creatively, including monetization
   - The disruptive nature of today’s new platforms and environment leads to thinking about monetization in new ways—including niche communities and services that enable creators to make more $ per fan

5. **Web3 is Emerging**
   - Decentralization, communities, and immersive and virtual experiences are being built for creators and their fans
   - Consensus is that we are still at the beginning stages of this next paradigm change to computing and the unbridled growth in NFTs at some point will crash before the market normalizes and enters a “mainstream adoption” phase

*The Creator Economy in 2022: Creators, Community, & Monetization*
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WHO IS A CREATOR? WE ALL ARE

Categorization and Segmentation

- Everyone is a creator
  - While everyone has a different definition of the term “creator,” we are all creators
  - Technology and social platforms have transformed creators and experiences to connect with fans
  - Anyone able to create fans around their work is the most basic definition of a creator
  - A fandom could be family, a single class, or 20k+ people who follow and support a creator financially
  - Content creators/influencers range from anyone who posts for creative expression, to aspirational careers and professional
  - More than 50 million people consider themselves active creators
- Motivations vary
  - Not every creator is developing IP or focused on revenue streams
  - Some creators consider monetization “nice to have,” others want to make a career out of it and want to get paid
  - Age and stage of career can be huge factors too—some young creators are making lots of money; others are just happy to be able to have visible self-expression

Creativity is universal to the human experience

- Having a “safe space” to sow the initial seeds of creativity and test ideas is essential
- Creators want to feel good about themselves while they express their ideas
- The vast majority of creators today are people that have a great idea or a talent to share and are small scale; they don’t understand the complexity or potential reach
- Digital tools allow us to express ourselves in unique ways

- Companies and platforms are competing to provide the best creator tools to enable creators
  - Platforms must segment the creator economy to determine how to best serve them and build viable tools for each group/community

“When we think about who is a creator - it could be anyone from a kid in their room putting up a Tik Tok video to an artist or actor at the peak of their career with millions of followers.”

The Spectrum of Who Is a Creator

- Curious
  - Fun and Enjoyment
- Active
  - Creative Expression
  - Passion and Causes
- Professional
  - Micro-Influencers
  - Dedicated, Paying Fanbase

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COMMUNITY IS CRITICAL

Community vs. Audience

- The current paradigm in content is audience driven and more of a broadcast dynamic between creator and fans
- We are in the middle of a seismic shift that not only includes the definition of who is a creator but how creators engage with their fans
- Audiences are not going away, but in many cases, creators are migrating “super fans” to smaller groups or developing communities
- Communities are developing where fans can interact with each other and the creator, and even collaborate among the community
- This virtuous cycle embodies the spirit of keeping the creator economy alive and growing
- Scale in audience is no longer the only measure of success for business models
  - Numerous platforms and companies are discovering that niche communities are very powerful, particularly for monetization
  - This sharpens the focus on knowing who your true audience/fans are and the objectives of the content
  - Notable companies embracing this new paradigm include Twitch, Patreon, Disco, and HITRECORD

Shared Experiences vs. Content Consumption

- The old model of learning and sharing was content consumed alone—the shift in learning is now to use collaborative and shared experiences
  - Emerging platforms for creators are designed to enable them to hold their own content/learning sessions
  - The science of learning revolves around the thought that people learn better together
- Collaboration in creation can also lead to more individuals building meaningful relationships as well as reaping the rewards of monetization
- Two-sided marketplaces are developing where creators can teach and learn—versus having one individual teaching a group as seen in the traditional educational model or more recent popular digital platforms, such as MasterClass
  - This broader concept, as applied to the creator economy, is often termed “knowledge creators”—people who want to share their knowledge with others

The Power of Niche Audiences

- Niche audiences are developing on many large, global platforms, but the broad-based nature of these platforms may not lend themselves well or be the best medium to develop these smaller groups
- Creators are taking advantage of purpose-built tools to engage and monetize fans in niche audiences and interests
- Niche communities are geographically dispersed but connected online
CREATOR TOOLS EMPOWER CREATORS OF ALL SHAPES & SIZES

Tools Are the Foundation

- Platforms compete for creators through the tools they offer, and these tools are often in an upward slope of a bell curve for creators at all different stages of career and individual aspirations
- Tools also enable creators to pull technology in unforeseen directions
- Creator tools are disconnected—no all-in-one tool and no two creators are exactly alike. Creators want simplicity, high useability, and ease of use, but there are limits to how many disconnected tools any creator will use. This is driving consolidation/M&A in this industry
- Creators are very driven and will share their content with their community one way or another

Empowering Musicians

- In the music tech space, needs are diverse and geographically dispersed, leading to many small local applications, rather than singular global solutions. This poses challenges for investment and funding early-stage companies
- Most of the younger generation has always had free access to music, so monetization is sometimes secondary to expression
- Social platforms, streaming subscription, and gaming are central to all music creators
- The fastest growing segment in music is independent artists and artists on indie labels

Creative Control

- Maintaining creative control is central to many musical artists’ decision to forego traditional label deals and retain their own rights
- Young musicians often do not even consider a traditional label deal, as they want to own their creative output and be nimble in opportunities
- The early adopters of creator platforms set the pace and tone of the platform and often determine how that platform and community evolves
- Today’s creators want to control creative output with the goal that fandom and monetization will follow
The traditional model of monetization (via record labels, publishing houses, etc.) is to shape the creativity into a form that will be a “hit” or “bestseller”

- This often requires creators to make creative sacrifices to make their products/art commercially viable (enough to support the big engine of people/companies driving it to market)
- It also can embody bias against the power of the individual creator because of the necessary scale to have monetization success

New platforms are giving creators control and allowing them to express creativity in whatever way they want to

- The disruption to the existing paradigm is coming from the ability of anyone to be a creator and the digital social platforms (and tools) that have enabled ubiquitous direct access to fans with virtually no barriers to entry
- Monetization will follow if the art/content speaks to those willing to pay for it
  - Many creators are not concerned with monetization directly within online platforms
  - Audience/views/exposure is a valued metric which can translate to monetization outside of the platforms where exposure is gained
- The disruptive nature of today’s new platforms and environment is leading to thinking about monetization in new ways
  - A number of companies are finding that smaller, niche audiences lend themselves better to monetization than larger, broad-based audiences
  - These smaller groups highly value the more intimate, direct nature of the relationship with the artist/creator
  - Examples of companies finding success in cultivating smaller communities for monetization include Patreon and Twitch
  - Some of these businesses are focusing on an expansion of services/projects that allow creators make more per fan
- Innovation in monetization is also leading to new channels and methods whereby creators/artists can receive payment outside of the traditional banking system, e.g., prepaid cards, royalty advances, crypto

“Monetization will follow if the creator can maintain creative control and expression in the way they want to do it.”
### The Creator Economy in 2022: Creators, Community, & Monetization

**WEB3 IS EMERGING**

Web3 encompasses decentralized data, cryptocurrency, NFTs, blockchain, transparency, metaverse and virtual worlds, AR/VR, and many unforeseen applications.

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<th>NFTs</th>
<th>Decentralized Architecture</th>
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| - Some artists are making more money successfully selling NFTs than they have made off their music in the last ten years  
  - People are buying NFTs to show that they support the artist and are a part of the community in a unique way, as well as collect digital assets  
  - Technology of wallets, crypto conversion to real money, and smart contracts are still complicated for average users  
  - NFT tradability and liquidity are central to the attraction  
  - Will likely take two to five years for viable long-standing models to emerge but consensus is NFTs are here to stay  
  - Scaling when different chains are interoperable, and fraud is present, will take time  
  - Open systems (similar to the Facebook platform) will eventually be more successful in the long-term; closed systems like Patreon and NFTs are having their moment now | - This is highly empowering to artists and to end users to engage more deeply but maintain openness and transparency  
  - Valuable data can be parsed for creators to use as feedback  
  - Most large Web2 platforms do not share data with creators, which is frustrating to creators who want to understand how their audience is reacting to their content/art  
  - Many Web3 companies are building creator tools directly into their platforms with the assumption that all creators and artists are empowered to engage directly |

### Consensus is that we are still at the beginning stages of this next paradigm change to computing and financial services. The unbridled growth will crash at some point before the market normalizes and enters a "mainstream adoption" phase.
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