

# Celebrities pile into tech startups

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Robert DeNiro co-owns restaurants and Jennifer Lopez sells perfume and clothes, but the most coveted job for multi-hyphenate celebrities these days is something a bit less glitzy and a lot more geeky - tech entrepreneur.

Thanks in large part to the success of [Ashton Kutcher](#), a prolific angel investor who has funded dozens of startups and plugs them to his nearly 10 million Twitter followers, stars are looking beyond Hollywood for business opportunities.

Now A-listers are leveraging their considerable celebrity clout and finances to form their own startups, launch mobile applications, fund companies or serve as creative directors to major tech brands.

The Internet "is becoming increasingly mainstream and a bigger part of our daily lives, and as capitalists I think a lot of celebrities are looking for ways to make money there," said Sean Rad, founder of Ad.ly, a marketing platform that helps "influencers" including Mariah Carey, Snoop Dogg and [Charlie Sheen](#) get paid for endorsing brands and products on Twitter and other sites.

Kutcher's startup investments include Foursquare, Airbnb, Chegg, Fashism and Fab.com; the "Two and a Half Men" actor also co-founded a tech investment fund and a digital media studio.

Justin Timberlake last year joined a group of investors to buy Myspace from News Corp. for \$35 million and has been working to revive the

once-dominant social networking site.

Jessica Alba recently started Honest Co., an online-only membership website for baby products, and "One Tree Hill" actress Sophia Bush announced this month that she'd invested in StyleSeat, a website that enables clients to search and book beauty services online. Santa Monica, Calif., [startup](#) BeachMint relies on celebrities such as Jessica Simpson and Mary-Kate and Ashley Olsen to design products for the fast-growing e-commerce site.

In the music business, LL Cool J unveiled a virtual recording studio platform in January that enables users to record tracks over the Internet, and Dr. Dre, 50 Cent and Ludacris have their own lines of high-end headphones. 50 Cent also runs his audio products company SMS Audio, which plans to expand its offerings to home audio systems, professional audio equipment and speakers.

"To be in tune with technology is really important from an entertainment perspective because it's going to be how people consume it," the rapper said. "It's an extension of my passion. I love music; why would I not want to make the best possible way to hear it?"

Although the entertainment and tech industries are becoming more closely linked, it wasn't always an easy pairing. Buttoned-up investors were wary of the glamour of Hollywood stars, while techies didn't want to appear to be selling out.

"For the first four or five meetings, I couldn't take Ashton seriously," said David Lee, a Silicon Valley investor at SV Angel who has worked with Kutcher on more than 25 tech deals. "He has overcome that skepticism by leaps and bounds."

So much so that Kutcher has become one of the most sought-after tech

gurus and investors around, with hundreds of fledgling entrepreneurs vying to score time with him. A-Grade, his investment fund with L.A. billionaire Ron Burkle and Madonna's manager Guy Oseary, regularly invests \$50,000 to millions of dollars in startups.

Tech companies say Kutcher's fanboy interest in the latest tech gadgets and websites boosts his credibility, as does his commitment to helping the firms he invests in.

Dan Rosensweig, chief executive of textbook rental service Chegg, said Kutcher occasionally visits the startup's Santa Clara, Calif., headquarters, recently meeting with the product team for four hours. One Friday afternoon, Kutcher sent an email saying he had spent a couple of hours on the site and had put together a lengthy "series of notes" on his ideas for improvements.

"Just associating with a celebrity for celebrity's sake is not going to help the value of a company. It has to be authentic," Rosensweig said. "I would put Ashton in a very unique camp because he's actually made this a business. He's got a fund, he invests in startups, he has a very specific view on companies, and his value proposition isn't Ashton Kutcher the Celebrity."

For other firms, celebrity sells.

"It works fantastically for us in terms of getting our name out there, instant recognition and credibility with the consumers, and tons of television and press interviews," said serial entrepreneur Brian Lee, who co-founded e-commerce site ShoeDazzle with Kim Kardashian in 2009. The Santa Monica, Calif., company has raised \$60 million from investors, including a \$40-million round in May led by venture capital firm Andreessen Horowitz.

"If you work with a celebrity with 25 million fans, you're going to get traction," Lee said. "To pay for that kind of media exposure - I don't think most startups can afford that."

There's also a Hollywood ripple effect; celebrities tend to be friends with other stars, or at least move in the same circles.

For TV star Greg Grunberg, known for his roles in "Heroes" and "Alias," that meant being able to enlist his entertainment buddies to help promote Yowza, a mobile coupon app he co-founded. He also got the app, which last month announced a deal with LAX to offer targeted discounts to travelers at the airport, featured as part of prize packages on game shows "The Price Is Right" and "Wheel of Fortune."

"It's an unfair advantage that we are taking advantage of in a huge way," Grunberg said. "It's just so much easier when I'm on a talk show and I have George Lopez saying, 'Get Yowza; I love it.' "

That advantage has at times drawn criticism from people who see the plugs as shameless promotion.

CBS was irked after Kutcher used his laptop in an episode of "Two and a Half Men" that was covered with stickers from several startups he invests in, including Flipboard and Hipmunk. He also served as guest editor for Details magazine's online-only Social Issue last year, and was later criticized for not specifically disclosing that he was an investor in many of the startups featured in the special edition.

Some tech fans have called out major brands for bestowing the vague title of "creative advisor" on big-name celebrities, such as Intel hiring Black Eyed Peas singer will.i.am as director of creative innovation, or Lady Gaga being named creative director at Polaroid.

Nonetheless, industry watchers say celebrity influence on the tech scene isn't just a fad. The trend has become so prevalent that next month's Dealmaker LA event, a local series on tech topics, is called "Celebrity-driven business: How to not end up on the D list."

"Celebrities are no longer newcomers to the technology space," the event description says. "How do you build a business around a celebrity-based industry, or appeal to star power to help sell your goods?"

When Alba wanted to create a line of eco-friendly baby products, the actress didn't call up Babies R Us or Pampers - she reached out to ShoeDazzle's Lee. To launch e-commerce company Honest, based in Santa Monica, Alba invested her own money and spent two years designing diapers, shampoo, laundry detergent, body lotion and other nontoxic products.

"Anything's possible through [tech](#) and through the Internet, whereas when it comes to traditional retail and distribution ... I think all of those avenues have been exhausted," she said. "I feel that it's really difficult to penetrate versus when it's in new media."

The business venture is also giving Alba some street cred.

"I'm definitely a geek. The fact that 'tech' is in front of it I think legitimizes my geekiness in a whole new way," she said. "It's not just like dance-parties-in-my-living-room-geek anymore."

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