

What's Up with Whats App?

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WhatsApp has 900 million monthly active users—but still no business model

If there ever were a popularity-to-revenues ratio assigned to tech companies, WhatsApp might have the highest. Founder Jan Koum has [announced on Facebook](#)—its owner—that the app crossed more than 900 million monthly active users.

The numbers reinforce **Facebook's** global dominance over **social** apps. **Facebook**, the social network, just crossed [one billion daily active users](#), and **Facebook** Messenger recently announced it has [700 million monthly active users](#). With **WhatsApp** under its umbrella, the company owns the world's two most popular chat apps.

“Monthly active users” is a terrible metric for something used as frequently as a chat app—a much better metric would be something along the lines of “messages sent simultaneously.” But in hype-filled Silicon Valley, cushy numbers tend to be preferable to more revealing ones.

WhatsApp hasn't disclosed how much money it's making currently, but it's almost certainly less than some of its Asian peers. Due to Koum's aversion to [games, ads, and gimmicks](#)—which have brought apps like Line and WeChat [hundreds of millions of dollars](#) per quarter—the company monetizes through a [loosely-enforced](#) annual subscription fee of \$1 a year after its first download. During the first half of 2014, it generated \$15 million on a [loss of \\$232.5 million](#), and no updated numbers have been released since.

But **WhatsApp's** dry money pipes matter little to **Facebook**. Smartphone owners spend [more time in messaging apps](#) than any other apps, which makes them valuable real estate. And given **Facebook's** ambitions to turn its own Messenger into a [tool for commerce](#), owning the competition outright ensures it stays relevant.