

The Investor



Openspace is a VC firm funding transformative startups in Southeast Asia. The firm operates out of offices in Singapore, Indonesia, Thailand, the Philippines and Vietnam with a team of 35 people representing 12 nationalities. Openspace has invested in 46 companies across the region, including category leaders such as GoTo (formerly Gojek), Halodoc, Biofourmis and FinAccel.

FUND NAME

OSV Fund II, OSV+

FUND SIZE

USD135m, USD200m

TOTAL AUM

USD650m

The Company



Kumu is a Philippines-based livestreaming company that is the first fully interactive social entertainment app in the country. The platform allows creators to stream content to audiences and monetize their work through virtual 'gifts' from viewers, providing a source of income above the national entry-level salary average for 15,000 creators. Kumu creates online communities rooted in the core values of safety, positivity and acceptance through rigorous content moderation powered by AI tools and a team of volunteer moderators.

LOCATION

Philippines

SECTOR

Media & Entertainment

WEBSITE

www.kumu.ph

DATE(S) OF INVESTMENT

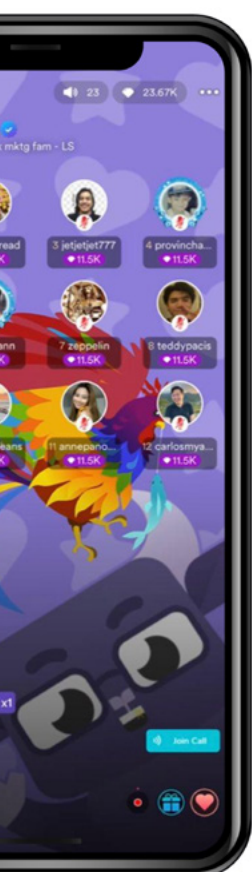
AUG '19, MAR '20,
MAR '21, OCT '21

AMOUNT

USD17M

STAKE

MINORITY



Kumu, derived from the Tagalog for 'how are you?', was founded in 2018 by first-generation Filipino-Americans Roland Ros and Angelo Mendez, along with Remy Dorado, a Filipino national working in the United States. The founding team had witnessed the ongoing digital transformation in the Philippines aided by the availability of inexpensive mobile devices. The group relocated to Manila with aspirations to address the underpenetrated Filipino consumer market and help build the local tech ecosystem. They founded Kumu first as a messenger app before deciding that a livestreaming format had the potential to create more authentic and connected online communities.

When Openspace Ventures first met the Kumu team, the company had just closed its USD1.2m seed round led by local magazine publisher Summit Media and was evolving its product into a social entertainment livestreaming platform. Openspace had recently completed its first deal in the Philippines and was eager to invest more in the country, particularly in the media sector.

The VC was impressed by Kumu's robust user traction and ethos to create an authentic, safe and genuinely Filipino alternative to international social media platforms. In Openspace, Kumu's founding team saw a partner that could help the company pivot its product and strengthen its content moderation function. Although the startup was at an earlier stage than Openspace's typical investment mandate, the firm had strong conviction in the Kumu product and founding team.

The Deal

Openspace led Kumu's 2019 pre-Series A round, which also attracted participation from local television network ABS-CBN Global and follow-on from Summit Media. Openspace helped Kumu improve and staff several operational areas, onboarding key members of the company's C-level team such as the CFO, Chief Product Officer and Chief Content Officer.

Kumu's new CFO developed the company's innovative monetization model. Unlike other social media platforms that depend on advertising revenue, Kumu generates over 95% of its revenue from micro-transactions. Kumu viewers support creators by sending 'gifts' on the platform that are convertible to cash. Openspace has assisted Kumu in rolling out a supplemental advertising revenue stream, in which users can 'gift' products sold by sponsor companies. This initiative has already attracted multinationals such as Unilever.

Since Openspace's initial investment in 2019, Kumu's annual revenue has grown from USD1m to USD55m in 2021, while active monthly users have increased by 12x to over 2.5m as of the end of 2021. The app has approximately 19m downloads across more than 55 countries, reaching the global Filipino diaspora, with over 60m livestream views per month.

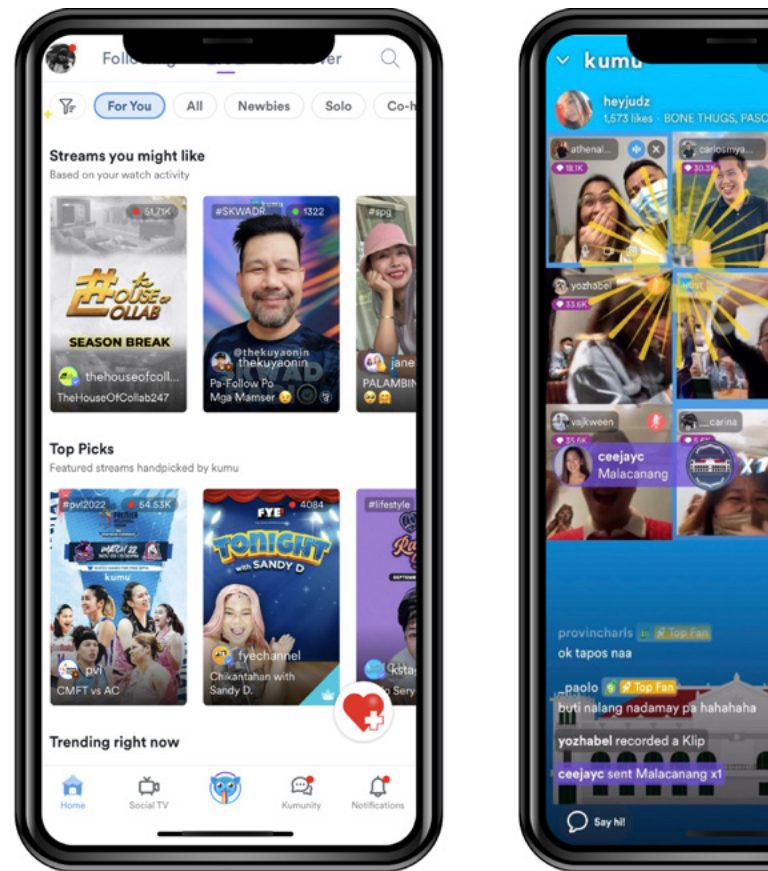
Openspace's early bet on Kumu has catalyzed additional capital into the company, which has raised over USD100m to date. The investor has also followed on in the company's subsequent fundraises, most recently its October 2021 USD74m round, the first Series C raised by a Filipino startup on record. The company represents the first investment in the Philippines for global tech investors like General Atlantic.

Inclusive & Sustainable Growth

Ensuring that Kumu creates a safe online environment has been a top priority for Openspace. Soon after its first investment in the company, Openspace deployed its ESG and data science teams to help Kumu integrate an AI-driven content moderation solution that detects violence, solicitations, bullying and other hateful content. The AI tool now accounts for about 90% of content removed from the platform, with the balance flagged by over 3,000 volunteer moderators that report to Kumu's content team. As a result, objectionable content is removed from the platform within 58 seconds.

Kumu's content team has put extra focus on monitoring and addressing unwanted attention received by creators, especially women. The app also does not offer beauty filters found on other platforms and that are proven to be detrimental to mental health. Kumu discourages posts on divisive topics such as politics in favor of inclusive content, through initiatives such as highlighting LGBTQ+ creators during Pride Month.

Kumu's 'gifting' model has provided an important source of income for its 1.3m content creators, particularly when traditional segments of the economy shut down during COVID-19 lockdowns. The number of financially successful creators* in 2021 reached 15,000, about half of which are female, from just 280 in 2019. To support the next generation of creators, the company established a free three-month mentorship program called Kumu Creators Academy, which has



taught over 3,000 users the basics of content creation.

Kumu partners with the nonprofit Tech for Filipino Youth to provide edtech gadgets to less-privileged students, and its Kumuskolars scholarship program supports Filipino students taking online courses in creative fields. Kumu also hosts the Kumu Bayani Festival, a digital festival for social causes in partnership with nine nonprofit organizations, as well as a street mural project showcasing Filipino roots called Project Lakbay. The company spent an estimated 1,800 hours on community engagement initiatives in 2021.

Outcome/Outlook

Content moderation remains a primary focus for Kumu, and the company continues to improve its technology tools to ensure a safe online environment for Filipino communities domestically and abroad. The company is also working on building new features like live commerce, audio and gaming and has ambitions to eventually pursue a public listing. ●

* Kumu defines a financially successful creator as one making more than USD400 per month, comparable to the ~USD350m average monthly wage of new graduates in the country.