

Unlocking value in the creator economy: Trends, opportunities and future growth

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Transcript

Joanna Stone Herman

Hi everyone, and thank you all so much for coming today. I'm Joanna Stone Herman, Co-Head of Oaklins' TMT practice together with Brad Adams. On behalf of the entire Oaklins team, I am delighted to welcome you to our webinar today.

I want to take just one minute to give you a brief overview of Oaklins before I hand it over to my colleagues, who are going to talk to you about the creator economy.

Oaklins is one of the world's largest mid-market investment banks. Our TMT practice here in New York started out nearly 30 years ago as the boutique bank DeSilva+Phillips, focused on media and technology. We became part of Oaklins in 2016, and Oaklins now has more than 90 TMT bankers around the world, over 850 professionals globally across 15 industry sectors and in 40 countries.

We have closed more than 7,000 deals worldwide, including over 400 TMT deals in the US alone. We also have 35 TMT specialists in our New York office. So I'm very excited to hand you over to one of those specialists — my partner, Jay Kirsch — who will tell you more about the creator economy.

Jay Kirsch

Thanks, Joanna, and welcome everyone. As Joanna said, I'm Jay Kirsch, a Partner here at Oaklins DeSilva+Phillips, where I lead our digital media practice. Like all Managing Directors at our firm, I'm also a former operator. I've run businesses such as Engadget, TechCrunch and Law.com in the digital media space, and now most of my focus is again on digital media for Oaklins DeSilva+Phillips.

Joining me is Drew Hoey. Drew, please give a quick overview of your background.

Andrew Hoey

Sure. My name is Andrew Hoey, and I'm a Vice President here at Oaklins DeSilva+Phillips. I joined the firm in early 2024. Unlike Jay, I am a career banker and have been in media and technology banking for nearly a decade. Before entering the world of M&A and investment banking, I held positions at Blackstone's private equity group as well as EY. I help support Jay in our creator economy practice.

Jay Kirsch

Thanks, Drew. I also want to make a special introduction of our guest, Ross Habif. Ross recently became the Chief Strategy Officer and Head of Corporate Development for Dhar Mann Studios. Ross, would you like to say hello?

Ross Habib

Sure. Hi everybody — I've met many of you. My position now is with Dhar Mann Studios. Prior to that, I was at Jellysmack leading their corporate development efforts. I also have a long history in media, both broadcast and cable, including roles at Comcast and A&E Networks. I'm excited to be here and to talk about this new form of media and where we're headed.

Jay Kirsch

Ross and I first met when we worked together on a transaction, leading the sale of Network Media to Jellysmack about two years ago, and we've stayed in close contact since. I really value his perspective on the industry, so this should be an interesting conversation.

So why are we here? It's important to note that we have three distinct audiences in attendance today. First, creators and entrepreneurs who want to understand how their business can be positioned as a real asset in the M&A markets and how to drive value for investors. Second, strategic buyers and private equity investors who want to see where the industry is going and which segments offer the best opportunities for their investment thesis. And third, bankers from Oaklins offices around the world who hopefully can help drive deal flow, support entrepreneurs and bring opportunities to buyers.

What we want to do today is understand the growth of this sector — which is the fastest-growing portion of the media industry by a significant margin — and explore where some of the best investment opportunities might be.

We also want this to be a discussion. If you have questions, please drop them into the Q&A section. We'll try to address as many as we can.

Andrew Hoey

So, why are creators reshaping the media industry? Let's start with a simple idea. The stakeholders in the creator economy fall into three groups: brands, creators and consumers. While all three are important, the real power lies with consumers because they control the two key currencies that matter most.

For brands, the currency is consumer spending — how much consumers are willing to buy or engage with their products. For creators, the currency is attention — because attention is what drives influence, engagement and monetization.

Here's the key question: if brands are chasing consumer dollars and consumers are giving their attention to creators, doesn't it make sense that creators are the best path to capture those dollars? That's exactly what we're seeing play out in real time.

Let's talk about brand trust. Consumers today are skeptical of traditional advertising. They fast-forward through commercials, ignore banner ads and scroll past sponsored posts that feel forced. So what do they engage with? Content from creators they know and trust.

Ross, I know you have thoughts on trust and authenticity in the media space, so I'll hand it over to you before I continue.

Ross Habib

I don't think it's simply "trust" in the business sense. I think we're living in a moment across the media landscape where trust is missing. Doubt has been sown in news organizations and large corporations that were once considered the bastions of truth.

Consumers are a little lost. They don't know exactly where to turn. And the creator economy has stepped into that void — almost accidentally — by showing up in people's living rooms in a way that feels personal. Creators speak directly to consumers who feel like they are hearing from a friend. With that connection, consumers are innately willing to listen.

Often the creator may not even be an expert, and sometimes the trust is unwarranted — but the influence is real. A creator's recommendation can shape how people live, how they behave and what they buy. That carries a lot of power.

We see this across the board. The rise of influencer marketing is evidence of that. But it goes deeper. Everything a creator talks about becomes, for many consumers, a new kind of “truth.” In a world where truth feels fragmented, creators have enormous influence in pushing narratives that have real impact.

Andrew Hoey

This is where creator-generated content comes in. Whether it's an influencer reviewing a product, a viral TikTok trend or a YouTuber sharing their daily life, the content feels personal, real and unfiltered. It carries credibility in a way that traditional advertising simply can't replicate.

But beyond trust, there's cultural relevance. Creators don't just follow trends — they set them. They dictate what's cool, what's relevant and what's worth paying attention to.

Now, all of these qualitative factors are important, but let's talk about the numbers. Return on investment in the creator economy is significantly higher than in traditional advertising. Creators also provide new revenue streams for brands beyond marketing, including partnerships, co-branded products, affiliate programs and direct-to-consumer channels. All of these drive measurable business impact.

But let's talk creators now — over to Jay.

Jay Kirsch

This has been happening for a long time online, but what defines this sector today is just how low the barriers to entry are. Jimmy Donaldson and I might have the exact same phone, but the impact of our content is obviously dramatically different.

When individuals have access to great tools and can create high-quality content, they can instantly build a “content company” and, sometimes, find a following by accident.

This is also a global market — or nearly global, depending on what happens with TikTok — and the tools and services supporting creators are expanding at the same rapid pace.

This slide shows the key components of the creator economy. Ross and I were discussing this yesterday, and what's remarkable is how similar this ecosystem looks to the print magazine industry of the mid-1990s. You could swap creators and publishers for the likes of Condé Nast or the New Yorker, and the dynamics would be nearly identical. There are brands and agencies trying to reach consumers, and influential voices shaping public opinion.

Ross Habif

Exactly. It's tempting to think of the creator economy as something brand new and unique. But it's really just a new form of media. Like all media, it has content creators, advertisers and service providers.

If you try to think of it as something radically different, you'll get lost. But if you compare it to traditional media and then recognize the new nuances, the differences become far easier to understand.

Andrew Hoey

The creator economy is already a massive, rapidly expanding industry. According to Goldman Sachs, it's valued today at approximately USD 156 billion. But projections suggest this is just the beginning. By the latter half of the decade, the industry is expected to surpass half a trillion dollars.

Three fundamental trends are reshaping how brands, platforms and consumers interact with content.

The first major driver is the rise in demand for creator-driven and user-generated content. Social media — particularly short-form video on TikTok and Instagram Reels — has created an almost insatiable appetite for content. Audiences no longer want passive, highly polished marketing. They want authentic, relatable experiences shared by real people. Platforms also provide real-time feedback loops, enabling direct interaction with creators and brands.

The second driver is the expanding number of ways creators can monetize — brand partnerships, sponsorships, affiliate programs and platforms that empower creators to earn independently. As demand increases, so do the opportunities for creators to turn their passion into a profession.

The third and perhaps most financially significant trend is the tectonic shift in advertising dollars from traditional media to social-first platforms. As of 2024, nearly 25% of all digital ad spend goes to social platforms and creators — up from less than 10% a decade ago. Brands follow consumer attention, and that attention now sits firmly with creators.

Traditional media channels such as linear TV are losing viewership, while social platforms dominate screen time. Brands are turning to influencer partnerships and social-first strategies because they offer higher ROI and deeper engagement.

Put simply: if brands want to capture consumer dollars, they must invest where consumer attention is — and that is with creators.

Jay Kirsch

Since we're an investment bank, it's time to talk about value and valuations. What drives value for companies, advertisers and creators across this space?

As I mentioned earlier, the barriers to entry are incredibly low. If you have the right tools and can create great content, you can differentiate quickly. And with AI, we're still in the very early innings. AI will continue to reshape the industry.

Ross, are you seeing companies doing interesting things with AI on the content production side?

Ross Habif

The most exciting innovations are still coming out of South Korea. South Korea tends to be about five years ahead of the US in terms of technological acceptance. One trend we're seeing there is AI-generated avatars being the primary talent on certain channels.

It's not voiced by AI yet. It is still human-voiced and human-scripted, but the character you are interacting with is an AI character.

As you start going down that path, you can imagine some pretty wild scenarios where you no longer need Tom Cruise as your star. You can have a new AI character as your star, and that AI character can work 24 hours a day, appear in commercials for lots of different brands simultaneously, and never gets tired.

There is a lot of that coming, and I think it's unclear how much consumers will accept it. In South Korea, I believe three of the top 10 channels are now AI-generated characters, so it has been accepted there. I don't know if the same will happen in the US. I think the US has a higher demand for authenticity, so it may be different — but I certainly wouldn't rule it out.

Jay Kirsch

Interesting.

This slide also reminds us that the more things change, the more they stay the same. One thing that really stands out in this sector is that, because it's so new and because so many of the people driving it are not long-tenured industry professionals, there tend to be no rules. People are making up their own rules for how they're going to make money and how they're going to drive value.

You see creators launching their own branded products. You see tipping models where it's "pay me what you feel like paying me." The ability to create new revenue streams on the fly seems endless.

We're seeing similar innovation in other parts of the media industry, where new revenue streams are supporting older ones that have declined. I think we're going to continue to see monetization models we haven't even thought of yet as ways to drive revenue and valuations in the creator economy.

Ross Habif

Jay, I hope you don't mind if I answer questions as we go. Gretchen, I see your question about long-term viability.

I think it's hard to map where we are in the creator economy to an older form of media, but for this example it might be helpful to compare it to the early days of film. Before film became controlled by studios and before it was distributed by large theater chains, there were just small auteurs making content — sometimes for money, sometimes not. No one really knew where it was going. Over time, that was professionalized. The small players who were not really making money got pushed to the side, and the big players won.

That is going to happen here too. Just like every other form of media, there will be consolidation. The creator economy will become the next “traditional” form of media. It's not there yet, but there is already a huge amount of viewership happening on these platforms.

We have collectively decided that YouTube and TikTok are part of the creator economy. So yes, this is here for the long term. It's not going anywhere. The real question is whether the largest players will become scaled players, and the answer, over time, is yes.

Jay Kirsch

Later on we'll also come back to the long-tail nature of the sector, which is another part of your question.

Andrew Hoey

The way consumers engage with content has fundamentally changed. The traditional one-way media model — where brands decide what audiences see and when — is being replaced by dynamic, interactive and personalized experiences driven by creators and social platforms.

The first major shift is accessibility and convenience. Consumers no longer want to be constrained by programming schedules or platform limitations. They want content on their terms, on their time and across multiple devices.

The second major shift is interaction and engagement. Content has evolved from passive consumption to active participation. Social platforms have transformed content from something we simply watch into something we interact with, react to and contribute to in real time. Audiences don't just consume content anymore. They engage with it through likes, comments, shares and their own user-generated responses. This creates a deeper sense of community and connection between creators and their audiences.

The third major shift is personalization. Consumers are overwhelmed with content choices, so platforms use advanced algorithms to curate experiences tailored to individual preferences. Instead of generic content, users are served highly relevant posts, videos and recommendations based on their viewing habits and interests.

I'm sure some of you who are on Instagram have noticed this: you watch one video for a couple of minutes, and the next video the platform serves you is closely related to what you just watched. This makes content feel more personal and engaging, which keeps users on the platforms longer.

For brands, this means that “one size fits all” no longer works. They need to leverage creators for highly targeted content strategies.

Finally, there is a major shift in the economics of content consumption. Unlike traditional media, which typically requires subscriptions or paid access, most social platforms are free — think Facebook or Instagram. That democratizes content consumption. At the same time, lower production costs have enabled a much broader range of creators to enter the space. Unlike TV and film, which require high budgets, the creator economy significantly lowers the barrier to entry for creative people.

Ross Habif

I think all of that is right, and it explains how we arrived where we are today. But there are still questions about whether it will remain this way.

If you look at other forms of media, once audiences aggregate, they tend to choose winners. You can already see it with MrBeast and Jimmy Donaldson. People watch more of that content, which feeds the algorithm, so he gets even more views.

Think about Spotify. Spotify opened the door for everyone to upload their music. But the number of truly large music artists didn't change much. A few new artists came through this new path, but the music industry is still largely driven by the big labels, because they control much of the ecosystem.

Jay Kirsch

Everyone's still listening to Taylor Swift.

Ross Habif

Exactly. The same dynamic will play out here. There is democratization, but it only goes so far. What drives people to content will increasingly be marketing and algorithms. The ability to operate a large channel that can push audiences to content will have enormous value.

Yes, niche creators will have opportunities to earn some money — sometimes even a living. If you're a downhill mountain biking specialist, for example, you'll build a focused audience and attract very specific ad dollars. But you're not going to compete with the largest channels.

Jay Kirsch

So there are a lot of reasons why both eyeballs and dollars are moving into this sector. In a very data-driven, ROI-driven advertising market, the number in the lower-right corner of the slide is really the key: return on ad spend is roughly 35% higher in this segment than in comparable channels. By definition, the money is going to flow there.

If you look just above that, you can see where everyone actually is. I have no idea who the roughly 30% of people are who are nowhere on social media, and I'm always interested when I meet someone with no social footprint. It's an interesting group, to say the least.

But all of the factors that have made you curious enough to attend this webinar are the same ones driving investment dollars and advertising dollars into this space.

You can also see in the data how fast this sector is growing. There is roughly a 22% CAGR over the period shown. This chart is a proxy — it's not every dollar in the ecosystem — but it aggregates video revenue from Meta, YouTube, TikTok and Snap to show what's happening on a quarter-by-quarter basis. It continues to grow at a very rapid rate. The ad dollars are there because the attention is there, and more revenue streams will continue to emerge from that attention.

This next chart is equally interesting. It shows Google Network revenue over the past four years. This is effectively a proxy for the web 2.0 industry — the classic “300×250 ad box on a screen” model.

It has essentially flatlined, especially if you look at the period from 2022 to 2024. Now, there are some web 2.0 businesses that have successfully bridged into this new world — I think of Hot Ones, which just transacted, or the team at Donut Media — and they've managed to convert their brand into the creator economy.

But in general, the growth that used to be in the Google Network and in traditional direct-sales channels at places like Engadget, where I used to work, has moved into this new sector. It is now flowing through social platforms directly or via the creators who operate on those platforms.

This trend is a clear illustration of the scale of that revenue shift.

Andrew Hoey

So why is this revenue shifting? One big reason is that social media is no longer a novelty. It has become deeply embedded in everyday life.

Today, the world's largest social media platforms collectively have more than 9 billion monthly active users. Obviously, there is overlap between platforms — which is why the number exceeds the global population — but it shows the scale. Ten years ago, that figure was under 3 billion. That's a 3x increase in a decade.

Social media is projected to become even more ubiquitous. By 2027, it's estimated that 70% of all internet users worldwide will be active on social media. This isn't just a trend; it is a permanent shift in how people interact with information, brands and each other.

It's not only about the number of users; it's also about how much time they spend. As of 2024, the average person spends just over two hours per day on social media — two hours and 23 minutes, to be precise. That's a 38% increase compared with 2014.

There is a slight dip from 2023 to 2024. Some analysts attribute that to return-to-office policies, with fewer people scrolling during the workday, which explains the small blip in the otherwise upward trend.

So what does this mean for brands?

There are three key takeaways:

- First, social-first strategies are essential. You can no longer rely on social as an afterthought. It has to be at the core of how you plan and deploy campaigns.
- Second, engagement is more valuable than reach. It's not just about how many people see your content; it's about how many interact with it and how deeply.
- Third, creators are the new gatekeepers. They own the relationship with the audience. Brands that want access to those audiences need to work through creators.

Jay Kirsch

And that's another thing that hasn't really changed: there are still major sectors that command attention and therefore attract the largest advertising budgets — consumer packaged goods, technology, automotive and others. The difference now is where that attention sits and how those budgets are deployed, and increasingly that's through creators and social-first channels.

I think we're going to continue seeing this dynamic across the sector. Ross, a question for you: when you're looking at acquisitions, do you have a particular strategy around going after certain verticals, or do you think that having a broad content base is a more attractive investment thesis?

Ross Habif

It depends on which company you're with. When I was at Jellysmack, we were looking for a broad content base. We served many different verticals and had clients across those verticals, so we could specialize in a lot of categories, feel confident that we understood them, and move audiences between them.

Now at Dhar Mann Studios, we are a much more family-focused entertainment business. As such, it's much more likely that we will buy assets and go after opportunities that speak to that same audience, because the natural connection makes sense.

Again, I always go back to classic media. Whether you think about a magazine publisher putting together like-minded brands to keep the audience within a portfolio, or a cable company aggregating channels in the early days, the idea is the same: you want to move your audience between your brands and keep them inside your environment as much as possible. That's the goal.

I think over time you'll see more of that, rather than the "everything for everyone" approach, though there will still be a few companies that try to do that broad model.

Jay Kirsch

Thank you.

Here is that long tail slide I mentioned earlier. Almost all of the money is flowing to the group on the far right. As you move from right to left, you see a progression of different business models.

In the 500,000 to 1 million-plus follower range, you can either build a very nice lifestyle business as an individual, or you can be part of a larger group. Once you get to the very large numbers, you have a truly monetizable platform that is attractive to both strategic and financial investors.

As you move to the left, the business model changes. In the 100,000 to 1 million follower range, you can run a strong, profitable talent agency model, aggregating dozens or hundreds of creators. At Network Media, which Jellysmack acquired, almost all of the creators were in that range — either around the top 1% or the 20% segment just below that.

But it becomes increasingly difficult to make a living purely as an individual creator when you're in the 10,000 to 100,000 follower range. True story: when I was managing the Network Media transaction, the CEO created a social account for my wife and me. We have 14,000 followers. We have made a total of \$47 over the past 18 months.

That illustrates how steeply monetization falls off as you move down this curve.

When you're in the 1,000 to 10,000 follower segment, unless you are extremely niche and can really move a specific market, it's hard to make meaningful money. You might see exceptions in areas like financial services, where a small, highly targeted audience can move large dollars, or in certain medical verticals where small audiences influence big-ticket decisions. But for the most part, these creators are hobbyists. They enjoy posting and are often pretty good at it, but they haven't built, or don't fully understand, the growth levers and algorithms needed to turn 8,000 followers into 800,000.

Andrew Hoey

So how do we make sense of this ecosystem?

As Jay mentioned, at a high level, the types of companies that make up the creator economy are not very different from those in legacy media. While the distribution models have evolved, the core business functions are largely the same.

First, there are tools and management companies. They provide creators with platforms and software to streamline production, grow their audiences, generate analytics on their content, and offer strategic support.

Second, there are monetization companies. These enable creators to generate revenue by providing solutions to monetize their content and audiences. This can be through subscriptions, tipping, brand deals, e-commerce integrations and other models that create sustainable income.

Third, there are content creation and hosting companies. They provide the platforms for creators to produce, distribute and store their content, ensuring accessibility across devices. Reliable storage, seamless production capabilities and audience reach are at the core of these services.

If we go a level deeper, however, we are only scratching the surface of the ecosystem. As the creator economy continues to grow, the supporting infrastructure will evolve further, with more specialized business models designed to meet the needs of modern creators.

Just like in traditional media, these companies form the backbone of a thriving and dynamic content landscape.

Jay Kirsch

If you think about all of these sectors from an investing standpoint, there are two main ways to look at them.

The top three categories on this slide — marketplaces, merchandising and commerce, and rights and IP management — are where you might invest if you're very bullish on the creator economy overall, but have concerns about overreliance on specific creators. You may worry about customer concentration or platform concentration, but you believe the sector will grow and want exposure to it. Those three segments are probably the best fit in that case.

If your thesis is the more traditional "content is king," then you probably want to be in the bottom-right quadrant. That's where you find the best-known brands and, in my view, the highest upside. These are the companies that can become the next large, dominant media platforms in the US and globally.

In that part of the ecosystem, the focus is on owning IP and content and then driving multiple revenue streams because you own that content.

Just to highlight a few of the companies in each of these categories: some names you will know well, others may be new depending on your familiarity with the sector, but they all have strong management teams and meaningful market positions given their specific models.

There are also two additional sectors that we haven't really covered on this slide. The first is creator financing, which has attracted a lot of investment dollars in recent years. Companies like Spotter, for example, have effectively acted as a bank for creators, offering innovative financing products.

The second is the broader ecosystem around the creator economy. For example, we recently advised on the sale of VidCon, probably the largest event dedicated to the creator economy. Like in any industry, there is a tertiary set of companies that grow rapidly alongside the core sector and build very interesting brands.

Jay Kirsch

Coming back to consolidation, I would say that the industry is not only ripe for consolidation, it actually needs it.

Consolidation will, in my view, accelerate growth. Right now there is still a lot of friction in ad buying in this sector, because there are so many different places you need to go if you want to deploy a truly global ad budget.

If you are Toyota or Coca-Cola and you want to put, say, \$500 million to work on broadcast TV, or directly on Meta or in search, it takes one phone call and you can execute that decision.

If you decided you wanted to put \$500 million to work in the creator economy, I would guess you'd have to make 50 calls. That adds a lot of work and friction to the ad buying process.

You will bring more of the very large advertisers into the creator space if they can go to just a few destinations to make big bets with their budgets, rather than needing to evaluate dozens of separate partners. It also simplifies brand safety considerations — it's much easier to diligence one or two major partners than 50.

Ross, do you agree with that?

Ross Habif

Yes, I think that's a really good perspective. At the end of the day, as usual, ad dollars drive the business, and deploying those dollars has to become easier.

Another big argument for consolidation is what I call "professionalization." Anyone who has looked closely at creator businesses over the last few years will not be surprised to learn that some of them are doing their finances on the back of an envelope. They rarely have HR practices. They're running multimillion-dollar, profitable businesses, but they're organized like a project someone started in their basement.

That needs to change. When you want to scale these businesses, they need the next layer of professional support, and often it's not there yet.

I could talk about this for a long time, but for many people who built these businesses, they did it without support. Earlier we talked about trust at the consumer level; there is also a trust issue for the business owners. They've been burned by companies that promised to help and did not. They've been burned by employees they thought would be great, who were not. So they shoulder most of the responsibility themselves.

As a result, they're hesitant to bring in professionals to help them scale. That will change over time because the money is there. As that culture shift happens, it will drive consolidation. The proposition will become: "How do we make things easier for you?" And consolidation will follow naturally.

Jay Kirsch

The flip side of that professionalization argument is that the companies which have brought in experienced senior leaders — people who know how to run large organizations and who have built real infrastructure —

really differentiate themselves.

Those companies are well-positioned to be platform acquisitions. An investor can buy them and then execute multiple add-on transactions on top. But you need to start with a real team that knows how to run a company, in addition to understanding the creator sector.

Andrew Hoey

And that consolidation has already begun, even if it is still slow. We're seeing it across several themes — marketplaces and networks, digital content, commerce and other creator-centric companies.

Many of these transactions are now happening at scale. Recently, for example, you had Later's \$250 million acquisition of Maveli, Publicis' acquisition of Influential, and, unashamedly, Jellysmack's acquisition of Network Media.

On the content side, there was the highly publicized acquisition of Hot Ones, where a Source-led consortium acquired the show. There are other creator-led acquisitions as well that are at the forefront of this consolidation wave.

It's not just M&A. There is also increasing capital flowing into the creator economy. Eight to ten years ago, there were very few deals in creator-led businesses. Heading into 2020 and during the post-COVID inflection, there was a significant increase in capital and deal activity.

Yes, there has been a pause as interest rates rose and geopolitical concerns increased. But we're now seeing some relief from those external pressures, and we expect 2025 to be a very strong year for the creator economy, in line with the broader macro recovery.

You can see this in recent capital raises. Some large players have secured significant funding:

- Dude Perfect, a very popular YouTube channel, raised around \$100 million to further develop its content and brand.
- Whatnot, a leading live-streaming commerce platform, raised nearly a quarter of a billion dollars.
- Patreon, one of the largest companies in the creator monetization space, recently raised more than \$200 million.

All of this underlines the confidence investors have in the long-term potential of the creator economy.

So there is increased interest in the space, more capital flowing in, and consolidation where investors see real opportunity.

Jay Kirsch

Back to valuation. All of these factors feed into how companies in this sector are valued. They create businesses that can drive engagement and then build multiple revenue streams on top of that engagement.

One of the biggest challenges with valuation in this space is that the sector is very young and there is no real group of pure-play public comparables to use as a benchmark. We have LADBible, which is public in Europe, but that is really the only one that comes close to being a true North Star for public valuation. And the volatility in a single company's stock is not enough to anchor a whole valuation framework.

Ross, when you think about valuation in this sector — other than paying very high prices for my clients — how do you approach it?

Ross Habib

It is a challenging question, and the answer is very asset-dependent at the moment.

If you look at some of the services businesses, like influencer marketing companies, they have been trading at 15–20x EBITDA multiples. They are being bought by the large agencies that see ad dollars flowing into those categories and want exposure. For some of these deals over the last two years, even 20x is on the low side.

On the content side, when you have a content business that is built around a single talent who is burned out and ready to step back, they may be more willing to sell at below a 10x multiple, especially if the business is profitable and they are prepared to stay on in a smaller role. So there is some flexibility there.

If you think about content platforms that can act as a foundation for future growth, those can command very significant premiums. If you look at them purely as classic production companies, many of you will know that those usually trade at much lower multiples.

On the services side, apart from influencer marketing, everything else – digital management services, rights, merchandise – tends to trade like a normal business in a legacy sector. Merch companies, for example, often trade around 4–6x EBITDA because margins are thin. You apply those traditional profit multiple frameworks and then adjust a bit for the fact that the overall industry is growing fast.

Jay Kirsch

That's interesting. So some of these companies are not really technology companies; they are service businesses that happen to serve a technology-driven industry.

I think another important topic is deal structure. We are seeing very few deals – almost none – that are entirely cash at closing. These businesses are still highly dependent on specific people and relationships. As a result, a lot of deals have structured elements so that even when you see high multiples, they are paid out over time.

Ross Habif

Exactly. These are businesses that founders built from scratch. The companies have been their livelihoods. They have put everything into them.

They are hesitant to sell at a price they feel is below what they deserve. At the same time, they often want to stay involved. That is where you get complex structures, whether earn-outs or targets tied to performance thresholds.

Buyers want downside protection. Sellers want upside participation. There are a few transactions that have closed for all cash, but they are the exception rather than the rule.

Jay Kirsch

I would expect that to remain the case for some time, simply because of the nature of the content and the reliance on relationships.

One other thing that is unique about this sector is how little transparency there is.

This is not like broadcast TV, print magazines or even web 2.0 models, where you can look at Nielsen ratings, subscription totals or a comScore number and get a sense of the business.

Here, there are companies that look small but are much larger than you would expect. And there are others that look substantial from the outside, but when you see the financials, you are surprised at how small they are.

Part of this comes back to the professionalization issue Ross mentioned. If you own an iPhone, you can start a content business. There is a real risk that people assume, "I have my business," when in reality they do not have a scalable company yet.

When we think about evaluating prospects – whether as banking clients or as investments – there are a few metrics and characteristics we look for. Some you can see from the outside; others require deeper diligence.

From a platform perspective, other than YouTube, people are more comfortable if revenue is diversified across several major platforms. A business that relies on a single platform is more exposed than one that has meaningful income streams from three or four sources.

The same logic applies to revenue models. If you have only one revenue stream, that is more challenging than a company that has proven three or four robust monetization models.

I think the factor that makes investors most nervous is dependency on a single creator. There is headline risk if that person does something damaging. There is burnout risk. And there is the natural cycle of popularity. All of that creates concentration risk.

Another key point is creator retention. If you are a platform or services company and you can show that creators stay with you for a long time, it signals that you have a model they value. With so many options available, strong retention suggests you have a better proposition and more sustainable economics.

Then there are the three points at the bottom of our internal checklist: infrastructure, technology and IP ownership.

- Infrastructure: Do you have a real company that can reduce risk for a buyer because there is stability and process? Or are you so lean that, post-acquisition, EBITDA margins are likely to go down because the buyer will need to invest in building the team and systems?
- Technology: Have you built your own technology? Is there a real asset there? There are fewer of these than you might think. Many businesses in this sector rely on open-source tools or publicly available technologies and have not had to build their own. There are exceptions, but this is not a “hire 20 engineers and build a big code base” type of industry in most cases.
- Finally, IP ownership. We recently worked on a transaction where multiple buyers said, “Come back when you have a company that owns its content and IP.” There is a clear recognition that owning the content allows you to drive very high-margin revenue streams, including ones you may not have fully defined yet. Controlling the IP gives you the highest long-term upside.

Ross Habif

I agree. These are the right things to look at. It can be hard to get some of this information without going deep into diligence, but this is the right framework.

Jay Kirsch

Are there any public metrics – for example, data from providers like Tubular – that you think are close to becoming a reliable way to gauge the size and health of a business?

Ross Habif

Unfortunately, no.

Tubular provides a good measurement framework for YouTube, and to some extent for Facebook, but there is nothing comparable for TikTok that captures the business reality.

And in any case, the types of companies we’re talking about are not really monetizing on TikTok alone. TikTok is still very influencer-focused. You are unlikely to simply “buy” a TikTok influencer – that is usually not a standalone business.

Because of that, there is no simple “top 100 targets” list that you can pull off the shelf. That is exactly why there is still opportunity here.

You have to know the industry. You have to know where the right assets are, understand their place in the market and then figure out how they fit into your strategy. It is a lot of work. So far, not many people have been willing to do that work – but those who are will find the real gems and the biggest upside.

Jay Kirsch

Thank you.

We are almost at time. We have about ten minutes left, so we can still take a few more questions.

Ross, let me start with one: can you give us an overview of what is going on at Dhar Mann Studios and what you and Dhar are aiming to do there?

Ross Habif

Dhar Mann Studios is, as I mentioned earlier, a family-focused content platform. Dhar is one of the largest producers of scripted content in media today in terms of output for a single channel. He produces roughly 300 hours of scripted content a year.

He has a full-fledged studio. If you visited his facility, it would feel very similar to walking onto a major studio lot: around 100,000 square feet of sound stages and all the related production infrastructure.

He is one of the few in this space focused on scripted content in a format that has real production cost. Most social content is still more reality-focused, because it is much cheaper to produce.

Scripted content costs more and is harder to monetize, but Dhar has developed a formula that works. It is family-focused content that often results in co-viewing between parents and children, which is a powerful audience position.

As you said earlier, owning content is where the long-term money is in any media sector. Dhar has built a very large library and continues to add to it every day. Scripted content is usually the premium driver of media value, and he has done a strong job of building that base. We are excited about scaling that further and leveraging what already exists to add more.

Jay Kirsch

Thank you.

I saw a few questions about traditional media getting involved in this space, and also one on how news media fits into the picture.

Ross Habif

Both are interesting.

Traditional media was burned by web 2.0, and that experience has made them cautious. They have been reluctant to jump into new digital models too quickly. On top of that, traditional media is dealing with its own challenges and is shedding assets rather than buying them.

So I think we have a five-year window before traditional media really starts engaging in this space in a meaningful way.

By that time, “traditional media” may not look the way it does today. It is not hard to imagine a scenario where Google or Apple acquires a traditional media entity. That has been rumored for years. You could also ask whether Netflix is now traditional media, or Amazon. The definition is flexible.

But the core answer is: yes, eventually the best creator-led content will be aggregated and owned by larger entities. Some will be new companies formed specifically for this purpose. Others will be existing players that see the opportunity and buy into it. It will likely be a mix.

Jay Kirsch

My view is that a few legacy linear TV businesses, which are declining but still generate a lot of cash, will take some chances in this sector. They will try to marry a growing audience with a declining one, knowing that one business will sunset in six or so years and seeing if they can move those viewers over.

Ross Habif

Exactly. You can imagine, for example, the NBC “spinco” that is being discussed. It will likely have low leverage and the ability to invest and grow. It would not surprise me if they start to play in this space once they are set up.

On the news side, I think we are at a moment where traditional news media has been damaged. Layoffs and cutbacks have taken their toll, and audiences have shifted to individual news providers.

That will not last forever. Those individual news providers will re-aggregate in some form, probably under the long-standing brands that people still recognize and, to some extent, trust – the LA Times, New York Times, Boston Globe, and others.

Jay Kirsch

One interesting point there is that most of those individuals are re-emerging on the opinion side, rather than as hard news reporters. It will be interesting to see whether anyone emerges as a true traditional journalist in this environment, as opposed to effectively being a YouTube op-ed channel.

Ross Habif

Yes. It is unclear whether traditional journalism can really exist in its classic form in a world where “truth” itself is questioned so often. But I agree with your observation.

Jay Kirsch

James, on your question about moving to an e-commerce model: the barriers to entry for setting up an online store are very low. It is easy to get a Shopify and a Printify account and start selling products via drop shipping.

As a result, most creators experiment with e-commerce fairly early, often before they have the scale to drive meaningful revenue.

Ross Habif

That is true, but the revenue is usually small. Unless you are selling a specific product with high margins, e-commerce is rarely more than around 5% of a creator's P&L.

Creators like the idea of selling merchandise, and it sounds good to sell t-shirts, but t-shirts do not generate much profit.

One example I find interesting is the Churnin Group buying the Epic Gardening channel. Alongside that channel, they invested in a seed company, so they were selling their own seeds. That is a niche product where the marriage between content and commerce makes sense.

Outside of those perfect pairings, I do not see e-commerce as the main growth engine for most creator businesses.

Jay Kirsch

There are a few other companies doing interesting things in niche verticals. Firecrown Media, for example, is building some creative models in the aviation space.

Allison, your question was: how do you find these companies?

It is a great question. Right now, it requires a lot of old-fashioned business development. You need to talk to a lot of people, get a lot of referrals, and build a network in the space.

Until we have more reliable metrics that allow you to look at a dashboard and say, “This business probably has \$50 million of revenue,” it is going to come down to meeting founders, getting to know teams and building trust the hard way – through conversations, introductions and time.

Ross Habif

I know there was also a question about TikTok.

Jay Kirsch

Yes – and in terms of building scalable, acquirable businesses, TikTok, as you said earlier, largely does not exist in the same way yet.

Right, so let's talk briefly about TikTok. How is the current situation affecting your strategy? As of now, you still cannot download TikTok anymore. It is still not back in the App Store.

Ross Habif

For most influencers, TikTok is a monetizable platform where they can make content and earn influencer dollars through their relationships with agencies. But none of the larger-scale businesses we are really talking about acquiring here rely on TikTok for anything other than marketing and driving viewership back to the monetizable platforms.

Jay Kirsch

Because the direct CPMs that TikTok pays creators are still very low compared to, for example, YouTube or even Facebook.

Ross Habib

That's right. TikTok is not driving meaningful revenue for any of these larger-scale businesses. It is essentially a marketing vehicle. So a potential TikTok ban or removal will not really impact the business models of these scaled companies. It will definitely upset a lot of influencers who are making a living on that platform, and it will impact brand agencies that are active there, but the underlying businesses we are discussing will mostly be fine.

Those influencer budgets will shift. Whether they move to Threads, back to X, or to some other platform, the demand is there. If it is not TikTok, it will be someone else that captures that spend.

Closing

Jay Kirsch

Right.

Well, I think we are out of time. I want to thank everyone for joining. Ross, thanks so much for taking the time. I know you are in week two of your new role, so you are probably still drinking from the fire hose.

Ross Habib

Thank you. Yes, it is busy over here, but it is a good kind of busy.

Jay Kirsch

Great. Drew, thank you as well. And thanks to all of you for attending. We would be happy to have individual conversations if anyone would like to reach out.

Joanna, over to you.

Joanna Stone Herman

I also want to thank everyone very much. It was wonderful to see so many people join this webinar today.

We are running this as part of a series of webinars, so please keep an eye on your inbox for information about the next one.

Thank you, Jay. Thank you, Drew. And thank you, Ross, for joining us today. We look forward to seeing you again.