POLICYMAKERS MUST GRAPPLE WITH THE INHERENT TRADEOFFS OF AGE VERIFICATION.

Policymakers are rightfully concerned about the safety and well being of young Internet users, but many of the policies they're advancing would bring significant tradeoffs. Even where policies don't outright mandate age verification, they would require Internet companies to proactively identify, estimate, or verify the age of their users, which carries direct and indirect costs that will fall disproportionately on startups.

Age verification is prohibitively expensive.

$2 MILLION +
Cost to build and operationalize in-house age verification system

The costs to build an age-verification system meet or exceed what a startup has spent building their actual product, meaning no startup will create their own age-verification system, and will instead rely on third-party providers.

$100 MILLION +
Amount established age verification providers have spent building their services

$500,000
Cost of age verification

Consider the cost of implementing age verification mandates for an example startup: a gamified coding tutor that helps individuals to learn to code or to enhance their skills. The service also has a forum for individuals to discuss bugs or coding problems they encounter with other users. The startup is based in a midwest state where the average software engineer salary is about $80,000, they employ five people full-time, and have 300,000 users. It will cost them $50,000 to integrate a third-party age verification service, and $1.50 per user verified, making the total cost of age verification $500,000—equivalent to a year's payroll or nearly half of their seed round.

Age verification will diminish startups' limited resources and competitiveness.

The average seed round was $1.2 million, an amount that falls outside of top ecosystems and for underrepresented founders. The costs of age verification eats into these resources that are needed to fund key startup activities, hiring, marketing, product development, and more. In addition to the monetary expenses of age verification, it creates practical costs for startups: adding friction to user sign-up, reducing user conversion, increasing cybersecurity risks and diminishing competitiveness with better known services.

$1.2 MILLION
average seed round

Founders say age verification is unworkable for startups.

"Age verification requirements would present **significant complexities and costs for startups**. It's not just about the technology. It's about legal liability, user privacy, and the overall user experience. For a small team like ours, managing these complexities is a huge burden and could **jeopardize our entire business**. It's **simply not feasible** for individual app publishers or consumer products to become age verification experts and navigate the minefield of legal and technical challenges that come with it."

- Nico Aguilar, Cofounder & CEO, Speeko

"As a startup there's **no way it is economical** to build your own age-verification process. We would look for an off-the shelf solution, or **exit that particular market.**"

-John Pettus, Founder & CEO, Fiskkit

"As a company, we don't want to be in the position of having to collect and retain information about our users' ages or implement age restrictions. That would **create a burden** for us and **be privacy-invasive** for our users."

- Jeff Wigh, Founder & CEO, Bryght Labs

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