Trust & Safety
Market Research Report

Executive Summary
March 2024
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Trust & Safety (T&S) fuels organic user growth, advertising revenue, and long term returns on investment. The following factors make investment in T&S solutions critical for investors and company leaders:

- The rise of artificial intelligence
- New laws and regulations
- Macroeconomic factors
- Media and news events

While outsourced T&S services currently represent the largest portion of the $24.8B TAM, T&S software solutions are poised to rapidly capture outsourced services market share by 2028.
Artificial intelligence creates challenges and opportunities for T&S

T&S challenges due to AI

Increasingly reliable genAI tools are contributing to spikes in AI-generated content.

All companies with an online presence need to manage the risks of AI-generated content, including but not limited to: copyright infringement, child sexual abuse material (CSAM), misinformation, fraud, harassment, spam, and more.

T&S opportunities due to AI

Digital platforms are eager to integrate AI-enabled T&S software to address existing and emerging challenges.

Available LLMs now provide a strong baseline from which software vendors may aid various parts of the T&S workflow for a lower cost than BPO services.

Due to opportunities from AI capabilities, T&S software is poised to capture T&S services market share by 2028.

T&S Software TAM is projected to grow from $7.4B to $15.4B, CAGR 15.7%.

T&S Services TAM is projected to only grow from $17.3B to $17.5B, CAGR 0.2%.
Regulations will require companies to invest in T&S

Over the past decade, governments worldwide have been increasingly introducing legislation on T&S issues. As platforms increase their global scope, companies will need to equip their T&S workflows with the appropriate localization.

A T&S program that proactively detects and remedies issues is less likely to face regulatory and legal investigations, fines, and potential suspensions.

As of 2022, 24 countries initiated measures governing how platforms treat content. Source: Freedom House

While the U.S. dominates 52% of the T&S solutions market due to its large T&S talent pool and availability of investment dollars, the E.U. and U.K.’s significant presence can be attributed to its leadership in T&S-related regulation.

The T&S market is poised for growth in other regions as more T&S-related legislation gets passed worldwide.
Macroeconomic factors are leading to more investment in T&S software

- **Mass layoffs** across digital platforms have led to an outflux of experienced T&S talent that is building new T&S software startups which fill the gaps in a $14.7B serviceable addressable market.

- Increased **global** internet usage and reliance on digital platforms will grow ad and user-generated revenue and fuel the need for T&S solutions to manage these new markets and formats.

- Partnerships with Business Process Outsourcing services (BPOs) are becoming less predictable as **content moderators are unionizing** for better working conditions and pay, which may generate more willingness to adopt new T&S software solutions.

These factors have contributed towards an inflection point in the growing T&S software market over the past few years:

From 2019-2023, the total amount of VC investment in the T&S software market ($7.78B) was 4.7x the amount of capital invested the previous 5 years (2014-2018), and 40x the amount of capital invested from 2009-2013. Source: Pitchbook

As a result, the number of T&S software companies on the market has grown 138% within the past 13 years. Source: Pitchbook
Media and news events are creating additional demand for T&S solutions

Effectively managing content and conduct-related risks improves public perception and mitigates negative press coverage, especially around news events.

Media scrutiny has led to increased consumer expectations for an improved user experience with more robust T&S safeguards and quality content.

But if safety measures do not meet consumer expectations, consumers can take their business to a rising number of platform alternatives.

In this era of heightened platform accountability from the public, some platforms have publicly shared details of their large T&S budgets.

News events such as elections and global conflicts will have all eyes on platforms for the foreseeable future.

As 4.1 billion people in 64 countries enter an election cycle in 2024, experts anticipate platforms will seek additional support to manage the heightened risks of election interference and mis/disinformation campaigns.

Image Source: Time
Now is the time for investment in T&S software

Improved AI capabilities, global regulations, macroeconomic conditions, and public expectations have created new investment opportunities for venture capitalists and platform leaders in T&S software startups that are well-positioned to generate long-term returns on investment at a lower cost.

With investment and collaboration from stakeholders across sectors, the T&S software industry can effectively manage the rising sociotechnical risks affiliated with user- and AI-generated content and services as it grows at a rate of 36.6%-57.2% over the next 5 years.
Appendix

A. Trust & Safety (T&S) Overview
B. FY’23 T&S Solutions TAM/SAM
C. T&S Solutions Market Overview
Digital platforms have content and conduct that needs to be managed in a variety of formats.

**Trust & safety** refers to the policies, processes and tools digital platforms employ to manage and mitigate content- and conduct-related risks to users, brands, and others - efforts fostering safer platforms by design (DTSP).

Examples of these risks:
- Copyright infringement
- Child sexual abuse material (CSAM)
- Election interference
- Misinformation
- Fraud
- Harassment
- Spam

The rise of generative AI-created outputs will create more demand for T&S solutions, as all sectors, such as the healthcare, financial services, education, hospitality, and retail industries, will need to ensure reliable outputs and safe experiences for their customers.
Appendix B: FY’23 T&S Solutions TAM/SAM

A bottoms-up analysis of 261 companies that could consume T&S solutions yielded the following results:

**T&S Solutions TAM FY’23:** $24.8B

**T&S Solutions SAM FY’23:** $14.7B

- Outsourced T&S services = 56.8% ($14.1B) of the TAM
- The 15 largest platforms analyzed accounted for ~66% ($16.52B) of the TAM.
- **Bigger tech companies prefer to outsource services** like human content moderation, but leverage internal engineering resources for software development.
- **Enterprise and Mid-Market firms are more likely to use software vendors** since they lack the internal resources present at the Tech Giants

See [this spreadsheet](#) for additional details on the methodology, analysis on estimated T&S budgets, and an interactive TAM/SAM forecast that adjusts based on different segment reference budgets, factor weights, and other variables.
Appendix C: T&S Solutions Market Overview

A bottoms-up analysis of 222 private sector organizations yielded 2 types of outsourced T&S solutions: T&S BPO services and T&S software. (Source: Harmonic)

### T&S BPO Services

Business process outsourcing firms that platforms use to help with T&S policy enforcement/operational needs. Content moderation services comprises a sizable part of the T&S BPO market.

- [TELUS](https://telus.com)
- [TaskUs](https://taskus.com)
- [accenture](https://accenture.com)
- [ATento](https://atento.com)
- [Teleperformance](https://teleperformance.com)

Note that while many T&S teams also employ personnel dedicated to consulting on safety by design and policy development, this Report is focused on the marketplace of vendors in the T&S BPO Services and Software industries.

### T&S Software

#### SaaS Moderation Platforms

- Purpose-built to manage the operational issue of user-generated content (UGC) for T&S teams.

#### OSINT/ Risk & Threat Intelligence

- Tools that collect, process, and analyze data to understand emerging hazards or trends.

#### Detection Models & APIs

- Assists platforms in detecting specific types of content across a variety of formats.

#### Account & ID Verification

- Verifies user accounts or identities, including age verification.

#### Watermarking & Info Provenance

- Identifies the origins of online content and used to help users distinguish between human, AI-generated, and/or edited content.