FANDOM

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FANDOM AS COLLATERAL

A PLAYBOOK FOR UNDERWRITING CONSUMER ECOSYSTEMS

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✲ NOTE FROM QUIRE

As strategists operating at the intersection of culture and capital, our previous briefings diagnosed the structural decay of legacy media: the collapse of standardized content economics, and subsequently, the end of the traditional studio model.

Legacy assets and distribution channels have been re-rated. This changes the fundamental question for capital allocators. **It's no longer about picking the next hit, but instead about identifying the new, bankable asset class.**

This briefing provides the answer, and a corresponding underwriting playbook. The durable, investable asset is no longer the discrete IP, but the quantifiable continuity of the fandom that surrounds it. This requires a radical shift in valuation, from pricing static products to securitizing dynamic, recurring loyalty. **In this new paradigm, fandom is the new collateral.**

We Track Five Major Shifts That Form The Basis Of This New Investment Thesis:

✲ **Consumers as Portfolios**

Re-casting the unit of analysis from a product's audience to the consumer's cross-category allocation of time and capital.

✲ **The Openverse Market Structure**

Valuing the network effects of fluid, interconnected ecosystems over proprietary, single-channel assets.

✲ **Loyalty as a Balance Sheet Asset**

Modeling fandom with the financial rigor of a SaaS business: quantifying cohort retention, LTV, and churn.

✲ **Fragmentation as Alpha**

Using market fragmentation as a primary data source for identifying and de-risking new investment opportunities.

✲ **New Capital Instruments**

The imperative for financial innovation to create structures that are positioned to properly capitalize on these nascent, complex ecosystem assets.

We're deeply proud of the team that brought this together, and grateful for the clients and leaders whose work inspires us daily.

Let's Build What's Next.

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✳ **CONSUMERS AS PORTFOLIOS**

Attention Is An Allocated Asset In A Cross-Category War

The fundamental unit of structural analysis has shifted from the discrete product to the consumer's aggregate portfolio of attention. Consumers now unwittingly act as portfolio managers, allocating finite time and wallet share across a hyper-competitive landscape of digital and physical experiences. Investors must be cognizant of this shift.

A consumer's portfolio holds positions across interactive entertainment (Roblox), SVOD (Netflix), and live events (sports), forcing assets to compete across categories in a zero-sum battle for engagement. **This new reality means that a share gain by a new gaming title, for instance, may directly correlate to a share loss in streaming viewership.**

This cross-category competition reprices the risk profile of media assets, moving them down the risk profile from defensible to vulnerable. **Underwriting a single-product asset now involves significant idiosyncratic risk, as its performance is negatively correlated with gains in other categories.** Asset durability now depends on its defensibility within a consumer's portfolio, not its standalone quality.

Product-level analysis has become table stakes; **the investment thesis must now extend to ecosystem dynamics and capital formation.** The renewed directive is to model an ecosystem's resilience, with the key metric being an asset's ability to defend its "portfolio allocation." **This reframes the analytical process, requiring investors to assess concentration, correlation, and diversification risk at the consumer level.**

✳ CASE STUDY

MODELING THE CONSUMER'S "TIME SPENT" PORTFOLIO

The theoretical framework of a "consumer portfolio" materializes into a concrete analytical tool for assessing asset viability. **The primary challenge is not market penetration within a vertical, but securing a defensible share of total consumer time spent in a hyper-fragmented, daily landscape.** A theatrical film release no longer competes merely against another film; it competes for allocation against a Twitch stream, a viral TikTok trend, and a new Fortnite season.

✳ **QUIRE CONSUMER "TIME SPENT" ALLOCATION MODEL (ILLUSTRATIVE DAILY SHARE)**

30% Social & Short-Form Video (TikTok, YouTube Shorts, Reels)

25% Interactive Entertainment (Roblox, Call of Duty, Twitch)

20% Long-Form & Episodic Video (Netflix, YouTube, Theatrical)

15% Audio (Spotify, Podcasts)

10% Live & Community Events (Sports, Concerts)

SOURCE: QUIRE ANALYSIS

This atomization of **time spent** demonstrates the high concentration of risk that is now inherent in the legacy "tentpole" model, which was architected for a less competitive market. Assets capable of competing in only a single category carry a high beta to that category's performance and face significant headwinds. In contrast, assets that operate across multiple portfolio segments **(such as a game with a strong creator community and high social velocity)** are inherently more durable and exhibit the diversification benefits of a multi-asset-class security.

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✲ **THE OPENVERSE MARKET STRUCTURE**

Value Accrues In Network Fluidity, Not Channel Confinement.

The legacy investment thesis for media was predicated on proprietary "walled gardens." These were vertically integrated systems that generated predictable, securitizable cash flows by controlling ownership and distribution.

This model is now structurally impaired. Consumer behavior has migrated to a decentralized, multi-platform ecosystem where value no longer accrues through channel control but is generated through network fluidity.

This new structure is the **"openverse": an interconnected network where engagement flows frictionlessly across platforms, devices, and formats.** For capital allocators, this shift erodes the terminal value of single-channel assets. **The core underwriting principle must evolve from valuing a discrete distribution channel to pricing the continuity of engagement across the entire ecosystem.**

An asset's defensibility and investability are now a function of its cross-platform performance. Ecosystems that span multiple touchpoints exhibit lower churn, reduced revenue volatility, and superior LTV compared to assets confined to a single arena. **This requires a new valuation framework where cross-platform continuity replaces single-channel loyalty as the core metric. The primary underwriting test is to measure an ecosystem's efficiency of converting engagement into layered commerce across its digital and physical nodes.**

✲ CASE STUDY

THE FORMULA 1 OPENVERSE REVENUE STACK

Formula 1 exemplifies the high-ROIC strategy of migrating a legacy IP from a closed system to an openverse model. Liberty Media's acquisition and subsequent strategy increased the asset's terminal value by intentionally distributing its IP across a network of best-in-class platforms. This expanded the Total Addressable Market (TAM) and de-risked the core asset by building a diversified portfolio of uncorrelated revenue streams.

✲ THE F1 MULTI-CHANNEL REVENUE STACK

Core Asset Node (Live Broadcasts)

Legacy, high-value media rights with partners like ESPN and Sky Sports.

Audience Expansion Node (Narrative Content)

Netflix's Drive to Survive functioned as a high-margin, low-CAC (Customer Acquisition Cost) channel, driving significant demographic expansion into younger, North American markets.

Engagement & Retention Node (Interactive)

The EA Sports' F1 gaming series deepens engagement, creating a recurring, high-retention revenue stream independent of the race calendar.

Direct-to-Fan Node (Social Media)

Driver and Team accounts build direct relationships that bypass traditional media, creating low-cost marketing channels and direct monetization opportunities.

Ancillary Revenue Node (Commerce)

Global merchandising and licensing converts engagement into high-margin, direct-to-consumer revenue

Success of these first movers proves the thesis: the most valuable modern media assets function as platforms, not just products. By building infrastructure for others to compound upon, they transformed a seasonal, event-driven business into a continuous, year-round cultural and commercial ecosystem with the predictable characteristics of an annuity.

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✲ **LOYALTY AS A BALANCE SHEET ASSET**

Modeling Fandom Cohorts With SaaS-Level Rigor

With content no longer a viable form of collateral, the new underwritable asset is consumer loyalty itself. The economic value of fandom, demonstrated through time, money, and engagement depth, can be modeled and valued with the financial rigor of a subscription software business.

The core of this model is the quantification of fandom behavior. High-frequency data streams, including **cohort-level retention, repeat purchase velocity, and engagement depth**, function as leading indicators of future cash flow. These metrics allow for the construction of predictive models analogous to those used for valuing annual recurring revenue (ARR).

From an underwriting perspective, this reframes the entire investment analysis. **Capital allocators can now model fandom ecosystems by analyzing churn rates, net revenue retention (NRR), and lifetime value (LTV).** This transforms loyalty from an intangible brand metric into a quantifiable financial instrument, providing a durable and predictable basis for valuation.

The ability to demonstrate continuity in these loyalty metrics provides the collateral base necessary for structured finance. High-risk creative outputs can be de-risked when backed by the predictable cash flows of a stable user base. **The most fundable ecosystems will be those that can present their loyalty data not as a marketing success, but as securitizable collateral, making the economic value of this off-balance-sheet asset visible to capital markets.**

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✳ CASE STUDY

THE MRBEAST LOYALTY-BACKED PLATFORM

The MrBeast ecosystem is the archetype of a modern media holding company, providing definitive proof of the "loyalty as a balance sheet" thesis. The core asset is not a single product, but the predictable loyalty of a massive audience. This loyalty asset functions as a proprietary platform that de-risks new venture launches by providing built-in distribution and reducing customer acquisition costs (CAC) to near-zero.

✳ THE MRBEAST MODEL: A LOYALTY-BACKED DIVERSIFIED PLATFORM

Core Asset: The Loyalty Balance Sheet	Operating Portfolio: Diversified Revenue Stack	Financial Synergies & Value Creation
Audience Data & Analytics (100M+ Subscribers)	Feastables (CPG)	De-risks New Product Introductions (NPIs) by providing a massive, engaged test market.
Predictable Engagement (High-velocity, recurring viewership)	MrBeast Burger (QSR / Ghost Kitchen)	Reduces Blended CAC across the portfolio to a fraction of industry benchmarks.
Community Trust & Brand Equity (High brand affinity)	Merchandise (High-Margin DTC)	Generates Non-Correlated Cash Flows, reducing reliance on volatile media ad revenue.
	YouTube AdSense (Core Media Revenue)	Drives High FCF Conversion by leveraging the core asset for low-cost marketing.

SOURCE: QUIRE ANALYSIS

This model demonstrates how a core loyalty asset is leveraged to support a portfolio of diversified, non-correlated revenue streams. **The result is a business with lower earnings volatility and higher FCF conversion than a traditional media asset.** For investors, this structure justifies a premium valuation multiple, as the entire ecosystem becomes a bankable, institutional-grade platform for launching new ventures with significantly reduced risk.

✲ **FRAGMENTATION AS ALPHA**

Identifying Investable Ecosystems In High-Frequency Data

Conventional analysis views market fragmentation as a primary risk factor, but we posit that it is the primary source of uncorrelated alpha.

Persistent clusters of high-affinity engagement **("micro-loyalties")** within fragmented consumer data serve as leading indicators of durable, underwritable ecosystems before they achieve mass-market scale. **The institutional strategy, therefore, shifts from speculative venture creation to data-driven signal detection.**

This approach is predicated on a critical thesis: capital markets do not create consumer connectivity; they recognize and price it once the pattern is visible. By analyzing high-frequency data from disparate sources (social sentiment, commerce trends, engagement metrics), investors can identify early evidence of nascent, high-LTV cohorts that signal a monetizable fandom.

The objective is to de-risk capital deployment. **This shifts the investment model from funding the high-burn, binary-outcome process of creating a community from scratch to the more disciplined approach of underwriting the expansion of a validated one.** This represents a strategic migration from a venture capital risk profile to a growth equity framework: identifying proven, albeit niche, unit economics and providing the capital to consolidate and scale the surrounding market.

✲ CASE STUDY

TETON RIDGE - A CONSOLIDATION BLUEPRINT

Teton Ridge is a case study in executing a consolidation strategy based on signals from a fragmented market. The platform identified a deeply loyal but structurally underserved consumer segment (the American West lifestyle) and is deploying a capital-intensive strategy to roll up key assets, creating a vertically integrated, institutional-grade media and commerce enterprise.

Stage 1: The Signal

Fragmented Market Signals & Uncorrelated Data Points

Large, Undermonetized TAM

Stage 2: The Strategy

Consolidation Strategy via Targeted M&A

Key assets included "The American Rodeo" and "Western Horseman."

Stage 3: The Ecosystem

Diversified Revenue Stack

High-Margin Commerce

Brand Licensing

Media & Content

Similarly, The Chernin Group's investment in **MeatEater** was predicated on identifying a powerful micro-loyalty in the outdoor lifestyle space and providing the capital and infrastructure to scale it into a major media and commerce ecosystem. **Both cases validate the thesis: the highest-alpha strategy is not to create demand, but to identify latent demand in fragmented markets and provide the capital to consolidate and scale it.**

If you have not already, we urge you to read Ben Odell's blog post on Teton Ridge and the Openverse (his coinage). Our goal was to skim the surface with this example; Ben goes deep and is brilliant in his analysis.

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✲ **NEW CAPITAL INSTRUMENTS FOR ECOSYSTEM ASSETS**

The Capital Structure Must Evolve To Match The Asset Class.

A structural mismatch exists between multi-node ecosystem assets and the legacy capital structures and securities designed to finance them.

Traditional single-output vehicles, from film slates to game development funds, are effectively obsolete, as their risk and return profiles cannot properly underwrite the diversified, non-linear cash flows of an integrated platform. This misalignment leads to inefficient capital allocation and the mispricing of risk.

The resulting agenda is one of financial engineering. **New structures and capital markets approaches must be developed to match this complexity, from creator funds that underwrite an entire enterprise to hybrid equity/debt vehicles with new forms of ecosystem-backed securities.** Without this evolution in capital structure, the opportunities of the ecosystem model will remain undercapitalized, leaving significant alpha undiscovered.

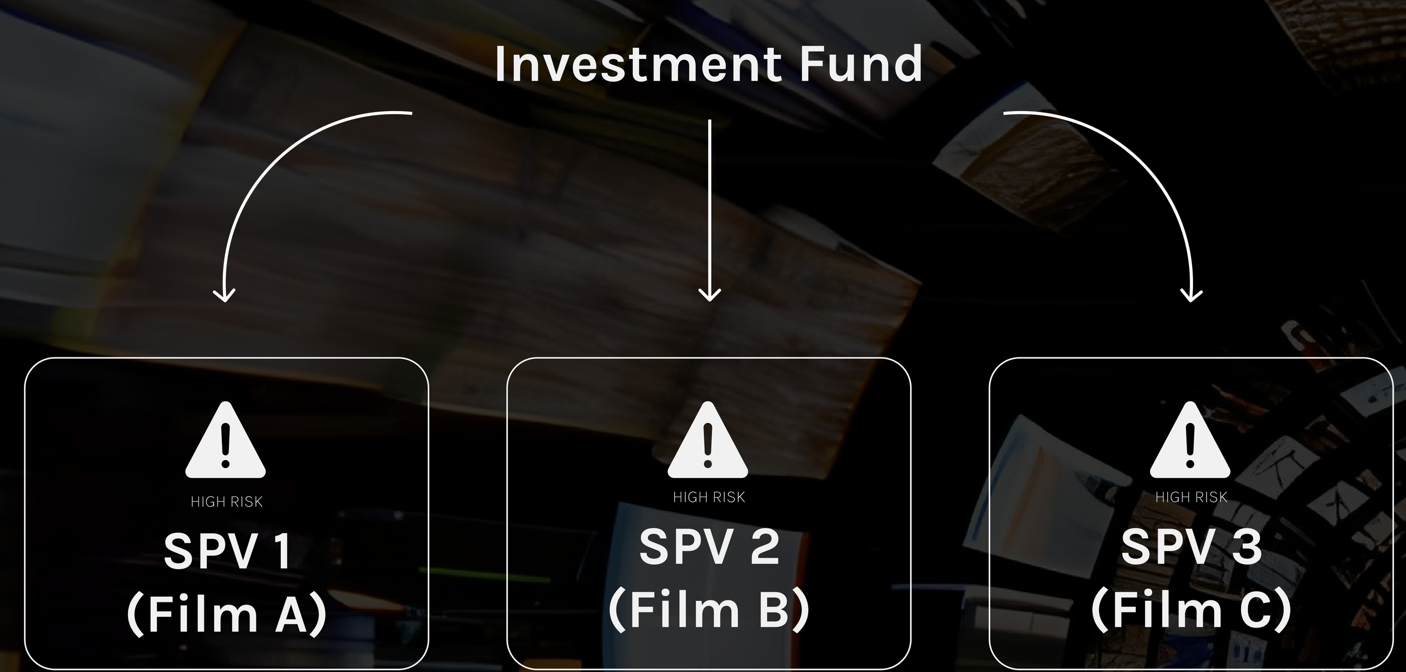
In the next two executive briefings, we will go much deeper into structural considerations and follow that with the capital markets implications.

✲ CASE STUDY

VISUALIZING THE SHIFT IN CAPITAL STRUCTURE

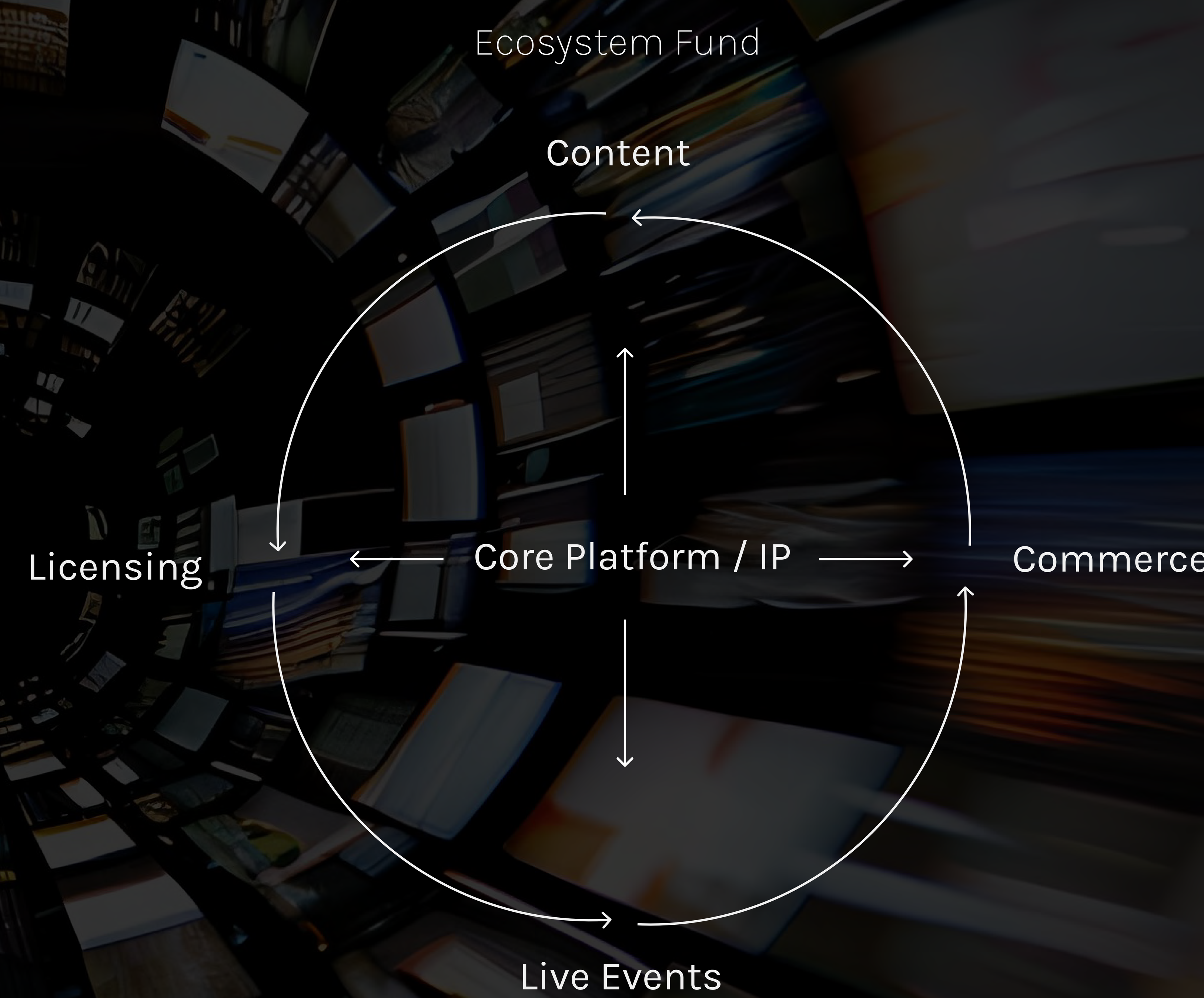
The evolution from a product-based to an ecosystem-based investment thesis requires a fundamental re-architecture of the capital structure itself.

Legacy Model: Single-Asset Project Finance	New Model: Diversified Platform Capitalization



✲ LEGACY MODEL: SINGLE-ASSET PROJECT FINANCE

- **Structure:** Siloed SPV financing. Capital is deployed into legally separate vehicles for each asset.
- **Risk Profile:** Highly concentrated, standalone risk.
- **Return Profile:** Binary and volatile, dependent on the performance of a single product within a narrow theatrical or release window. The failure of a single asset can impair the structure. Average return profile has fallen below basic public-market average returns.



✲ NEW MODEL: DIVERSIFIED PLATFORM CAPITALIZATION

- **Structure:** Integrated, networked capital flow into a central platform.
- **Risk Profile:** Diversified portfolio risk. The nodes of the ecosystem (content, commerce, events) cross-collateralize one another. Weakness in one node is offset by the stable, recurring cash flows of others, reducing blended volatility.
- **Return Profile:** Smoother, more predictable returns with annuity-like characteristics, generated from a diversified stack of non-correlated revenue streams.

✲ **THE FUTURE IS UNDERWRITTEN BY CONTINUITY**

MAPPING THE FUTURE WITH QUIRE

The paradigm shift in media investing is clear, and demands a new underwriting framework. This framework begins by re-casting the consumer as a portfolio manager and modeling their loyalty as a balance sheet asset. It leverages market fragmentation as a primary source of alpha and necessitates the financial engineering of new capital instruments to act on these opportunities.

The era of single-product underwriting is over. The future of value creation and capital deployment lies in underwriting the continuity of consumer ecosystems.

✲ **QUIRE IN PRACTICE**

We help companies, funds, and platforms decode what's next, enabling them to act on it. From personalization engines to fan economies, we've worked across the ecosystem of content, capital, and culture.

Here are a few examples from our case library:

FANDOM

For its shareholders Amazon, IVP, and Bessemer, Quire orchestrated a platform-wide strategic pivot and drove a $250M growth investment from TPG, repositioning a 350M+ fanbase around decentralized sub-fandoms, fragmented canon, and infrastructure-grade monetization.

RAPTIVE

For a leading creator economy platform owned by private equity group Zelnick Media, Quire assembled a team to define distinct opportunities for growth, defining a path for the company to go from a $1 billion valuation to $10 billion by focusing on ecosystem expansion.

GROUND NEWS

For global family office Hugo Enterprise, owner of the Chicago Cubs and other diversified assets, Quire engineered a $50M capital strategy rooted in trust-based engagement and AI-personalized news delivery, defining monetization pathways around micro-communities.

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