

## Adam Weiler of Sunken Stone

**Hall T Martin:** [00:00:04] This is the Investor Connect Podcast Program, I'm Hall T Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, and many other investors for early-stage and growth companies. I hope you enjoy this episode.

**Hall T Martin:** [00:00:23] Well hello, this is Hall Martin with Investor Connect. Today I'm here with Adam Weiler, founder of Sunken Stone. Sunken Stone is a top-tier turnkey, performance-based Amazon brand-management agency. As an Amazon agency, they take the reins of your Amazon account, identify areas to optimize based on their proven four-pillar process, and deliver more sales, higher AOB, higher ROI, and higher all those other three-letter acronyms that mean more money in your accounts. Adam, thank you for joining us.

**Adam Weiler:** [00:00:49] Thanks for having me, Hall.

**Hall T Martin:** [00:00:51] So, what was your background before joining Sunken Stone? What did you do before this?

**Adam Weiler:** [00:00:56] The story behind how I'm here or why we're here is a pretty good one. So, I was working at a home theater store doing sales there, it was plasma TVs when they were \$10,000 a pop, that kind of thing, and this was 2006/7/8 time frame. The company went Chapter 11 because of the housing bust because people weren't taking out their home equity lines and putting them in stereos, and I was going to go back and get my MBA, and in the downtime between that I took a credit card cash advance, bought a thousand HDMI cables - like the things you hook up your DVD player to your TV with - and put them up for sale online. Put them on Amazon, eBay, Overstock, and Amazon had just launched their FBA or Fulfillment By Amazon program, and I'm out on the golf course with my dad, and I had an old-school Windows smartphone, and, pull up the Amazon interface at the time, and it's like, "Oh, I sold 22 cables today. Like, there's something here". And, those 1,000 cables turned into 2,000 and 4,000 and started bringing in container fulls from overseas, and then started expanding into other products. So I needed to find envelopes to put the cables in, so started sourcing envelopes, and I was into the biking or into cycling, so I started

sourcing cycling accessories. And for a number of years, I was doing this with no employees in a spare bedroom and was doing really well.

**Hall T Martin:** [00:02:38] Well, that's great. So, what led you to work in that space?

**Adam Weiler:** [00:02:41] So, after I had been selling the products on Amazon and doing our own stuff, I tried to source a pet product from a company on the east coast, and instead of selling us product, they said, well, "Why don't you just manage our Amazon presence", and took them from a six-figure run rate to an eight-figure run rate in six months. They gave us a nice check, sent us on our way, and I realized, like, that's the future, and that was about four, four and a half years ago, and we've come full circle now. It's 99% management for other brands. We're managing about 80+ brands on Amazon currently with a team of about 20 in the U.S. and about 40 overseas.

**Hall T Martin:** [00:03:26] Well, great. So, what's your advice for people investing in this space? What do you tell them to do before they write that check?

**Adam Weiler:** [00:03:31] Good question. I talk about three main things to check off, right? It's the same rubric I have when I'm angel investing. You're betting on the team, you're betting on technology, and you're betting on the trend in the market space. The team is myself, and the team, I think we have 100 combined human years across, for Amazon experience across our team. The technology, like what do we have that's different from other people in the space? We've got some really cool stuff that is powering our team internally. And the trend, I mean, it's e-commerce, right, and it's the Amazon? How many Amazon packages do you have on your front step right now? How many do you have in your house? I think this trend, just like in 2008 when I've seen it, the trend doesn't reverse, it only gets stronger and we've seen the movement from traditional brick-and-mortar commerce into e-commerce and that's not going anywhere.

**Hall T Martin:** [00:04:24] Right. But to carry that thread forward, how do you see the industry evolving from here?

**Adam Weiler:** [00:04:29] Yeah, great question. If you've been following kind of the acquisitions in the space, seems like a lot of private equity money, a lot of some VC money is flowing into the space, they're doing these brand roll-ups, so they're combining

a lot of brands. No one's really doing it in the software and services side, we've got a nice roadmap and we want to continue that trend. I know a ton of people in the space and a ton of businesses that would make perfect acquisition targets for us.

**Hall T Martin:** [00:04:57] Well, great. So, what's the growth rate of the sector today?

**Adam Weiler:** [00:05:00] Good question. Overall, if you look at Amazon's numbers, it's hard to get a, if we're just pegging it on e-commerce and pegging it on Amazon, we're doubling every year, every two years. But with us, we have a compounded annual growth rate of about 40% for the last 3-5 years, so we're growing super rapidly and look to continue that.

**Hall T Martin:** [00:05:21] So how many companies are engaged in this space?

**Adam Weiler:** [00:05:24] Yeah, I would say that if you're looking at the Amazon service and software side as an ecosystem, there's probably 20 in that top tier, which I would put us in, another few hundred of kind of freelancers and smaller shops, and then a few other hundred underneath that of overseas staff, or Upwork work, or things like that.

**Hall T Martin:** [00:05:52] OK. So, what are the challenges in this space, especially for those who are running startups? What do they face?

**Adam Weiler:** [00:05:59] Good question. So, if you've got a brand and you're trying to grow it, you could focus your attention everywhere. You need to be everywhere and omnichannel is the future here. So, you need to have a strong e-commerce presence, you need to have a strong Instagram presence, you need to have a strong Amazon presence, social influencers, and paid social and organic social, YouTube. All of these things need to be firing and you need great content and great product-market fit, the problem is you only have 24 hours in a day or so many employees. So, we come in on a company to work with a company that's got some great product-market fit and a nice traction somewhere. They've got social going, they've got YouTube going. We come in and fill that Amazon gap and it's rocket boosters off to the next level.

**Hall T Martin:** [00:06:47] So, in the overall scheme of things, how does Sunken Stone fit into the landscape?

**Adam Weiler:** [00:06:51] Yeah, I think we, so there's where we are currently providing value and in that value chain, and then there's our growth plan where we're going to be in the next 3-5 years, right? And that's continuing to develop additional technology. So, we've got amazing internal tech that's powering our dashboard, our \_\_\_\_\_ portal, and inventory-management portal. The product roadmap is strong and continues to add value. Additionally, acquisitions of smaller agencies and software in the space to kind of enlarge our space and give us a competitive advantage, and then adding logistics and warehousing. That's where I see us, that's how we take that, we 10X this and 100X this company.

**Hall T Martin:** [00:07:36] Oh, wow! And so, what else should we cover that we haven't?

**Adam Weiler:** [00:07:40] I think the trend in the space as far as private equity flowing into it, I've seen more consolidation and action in the space in the last six months because of COVID, than in the previous three years. We had our standard one, three, five-year goals that because of COVID - and we've seen the traction we've been able to get, now, that's the reason we're doing this phase, that's the reason we're out here. As a friend quoted Warren Buffett, "If it's raining gold bars, go get your bucket."

**Hall T Martin:** [00:08:14] And so, do you think that trend will continue for the next year, or do you think it's going to taper off?

**Adam Weiler:** [00:08:19] I don't see, once you experience the convenience of e-commerce, I don't know how brick and mortar comes back to where it was pre-COVID. I still like going to Home Depot and knocking around and killing an hour and looking at things, but if I know what I want, I'm not going to the store. And I don't think that trend reverses, I think e-commerce only stays stronger.

**Hall T Martin:** [00:08:44] And so, what do you think the future of Amazon and e-commerce is going to bring? Where does it go from here?

**Adam Weiler:** [00:08:49] Yeah, it's a little scary but good. It's going to get more powerful. We've already seen the trend of pay-to-play. It used to be you'd just change a couple images and change the title and your sales on Amazon skyrocket, now you have

to invest serious capital. So, it's the marketing levers and the amount of marketing that you put in. Used to be you put in \$1 and you get \$6 back, now, you put in \$1 and you get \$3 or \$4 back. So, that trend is going to continue to go down, Amazon's going to continue to try to take profits where they can, that's their business model, you have to know it and you have to use Amazon as a flywheel for your other channels. So, when you go on Amazon, you start doing well, your other channels, your retail and your e-commerce channels are going to do better as well. So, even if you're breaking even on Amazon, you're going to make up for it in your other channels.

**Hall T Martin:** [00:09:41] Great. Well, everyone said when the Web first started in the '90s they did all the easy stuff and now they're getting to do all the hard stuff. You know, back then buying shoes was hard, today, buying shoes is easier, technologies have improved, web technologies have improved and so forth. Do you think that trend will continue, that they'll just continue to put more and more difficult things online, or do you think it's going to go into a different direction like AR, VR, or some other technology platform?

**Adam Weiler:** [00:10:08] Yeah, perfect example. We were buying a cooler yesterday, it was a Getty cooler - namedrop - they're not a client, but would be happy to have them. They have a great option because, so, one of the problems when you're buying that type of a product is, how big is this thing? You don't really know because unless you put a banana for scale or something like that. But Amazon has a "view in your room" feature, you do an augmented reality picture on your floor and you can see how big that cooler is there. So, these things are going to get solved. Clothing fit, for example, like those are the things that used to be you have to go to a store and touch it and feel it, I think we're breaking down those barriers.

**Hall T Martin:** [00:10:50] Well, great. We're looking forward to seeing what the future brings. I want to thank you for joining us today. How best for listeners to get back in touch with you?

**Adam Weiler:** [00:10:57] Yeah. Feel free to contact me on LinkedIn or go to [sunkenstone.com](http://sunkenstone.com). Obviously, go to the Wefunder page, you can check out our deck, and our video, and raise there. We're already getting some great traction so, happy to have you along for the ride.

**Hall T Martin:** [00:11:11] Great. Want to thank you for joining us today and hope to have you back for a follow-up soon.

**Adam Weiler:** [00:11:14] Thanks, Hall.

**Hall T Martin:** [00:11:15] Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at [Investorconnect.org](http://Investorconnect.org).

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