How Discord Built a $7 Billion Platform—Without Ads



Business is good at Discord. The popular chat app that's been styled "Slack for gamers" has seen its user base soar in recent years. But 2020 has led to a different magnitude of growth, doubling Discord's valuation in less than six months. With the pandemic keeping many people indoors and searching for virtual ways to connect, Discord has grown to 100 million monthly active users.

Users join different chat rooms, which Discord calls "servers," where they can talk in open channels or direct messages. These are set up around different niche interests such as popular games, comic books or television shows. Joining a Discord server requires an invite, though some are effectively open and post their links publicly. There are Discord servers about lots of topics: memes, anime, podcasts, Harry Potter, the NBA and, of course, because it's the internet, plenty of not-safe-for-work servers.

At the tail end of a landmark year, aided by our new stay-at-home culture, the company, which has 250 employees globally, is reportedly on the heels of securing a new round of funding

that would see it valued at $7 billion, merely six months after its last funding round priced it at $3.5 billion.

At the start of the pandemic, global monthly downloads surged from 6.1 million in February to 13.5 million in March, according to the app analytics firm Sensor Tower. The second spike came when the multiplayer game Among Us peaked in popularity: New monthly downloads shot up from 11.3 million in August to 22.7 million in September.

The enduring popularity of Fortnite, Minecraft and Roblox play a hefty role in Discord's growth, not to mention Among Us—which even Rep. Alexandria Ocasio-Cortez livestreamed herself playing. It's all helped drive the app into the Apple iOS App Store's top 5 free apps in late September.

Despite a troubled past, mixed up with the more vile forces in American politics, Discord has cleaned up its act, made a consumer revenue play and expanded outside of its gaming origins. And while it says advertising isn't in its future, we've seen other platforms do an about face.

Taking responsibility for a checkered past

Discord was founded in 2015 as a place where gamers could connect. But its anonymity and privacy also attracted far-right political groups. Only a few years ago, Discord was known as the favored platform for the alt-right and infamously used as the organizing platform for the 2017 Unite the Right rally in Charlottesville, Va., a white supremacist and neo-Nazi march during which a woman, Heather Heyer, was murdered by a man who drove his car into a group of counterprotesters.

In a recent interview with Adweek, Amy Spitalnick, executive director of Integrity First for America, a group funding a lawsuit against the organizers of Unite the Right, said that Discord was integral to its planning. "In many ways, social media has become the Klan den of the 21st century," Spitalnick said. "These extremists are no longer meeting in the forest

wearing white hoods; rather, they're meeting in Discord chats and other online forums."

Since then, Discord's executives have expressed regret for their once-laissez faire approach to policing their platform. The company has booted off hundreds of alt-right groups and accounts, and built up a Trust & Safety team that Forbes reports comprises 15% of its workforce.

What's notable is Discord has taken more responsibility independent of pressure from advertisers. Compare that with Reddit: Once a haven for "free speech," Reddit only tightened its content rules after advertising became a sizable part of its business. The platform banned hate speech for the first time this summer as advertisers boycotted Facebook for its own policies toward online hate.

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Pages: 1 2 3

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