

Daisy Pre-Seed Investment Memo (Aug 2024)

Daisy is an advertising network powering micro-collaboration between social media influencers.

Introduction

- **Daisy turns paid social media influencing from a single-player to a multi-player game.**
Influencers get paid for “boosting” each other influencers’ sponsored content via likes, comments and reposts. Sequential boosting creates an “echo chamber” effect whereby sponsored content is more likely to go viral within the influencers’ overlapping social graphs.
- **Collaboration drives an order of magnitude improvement on both sides of the network.**
Brands are seeing 10-20x higher traffic and 25-50% lower CPAs on boosted content vs posts by a single influencer. Influencers unlock a reliable income stream, earning \$10-\$100 per comment or repost paid out in hours, rather than hunting for large brand deals with payment in months.
- **Daisy is founded by a team of seasoned influencer marketing entrepreneurs.** Ray (co-founder/ceo) and Vincent (co-founder/cto) started several creator economy companies together and built the product that scaled Pearpop to 200k+ influencers. Ian (co-founder/cpo) led product growth at Whalar, the leading influencer marketing and talent agency in the US.

Key Stats: 15 brands | 1k monthly active influencers | \$100k/mo gross revenue | 25% take rate

Key Links: [website](#) | [sales deck](#) | founders: [ceo](#), [cto](#), [cpo](#) | past companies: [quivr](#), [pearpop](#), [whalar](#)

Reasons We Have to Invest

- **Immediate product-market fit.** In month four of their private beta (launched April 2024) Daisy did >\$100k in advertising spend, growing +35% MoM with a 25% net revenue take rate. More than 30% of influencers on Daisy boost content through the app at least twice a month for stable income. There’s been virtually zero brand churn to date: every brand that’s tested Daisy is doubling down on the channel with \$10k-\$50k in recurring monthly marketing spend.
- **TAM-unconstrained.** Daisy’s boosting effect has already proven effective for brands across ecommerce (██████████), entertainment (██████████) and even crypto (██████████). Digital advertising networks are some of the largest businesses in the world, attracting \$740B of annual spend, of which influencers see a relatively small but rapidly-growing portion (\$35B). We expect Daisy to end the year with \$3m annualized gross revenues based on the existing pipeline, which is entirely composed of inbounds and investor referrals, and \$█m by year end 2025.
- **Stronger as it gets bigger.** We expected Daisy to exhibit signs of *two-sided* network effects: more brands means more earning opportunities for influencers, and more influencers means brands can target increasingly specific user cohorts at unprecedented scale. Since launch, we’ve noticed an emergent behavior of *three-sided* network effects: influencers are using Daisy to boost their own organic content in order to grow their following and command greater leverage in future sponsorships. Daisy’s top influencers reinvest in themselves, accelerating the positive flywheel.

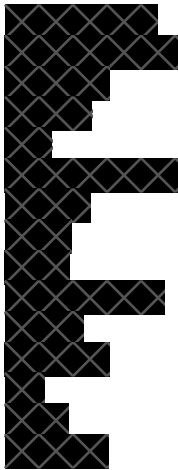
Cap Table

- EV3 was Daisy’s first investor in March 2024 and doubled down in the pre-seed round led by CMT Digital in August 2024. Daisy is our biggest investment by ownership and one of our top three investments by capital invested.

Appendix

Revenue

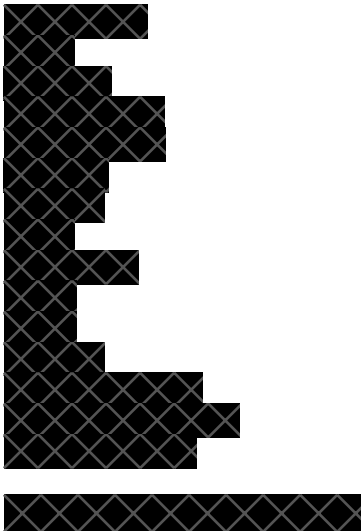
Live (Aug'2024)



\$2m/yr (\$1m/yr recurring)

Note: crypto customers in gray, non-crypto in black.

Pipeline (Dec'2024)



Case Studies



Financials

- Capital raised: ██████ vs ██████ left on balance sheet
- Cash flow: +█████ mo net revenue vs -█████ mo burn
- Year-end targets: ██████ influencers, ██████ mo gross revenue, ██████ mo net revenue, ██████ mo burn

Key Questions

1. Platform risk. Daisy's value prop to brands relies on an "echo chamber" effect whereby compounded engagement across multiple influencers' overlapping audiences drives an order of magnitude better marketing efficiency, measured by CPVs and CPAs. Daisy is able to reliably tap into the echo chamber effect on TikTok and Instagram, with plans to add support for other major social media networks over the coming quarters. At some (large) scale, these networks will see Daisy as parasitic and look to minimize the impact of boosts in their feed recommendation algorithms and reduce value leakage to Daisy. Daisy will need to build capabilities to incentivize influencers to mimic organic activity (e.g., using LLMs to reward posts based on diversity & thoughtfulness scores) and/or drive cross-platform virality (e.g., rewarding influencers for cross-posting sponsored content from one social network to another).

2. Attribution. Competitors will inevitably spin up as Daisy's growth becomes apparent. Daisy has a first-mover advantage, but long-term defensibility requires best-in-class attribution: influencers with profitable, high-intent audiences - who deliver the best marketing efficiency for brands - will eventually demand rewards commensurate with the true value of their audiences. In the current beta version of Daisy, rewards are static at \$20/comment and \$100/repost. In the future, Daisy will leverage affiliate links and/or zkTLS to determine engagement attribution at increasingly granular levels. Daisy is partnering with [Opacity](#) to pioneer the use of [zkTLS](#) to verify engagement metrics (e.g., proving that specific cohorts of target users engaged with a post). Both will launch in Q4 and will keep Daisy a step ahead of competitors.

3. Does it need crypto? Daisy leverages crypto to drive a better product and stronger defensibility on both sides of the network:

- *Stablecoins = fast payouts.* For influencers, Daisy is a platform that enables them to earn steady income by monetizing their social media following in bite-sized pieces. Daisy uses onchain stablecoin payments to stream compensation in real-time, reducing the influencers TTFP (time-to-first-payment) from months in the current paradigm - as brand deals can take several weeks of negotiations and have long payment terms - down to hours or minutes. Being the top-of-funnel income stream for influencers puts Daisy in a position to expand into downstream financial products over time, starting with a debit card launch in Q1 2025 and then lending products.
- *zkTLS = granular attribution.* Daisy leverages a novel cryptographic primitive called zkTLS to enhance the attribution of engagement across influencers. Without zkTLS, Daisy is only able to tune attribution methodologies based on data that is publicly exposed by social media networks. zkTLS allows Daisy to reward influencers based on metrics that are exposed privately to individual users. For example, anyone can see how many likes an arbitrary Twitter post has—but only the creator of the post can view which specific profiles have liked it. zkTLS also enables Daisy to verify posts in exclusive/paid social media groups which tend to see higher engagement.
- *Staking = incentivized retention.* Daisy's token network, launching in 2025, will enable influencers and brands to stake tokens to reduce their blended platform fees paid through Daisy. This model was pioneered by centralized crypto exchanges and represents more than [\\$85B](#) of market cap. At its core, this model allows influencers to put their *past earnings* at risk to earn a greater share of their *future earnings* on Daisy, thereby helping to secure forward boosting capacity for the protocol and providing certainty to demand-side advertisers. Staking is the primary mechanism for value accrual, though the network may also buyback and/or burn a portion of the platform fee.