Super app Kakao's outage underscores the frailty of app consolidation

Article

The news: South Korean super app **Kakao's** nationwide outage disrupted communication, prevented mobile payments from going through, and stranded passengers trying to use ride-

sharing services, per The New York Times.

The dangers of app consolidation: Kakao's outage affected the **more than 90% of smartphones** in the country that have installed the super app.

- The 11-hour outage was reportedly caused by a data center fire near Seoul that downed 32,000 servers—30% of the company's total servers.

- The outage locked tens of millions of users out of **messaging**, **payments**, **online shopping**, **maps**, **games,** and **ride-hailing services**.

- Kakao, which started as a messaging platform **KakaoTalk**, has more than 47.5 million users in South Korea, per Forbes.

- "We did not prepare for a complete shutdown of an entire data center," said Kakao's co-CEO **Hong Euntaek**, adding that previous emergency drills had mostly involved contingencies for traffic surges.

- Euntaek said Kakao "will increase infrastructure investment so we can be prepared for [the] shutdown of a data center or two."

- While the majority of Kakao's systems were restored by Wednesday, miscellaneous functions like payments for taxi and restaurant bookings remain unavailable for some.

Fallout from the outage: The ensuing government and public outrage resulted in the resignation of Kakao's co-CEO **When Nam-koong**.

- South Korean president **Yoon Suk-yeol** ratched up scrutiny over the company's monopoly on services and its apparent lack of contingencies.

- Multiple customer groups are preparing a class-action suit against Kakao, per KBS World, including small-business owners who advertise through Kakao's channels and claim to have suffered significant losses.

- "Trying to resolve the problem with antitrust regulations doesn't look effective because KakaoTalk is free and people voluntarily use the app," **Wi Jong-hyun**, a business professor at Chung-Ang University in Seoul told the Financial Times.

A cautionary tale: Kakao's post-outage tribulations underscore the dangers of loading myriad services into a monolithic super app—something to keep an eye on for aspiring super apps.

- **Uber** has [consolidated](#) its ride-sharing, food delivery, and booking services into a unified app experience.

- **Twitter** is the process of being acquired by **Tesla CEO Elon Musk**, ostensibly to be [expanded](#) into a super app.

- Sixty-seven percent of US adults want a super app to manage their digital activities, per [PYMNTs.com](#). Many are likely attracted to the convenience of dealing with fewer service providers.

  The bigger picture: When super apps go down, a multiplier effect takes down all the included services.

- Diversifying data centers and enabling app services to work more independently could reduce the effects of widespread outages—or at least speed up recovery.

Interest in Super Apps Among US Adults, Nov 2021
% of respondents

67%	of US adults want a super app to manage their digital activities
28%	of millennials and 11.5% of Gen Z are interested in a super app

Note: n=3,166; Gen Z=ages 18-24; millennials=ages 25-40
Source: PYMNTS.com, "The Connected Consumer In The Digital Economy," Dec 13, 2021

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