

## *Investment memo for series B*

# GGWP

October 2025 | Andy, Javier, Sabina

## Background

Scale is continuing diligence on GGWP's series B. The company is raising \$15M. GGWP offers an AI-powered content moderation platform supporting text and voice, largely focused on multiplayer online games.

## Company

- Founded: 2020
- HQ: Bay Area
- ARR: \$4.2M
- Employees: 52 (Pitchbook)
- Funding history:
  - \$10M (Dec 20) led by Bitkraft Ventures and Griffin Gaming Partners
  - \$12M (Mar 22) led by Griffin Gaming Partners and Makers Fund with strategics (Sony, Riot Games)
  - \$10M (Jul 23) from strategics (Bandai Namco, Samsung, SK Telecom)
  - Notable angels/founders: Marc Merrill (Riot Games), CH Kim (Krafton/PUBG), David Helgason (Unity), Emmett Shear (Twitch), Max Levchin (Affirm)

## Market

### Gaming moderation

#### Context

Playing online videogames often involves interacting with other players, either socially (shared environment), collaboratively (team on a mission) or adversatively (enemy players). This communication is necessary but it often results in encounters that are detrimental to the gaming experience (e.g., toxicity) and can be illegal (e.g., grooming). These issues have not yet been at the center of large legal action, but have a material impact on user churn.

Although every game studio has trust and safety teams charged with tackling these issues, those teams generally do a poor job due to an inability to detect and handle incidents.

Automation is generally minimal, relying on keywords which can only be detected in text and are easily circumvented with alternative spellings. The bulk of the work is done in reaction to user reports, but because it is impossible to adequately deal with the volume of complaints because (a) moderators have to chase the evidence (e.g., listen to recordings, piece together multiple reports), and (b) moderation is manual. To make matters worse, reports are often vindictive, which reduces the ability to focus on potential issues. As a result, most reports fall off the queue without resolution.

## Sizing

Online gaming is ~\$185B globally of which \$140B is addressable (\$45B is China), roughly 50% of this is online games so about \$70B is in scope. We have to consider the market globally because most games have global reach and studios are globally distributed; GGWP already works across languages today. We can think of a couple of ways to triangulate spend as a percentage of revenue, but we believe it is in the mid single digits:

- At Roblox, 10% of internal staff work on trust and safety; at Discord, it's 15%. Roblox reports costs for "infrastructure and trust & safety" of ~\$915M in the last FY on revenues of ~\$3.6B (they lost \$1.1B). That's still insufficient based on the number of short reports featuring detailed exposés on the amount of grooming on the platform.
- Unity is a game engine that accounts for ~25% of the games by revenue, and whose revenue for FY was \$1.8B. In the context of the aforementioned \$185B gaming market, the estimate is then that their take rate on games where Unity is used is about 4% ( $1.8/(185*0.25)$ ).
- Relative to the game engine, which is a pure cost, there is a revenue uplift impact that could provide guidance on willingness to pay. One reference estimated the impact of churn to be 1-5% depending on the game. That figure does not include PR, which also affects signups and is material in titles like Roblox.
- Contrasting active players on various games with game revenue in Steam (an app store for games), we estimate based on the trend in top games that revenue is \$1-2/h played. Mapping this to our prior \$70B total market size for online games figure, we estimate that there's around 50B hours of gameplay per year (contrast this with an estimate of 500M-1B annual unique players in our target online gaming market, which implies 1 to 2h/week on average per player). GGWP cost comes out around 5c/h played, also pointing to mid single digits take rate on revenue.

In summary, a low estimate is 2% (\$1.4B market) and a high estimate closer to a top spender like Roblox could easily be upwards of \$5B.

## Expansion opportunities

### Context

GGWP has recently expanded in 2 directions that increase the potential addressable market:

- The company is getting good traction in VR, which is not included in the market sizing above, with several 6-figure deals (including a partnership with Meta). This is a great fit for the existing product as many of the risks of online gaming are even more severe in the world of VR.
- They have landed a first UGC customer with Fandom (wiki repository with 400M MAUs). The company likely has to invest into new formats to be broadly competitive in this space (e.g., video, image) which is the bread and butter of other players already. The Fandom win is significant because the company compared them to other players and they showed better adaptability to their type of content, making it competitive with an in-house build where others were not.

## Sizing

The general trust and safety software space addressable market was \$25B in 2023. Of this \$7B was in-house software and \$3B in-house services. The remaining \$15B can be split into \$7.5B of software spend (expected to double by 2028) and \$17.5B of BPO (which includes manual moderation). This is a very broad estimate because it includes companies like Socure (out of scope) but also UGC moderation (which might be in play, at least partially). Naturally this is a direct bet not just on the software market size but also on eating the labor, and some of the internal software.

## Product

GGWP offers a comprehensive suite of products for moderation:

- Text: Within in-game chats, GGWP can block keywords and variants (using AI rather than hardcoded text). It also automatically generates reports when it detects more complex interactions that require moderation.
- Voice: GGWP transcribes voice conversations and performs moderation similar to text. Besides integrating their API directly, developers who use Vivox (which is Unity's voice chat) can toggle GGWP without additional work because GGWP is the exclusive partner of Unity for voice moderation and is directly integrated into their product.
- Player reports: Besides generating reports through its automated text and voice moderation system, GGWP also handles manual user reports.
- Usernames: GGWP offers a SKU to block unacceptable user names.
- Discord: In addition to in-game text and chat, GGWP can be used as a Discord bot to monitor activity happening outside the actual game in official servers.
- Pulse: GGWP is expanding beyond moderation because Pulse is more similar to Unwrap, targeting product teams. There is a tight integration between gameplay and sentiment analysis, e.g., it can map feedback to areas of a game map.

Several distinctive features make GGWP's offering appealing:

- The features are all sold independently, and most game studios start with one and then upsell from there.
- Nevertheless, the information is all presented through a single pane of glass. Critically, user activity (both positive and negative) is correlated into a single “player credit score” and surfaced in a view that enables moderators to quickly make decisions in scenarios where manual moderation is still required.
- That happens rarely, but generally studios want a human in the loop before a player is banned permanently. Most moderation happens automatically, including temporary muting or bans. Studios have a high degree of freedom in how they configure what offenses, conditional on what prior history, can trigger what severity of action.

## Competition

Most players do not target gaming specifically. Some companies, however, seem to be largely focused on gaming, but they are generally weak:

- Community Sift: Two Hat was a company founded in 2015 which developed a text-only moderation product for gaming called Community Sift. It was acquired by Microsoft in 2021, but is based on basic pre-LLM technology. GGWP believes that Microsoft is likely to discontinue this product, which they estimate is doing \$60M in revenue, as they’re being approached by some of its existing customers (including studios within Microsoft themselves). Makers Fund was an investor in Two Hat and is now an investor in GGWP.
- ActiveFence: Spectrum Labs was a company founded in 2016 and also focused on text moderation only. They had some reasonably good logos, but after raising \$40M from Intel and Greycroft, they were acquired by ActiveFence. ActiveFence raised \$80M at \$600M post from CRV and Norwest in 2021. Its marketing has shifted toward AI guardrails (think Galileo/Comet) which suggests that they’re likely to discontinue this product and that the company is broadly not doing too well.
- Modulate: Modulate is probably the strongest competitor, but they are focused exclusively on voice moderation (they originally did voice changing with AI, hence the name). They also have a product that detects voice fraud, so it’s clearly an AI shop, but also it doesn’t have a product that is squarely aimed at game studios. As a result, the logos on their website are very mediocre (even compared to the previous 2 companies). They raised \$30M in 2022 and have done undisclosed fundraises in 2024 and 2025.

The competition beyond gaming is much bigger. We believe the main player here is Hive, which has a very diversified business that spans between generative APIs (which we assume are wrappers), reverse search tools, AI content detection, and—obviously—content moderation. We believe moderation is the main business line, and within that image moderation. As we understand it, that product is not based on foundation models and largely depends on training custom models on the customer’s data (obviously they could change that but given the PS nature of the current business it’s a big shift). We suspect GGWP would run into them as they

continue pushing down the UGC path. Modulate was founded in 2013 and has raised \$370M from the likes of 8VC and GC, including \$200M at \$4B post in 2023.

There's also smaller new entrants like Cinder, which is focused on community moderation. Founded in 2021, they have raised \$15M from YC and Accel. Most of the logos on their website are AI companies (OpenAI, Stability, ElevenLabs, Midjourney) so we believe this just means they're users of their APIs (weak flex) given that these platforms don't have UGC. Another one worth mentioning is SafetyKit, which focuses on marketplaces and raised \$27M from YC, Ribbit and First Round this year (founded in 2023). The broader point with these last 2 is that there is general demand for LLM-based software that improves coverage and speeds up moderation (leading to better UX and revenue), while reducing the load on trust & safety teams (reducing cost).

## Traction

The ramp to \$1M was slow but since then the company has significantly accelerated.

\$000's	Q1:23	Q2:23	Q3:23	Q4:23	Q1:24	Q2:24	Q3:24	Q4:24	Q1:25	Q2:25	Q3:25
<b>ARR Waterfall</b>											
Starting ARR	\$-	\$42	\$186	\$284	\$304	\$877	\$1,054	\$1,182	\$1,667	\$2,115	\$3,306
New Logo	42	144	98	20	84	129	128	70	214	60	915
Upsell	-	-	-	-	490	48	-	420	270	1,230	68
<b>Gross New ARR</b>	<b>\$42</b>	<b>\$144</b>	<b>\$98</b>	<b>\$20</b>	<b>\$574</b>	<b>\$177</b>	<b>\$128</b>	<b>\$490</b>	<b>\$484</b>	<b>\$1,290</b>	<b>\$983</b>
Churn	-	-	-	-	-	-	-	(6)	(36)	(99)	(77)
<b>Net New ARR</b>	<b>\$42</b>	<b>\$144</b>	<b>\$98</b>	<b>\$20</b>	<b>\$574</b>	<b>\$177</b>	<b>\$128</b>	<b>\$484</b>	<b>\$448</b>	<b>\$1,191</b>	<b>\$906</b>
<b>Ending ARR</b>	<b>\$42</b>	<b>\$186</b>	<b>\$284</b>	<b>\$304</b>	<b>\$877</b>	<b>\$1,054</b>	<b>\$1,182</b>	<b>\$1,667</b>	<b>\$2,115</b>	<b>\$3,306</b>	<b>\$4,211</b>
YoY Growth %	NA	NA	NA	NA	1,983%	466%	317%	449%	141%	214%	256%
<b>Logo Waterfall</b>											
Starting Logos	-	1	2	3	5	8	12	17	19	21	21
New Logos	1	1	1	2	3	4	5	3	3	1	10
Churned Logos	-	-	-	-	-	-	-	(1)	(1)	(1)	(2)
<b>Ending Logos</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>12</b>	<b>17</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>29</b>
YoY Growth %	NA	NA	NA	NA	700%	500%	467%	280%	163%	75%	71%
<b>Go to Market Metrics</b>											
ARR YoY Growth %	NA	NA	NA	NA	1,983%	466%	317%	449%	141%	214%	256%
ARR iCAGR %	1,500%	890%	226%	29%	648%	86%	51%	177%	116%	242%	118%
NNARR Growth (Q/Q)	NA	242%	(32%)	(79%)	2,769%	(69%)	(28%)	278%	(8%)	166%	(24%)
S&M Spend	\$-	\$-	\$-	\$-	\$287	\$299	\$331	\$309	\$330	\$400	\$419
Gross Sales Efficiency	NA	NA	NA	NA	2.0x	0.6x	0.4x	1.6x	1.5x	3.2x	2.3x
Net Sales Efficiency	NA	NA	NA	NA	2.0x	0.6x	0.4x	1.6x	1.4x	3.0x	2.2x
Ending ACV	\$42	\$93	\$95	\$61	\$110	\$88	\$70	\$88	\$101	\$157	\$145
New Customer ACV	\$42	\$144	\$98	\$10	\$28	\$32	\$26	\$23	\$71	\$60	\$91

There's a couple of things worth highlighting:

- The market dynamics are a bit unusual because there is a power law distribution in game studios, so that a few studios with AAA games could foreseeably spend 8 figures on this product (they spend 9 figures on trust & safety) and a larger group of studios with AA games would spend 7 figures per game. These 2 groups are where the bulk of the gaming revenue is concentrated. The top customers now are in the AA category, but

some studios with AAA games like Scopely (Monopoly Go) and Krafton (PUBG) are also customers. The customer also includes aspiring deep pocket groups like Meta and Netflix Games (which just launched its first games and went with GGWP off the bat). It's fair to say that in general logos are very strong.

- Most of the growth comes from upsell because customers are onboarded as POCs either because they are just launching the title or (more often) because they are testing the product before rollout. When the rollout happens, typically one SKU (text or audio) is bought, and then customers expand to other SKUs. We've seen this in many of their customers where they upsold from \$10-50k to \$300k-1M. The idea is that they will also convert other titles, usually having started with their smaller games. This is the expectation for the customers with AAA games.
- Sales efficiency has been very high. Partly this is because the game developers community is relatively tight-knit, which makes us believe that more spend could activate further growth. One thing to consider, however, is that the gaming community is relatively tight-knit so it will be more about making strategic hires for specific coverage than pure spray and pray. A couple of levers the company wants to pull are (a) adding boots on the ground in Europe, Korea and Japan, where some of the biggest studios are located, and (b) adding headcount specialized in mobile, which has been less of a target so far.

Ultimately, it's not surprising that the acceleration in the last 2 quarters was heavily driven by a couple of deals, but at the same time understanding the market dynamics we cannot hold that against the company. We do think it meaningfully increases risk in the deal, especially if we consider that growth has been good but not stellar. A couple of areas where are going to be able to do more diligence after this are (a) scalability of the GTM (with help from Craig's team), and (b) forecasting Q4 and beyond (we'd like to be pretty certain they can end Q4 at \$6M+ up from \$4.2M, and see a path to ~\$15M by end of Q3 2026).

## Team

The team has 3 cofounders:

- Dennis Fong (CEO) was a professional gaming world champion in the 90s. In 1996, he cofounded [Gamers.com](http://Gamers.com) (portal for gaming fans) which sold to Ziff Davis Publishing in 2001. In 2001, he cofounded Lithium Technologies (community and social media management software) which sold to Vista in 2017. In 2002, he cofounded Xfire which sold to Viacom for \$100M in 2006. In 2007 he cofounded Raptr which was a social media platform where gamers could track their gameplay (peaked at 22M users) and earn points (that could be traded for, e.g., gaming hardware). The product became obsolete after being displaced by Steam (game distribution service) and Twitch (game streaming), and ultimately the company shut down in 2018. Dennis was the CEO at all these companies except for Lithium.

- George Ng (CTO) was the cofounder and CTO of Cyence (platform to quantify financial impact of cyber risk) which sold to Guidewire in 2017 for \$260M.
- Kun Gao (CBO) was the cofounder and CEO of Crunchyroll (platform for streaming anime) which sold to Funimation Productions in 2021 for \$1.1B.

We think the founder-market fit is very strong and Dennis has delivered on the blueprint he shared a year ago (in terms of growth forecast and sales motion). That said, although Dennis is clearly a serial entrepreneur, he hasn't had a \$1B+ exit yet. One item of diligence will be to reference him thoroughly.

## Three questions

### Is this a venture-scale category?

Yes. We think that LLMs enable the creation of software that can capture a material share of the gaming trust and safety spend, and we think that that spend is sufficient to produce a venture-scale winner.

### Is GGWP the winner?

In the current landscape, we believe that GGWP is the best product to service this market. Our main concern is that they don't have the muscle to pull it off.

Is this the

Next steps