

Investing in the impact of powerful new voices in film and video games

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September 12,
2019



“Creating Impact,” ImpactAlpha’s series of articles on impact media, is sponsored by Upstart Co-Lab, a national collaboration disrupting how creativity is funded by connecting the \$12 trillion of socially responsible and impact investing capital in the U.S. to the \$804 billion U.S. creative economy.

ImpactAlpha, September 12 – Movie makers and video game producers have what mission-driven investors want: impact at scale.

Movies like *Coco* and *Black Panther* (viewed by at least 175 million people) reach worldwide and diverse audiences, driving deep and rich conversations. Video games like *Fortnite* (78.3 million users) and *Minecraft* (91 million) absorb the attention and fuel the passions of young people like nothing else, as many parents well know.

These cultural creations are scalable in another way investors like: revenues. For *Black Panther*, worldwide revenues so far are \$1.29 billion. *Fortnite* pulls in a staggering \$96 per user per year, for a total of \$2.4 billion last year, video gaming’s all-time highest annual revenue total.

The emerging impact opportunity in popular media is driven by a confluence of factors including changing demographics and cultural habits and consumer appetites. A raft of major new distribution channels (coming soon: Disney+ and AppleTV+) are creating platforms and a huge appetite for new voices that can tell authentic stories. Importantly, the ubiquity of broadband gaming platforms like PlayStation and Xbox have created a global youth audience for immersive, interactive, co-created stories.

New financing mechanisms are opening up the market for impactful storytelling beyond big studios and high-net-worth individuals to investors seeking a range of impact and financial returns. Impact investors who may never have considered themselves media moguls are now investing in creative funds, production slates and media ventures such as Essence Ventures, E-Line Media and Macro.

“We do a lot of stuff in a lot of different places, but this is the one I’m betting my life on really,” says Matt Dalio, an entrepreneur and impact investor (and son of hedge fund billionaire Ray Dalio), about video games. Dalio, CEO of Endless Mobile, a video-game platform company, says he works with a dozen studios around the world to create state-of-the-art entertainment with positive social impact, such as coding skills for young people. “It’s where I’ve chosen to spend my time as well as our dollars,” he says.

Indeed, blockbuster movies and video games have demonstrated power to shift cultural norms and even drive legislative change. The canonical example: the role of the TV series *Will & Grace* in shifting popular attitudes toward gay marriage.

Storytellers now exploring new approaches to criminal justice and mass incarceration include movie producer Scott Budnick (of *Hangover* fame), who has launched the production house One Community and raised \$50 million to finance a slate of movies. First up: *Just Mercy*, an adaptation of the memoir of the Equal Justice Initiative’s Bryan Stevenson, featuring Michael B. Jordan, Jamie Foxx and Brie Larson.

“We believe in the power of storytelling to enact social change,” Budnick told *Variety*.

Authentic impact

At the center of all of the trends is a new set of independent studios and diverse storytellers, who are creating authentic, relatable human stories that connect with audiences, and help those audiences connect with each other. That makes talent – diverse, creative, quirky and often overlooked – in hot demand, in front of and behind the camera.

Invisible Pictures is a New York-based production company founded by Actor-producer Jess Jacobs and producer Audrey Rosenberg in 2017. Invisible produces “authentic” stories not usually represented in dominant culture. The motto: “Nothing about us, without us” Jacobs told *Impactalpha*.

“Any community that is centrally represented in our content, is a part of the creative development process,” she says.

The strategy is part social mission, says Jacobs. A study by the Geena Davis Institute, for example, showed that when women identified with characters that they saw on screen, they were more likely to leave abusive relationships.

The other part is financial, she says. “The more specific you get, the more universal you are,” says Jacobs. Movies with women and people of color in leading roles and behind the camera are doing very well in the box office.

Get Out, for example, the Jordan Peele horror-comedy about a Black man visiting the family of his White girlfriend, grossed some \$250 million worldwide on a \$4.5 million budget. Other breakout hits featuring leads underrepresented in the industry include *Crazy Rich Asians*, *Wonder Women*, *Moonlight*, *Lady Bird*, *Hidden Figures* and *A Quiet Place*.

Julie Christeas and Jonny Blitstein of Tandem Pictures have built a profitable independent film studio that elevates stories of women and people of color. Key to their success has been diversifying revenues with purpose-driven content for brands and cutting costs by deploying sustainable production practices. Its latest film, *The Surrogate*, was awarded the “Green Seal” for sustainable production from the Environmental Media Association.

“Our goal is to build a profitable content studio that also is making artistic, respected, intelligence and independent films that are made on conservative budgets that drive profits,” Tandem’s Blitstein told *ImpactAlpha*.

Investors want more than to be able to walk the red carpet, says Blitstein. They’re now attracted to “a mission and value system and advancing impact in both the indy film and broader market.”

“They won’t all be winners,” says Laura Callanan of Upstart Co-Lab, an advocate for the creative economy. “But you have a range of voices that want to be heard and see the potential of our new tech reality to make that possible.”

Impact-media finance

Callanan says the internet and new distribution platforms allows media producers to “sell into the long-tail of the market in a way that you never could before.” What was once content for niche markets and unable to be monetized, is now investable.

A Upstart report last year cataloged more than 100 investment funds investing in the broader creative economy. About a quarter of those, including New Media Ventures, bMuse and Designer Fund, have invested in “social impact media.”

A forthcoming report from Upstart identifies at least 18 impact media projects collectively raising more than \$232 million.

One such opportunity is with E-Line Media, a video game developer and publisher using video games to help players understand the world. One successful game, *Never Alone*, features Alaska Native storytellers and elders and was created in partnership with the Cook Inlet Tribal Council, which now holds an equity stake in E-Line. The company's Impact Slate Game Fund allows investors to back a portfolio of educational game titles.

Such financing vehicles are opening up impact media investing to a broader set of investors. Much impact-oriented media has historically been funded by philanthropy. Ford Foundation and Carnegie Corp. helped launch *Sesame Street*. MacAuliffe, Rockefeller and Knight foundations have backed a range of games related to health, education, empathy and empowerment.

More recently, Silicon Valley billionaires have financed in-house production houses to produce content about issues they care about. Jeff Skoll's Participant Media (*Spotlight*, *An Inconvenient Truth*) and Pierre Omidyar's First Look Media, which includes production studio Topic (*XY Chelsea*, *Risk*), have demonstrated impact investors can back and create quality content.

In 2017, Charles King's Macro, producer of the Oscar-nominated film *Fences* and Netflix hit *Mudbound*, raised \$150 million in program-related investments from Emerson Collective, Ford Foundation, Kellogg Foundation and Libra Foundation, for a slate of films that lift up voices and perspective of color. The deal showed how impact investors can back an independent studio's entire portfolio, not just a single title.

Such deals can make impact media accessible to more types of investors, says Callanan. "It's not all going to be Jeff Skoll."

For Kellogg Foundation, the investment in Macro is indicative of a broader strategy to invest in media as a way to drive racial equity. "If we can start to monetize this content in a way where writers, creators and those folks are actually getting the benefit, and not continue to get creative extraction from all of their work," Kellogg's Cynthia Muller told *ImpactAlpha* [in an earlier interview](#). "That's a win."

Areu Bros., a Latino-owned media studio in Atlanta, is the first film and television studio to launch an Opportunity Fund to leverage tax-break on capital gains for long-term investments in low-income communities. Areu Bros, founded by Ozzie Areu, the former president of production for Tyler Perry Studios, will support minority and women storytellers in Atlanta and Puerto Rico.

InvestAtlanta is demonstrating the power of local capital to support local media creatives. Its city-backed low-interest Creative Industries Loan Fund, an effort to ensure the city's

homegrown content creators and creative entrepreneurs get to participate in the city's booming production industry, has notched four investments in ScreenLloyd, Change A Man Media, Noise Entertainment and Media and SG Creative Media.

The fund "helps us as a city to be intentional in cultivating and growing the local creatives of Atlanta," InvestAtlanta's Sheoyki Jones told *ImpactAlpha* by email. "By providing access to capital for content creation, we are eliminating one of the largest factors that prohibits creatives doing that they do best: CREATE!"

David Bank contributed reporting.