Signal's Nonprofit Privacy Model

Idea In Short

Signal runs on a business model most messaging apps avoid: it has none, in the conventional sense. The app is free, carries no advertising and does not sell user data, which means the nonprofit behind it depends entirely on donations to cover tens of millions of dollars in yearly operating costs. That structure lets Signal make end-to-end encryption the default for every message and call rather than a premium feature, but it also leaves the organization more exposed to funding shortfalls than a company with a subscription or ad business would be. This article covers how Signal's donation-based model works, who funds it and why its founders built it this way.

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Two encryption tools became one messaging app

Signal's origin traces to two separate apps built by cryptographer Moxie Marlinspike: TextSecure, released in 2010 for encrypted text messaging, and RedPhone, released in 2014 for encrypted voice calls. In November 2014, Marlinspike announced that Open Whisper Systems would merge the technology behind both apps into a single product called Signal, combining encrypted messaging and calling in one application.1 WhatsApp co-founder Brian Acton left Facebook in 2017, roughly a year after Facebook's acquisition of WhatsApp closed, reportedly over disagreements about the company's approach to user privacy and monetization.2

A foundation built specifically to avoid a sale

Acton contributed $50 million to establish the Signal Foundation in February 2018, a nonprofit structure designed explicitly to prevent Signal from ever facing pressure to sell user data or accept acquisition by a company that might change its privacy commitments. This structure sets Signal apart from WhatsApp, which Facebook acquired in 2014 and later began linking to its advertising business despite earlier promises not to. Acton became

executive chairman of the foundation, while Marlinspike served as chief executive until stepping down in early 2022.

> The Signal Foundation exists specifically so no acquisition or investor pressure can push the app toward advertising or data monetization.

Donations, not ads, cover tens of millions in costs

Signal's operating costs run into the tens of millions of dollars annually, driven by hosting, engineering, registration infrastructure and the ordinary costs of running a global messaging service. The Signal Foundation reported approximately $29.4 million in revenue for 2024 against nearly $38 million in expenses, a gap funded largely through the reserve Acton's initial contribution built and ongoing donations.3 Signal solicits donations directly through in-app prompts and its website, positioning small individual contributions as the long-term funding model it wants rather than dependence on a handful of large donors.

Meredith Whittaker reframed the fundraising pitch

Meredith Whittaker became president of the Signal Foundation in 2022, bringing a background as co-founder of the AI Now Institute and a former Google research lead who left that company following internal disputes over its handling of harassment cases. Whittaker has argued publicly that Signal's goal is to be funded by a broad base of small donors rather than a small number of wealthy backers, framing financial independence as inseparable from the app's ability to resist government and corporate pressure. She has also positioned Signal's refusal to collect user metadata as a structural feature that limits what the organization could hand over even if legally compelled, unlike apps that retain more data by default.4

A WhatsApp exodus tested Signal's infrastructure

Signal saw a sharp surge in downloads in January 2021 after WhatsApp announced a data-sharing policy update tied to its parent company Meta, prompting a wave of privacy-conscious users to switch platforms. Endorsements from high-profile figures, including Elon Musk, amplified the moment and briefly overwhelmed Signal's servers with new signups.

The surge tested the nonprofit's technical capacity in a way that a slower, more predictable growth curve would not have, forcing rapid infrastructure scaling without the benefit of an advertising or subscription revenue cushion to fund it.5

Competing against apps with much larger budgets

Signal competes against WhatsApp, Telegram and other messaging platforms that operate with corporate backing and far larger engineering budgets. Telegram, in particular, has expanded aggressively into markets where Signal has limited presence, offering features such as large group chats that Signal has been slower to build. Signal's response has been to add capabilities incrementally, including group calls, disappearing messages and voice and video calling, while keeping the core promise of default end-to-end encryption unchanged. The nonprofit structure that protects Signal's privacy commitments also limits how quickly it can match the feature pace of competitors funded by advertising or enterprise sales.

Key Partners

Signal's most significant partners are its major donors, led by Brian Acton's founding contribution, which established the financial base the organization still draws on. Individual donors, who contribute through the app or website, form a growing funding base that Signal's leadership has prioritized over dependence on a few large gifts. Open-source software contributors and security researchers partner informally with Signal by auditing its encryption protocol, which is also licensed for use by other messaging platforms, including elements of WhatsApp's own encryption. Cloud infrastructure providers support the hosting and server capacity Signal needs to operate at global scale.

Key Activities

Signal's core activity is developing and maintaining its encrypted messaging and calling protocol, which the organization treats as its central technical asset. Fundraising and donor engagement have become an increasingly significant activity as the foundation seeks to broaden its base of small individual donors. Security auditing and vulnerability response protect the integrity of the encryption that underpins Signal's entire value proposition. Feature development, including group messaging, disappearing messages and calling improvements, keeps the app competitive against better-funded rivals.

Key Resources

Signal's encryption protocol, developed originally by Moxie Marlinspike and refined over more than a decade, is the organization's core technical resource and reputation asset. The Signal Foundation's donor base and financial reserves fund ongoing operations in the absence of advertising or subscription revenue. The organization's open-source codebase allows outside security researchers to review and verify Signal's privacy claims, reinforcing user trust. Signal's user base itself, now numbering in the tens of millions, functions as a resource insofar as it validates the nonprofit model at meaningful scale.

Value Propositions

Signal's core value proposition is default end-to-end encryption for every message and call, without a paid tier required to access that protection. The app collects minimal metadata by design, meaning even Signal itself has little user data to hand over under legal pressure. Signal is free to use, with no advertising and no data monetization, a structural guarantee tied to its nonprofit status rather than a revocable policy choice. Open-source code lets security-conscious users and researchers independently verify Signal's privacy claims rather than relying on the organization's word alone.

Customer Relationships

Signal maintains its user relationships primarily through the app itself, with minimal direct customer service compared with commercial messaging platforms. In-app donation prompts create a direct, if infrequent, financial touchpoint between the organization and its users. Community trust, built through transparency about the organization's nonprofit structure and funding, substitutes for the loyalty programs or customer support infrastructure that commercial apps use to retain users. Social media and public statements from Signal's leadership, particularly Meredith Whittaker, serve as an informal channel for communicating the organization's mission and priorities.

Channels

Signal distributes its app through standard mobile app stores, including Apple's App Store and Google Play, alongside direct downloads for desktop platforms including Windows, macOS and Linux. Word of mouth among privacy-conscious users and journalists has driven

much of Signal's growth, amplified periodically by news events such as WhatsApp policy changes. Public speaking and media appearances by Signal's leadership function as a channel for reaching potential donors and new users simultaneously. Its own website hosts both the app download and the primary donation infrastructure.

Customer Segments

Privacy-conscious individuals form Signal's core user segment, people who specifically seek out encrypted communication rather than defaulting to whatever app their contacts already use. Activists, journalists and others operating under surveillance risk represent a segment for whom Signal's security guarantees carry direct practical importance. Businesses and organizations handling sensitive communications use Signal for internal messaging where confidentiality matters more than integration with commercial productivity tools. General consumers who switched from WhatsApp or other apps during privacy-related news events make up a broader, less specialized segment that Signal has worked to retain.

Cost Structure

Signal's largest costs are engineering salaries and infrastructure hosting, which together account for the bulk of its tens of millions of dollars in annual expenses. Server and bandwidth costs scale directly with user growth, creating a cost structure that rises whenever the app gains a wave of new signups. Security auditing and compliance work add ongoing expense given the sensitivity of the encryption technology Signal maintains. Fundraising operations, including the infrastructure for processing donations, represent a smaller but growing cost category as the foundation expands its donor outreach.

Revenue Streams

Individual donations, collected through the app and Signal's website, form the primary funding stream for day-to-day operations. Large one-time gifts, most notably Brian Acton's founding contribution, have provided the reserve capital that sustained the organization through its early years. Signal does not generate revenue from advertising, data sales or premium subscription tiers, a deliberate exclusion tied to its nonprofit mission. Grants and support from philanthropic organizations focused on digital rights and privacy occasionally supplement individual donor funding.

- 1RedPhone And TextSecure Rolled Into Signal For Android
- 2Brian Acton's Departure From Facebook And Signal Foundation Founding
- 3Signal Foundation 2024 Financial Disclosures
- 4Meredith Whittaker On Signal's Funding Philosophy
- 5Elon Musk Recommends Signal Amid WhatsApp Backlash

Summary

Signal's nonprofit structure is not incidental to its privacy claims, it is the mechanism that makes them credible. An advertising-funded messaging app has a financial incentive to collect and analyze user data; Signal, funded by donations and a founding loan from Brian Acton, does not. That trade-off means Signal spends heavily to raise money it could otherwise spend on new features, and its long-term sustainability rests on convincing a fraction of its tens of millions of users to become paying donors. Under president Meredith Whittaker, the organization has leaned into that argument as a selling point rather than a weakness.