

DISTILL
VENTURES



A Closer Look at Our First Company Exit

BELSAZAR &
DISTILL VENTURES

BELSAZAR

BIRTH OF THE BERLIN APERITIF

MEETING OF THE MINDS

In 2013, Sebastian Brack had a drink that in an instant changed his life. While visiting a small trade show in Belgium, a colleague handed him a vermouth and tonic — a drink that was a welcome change during a long day of drinking at the bar show.

The moment sparked an idea: to create a completely different type of vermouth, an often overlooked and underwhelming drink category, in a range of offerings — not just the two basic staples (dry white and sweet red). This diverse range of products would allow the drink to be showcased for what it really is: an aperitif.

When Sebastian first thought of creating a contemporary take on vermouth, he knew he needed industry colleague Max Wagner by his side. Sebastian, a career entrepreneur who was also the founder of Thomas Henry tonic water, had met Max, who had been working for The Duke, a small gin company in Munich. According to Sebastian, Max had excellent sales and organizational skills, an encyclopedic knowledge of drinks, plus some of the intangibles you need in a business partner: a self-starter attitude and a sense of loyalty. Sebastian picked up the phone, and made his official business pitch. Max signed on immediately. As Max recalls, there was a serious lack of innovation in traditional vermouth brands so it seemed pretty mad to approach the category but Sebastian had a vision and Max wanted to be a part of it.

“ONE OF THE BIGGEST THINGS YOU LOOK FOR IN A BUSINESS PARTNER IS SOMEONE WHO UNDERSTANDS THE TRUE SENSE OF PARTNERSHIP. WE WERE ON THE SAME WAVE, AT THE RIGHT PLACE, IN THE RIGHT MOMENT.”

– Sebastian



EARLY BRAND CHALLENGES

CREATING A NEW RANGE OF PRODUCTS IN A TRADITIONAL CATEGORY

“From the start, we knew our liquid had to work in classic cocktails, but we also knew the real opportunity was within the aperitif sector. We weren’t looking for an “either/or,” but a drink that offered the magic of both.” – Sebastian

They knew too that they needed to elevate the category, which in Germany had traditionally been perceived as a low-brow and low-quality. From the get-go, Max & Sebastian decided they wouldn’t call their product a vermouth. It was Belsazar, an aperitif.

Max & Sebastian would eventually offer a range of products that went beyond the typical red & white vermouth offerings on the market, including one that would become something of a shining star within the portfolio: Rosé.

CAPTURING THE ESSENCE OF BERLIN (IN A BOTTLE).

For Belsazar, Max & Sebastian sought to create a stand-out product that was uniquely German, a major departure from the typical French & Italian styles dominating the global market. They wanted to capture the spirit of German innovation and the dynamic culture of Berlin while incorporating the best possible wines and botanicals from the region.

They began by tackling their main ingredient: wine. As seventy-five percent of vermouth is wine, Sebastian believed the best place to start was by finding vintners of the highest quality. Initially, that meant driving vineyard to vineyard in Germany in search of the right base wines – one for each product.

After finding the right wines, they then sought out eaux de vie, an added component that no other vermouth brand had ever used before, as well as individual botanicals that would bring each of these products fully to life. In the end, they chose four unique wines that paired with four sets of macerates to create the diverse and exciting portfolio.

“WE TRIED MORE THAN 400 COMBINATIONS BEFORE SETTLING ON FOUR OFFERINGS THAT WE BELIEVED PERFECTLY CAPTURED THE SPIRIT OF BERLIN: A CREATIVE BUT QUALITY PORTFOLIO THAT EMBODIED THE CITY’S ATTITUDE OF ‘WHY NOT.’ WE WERE THEN READY FOR THE NEXT STEP: INTRODUCING IT TO OUR FRIENDS IN BERLIN.”

– Max

BUILDING AN EARLY FOLLOWING

“We had a high quality product and a network of friends and old colleagues in the bar industry, so we built on that. We weren’t selling a story about a 100-year-old recipe and a dusty bottle, just a high quality product that we thought represented both what we stood for and what Berlin stood for. And that notion resonated with the bartending community.” — Sebastian

LEADING THE WAY WITH ROSÉ

“At first, our bar friends were just interested in the dry white and sweet red, but we pushed them to consider Rosé too. It was a perfect ingredient for twists on classics, but also an ideal aperitif at a time when people were beginning to drink lighter, lower-ABV offerings more regularly. But not everyone signed on immediately. Though some of our friends complained that the Rosé didn’t taste like vermouth, we were quick to point out it was because they had only tasted traditional brands before. The category had always been so narrow, and therein lay the brilliance of Belsazar.” — Max



JOINING FORCES WITH DV

THE EARLY DAYS OF DV

Like Belsazar, Distill Ventures was a brand new company back in 2013. Established as the first independent drinks accelerator, DV was created by Frank Lampen & Shilen Patel to support founders building the drinks brands of the future. In those early days, before the company's current global reach, DV was focused exclusively in Europe.

Frank & Shilen had noticed a critical market barrier: that unlike in tech, there was no ecosystem to help and grow entrepreneurs in drinks. Their passion for the start-up experience and recognition that they had the tools and expertise to nurture a growing group of drinks entrepreneurs sparked an idea. Together, they approached Diageo as a partner to provide funding, and in 2013, Distill Ventures was born. Soon after, Belsazar would become the first brand in the portfolio.

MEETING OF THE MINDS

Max & Sebastian first met Shilen & Frank at Bar Convent Berlin. At the time, they were still working to develop their liquids, but Shilen & Frank were immediately drawn to their idea. They too were intrigued by their take on creating a vermouth that wasn't stuck in the past and didn't draw from the traditional French and Italian styles. As Frank recalls, that fresh, original take on vermouth — one that reflected on the best of Germany — coupled with a deep, credible product story was interesting to them, and Frank & Shilen wanted to be a part of it.

And though the DV team was intrigued by the concept behind Belsazar, they had yet to taste the final product.

“THE MOST IMPORTANT THING WE LOOK FOR IN AN ENTREPRENEUR IS THAT THEY INSPIRE YOU — IT'S THE BEST WAY TO DETERMINE IF A FOUNDER HAS THE ABILITY TO BE CONVINCING AND TO TRULY SUCCEED. AND MAX AND SEBASTIAN CERTAINLY HAD THAT QUALITY.”

– Frank



“I REMEMBER THE MOMENT WHEN THE SAMPLES ARRIVED IN SMALL, CORKED VIALS TAPED SHUT – WE WERE HOLDING OUR BREATH A BIT. AND NOT ONLY DID IT LIVE UP TO THE PROMISE OF THE PITCH, BUT IT WAS SO MUCH BETTER THAN ANYTHING ELSE WE HAD TASTED AMONG THE NEWER APERITIFS.”

– Frank

JOINING THE DV PORTFOLIO

DV’s business goal - working closely with entrepreneurs to scale their brands with the ambition to integrate into one of the biggest companies in the world – intrigued Max & Sebastian, as it was also their end goal. As Sebastian recalls, so many start-ups want to ‘make it small.’ They wanted to make it big, or do nothing, and DV provided the perfect runway. Their plan was integration from day one.

Max & Sebastian were admittedly a bit skeptical about working with DV in the beginning, as they had already proved themselves as successful entrepreneurs, but they recognized the potential. As Max recalls, he knew that in working with DV, it wasn’t about the money, it was about learning – and more specifically, learning how to think better.

“WE KNEW DV WAS THE PERFECT BRIDGE BETWEEN A STARTUP AND A GLOBAL COMPANY. WE KNEW THEY UNDERSTOOD US, AND WOULD HELP US EXPLAIN THINGS TO DIAGEO. WE KNEW THEY WOULD TEACH US TO THINK LIKE A BIG COMPANY BECAUSE THEY WERE ENTREPRENEURS JUST LIKE US.”

– Max

ACCELERATION IN ACTION

TAPPING INTO THE DV ACCELERATION MODEL: GIVING FOUNDERS THE FREEDOM TO DO THINGS THE RIGHT WAY

DV's initial priority in working with Max & Sebastian was clear: give them their freedom by creating an environment that allowed them to be brilliant, mitigating any roadblocks they face along the way. When DV partners with entrepreneurs to help them grow their brands, the way-of-working keeps founders in control of their business. In those initial days, the freedom Max & Sebastian needed came via our cash investment, which alleviated so many of the pressures new brands face, often forcing founders to make compromises along the way and give in to the pressure to expand too quickly.

GOING DEEP, NOT WIDE

Any new brand needs a lot of support to get on menus and rally consumers. For Max & Sebastian, the DV model gave them freedom to stay focused, work deeply within their initial launch markets and introduce bartenders & industry colleagues to the brand — an approach that was far more successful than shipping pallets to distributors without the right support in place.

“As we started to grow and the product became more and more well known, we’d get requests all the time from bars around the world asking for bottles, cases and access to distribution. Our first instinct of course is to share our brand with the world and say yes to everyone. DV taught us that in cases like this, when your production and distribution is still quite limited that it’s better to go deep instead of wide. We focused on growing and taking over two key markets, Germany and the UK. We knew we had to be kings in our home market and once we felt we were listed in Germany’s best accounts, we started to focus on doing the same in the UK.” – Max

“WE GIVE FOUNDERS THE SUPPORT THEY NEED SO THEY DON’T HAVE TO COMPROMISE – THAT’S THE KEY THING WE OFFER. OUR GOAL IS ALWAYS TO GIVE THEM THE FREEDOM TO LAUNCH AND GROW THEIR BRANDS IN THE BEST POSSIBLE WAY.”

– Frank

“WITH DV’S HELP, WE’VE BEEN ABLE TO GO DEEP, NOT WIDE. WE KNOW WE CAN’T BE EVERYWHERE, BUT RATHER IN THE RIGHT PLACES. THIS WAS ONE OF OUR BIGGEST LEARNINGS.”

– Sebastian



DOUBLING DOWN ON WHAT'S WORKING

The DV model works to help founders take a step back from the day to day, apply their learnings, and think ahead. DV believes that as new brand launching, founders must constantly assess what's working, and double down on it.

“THE FIRST FEW YEARS ARE FOCUSED ON FINDING THE HEART OF BUSINESS OPPORTUNITY, WHILE THE GROWTH STAGE IS ABOUT HOW TO ACCELERATE THAT IDEA AS QUICKLY AS POSSIBLE TO TAKE ADVANTAGE OF THAT OPPORTUNITY.”

For Belsazar, doubling down on what's working meant focusing on the serve. Out of the gate, the Belsazar Rosé and tonic gained traction, and DV encouraged Max & Sebastian to focus on light, long drinks, a cocktail application that worked both for consumers at home as well as bars & restaurants.

As the brand gained momentum as an aperitif, the brand imagery needed to follow suit as well, and DV worked with Belsazar to ensure the brand image appropriately captured this aperitif occasion. The early brand images and collateral reflected evening cocktail occasions, but as Belsazar found its focus on lighter drinks, the imagery needed to follow suit.

“WE PROVOKED THEM INTO THINKING ABOUT AND REFLECTING ON WHERE AND HOW PEOPLE WERE DRINKING BELSAZAR. MAX & SEBASTIAN REFRESHED THEIR COMMUNICATIONS, THEIR SITE, AND THEIR BRAND IMAGERY. AND THAT WAS THE MOMENT WHERE EVERYTHING CAME TOGETHER.”

– Frank

KNOWING YOUR NUMBERS

Working with DV, Max & Sebastian also honed in on the often arduous process of being closely connected to the numbers.

“DV pushed us to control our business, to know our numbers. Reporting was a big learning. 75 percent of startups don't know their numbers, how they spent their money, how to scale, or how to work to potentially bring prices down. This is all so important to us now, and DV helped us with all of this along the way” – Max

FOUR YEARS LATER: A FAST-GROWING AND BEST-SELLING BRAND

RESULTS BY THE NUMBERS

Four years after its initial launch in Germany and the UK, Belsazar has grown exponentially and is now listed in over one thousand accounts across Europe and the UK

Belsazar has also successfully transformed into a “call” brand, one that is consistently asked for by name in leading bars and restaurants across Europe. Max & Sebastian’s focus on long, tall drinks and simple, delicious serves has helped Belsazar gain traction. These approachable serving suggestions, coupled with the global interest in low-proof and no-proof drinks, have further allowed the brand to shine.

In addition to a quality product — evidenced by both the ongoing beverage trade interest and a host of coveted spirits award wins, including two gold medals distinctions for Belsazar Rosé from

both San Francisco World Spirits and IWSC — Max & Sebastian credit much of this widespread success to their approach to sales, treating all of their customers equally.

“EVERY CUSTOMER IS A GOOD CUSTOMER – FROM SMALL TO LARGE. EVEN THE SMALL CUSTOMERS HAVE BEEN GREAT TO US – THEY’RE OUR HIDDEN CHAMPIONS.”

– Max

The DV model of allowing founders to focus and supporting the brand to launch in the right way allowed Max and Sebastian to go deep in a few markets, getting Belsazar to meaningful scale before opening the next city. This was a key part in the brand’s success.



THE FUTURE: A MILESTONE ACHIEVED

CELEBRATING DV'S FIRST EXIT!

At DV, the team is celebrating this milestone, but maintaining their focus on creating the next Belsazar, and on nurturing and scaling their existing portfolio of founder-led brands. Today, they're focused not only on brands in Europe, but the U.S. market and the rest of the world.

TO DATE, DV HAS COMMITTED MORE THAN \$81 MILLION DOLLARS (~£60M GBP) TO NEARLY 20 BRANDS, AND HAS SEEN 168% 9LC GROWTH ACROSS OUR FULL PORTFOLIO GLOBALLY

In the future, DV will continue to work closely with Max & Sebastian to share their knowledge with future generations of entrepreneurs.

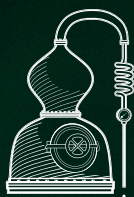
INTEGRATING INTO THE DIAGEO RESERVE PORTFOLIO

For Belsazar, the transition marks a new opportunity to share the brand with the world through Diageo, which has a long history of nurturing and growing founder-led brands like Guinness and Bulleit.

“WE’RE EXCITED TO CONTINUE TO BE AUTHENTIC, TO BE OURSELVES, AND TO LEARN AND LISTEN. I’M NOT CHANGING MY PHONE NUMBER, SO I HOPE THE SAME PEOPLE KEEP CALLING ME. WE’RE STILL MAX & SEBASTIAN, JUST INTEGRATED INTO A BIGGER COMPANY.”

— Sebastian





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