

STUDIO SOUTH.

Offshore Agency Concept



Problem



Shrinking Margins

Procurement and in-sourcing has lead to a 'commoditization' of creation & reduced profits. Wage inflation.



Fight For Talent

Growing internal creative brand teams & Covid gig economy (freelance remote working) means less available talent. Brand taking talent



Shorter Lead Times

Instantaneous nature of digital has lead to tougher client expectations with regards to turnaround of creative work.

Solution

A digital platform for US and UK agencies to source the best global creative & agency talent at significantly reduced rates



More Affordable & Accessible Talent

Access to top creative talent at reduced creative rates



Less Fixed Overheads

Reduced rent and full time salary costs



Increased billable hours

Working cross multiple timezones

Opportunity



\$200M

Estimated in freelance creative
spend across the Stagwell
network



50-60%

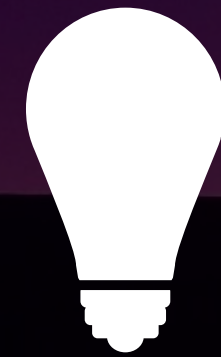
Predicted additional margin
saving in creative studio hours
from offshoring

South Africa- A Territory of Talent



Awarded

Joint 12th ranking by country at Cannes Lions



Pool of Talent

SA the major African hub for large ad networks so depth of talent available



In Demand

Brands and networks building* global offshoring hubs for creative and development including Vice Media

*Other Groups Currently Operating & Offshoring In The Territory

OmnicomGroup



Bridging The Gap- SA vs US

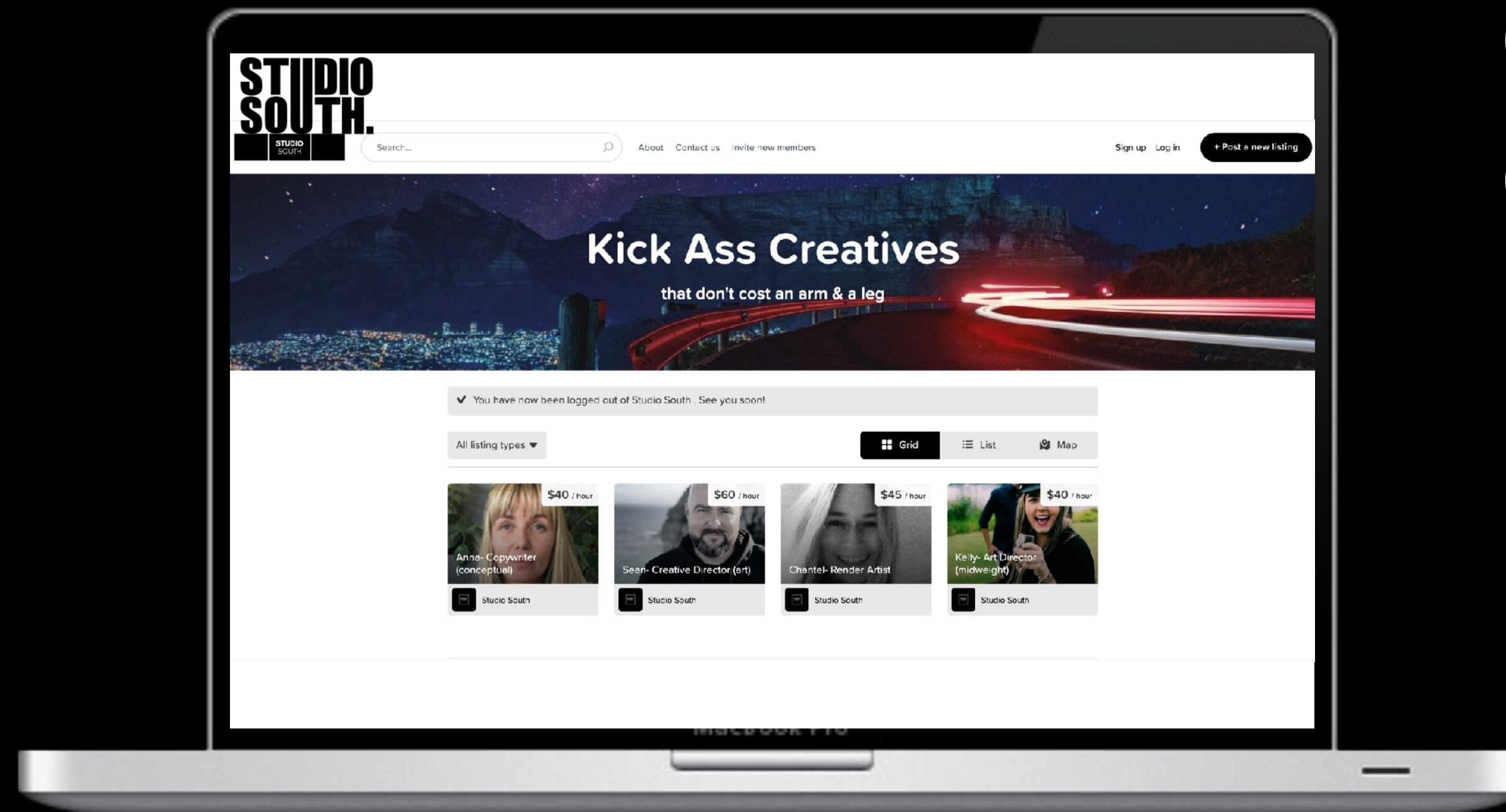
Resource	South Africa Salries (incl tax + benefits)	US National Average Salary Per Annum (incl Tax & Benefits)	NY Averages (tax + benefits)	SA Freelance Salary Per Hour	US Freelance Salary Per Hour
<i>Creative, Strategy & Social</i>					
Executive Creative Director	\$135,559	\$250,000	\$350,000	\$78	\$150
Creative Director	\$77,462	\$187,500	\$262,500	\$48	\$115
Senior Strategist	\$73,843	\$168,750	\$189,000	\$64	\$130
Strategist	\$49,229	\$112,500	\$126,000	\$39	\$95
Senior Art Direction	\$54,151	\$137,500	\$154,000	\$39	\$100
Mid-weight Art Direction	\$34,460	\$107,500	\$120,400	\$33	\$70
Senior Copywriter	\$44,306	\$137,500	\$154,000	\$44	\$90
Senior Design	\$39,383	\$106,250	\$119,000	\$39	\$60
Digital Design	\$39,383	\$106,250	\$119,000	\$30	\$47
Mid-weight Copy Writer	\$37,414	\$97,500	\$109,200	\$33	\$70
Mid-weight Design	\$34,460	\$75,000	\$84,000	\$31	\$45
Junior Art Direction	\$26,583	\$86,250	\$96,600	\$24	\$52
Junior Copy Writer	\$24,614	\$75,000	\$84,000	\$24	\$50
Junior Strategy	\$19,691	\$81,250	\$91,000	\$26	\$55
Junior Design	\$14,769	\$56,250	\$63,000	\$19	\$30
<i>Average SA % Differential</i>		61%%	69%		52%

*Above merely a sample of select creative rates. Additional talent in social, development, finance with similar arbitrage opportunity

Tech Driven

A purpose-built and owned agency platform that allows for ease of booking, briefing and payment.

Also longer term integration with existing systems e.g. Slack, Smart Sheets etc



*premium subscription model to include access to faster speed in turnaround, additional creative services, more senior award winning creatives, 60 day (vs 30 day) payment terms

Booking Process

- 1 Receive product demo and sign up for project or subscription* package.
- 2 Visit Platform
- 3 Search for talent type
- 4 Review options, work, rates & availability
- 5 Make tentative booking on creative
- 6 Agency studio/Ops manager automated sign off request
- 7 Brief talent
- 8 Recon of hours & rating of individuals used

**STUDIO
SOUTH.**

Business Model

Studio South (SS) takes 25-30% management fee for all resource bookings from participating agencies (with agencies making a similar amount in additional margin from using Studio South resources)

**STAGWELL
AGENCIES**

**Agency
Margin**
Additional
profits

\$2.5-3M

STUDIO SOUTH

SS Revenue
With lean
operating
costs

\$2.5-3M

**Projected
Agency
Saving**
On creative
costs

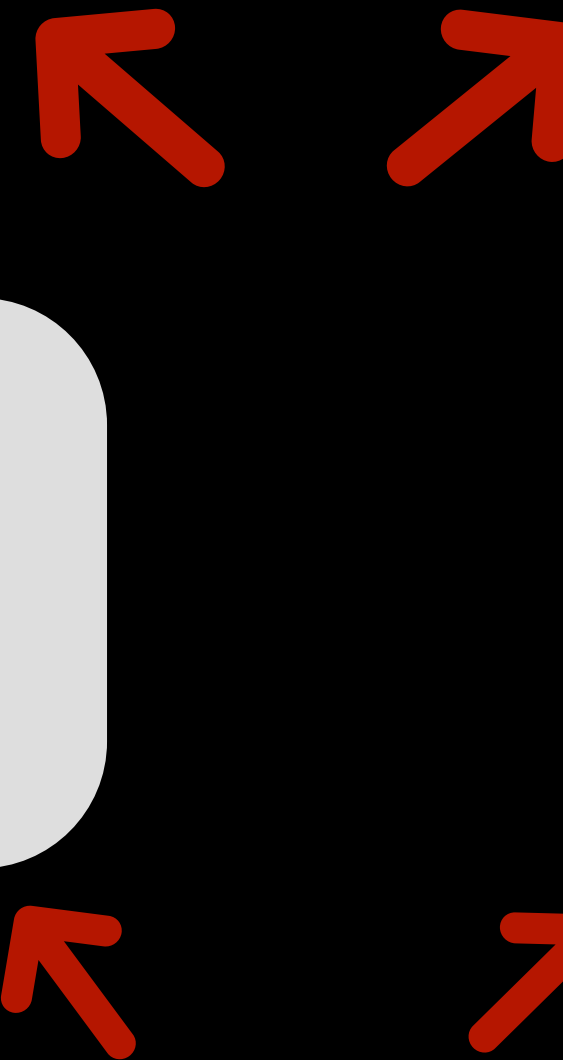
25-30%

Mgmt Fee
Mark up on
creative time

25-30%

\$10M

Projected SS Billings
By Y03 of operation



Growth Opportunity

Projected agency growth within
5 years through significant
network-wide adoption of the
model

STAGWELL AGENCIES

**Agency
Margin**
Additional
profits

\$12.5–15M

**Projected
Agency
Saving**
On creative
costs

25-30%

STUDIO SOUTH

SS Revenue
With lean
operating
costs

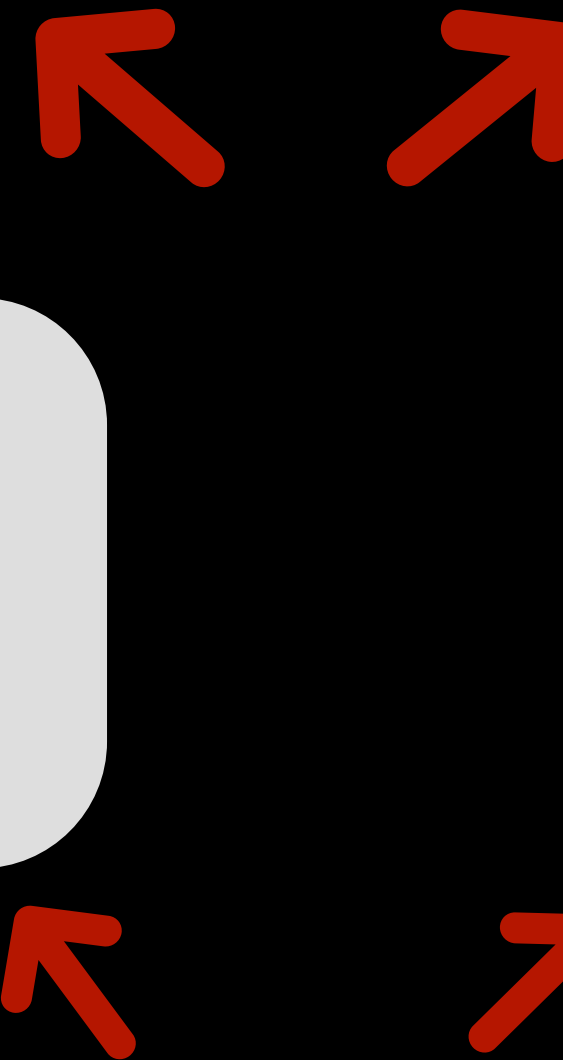
\$12.5–15M

Mgmt Fee
Mark up on
creative time

25-30%

Projected SS Billings
By Y05 of operation

\$50M



Competition

Breadth of Creative Services

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fiverr.

upwork

No Agency
Experience

Recognized
Agency
Experience

Superside

athyna.

Design Only

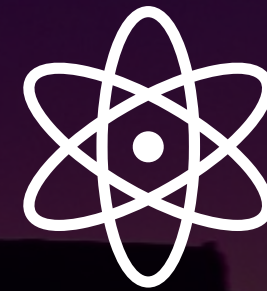
Phased Rollout



I. Product Refinement

Working with Team on the MVP to trial the platform and model with SA freelance resource plugging in (mainly with design & conceptual individuals).

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Sep 21



2. Network Rollout

Mike (and ops team) to come on full time to ramp up recruitment of talent and trial and sales of the platform across the wider network (and recruit of additional SA talent).

Additional services to be added including content and community management.

Feb 22



3. Service Expansion

Building *full-time* S.S managed offshore teams for Stagwell agencies. Expansion into multicultural (with LATAM talent recruitment) & digital marketing (including development) . Option also for finance offshoring.

Potential to work directly with brand clients on conflict business and/or building offshore teams for brands (Wunderman Inside model) .

Jan 23

Our Partners



team.

STAGWELL

The Jockey

Mike Silver

Mike has worked in experiential and brand marketing for 15 years in the UK and South Africa. In 2018, Mike sold his experiential agency of 65 staff to a subsidiary of Advantage Solutions in Africa. Mike is currently the VP of Customer Success for Advantage

The Racehorse

Team

With leadership in the same geography as Mike, there is an opportunity to grow and refine the model before expansion. Team also has an opportunity to service conflict business through the agency in time if required.

The Stable

Stagwell

Expansion across the network, initially within the US and later into Europe-catering in time to different agency needs. The partnership should bring noticeable increase in margin to the network's participating agencies.

Testimonial



Kristen Herlihy

Team VP Operations

Working with the Studio South team has taken a huge weight off my shoulders. When I was struggling to find creative talent, the platform quickly provided me with an abundance of qualified candidates. Work was awesome and delivered on time. Best part- we saved a bucketload of cash on our budget!

Thank You

