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Innovation Powers Pro Sport Goldrush

This country is struggling through the worst economic times since the Great Depression. Millions are out of work, banks are reticent to loan, and the national debt is staggering. As usual, the economy is the central issue and driving force in the November Presidential Election, and there is widespread skepticism and despair about its' ability to improve. How then is it possible for professional sports to be in the midst of the most stunning revenue Gold Rush in history?

As I've written before, the largest driving force in sports is the massive amount of sports content on television and the staggering rights fees it commands. As a young sports attorney in the mid-70's I encountered a largely gate driven NFL with only \$2 million dollars from national television. Today that figure is \$170 million dollars per team per year—ten times what the expansion franchises cost in 1976. Major League baseball just doubled the revenue in its' previous deal with [Fox](#) and TBS and [ESPN](#). Television revenue continues to be the straw that stirs the drink. Local and regional sports networks have exploded the value of local television rights. The second factor is the continuing explosion of state of the art stadia and arenas with massive scoreboards, room for attractive signage, large number of high-priced luxury boxes and premium seating with extra services. Naming rights help prime the pump. [Next](#), there is an unprecedented array of products with logos attached. I attended a sports marketing convention and saw logos on every imaginable product from jerseys to toilet seats. Fantasy sports have caught the nation by storm. Innovation in the use of the internet and new ways to enjoy and monetize sports is playing a more critical role in the continued expansion of sports revenue.

As an example consider the emergence of DeskSite, an Aliso Viejo, California based company, headed by CEO Richard Gillam. Fans tend to stay attached to the professional team they grew up rooting for. This a nation of extreme mobility with large numbers of people moving to different parts of the country for lifestyle or business reasons. They read and experience local media that focuses on local teams. They may yearn for ways to enjoy their hometown teams. It is also difficult for advertisers for companies and marketers to target video ads by exact age and gender as well as precisely control the reach and frequency. Desksite has developed new cutting edge techniques to solve these problems.

They have developed an app for desktops,laptops and tablets which is

customized around a particular sports team, for example the Cowboys DeskSite or the Raiders DeskSite. They deliver High Definition videos directly to fan's computers—interviews with players and coaches, post-game recaps, breaking news, full-length broadcast television shows, and in-depth draft and combine coverage. Their technologies enable instantaneous playback avoiding problems that come from streaming video from website. Like a DVR for the Internet, a fan can have content downloaded and stored on their computer, which allows them to watch even if they are off-line. A fan could be on a bus, plane, train or subway and still catch last night's highlights. They can fast-forward, freeze, rewind and even play videos in slow motion. Nick Schenk, Houston Texans director of integrated media said "Our fans really enjoy this innovative new way to consume Houston Texans video on-demand". So if you root for the Texans but now live in [Los Angeles](#) you can get up to 25 hours of new Texans programming a month.

The major problem, which caused the widespread Internet crash of the late 90's, was that no one really figured out how the revenue was supposed to be generated by companies. Now advertising is widespread. Gillam comments, "We offer national video advertisers a level of demographic targeting they can't get from websites or television." So for the first time in sports history, female fans will be shown female-centric ads, instead of the male-centric ads that dominate televised and website sports. A car company like Mercedes would not waste money showing their ads to a 12 year old. DeskSite has launched with six NFL teams and counting, with scheduled launches planned with the NBA and NHL early 2013.

As long as new companies like DeskSite keep on innovating, the sports Gold Rush will continue.

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