Funding collaborations and building brands: A profile of Sandbox Studios

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Jackie Fast, Managing Partner, Sandbox Studios.

Temps de lecture : minute

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I have always been an advocate for collaboration. My first business Slingshot Sponsorship (which I sold for 1000x investor return) was a sponsorship agency that managed and brokered corporate sponsorship deals with the likes of Formula 1, Richard Branson, The Rolling Stones, Red Bull, etc. During this experience I noticed that campaign success was often not down to how many followers the celebrity had, but down to alignment – and often someone (in this case me) working very hard behind the scenes to align all the parties toward one objective.

Since the beginning I had always talked about utilising equity deals to create a longer-term partnership with my clients, but more often than not, everyone was happier with a transactional relationship where their rights and image licensing was only used for a short period of time. It was very transactional, on all sides. Since I sold Slingshot and collaborations started exiting, many people came back to me saying, "You know that idea you've been talking about for years? Well how would it work

exactly?" or things like, "Do you think Ryan Reynolds would invest in my brand?". It took a while, but finally people started catching on. This was accelerated because there were a string of highly publicised exits including Beats by Dre, Aviation Gin, Casamigos, and more.

With a little education and seeing people making crazy returns (Kyle Cosmetics did a 4,800x return in 4 years) the industry is now ready to start thinking long term. So although the conversation wasn't right 10 years ago, now it is finally the right time to take my 20+ years of experience building successful partnerships and apply it to just a handful of talent-driven consumer products that truly make an impact in changing culture.

<u>Sandbox Studios</u> originally was going to just be an agency – as that is my experience. I had planned on doing the matchmaking and then working with other VCs for funding. However, I met my now business partner Fahad Saud as I was talking about my idea and he helped me consider starting my own fund – and that is how Sandbox Studios venture fund was launched. The benefit is that we are combining my agency background including all the networks, partners and clients into the products we invest into – significantly de-risking the investment for LPs and at the same time providing significantly more value to the talent and products we invest in.

Sandbox Studios officially launched in January 2021 and we started raising shortly thereafter. We are closing the fund at \$15M and hope to have this done by end of April.

Which industries are you working in?

We are very niche in that we only invest \$500K-\$1M at seed stage into businesses that have talent already attached to the product – and the talent needs to have quite a lot of skin in the game, approximately

25-30% with a good online following. With this model, it means we are very specific and narrowed in what types of investments we can (and will) make. But the great thing about it is that it means that the industries can be extremely diverse. The one thing they will have in common is that every product we invest into will need to be ubiquitous – things most people use on a daily basis. Using ubiquitous products also supports our marketing strategy of direct-to-consumer which fundamentally supports the product roll out.

With this in mind, the key sectors we look at regularly include beauty, wellness, food & beverage, and lifestyle products, but can also include eSports, events, and media (like Goop).

What do you look for in a founder?

As we fund collaborations, there isn't exactly one founder – by the time we come in there will be a team in place or we will put a team in place that will be led and managed by me. So in a way, I am the founder (depending on how far along the collaboration is). However, we need to pick the right product and right celebrity and this is done in a number of ways:

- 1. Product: the product needs to be ubiquitous something people use on a regular basis. The product would also serve well to be upmarket, but not luxury we want as wide an audience as possible. The product should also be a really good product, and in an ideal world a great product but we aren't looking to revolutionise the space so it doesn't need to be a game-changer. It just needs to be a product that people love, it has to be built really well, and has some longevity. Experience in the sector from the product team is a must.
- 2. Talent: investing in talent can be tricky. Everyone saw George Clooney make a billion dollars from tequila so now every actor in Hollywood wants to brand their own drink, but it doesn't work like that. The

celebrity needs to really love the product they are involved with, not just want to make money from it. It needs to be part of their everyday life and align to their true values. Before we make any investments we would need to be convinced that the celebrity attached truly loves what they are building and creating. Without it, you are just flogging another hot sauce...

Can you talk about your current portfolio?

As we are still raising we haven't made any investments yet, but have 3 projects we are ready to deploy funds to in May and include:

- A female activewear brand for women 50+
- A K-Pop star's skincare range
- An eSports deal with a premier league footballer

As we haven't made the investments we can't disclose any more information at this stage. However, we are always on the lookout for great products. For those products that already have a celebrity attached we can look at investing. But we also provide a matchmaking service for both brands and celebrities that are looking for a collaboration through our advisory service. For brands, we work with them to strategically define the consumer market they are trying to target, then painstakingly assess the right fit and make the approach on behalf of the brand. Depending on what kind of equity deal is struck, timing, and our current portfolio our venture fund could then invest once we have secured talent to the brand. On the other side, with talent to decide on product categories that would align with their lifestyle, then help secure and discover products and manufacturers that could be a good fit to roll out a new IP.

How has COVID-19 changed the way you

operate?

Surprisingly it has made it easier. Rather than try and secure face-to-face meetings, I'm able to set up investor calls all around the world from the comfort of my home office. Our current investors come from England, Saudi and Mexico – so working remotely has helped us achieve that level of diversity.

What does the future look like? New trends/technologies, changes in the global/local economic landscape?

We believe the future of businesses will be built on collaboration – we are tapping into that in a small way, but I feel this is a trend that will exist beyond just product and talent campaigns. The world is getting smaller and faster – you need to work well with others in order to keep up. The benefit is that working with others provides everyone the ability to tap into new areas, skill sets, and ultimately new directions for business.

Furthermore the advance of digital tools now provides us greater flexibility. We are no longer chained to our desk in a 9-5 job we hate. That flexibility provides new opportunities to try different things, to start being driven by more than money and a pay cheque. People are now more interested, and now more capable, of really doing the things they love to do – and making money from that. What Sandbox Studios is capitalising on is this concept – doing what you truly love to do. This resonates with people because it's a human desire to feel fulfilled and connected – it is the way of the future.

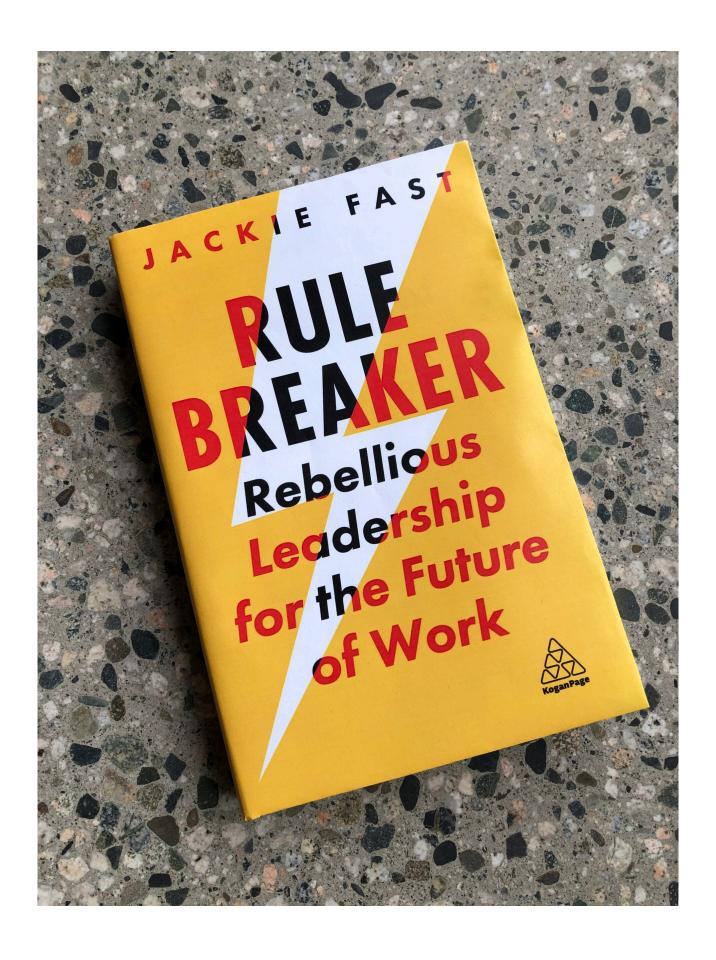
What makes Sandbox Studios different?

Everything! From our set-up to the projects we invest into, there is no

other VC that is remotely similar. This is because we are combining creative capabilities (marketing, branding, partnership building) with finance. Very few VC funds, and very few businesses, operate like this because it's a lot harder. It can be much easier to just stay in your lane. But if you can spot the Venn diagram, that truly is where the money is. Being a connector to bridge the gap between two vastly different businesses (manufacturing & celebrity) makes us priceless in a consumer driven market where customers are everywhere.

It is a very exciting space and it gets investors excited. Unlike investing into technology where you might like the idea, but have little understanding of how it actually works or how to deploy it – our investments are straightforward. Everyone knows about shoes, water, booze, and headphones because everyone wears shoes, drinks water and booze, and listens to music. What investors are investing into are products they themselves use – and can recommend. Attaching a celebrity to the deal provides a confirmed route to market strategy – a media outlet that is owned. So rather than spending a lot on PR and hoping that the media will like and talk about the product, we de-risk uncertainty. We command the conversation.

Finally, unlike traditional VCs where you put your money in and place your bets - Sandbox Studios investments are completely underpinned by our advisory service and the agency team that works within it. We exist as thought leaders in the space even before we make our first investment. This means that we work very hard to make our investments work. We are the ones responsible for the success. We have skin in the game alongside our LPs. It ensures that everyone's objectives are aligned towards hitting those 1000x exits, which is very common in this space when it is managed by the right team.



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