

Brazil-born entrepreneur Zabrockis targets SEA users at bottom of pyramid

BY JOAN NG |

The Fotoku selfie app on the Google Play store has been installed between 100,000 and 500,000 times. On it, users post photos of themselves in decorated frames from the Fotoku library. Some are captioned "I feel like a Rock Star", others carry the mantra "Keep calm and Fotoku". Lately though, users are also posting photos of themselves surrounded by Nestlé Drumstick ice-cream cones and cartons of Nescafé coffee.

This brand campaign is the brainchild of Victor Zabrockis and his company Creative HotHouse, developer of the Fotoku app and several other social media apps for the mobile phone. These include ChopChat, a messaging app; and Kungfood, where users share their food pics. In March, Creative HotHouse launched a new service called Jet8. This is a branding and rewards platform that works with all the company's apps. Users of these apps get rewarded each time branded content they post is liked, shared or commented on.

Zabrockis says active users typically earn the equivalent of US\$1 (\$1.35) a day in Jets, the name given to the virtual currency used on the rewards platform. That does not seem like a whole lot, but it is significant to many Fotoku users. The app's chief market is the Philippines, where the average household income is US\$14 a day. Fotoku's users are not sporting the latest iPhone or Samsung Galaxy. They are much more likely to be using a MyPhone, one of the Philippines' most popular mobile phone brands, which runs on the Android operating system and can cost as little as US\$45.53.

Today, users can earn Jets on only one of the six apps developed by Creative HotHouse. They redeem these Jets on an in-app store, where a Nescafé Dolce Gusto coffee machine costs 996,820 Jets and a Canon printer 599,830 Jets. But Zabrockis has big plans for Jet8, which he describes as a mobile engagement platform. In the future, he says, brands will not need to pay boxer Manny Pacquiao millions to endorse biscuits or shoes. Instead, they can spend their money on social media campaigns led by millions of Filipinos sharing pictures and videos online. Those same users will be able to redeem their Jets at supermarkets and convenience stores. And any app developer will be able to tap the Jet8 platform to monetise its apps.

Jet8 launched with three brands in the Philippines and has since signed more deals with **Globe Telecom**, Mister Donut and Avon. And Zabrockis is working to enrol more brands both in the Philippines and across Southeast Asia, where millions of people are engaging with social media for the first time. "People in Southeast Asia, users at the bottom of the [income] pyramid, first-time mobile users, they are very open to branding their content if they're getting something in exchange," he explains. "That we have proven with three years of app building, community building and testing."

Global journey

Zabrockis has had an eventful journey into the start-up world. The Greek citizen spent the first 14 years of his life in Brazil. "My mum is Greek, but I've never lived in Greece," he says. Then, his parents emancipated him so he could move to the US and be adopted by a foster family. There, Zabrockis attended The Newman School, a private high school in Boston, and got his degree in economics and international relations at Boston University.

Upon graduation, he moved quickly across several countries and companies. "I moved from the States to the Caribbean for a year, and then from the Caribbean to Belgium for a year. And then after that I went to work in Brazil for a company called Cargill," he says. Cargill is one of the world's four largest commodity traders. At Cargill, Zabrockis traded soybean pellets. He later parlayed that knowledge

into building his own soybean project, specialising in the trading of GMO-free soybeans.

After exiting that business, Zabrockis decided he would use the money he made to do something he really loved. "I have always been a gadget freak. In school, I always had the newest computer, the latest gadgets. At Boston University, when the web rooms were first installed, I was navigating the web. I was a bit of a geek at that time," he says. "I founded an agency in Brazil that was very successful doing hot sites and experiential web stuff — a lot of flash and that kind of stuff."

In 2003, after the dotcom bubble had burst, Zabrockis sold his web business and moved to Barcelona. There, he set up a branding agency with Pablo Slough, currently head of sales activation at Google. Slough eventually left to take up a position at Universal McCann. During the financial crisis, Zabrockis shuttered his agency to take a sabbatical. He did not give up on starting companies, though. In 2011, Zabrockis started an incubation project to fund and mentor start-ups.

The idea to move to Southeast Asia came after a meeting with two friends: Joshua Thomson and Michael Allen. Thomson had been in charge of international brand building and revenue generation for FC Barcelona and had spent enough time in Asia to be convinced of its business attractions. Meanwhile, Allen had been working for the South African internet and media company Naspers in China. "The three of us decided to venture into Southeast Asia. We raised a small seed round between ourselves and a few friends, and we incorporated in Singapore in May 2013," Zabrockis says. Allen is chief marketing officer for Creative HotHouse and Thomson is chief networking officer. Zabrockis occupies the role of CEO.

In the beginning, Creative HotHouse funded the development of apps targeted specifically at first-time mobile users. These apps were built to work well on low-end phones and low-speed mobile networks. "Working with MyPhone we developed the device specs that would be best for first-time smartphone users to use apps without their crashing," he explains. "For a year now, we've been pre-installing about 150,000 phones a month. Through that activation experience, feedback from users, how apps react on devices, on 3G, low-quality band-



Users of Fotoku get rewarded each time branded content they post is liked, shared or commented on



width, in different places in the Philippines, we've been adapting as much as we could to that bottom-of-the-pyramid-type clientele."

But as Creative HotHouse's user base grew, the founders realised there was a need to monetise that base. Thus, Jet8 was born. "We studied every possibility in the market, every ad network, every solution there was out there to monetise the community in Southeast Asia. And it was about a year and a half ago that we decided to build our own solution to monetise apps," Zabrockis says. He now considers Jet8 the company's main product and is putting all his efforts into growing it.

A mobile-first region

Zabrockis believes Jet8 will be particularly appealing to brands and users in Southeast Asia, where mobile engagement is startlingly high. A video on the Jet8 website proudly touts a string of statistics to prove this. Filipinos spend more than four hours a day on their favourite social networks. The cities of Makati and Pasig produce more selfies per capita than any other city in the world; Cebu and Baguio also rank among the top 20 selfie creators globally. In Myanmar, 75% of mobile users are open to receiving ads and 53% are willing to click through. In Thailand, 30% of all videos online are created by users on smartphones. In Vietnam, social networks are growing at a rate of 40% a year. And 2.4% of all Twitter posts worldwide come from Jakarta.

Jet8 will allow brands operating in the region to reach these social media users more effectively than ever, Zabrockis argues. "There's an endorsement market out there. For many countries in Southeast Asia, making endorsements to personalities is not a profitable business. You end up paying for face value. They end up posting stuff that nobody engages with. After they use this, everything gets tagged forever," he says.

So far, this Southeast Asian growth story has allowed Creative HotHouse to raise US\$7.5 million in three rounds of seed funding. The latest round, which raised US\$2.5 million, values the company at US\$40 million, according to Zabrockis. Some of Creative HotHouse's angel investors are Bruce Aitken, head of strategy and finance at **Intel** in China; and Chris Foster, senior vice-president for global clients at **Publicis Groupe**.

Zabrockis aims to close his next round of funding in the fourth quarter of this year and hopes to do so at a price that will value the company at US\$60 million. "Our solution for brands is highly scalable, so we are welcoming strategic investors who understand branding and mobile engagement," he says. "We have reached the point where we can scale exponentially."

Zabrockis believes the Jet8 service will appeal to brands and users in Southeast Asia, where mobile engagement is startlingly high