

Billionaires Jim Breyer and Thomas Tull Lead \$15 Million Bet That Genies' Avatars Will Be Next Big Thing In Social

If you had asked Genies CEO Akash Nigam a year ago when he would start making money off his cartoon avatar business, he would have said probably not until 2023. But in the last year, Genies' digital caricatures have popped up everywhere—from Scooter Braun's Instagram account to DJ Khaled's and attracted a star-studded list of investors from athletes Carmelo Anthony and Kyrie Irving to musicians like 50 Cent.

Suddenly brands like scooter company Bird were calling Nigam, five years ahead of his own revenue deadline, to pay to get Genies' celebrity network to post videos of the digital avatars riding Birds on the day of its new scooter launch. Even Gucci partnered with Genies to let people style their avatars in Gucci-branded products from inside Genies' app. The lifelike avatars can then be exported and used in everything from iMessage to Instagram.

"A lot of Gen Z can't afford Gucci in real life, but because of their deep familiarity and because they're accessing that generation so young, as soon as that 13- or 14-year-old is able to afford it, they're going to have a higher propensity to choose Gucci," Nigam, a [Forbes Under 30 honoree](#) along with cofounder Evan Rosenbaum, told *Forbes*.

Genies' intersection between social, entertainment and pop culture caught the eyes of billionaires [Thomas Tull](#) (net worth: \$1.2 billion) and [Jim Breyer](#) (net worth \$3 billion), who both invested in Genies' new \$15 million funding round. The new funding brings Genies' total funding to \$40 million and a valuation north of \$100 million, Nigam said. Tull's investment group, [started by the Legendary Entertainment founder](#), is the largest investor shareholder in Genies. Also participating in the round was NBA star Victor Oladipo, Japanese musician Yoshiki, investment firm L Catterton and venture firm NEA, among others.

Adding Breyer to the investor lineup gives Genies a social networking heavyweight who made his fortune from his early bet on Facebook in 2005. His investment also gave him a front-row seat as a board member to Facebook's acquisition of Instagram in 2012. Seeing the Instagram deal firsthand—and the success it brought Facebook—solidified Breyer's view that the next generation of consumers will be looking for high-quality photos, videos, and avatars.

"My belief is that, like photos and photo sharing really early on, there will be intense competition, but level of quality across many platforms is a key differentiator. Genies has an opportunity to be one of the best," Breyer said.

It won't be easy. Genies is far from alone in trying to build a digital avatar business and

make it mainstream. Snap Inc, owner of Snapchat, bought Bitmoji in 2016 for [around \\$100 million](#) to add its cartoon-like figures to the app. Apple has its own "Memojis" and [rolled out a star-studded](#) Grammy ad of groups like Florida Georgia Line singing their hit "Simple" in their avatar form. Then there's a roster of other startups, from Boo to Zepeto, that are competing with Genies around the globe.

"Seeing people play in the avatar space is cool because obviously it shows that it is a trend right now. People are trying to figure out who is going to own identity," Nigam says.

While Bitmoji is probably the most-established and well-known company in the category, its success also got it acquired by a big tech company. Competing as a standalone social company is increasingly harder as companies like Facebook either try to buy small or build their own clone. Just last week, Facebook [launched its own avatar stickers](#) to use in Messenger and Newsfeed comments, starting in Australia and rolling out globally by the end of the year. To Breyer, many of the leading companies are either potential partners or potential acquirers, but his focus is on building a path forward for Genies to remain independent.

"The competitive risk is very high, but there's a reason why I believe they've emerged as a leader in this space already," Breyer said. "When it comes to identity and personal avatars that last one or two percent of quality matters, and that will have to continue to be the focus of Genies in a very competitive space."

Genies is taking a three-pronged approach to the business: building an app for consumers, working with brands on advertising through its talent agency and then building a software kit to let other app makers integrate Genies. Within its consumer app, brands are paying Genies to give people the option to wear Gucci hats or New Balance sneakers with the hopes of converting Genies' young audience into fans. It's also built a digital talent agency that can reach celebrities who can promote brands from Disney to Bird using their digital avatars. Then there's bigger plans to build out [Genies' software developer kit](#) so other businesses can use Genies avatars within their app, like if a weather app wanted a person's Genie to appear with an umbrella if the forecast calls for rain.

Nigam won't say how much revenue Genies has generated but said it isn't profitable yet. The three-year-old startup had already spent many years playing with its business model. Nigam, whose father cofounded WebMd, dropped out of college to pursue Blend, a group messaging app he started with Rosenbaum and a third cofounder, Matt Geiger. It failed to gain traction, and Nigam pivoted to Genies. Its launch out of stealth in 2017 and its [focus on re-creating news](#) with avatars also floundered. Genies relaunched its app in November 2018 with the help of its celebrity-backing and its first major deal with Gucci.

Now 26-years-old, Nigam says his company is targeting what he calls the "Alphas" — the trendsetters and tastemakers within Gen Z, plus celebrities and athletes. Genies will have to move past relying on celebrity buzz alone to promote its business, but that's where someone like Breyer steps in to help.

"The way that it started was us creating a Genie for these high profile people and that's how our model developed," Nigam said. "We're building out our business with them and everyone has a role with it."

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