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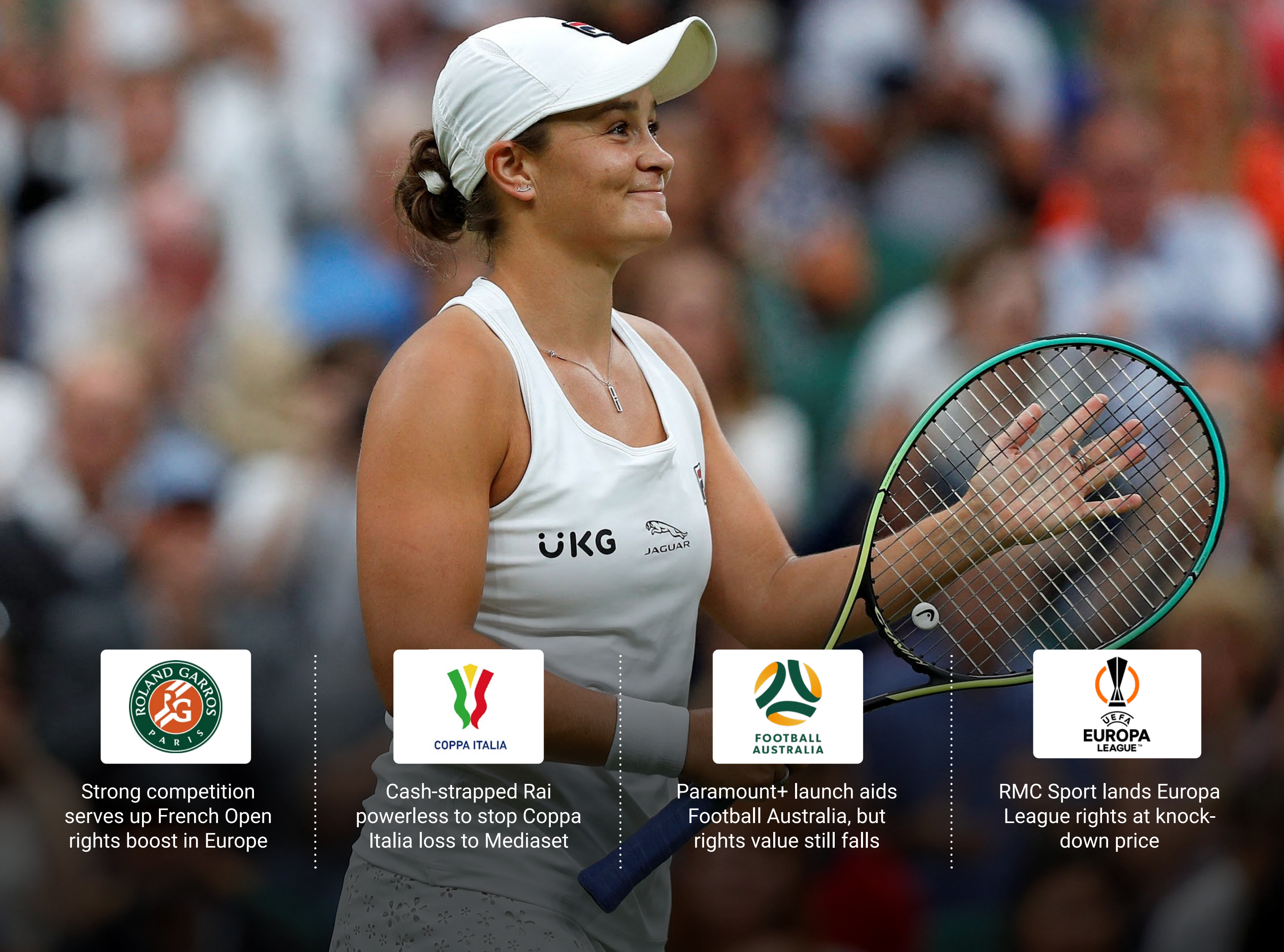

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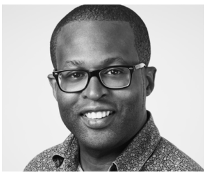

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TENNIS

Wimbledon secures its future with long-term Disney, BBC renewals

By Callum McCarthy

- **Disney will pay over $1.1bn over 12 years, from 2024-35, for Wimbledon rights**
- **Deal covers exclusive rights across the US, Canada, Caribbean, Latin America, Brazil**
- **Domestic renewal with the BBC, from 2025-27, worth just under £70m per year**

The All-England Lawn Tennis Club has secured its financial future thanks to early renewals with the BBC and Disney, its two most important media rights partners.

SportBusiness Media understands British public-service broadcaster the BBC will pay an average of just under £70m (€82m/$97m) per year for exclusive domestic rights to the Wimbledon grand slam tennis tournament over three years, from 2025 to 2027. The deal will stretch the BBC's association with Wimbledon to 100 years.

The new deal continues the gradual escalation of the BBC's investment in Wimbledon rights. The BBC's current four-year deal, from 2021 to 2024, is worth an average of about £65m per year. The previous deal, from 2017 to 2020, was worth an average of about £61m per year.

Disney's escalation is anything but gradual. The media group currently pays an average of about $45m per year for exclusive Wimbledon rights across the US, Canada, the Caribbean and Latin America (excluding Brazil). The 12-year deal, from 2012 to 2023, rises sharply toward the end of the contract, finishing at about $60m in 2023.

SportBusiness Media understands the average annual value of Disney's new 12-year deal, from 2024 to 2035, is in the region of $95m per year. The deal includes exclusive rights to Wimbledon across the US, Canada, the Caribbean and Latin America (including Brazil). Though the addition of rights in Brazil complicates the comparison, Disney's investment will increase by over 110 per cent in the new cycle.

Both deals were completed in private negotiations without extensive discussions with other broadcasters in the respective territories. The AELTC is advised on its commercial rights sales by agency IMG but completed its domestic deal with the BBC in direct talks due to its longstanding relationship with the broadcaster. IMG is understood to have led the renewal discussions with Disney. The AELTC is signatory to all deals.

Disney continues its charge

Disney's aggressive renewal of Wimbledon rights across the Americas is indicative of the company's wider sports media rights strategy over the past year: bid strong, bid early and bid over the longest term possible in order to lock up premium content for its linear and digital platforms.

In the past year, Disney has added tens of billions of dollars to its committed sports rights spend, acquiring rights to the NFL's Monday Night Football package, MLB's Sunday Night Baseball package, the primary package of rights to the National Hockey League, Spain's LaLiga, the US PGA Championship and, in its latest deal, Wimbledon.

In a highly competitive US streaming market, Disney wanted to avoid a bidding war for Wimbledon rights with rival media groups keen to add top-tier sport to their linear and digital platforms. Experts say that given Disney's lack of an exclusive negotiation window in its current Wimbledon deal, competition from Comcast (NBC, Peacock) and ViacomCBS (CBS, Paramount+) would have been a certainty without a pre-emptive strike.

Similarly, IMG and the AELTC were happy to give Disney the chance to acquire the rights without a tender and preserve a partnership that has been active since 2003. Sources say Disney – and its pay-television broadcaster ESPN – has been a highly-valued partner to the AELTC and Wimbledon since taking on exclusive rights in 2012, helped by the broadcaster's heavy investment in marketing the tournament year-round.

By offering over $1.1bn across another 12-year cycle – two-and-a-half years in advance of the expiry of its current deal – Disney was able to persuade IMG and the AELTC not to test the open market and opt for the security of another lucrative, long-term deal with its incumbent broadcaster across the Americas.

It is understood IMG and the AELTC did not offer the rights to other US media groups or broadcasters in Latin America prior to Disney's bid. As with the AELTC's renewal with the BBC, the offer of continuity, expansion and fee growth was good enough to secure a long-term deal.

The new deal secures live coverage of every Wimbledon match for Disney's linear pay-television channels across the Americas; its ESPN+ (US) and Star+ (Latin America including Brazil) streaming platforms; Canadian pay-television broadcasters TSN and RDS, in which Disney holds a minority stake; and its US commercial broadcaster ABC, which will start showing matches from 2022 onward.

The addition of Brazil from 2024 will see Wimbledon move away from commercial and pay-television broadcasters Globo and Band, which had little hope of renewing the rights given Disney's strong multi-territory offer.

BBC reaches its century

Both the AELTC and the BBC wanted to extend their exclusive media rights relationship well in advance of the current contract's expiry at the end of the 2024 tournament.

Sources say the AELTC's outgoing commercial director, Mick Desmond, was keen to secure Wimbledon's long-term future before his departure at the end of the 2021 tournament. Likewise, the BBC wanted to ensure the change in commercial director did not result in an immediate change of direction by the AELTC.

The final of the men's and women's tournament are listed events in the UK, but the remainder of the tournament is eligible to be shown exclusively on pay-television should the AELTC so choose.

Market experts say the BBC would have liked to extend its deal beyond 2027, after which the current Royal Charter expires. The Charter sets out the public-service broadcaster's purpose and obligations for a decade at a time, including any obligations to show top-level sport deemed to be in the public interest.

One source said it would have been "naïve" for the AELTC to have extended the BBC's deal beyond 2027, as any change to the Royal Charter could provide Wimbledon – and the AELTC's new commercial director Gus Henderson – with an additional degree of flexibility regarding a potential future split of the tournament's media rights across free-to-air and pay-television.

For now, the BBC continues to provide Wimbledon with the perfect blend of optimal exposure and a rights fee that cannot be matched by another UK free-to-air broadcaster. Experts say the annual fee is far too high for commercial broadcasters ITV and Channel 4 to refinance over the two-week tournament.

The new deal will see the BBC continue to show every match from Wimbledon live across its linear channels BBC One and BBC Two, as well as its digital BBC iPlayer and BBC Sport platforms. o

TENNIS

Strong competition serves up French Open rights boost in Europe

By Reginald Ajuonuma

- Discovery to pay close to €30m per year in French Open renewal, from 2022-26
- Pay-TV broadcaster's rights now exclusive, but contract contains FTA obligations
- Infront, IMG agencies pushed hard for pan-Europe package

The Fédération Française de Tennis has increased the value of its European media rights by nearly 20 per cent in its pan-continental deal with US media giant Discovery, driven by strong competition for the rights.

SportBusiness Media understands Discovery is paying close to €30m ($35.3m) per year for exclusive, multi-platform rights in Europe (excluding France) to the French Open over the five years from 2022 to 2026.

Discovery paid €20m per year in its previous seven-year deal for French Open rights, from 2015 to 2021. The FFT received an additional €5m per year across deals with 20 European free-to-air broadcasters, such as with commercial broadcaster ITV in the UK.

Discovery will exploit its now-exclusive French Open rights through its pan-regional broadcaster Eurosport; its subscription streaming service Discovery+; and its network of free-to-air broadcasters across Europe. It is understood Discovery has some free-to-air obligations in its contract, which it can also fulfil via sublicensing deals.

Under the new deal, which was announced in June, Discovery will benefit from innovations at Roland Garros that began this year. These include night sessions (starting at 9pm CET) and the addition of a roof to the Philippe Chatrier main show court to ensure continuity of play.

Discovery's pan-European French Open rights cover more than 50 countries. The full list comprises: Albania, Andorra, Armenia, Austria, Azerbaijan, the Baltic countries, Bosnia and Herzegovina, Belarus, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Georgia, Germany, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Kosovo, Liechtenstein, Luxembourg, Malta, Moldova, Monaco, Montenegro, the Netherlands, the Nordic countries, North Macedonia, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovenia, Slovakia, Spain, Switzerland, Tajikistan, Turkey, Turkmenistan, the UK, Ukraine, Uzbekistan and the Vatican.

Sales process

Discovery agreed the deal with the FFT on the back of an invitation to tender issued in April.

The FFT had asked interested parties to bid for both four-year (2022 to 2025) and five-year (2022 to 2026) durations. The tender was also designed to attract mutually exclusive bids for local, regional and pan-European rights. The bid deadline was 10am (CET) on May 11. Both agencies and broadcasters were able to bid during the process.

SportBusiness Media understands the FFT saw strong interest across the spectrum: from local broadcasters through to international entities. It is understood that in the latter category, Discovery faced substantial competition from the IMG and Infront agencies.

Infront is understood to have pushed Discovery the hardest. The bidding process went to two rounds after which Discovery entered into private negotiations with the FFT.

Achieving targets

Industry experts said Discovery's fee is around the level targeted by the federation for its European rights outside France. The strong performance follows a similarly solid outcome to its domestic sales process in which media-rights income rose by over 25 per cent.

For the 2021 to 2023 cycle, e-commerce giant Amazon and public-service broadcaster France Télévisions hold domestic French Open rights, paying €15m per year and €10m per year respectively. In the previous cycle, France Télévisions paid €19.5m per year for exclusive rights, with Eurosport paying the public broadcaster €5.5m per year to sublicense rights.

Eurosport has shown the French Open across Europe continuously since 1989. It will be particularly happy that it has renewed and, indeed, expanded those rights, given its loss of domestic rights. The broadcaster had shared domestic coverage of the tournament with France Télévisions from 2010 to 2020.

Eurosport's counterparty when it signed its last pan-European French Open deal in 2013 was the now-defunct MP & Silva agency. Discovery took control of Eurosport in 2014.

MP & Silva paid the FFT €22m per year to distribute European rights outside France from 2012 until the collapse of that deal in 2018. The agency's collapse was precipitated by a winding-up order requested by the FFT because of non-payment of fees.

FOOTBALL

Cash-strapped Rai powerless to stop Coppa Italia loss to Mediaset

By Callum McCarthy

- **Mediaset will pay €48.2m per season for exclusive domestic Coppa Italia rights, 2021-24**
- **Deal increases Coppa Italia domestic media rights value by 36 per cent**
- **Rai bid close to reserve price of €42m per season for exclusive rights**

Mounting debts and a lack of flexibility hampered Rai's bid to retain Coppa Italia rights from 2021-22, leaving Italy's public-service broadcaster without live, premium club football for at least the next three seasons.

Rai lost out on the rights to commercial broadcaster Mediaset, which earlier this month acquired exclusive, platform-neutral rights in Italy to the Coppa Italia and Supercoppa Italiana with a bid of €48.2m per season over three seasons, from 2021-22 to 2023-24.

Mediaset's deal represents an increase of about 36 per cent on the €35.5m per season Rai paid in the previous cycle, from 2018-19 to 2020-21.

The commercial broadcaster will hold exclusive rights to all 43 matches in each edition of the revamped Coppa Italia – Italian club football's premier knockout competition – as well as the annual Supercoppa Italiana match played between the winners of Serie A and the Coppa Italia.

From 2021-22, the Coppa Italia will restrict entry to clubs from the top two tiers of Italian football, Serie A and Serie B, as well as four clubs from Lega Pro, Italy's third tier. The top eight clubs in the previous season of Serie A are seeded and do not play until the Round of 16. The changes were designed to improve the quality of the competition and make it more attractive to broadcasters.

Mediaset bid strongly for the rights as the competition now offers the guarantee of premium football during the parts of December, January and February in which Uefa Champions League football is not played.

Mediaset – Rai's primary rival in the free-to-air broadcasting space – cemented its position as Italy's primary free-to-air broadcaster of top club football last year, securing free-to-air rights to the Champions League in a three-season deal from 2021-22 to 2023-24. It later acquired non-exclusive streaming rights to 104 Champions League matches in each season of the cycle in a subsequent sublicensing deal with pay-television operator Sky Italia.

The Coppa Italia tender offered Rai one last chance to continue showing some premium club football from 2021-22 onward. The competition was Rai's last remaining top-tier club football property after it originally lost Uefa Champions League free-to-air rights to Mediaset in 2019-20.

Tender details

Lega Serie A issued a tender for rights to the Coppa Italia and Supercoppa Italiana on June 10, with a bid deadline of July 1.

The tender contained three separate packages of rights. Broadcasters could either bid for exclusive, platform-neutral rights; free-to-air rights to 13 first-pick Coppa Italia matches; or non-exclusive pay-television rights to all matches, the fixed price of which began at €16m per season and decreased by €2m per season with each broadcaster that acquired the rights.

In the new cycle, local sources say Rai bid for both exclusive, platform-neutral rights and for free-to-air rights.

Sources say Rai bid at or close to the reserve price for each package: €42m per season for exclusive, platform-neutral rights and €26m per season for free-to-air rights. It did not team up with a pay-television broadcaster on either bid, despite the tender providing a clear pathway for free-to-air bidders to do so.

Sources say the tender's structure was designed to accommodate both Rai's need to cut costs and Sky's inability to acquire exclusive digital rights to content until 2022 – the latter being the result of a ruling by Italy's competition authority after Sky's aborted attempt to acquire Mediaset's pay-television technical platform, R2.

The non-exclusive pay-television rights model was the same one Lega Serie A used in the Serie B domestic media rights tender. It enabled Sky to acquire exclusive linear rights and non-exclusive digital rights to the league in May this year.

Lega Serie A made clear to potential bidders that the free-to-air package and non-exclusive pay-television package were designed with joint bids in mind, giving potential bidders a chance to compete with broadcasters choosing to bid for exclusive, platform-neutral rights.

The tender document reads: "The free TV package is an integral and inseparable part of the marketing method, which comprises the free-to-air package described above and the non-exclusive pay-television rights that is the subject of a separate offer to the market, published together with this invitation."

Rai, Sky poorly positioned

Market experts told *SportBusiness Media* that teaming with Sky or multi-platform broadcaster DAZN in this fashion was Rai's only realistic hope of retaining the rights. However, despite the tender's design, sources say Rai did not seek to lodge a joint bid alongside Sky or DAZN. In addition, neither Sky nor DAZN bid in an individual capacity. Instead, Rai chose to bid on its own at a level it felt was appropriate for its worsening financial situation.

Market experts say Rai's failure to retain the rights was due to two main reasons: financial turmoil and a lack of a modern streaming platform.

Rai's debt grew to €540m as of December 31, 2020, and the broadcaster's budgets are being squeezed in multiple departments. The broadcaster's outgoing president, Marcello Foa, earlier this month made clear his feelings that Lega Serie A's asking price for Coppa Italia rights was too high for the broadcaster to bear.

"We have an almost institutional commitment to the national team because everyone watches it, but the Champions League has very high costs, we cannot increase our debt in a reckless way knowing that our advertising revenue is still limited," Foa told *La Repubblica*. "The same goes for the Coppa Italia. We made a reasonable offer, but those prices were not compatible with the public service for us."

Lega Serie A designed the Coppa Italia tender to enable free-to-air broadcasters to lodge joint bids with Sky or other pay-television broadcasters, which could have alleviated Rai's financial burden. The tender stated that should Sky acquire exclusive digital rights to any amount of Coppa Italia matches, it could either hand them back to the league or sublicense those rights itself. If either party was unable to do so, the deal would no longer be valid.

However, as Rai does not have the capacity to exploit those digital rights in full, Sky would have been unable to sublicense non-exclusive digital rights to Rai. The public broadcaster has an on-demand streaming service, RaiPlay, but the platform is not capable of anything other than live streaming linear Rai channels. Rai has two sports channels, Rai Sport and Rai Sport Più, but does not have the ability to show a bulk of live games in the same kick-off slot.

As the competition begins on August 8, Sky and Lega Serie A would have had limited time to sublicense the rights to a third party and, even if it were possible do so, Sky would then no longer hold exclusive rights to any Coppa Italia matches. Experts say Sky would require exclusive rights to at least some top matches to have made an investment of €16m per season worthwhile.

Without the option of bidding alongside Sky and with DAZN focused on its Serie A coverage, Foa did not want Rai to be drawn into a one-on-one bidding war with Mediaset, telling *La Repubblica* that Rai should instead focus its tight budget on ensuring it can transform into a media company that has relevance in a digital age.

“We have a structure designed to compete with Mediaset, but that goal is no longer relevant,” Foa said. “Resources need to be diverted to new priorities.”

He continued: “If you don’t change your editorial, technological priorities and professionalism internally, three years from now we risk discovering that our audience has shrunk dramatically. At that point everyone will say: why does Rai receive about €1.8bn in license fees if it is seen only by a limited part of the population?”

After the loss of the Coppa Italia, Rai’s only remaining premium football rights are to the matches of the Italian national team and to major international football tournaments. Rai was the exclusive broadcaster of Euro 2020 and holds exclusive rights to Italy’s matches in the Uefa European Qualifiers and Uefa Nations League, from 2018-19 to 2021-22. The public broadcaster also holds exclusive rights to the Fifa World Cup 2022.

Outside of football, Rai holds rights to one match per week from the Lega Basket Serie A, Italy’s top-tier club basketball competition. It also holds rights to an array of top cycling properties, including the Tour de France, the Giro d’Italia and the Vuelta a España. ○

FOOTBALL

Paramount+ launch aids Football Australia, but rights value still falls

By Kevin McCullagh

- **Paramount+ to pay around A$40m cash fee for Australian national team rights**
- **Value down compared to big deal with Foxtel in previous cycle**
- **Burgeoning streaming market saved FA from bigger drop**

Australia's burgeoning sports streaming market benefitted another domestic rights-holder last month as Football Australia scored a major deal with media group Ten.

However, Ten's interest, fuelled by the looming launch of its streaming service Paramount+, was not enough to stave off a dip in the cash value of the federation's rights.

ViacomCBS-owned Ten agreed a three-and-a-half-year deal with Football Australia worth A$100m (US$73m/€62m) in total across cash and 'contra', from June 2021 to the end of 2024. The deal's value is equivalent to an average of A$29m per year. It is understood the cash component is worth about 40 per cent of the total value – close to A$11.5m per year.

Football Australia is including rights to Asian Football Confederation national team matches as part of the deal. The federation acquired AFC rights in an earlier, separate deal with the Football Marketing Asia agency, in which it is paying around A$3m per year. Subtracting this cost from the cash value of Ten's deal leaves Football Australia with overall rights income of around A$8.5m per year.

In its previous rights cycle, Football Australia earned about A$10m per year for its national team rights. This deal did not include AFC rights.

ViacomCBS's main rival for the rights in the new cycle was telco Optus, which submitted a strong bid. Optus recently paid a major fee increase to secure rights for the 2023 Fifa Women's World Cup, which is being jointly hosted by Australia and New Zealand. Football Australia rights would have given it the ability to tell the full story of the women's national team across the qualification/tournament cycle.

Football Australia is understood to have seriously considered Optus's bid. The telco has a strong reputation for production quality and its ability to promote and market its sports properties.

Deal details

Ten's new deal covers rights for all Australia home men's and women's national team matches between now and the end of 2024; most away matches; the annual FFA Cup club competition; and AFC national team content in the 2021-24 cycle.

The latter includes home and away, third-round Asian Qualifier matches for the 2022 Fifa World Cup and the 2023 Asian Cup (a joint qualifying competition) and the 2023 Asian Cup itself.

Coverage of the national team matches, including men's and women's teams at all age groups, will be carried across Ten's main free-to-air channel, its new subscription streaming platform Paramount+, secondary free-to-air channel 10 Bold and free streaming service 10 Play.

Coverage of the FFA Cup from the round-of-32 onwards will be on Paramount+ with the final broadcast on the main free-to-air channel.

The IMG agency advised Football Australia on the deal. IMG also advised the federation on past domestic and international rights sales cycles, in which national team and domestic club rights were sold together.

This year, national team and domestic club rights were split up into separate sales processes with a new body, Australian Professional Leagues (APL), managing the latter.

IMG is continuing to advise both Football Australia and APL on international rights sales. APL handled its recent domestic rights sale in-house.

Paramount+ on the hunt

The August launch of Paramount+ was the driving force behind Ten's bid. The acquisition came weeks after a deal with APL for domestic football league rights.

The Paramount+ launch is being steered by Ten's parent ViacomCBS. The company's US-based management is understood to have encouraged the football acquisitions. Football rights are also at the heart of the rollout of Paramount+ in the US.

Commenting on Ten's strong moves for football rights, one Australian industry insider said: "It's an old story: a new player needs content. It was driven by the fact Paramount+ is launching in Australia on August 11. They needed content that came in in the second half of the year."

The third round of the combined AFC Asian Qualifiers for the 2022 Fifa World Cup and 2023 Asian Cup kick off on September 2.

In the APL deal, top-tier domestic men's league the A-League usually runs from October to May, and the women's W-League from November to March.

Looking further ahead, rights to the women's national team are of significant value to Ten. The 'Matildas' are one of Australia's most popular national teams and are expected to generate significant audience attention in the build-up to the 2023 World Cup.

Big contra

Contra – non-cash components of a deal that add to its value – is frequently mentioned when calculating the value of Australian media rights deals. However, for contra to make up 60 per cent of a deal's overall value is unusual. In Ten's recent deal with APL, contra amounted to 20 per cent of the overall value.

It is understood that the contra value in Football Australia's deal with Ten is planned to be generated from a range of promotional opportunities given to Football Australia, as well as other activity by Ten to promote Australia's national teams. This includes advertising airtime for Football Australia to use; promotions and marketing work by Ten for Football Australia; and 'content integrations'.

One example of the latter will be a new football-themed children's television series that Ten will air on ViacomCBS-owned children's channel Nickelodeon. Another example will be Ten including Australian national team players as celebrity contestants and guests on its popular non-sports shows such as cooking show Masterchef, dating show The Bachelor and chat show The Project. Slots on these shows can be acquired commercially and have rate-card prices that are being used to tot up the contra value. The broadcaster made similar commitments in its deal for APL rights.

Ten is taking on the cost of producing Football Australia matches. Industry experts put the total cost of this at between A$3m and A$5m per year. Senior men's and women's team home matches cost around A$100,000 to A$125,000 each to produce. There are 31 FFA Cup matches per year, with costs ranging from A$30,000 for lower-tier early-round matches up to A$100,000-plus for the final.

This is a notable difference with the APL deal, where the league is taking on production costs itself.

Football Australia may incur additional costs in the Ten deal that will eat a little further into its margin. The federation is committed to secure rights for certain Australia away matches. It must buy these rights from other national football federations. These costs mostly relate to away matches in the second round of the qualifiers for Fifa World Cup and the AFC Asian Cup. Rights for the third round onwards are centralised by the AFC.

There are expected to be several second-round qualifying matches for the 2026 World Cup/2027 Asian Cup in the second half of 2024.

It is understood that Football Australia spent around A$1.5m to A$2m acquiring rights for its away matches in the most recent Asian Qualifiers second round, which has just concluded.

The federation makes some money back from selling rights to Australia home matches to opponent federations. However, because the Australian rights market is generally much bigger and more valuable than its opponents' markets, these transactions are usually a net cost for Football Australia.

Market conditions

The emergence of new streaming players in Australia has in the last six months injected life into a media rights market that looked under threat of sharp decline. Particularly significant have been the launch of Stan Sport by media group Nine in February and the forthcoming launch of Paramount+.

Niche player Sports Flick has contributed to the uptick in competition, though it is yet to land a major rights property and its standing has been hurt by the collapse of a bid for Uefa club rights.

Given wider challenges in the market – primarily the pandemic and long-term decline in the linear television business – the new competition has not yet led to many big rights fee increases. In some cases, such as that of Football Australia, it has instead helped rights-holders stave off large falls in rights values.

Football Australia's last deal with Foxtel was considered a good one for the rights-holder that was always going to be difficult to beat.

Australia national team rights in the last cycle were sold bundled with rights to the A-League. AFC rights were not included in the deal. Foxtel was paying an average of A$58m per year, including cash and contra, in a six-season deal from 2017-18 to 2022-23. Around A$7m per year was in contra. Just over 20 per cent of the cash component of around A$51m per year was allocated to national team matches.

Foxtel terminated the deal last year due to the economic effects of the pandemic. It agreed a reduced-value, one-year deal with Football Australia covering league and national team matches during the second half of 2020 and the first half of 2021.

Foxtel is not thought to have bid to renew national team rights. The broadcaster has scaled back its interest in football, prioritising its tentpole deals in Australia's three biggest sports. Around the same time it terminated the Football Australia deal, it extended deals for the Australian Football League (Australian rules football) and the National Rugby League. Its third big domestic deal is for Cricket Australia rights over six seasons, from 2018-19 to 2023-24.

AFC rights

It is not the first time that Football Australia has acquired AFC rights for the purpose of bundling them with its own domestic rights. The federation also did this in the 2013-16 cycle – AFC rights had particularly high value in Australia during that cycle as the country hosted the 2015 Asian Cup.

One of the key benefits in acquiring the AFC rights is that it allows Football Australia to sell rights for a full World Cup/Asian Cup qualifying campaign.

There are four rounds of World Cup/Asian Cup qualifiers. Rights to the first two rounds lie with individual federations, while rights to the second two rounds are centralised and sold by the AFC.

Rounds two and three are group stages and account for the majority of matches. The first and fourth rounds are playoff matches.

The AFC package also includes a bulk of other national team and club content.

Football Australia has acquired the national team content only for the 2021-24 cycle. As well as the qualifiers and the Asian Cup, this includes women's, youth and futsal competitions.

The APL is understood to be acquiring the club competition rights, including the annual AFC Champions League. The club competitions are not major audience drivers in Australia and the APL deal is understood to be worth substantially less than the A$3m per year Football Australia is paying for the national team rights.

This means that the value of AFC rights in Australia will fall in the 2021-24 cycle. Foxtel paid around A$6m per year in the last cycle, from 2017 to 2020, for the whole package including club and national team content.

Football Marketing Asia put an asking price of US$5m (A$6.8m) per year on the full AFC package for 2021-24 when it approached the Australian market late last year. It is understood that broadcaster interest was weak, with Football Australia and APL emerging as the two most interested parties.

FMA's timing was unfortunate. Paramount+, Stan Sport and Sports Flick were yet to emerge. Had the agency approached the market several months later, competition might have been stronger. But the AFC sales process was already running late – the first matches of the cycle were due to start last September but were delayed due to the pandemic. o

FOOTBALL

RMC Sport lands Europa League rights at knock-down price

By Reginald Ajuonuma

- **Sources say RMC Sport will pay about €2.5m per season for Europa League rights**
- **Deal covers bulk of matches from Europa League, Europa Conference League**
- **Mediapro agreed over €20m-per-season fee for same package before deal collapsed**

RMC Sport has secured the bulk of rights in France to the Uefa Europa League and new third-tier Europa Conference League, paying a fraction of the amount Mediapro agreed to pay for the same rights in its abortive deal.

Multiple well-placed sources say pay-television broadcaster RMC Sport will pay in the region of €2.5m ($3m) per season for rights to a total of 266 matches per season across the two competitions over three seasons, from 2021-22 to 2023-24. The deal does not include the first-pick Europa League or Europa Conference League match each match week, nor does it include rights to the final of either competition.

RMC Sport's fee in the new deal is over 87.5 per cent down compared to the agency Mediapro's collapsed deal for the same package of rights. In December 2019, Mediapro agreed a deal worth more than €20m per season before returning the rights to Uefa earlier this year due to the closure of its Téléfoot pay-television channel.

The channel's closure was the result of the collapse last December of Mediapro's €780m-per-season deal for domestic media rights to France's Ligue 1.

RMC held exclusive rights in France to the Europa League in the previous cycle, from 2018-19 to 2020-21, in a deal worth €35m per season. That deal did not include the Europa Conference League, which begins in 2021-22.

RMC Sport agreed the new deal with Team Marketing, Uefa's exclusive sales agency for its club competitions. It will sit alongside deals already agreed with pay-television broadcaster Canal Plus and commercial broadcaster M6.

Canal Plus is understood to be paying between €8m and €9m per season. M6 is understood to be paying between €3m and €3.5m per season. Both broadcasters acquired non-exclusive rights to the first-pick match each match week from the Europa League or Europa Conference League and the final of both competitions – a package that comprises 16 matches per season for each broadcaster.

In addition to its rights fee, RMC Sport will cover production costs for the home matches of French clubs shown on the channel. It is understood the cost of producing a Europa League group-stage match in France is about €40,000, with the cost rising in later rounds due to higher technical requirements. Europa Conference League production costs are lower due to the lower technical requirements for those matches.

Falling value

The RMC Sport deal means Uefa will now earn about €13.5m to €15m per season for Europa League and Europa Conference League rights in France over the 2021-24 cycle.

Media rights revenue derived Uefa's lower-tier club competitions had already fallen prior to Mediapro handing back its rights in December 2019. The total income from Team's original slate of deals with Mediapro, Canal Plus and M6 was between €32m to €33m per season for the 2021-24 cycle, down on the €35m per season RMC Sport paid for the Europa League in the previous cycle.

However, when media rights income from the top-tier Uefa Champions League is considered, European football's governing body will still enjoy a cycle-on-cycle increase.

Uefa earns €375m per season across three deals for Uefa Champions League rights in France with Canal Plus, pay-television broadcaster beIN Sports and commercial broadcaster TF1. This means Uefa's total media rights income in France from its club competitions is between €388.5m and €390.5m per season – 11 per cent up on the €350m per season RMC Sport paid for exclusive rights to the Champions League and Europa League in the 2018-21 cycle.

Sales process

Team did not re-tender Mediapro's returned inventory and instead spoke directly to interested parties before agreeing the deal with RMC Sport.

It is understood there was far less appetite for the Europa League and Europa Conference League this time round than when Team initially tendered the rights in 2019.

One industry source told *SportBusiness Media* that, at one stage, Team considered waiving a rights fee for the package as long as the successful broadcaster at least agreed to pay the production costs for all the French teams' home matches in the offered inventory. Uefa declined to comment on the sales process when approached by *SportBusiness Media*.

French clubs are guaranteed at least two Europa League places and one Europa Conference League place. The third-placed team in Ligue 1 the previous season also enters the Europa League if it fails to secure a Champions League spot via the qualification rounds.

The Europa League and Europa Conference League will have three timeslots per match-week from the 2021-22 season: 16:30, 18:45 and 21:00 (all CET) on Thursdays.

The Europa Conference League will feature 32 teams playing 141 matches over 15 match weeks, and the winner will take a place in the following season's Europa League. The introduction of the Conference League means the Europa League group stage will be reduced from 48 to 32 teams.

Strategic move

Industry sources told *SportBusiness Media* RMC Sport's re-acquisition of Uefa lower-tier club competitions was a strategic move by the broadcaster.

RMC Sport's owner, telco Altice, has backtracked on its decision last year to retreat from the French sports-rights market. The change in strategy is attributed to a realisation that the broadcaster could haemorrhage subscribers if it loses access to good-quality football properties.

RMC Sport recently completed a deal with Canal Plus to co-broadcast the two best Champions League fixtures from each match week in the 2021-24 cycle.

This is in addition to RMC Sport's existing sublicensing deal with Canal Plus to co-broadcast the English Premier League, which is due to expire at the end of the 2021-22 season. RMC pays half of Canal Plus's per-season outlay on the property, which is between €90m and €100m per season. Canal Plus recently renewed its Premier League rights in France for the 2022-25 cycle.

MULTI-SPORT

Building scale a daunting challenge for European pay-TV and OTT operators

By Frank Dunne

- Sky's OTT failure in Spain should be warning sign for Nent, Discovery, DAZN and others
- 'Streaming wars' temporarily boost rights fees in US but will not come to Europe
- BT Sport represents a big challenge if run as a standalone business by a new buyer

Low-cost OTT services with a global footprint like Netflix and Amazon Prime Video, and global OTT sports services like DAZN, have put the world's traditional pay-television operators under pressure over the last decade.

'Legacy' media companies have been responding by rolling out their own digital services, offering lower-cost content bundles and expanding their footprint through mergers and acquisitions. Europe has become a key battleground, one in which radically different strategies are emerging and some expensive bets are being placed.

In May, the publicly traded Nordic pay-television operator Nordic Entertainment Group (Nent) committed €500m ($589m) over eight seasons for the rights to Germany's Bundesliga as part of an aggressive roll-out of its Viaplay OTT service across Europe. Beyond its core Nordic markets, it plans to launch Viaplay in nine new European markets by the end of 2023, as well as in the US (where it doesn't hold Bundesliga rights). Nent says it is "aiming to become the European streaming champion".

The same month, US telco AT&T spun off its media arm, WarnerMedia, and merged it with Discovery to create a combined entity with projected revenues of $52bn by 2023 in an attempt to take on the streaming giants.

Discovery owns the pan-European satellite platform Eurosport and is using Eurosport content as part of an aggressive roll-out of its own OTT sport and entertainment service Discovery+, initially across 25 countries. With sports fans across Europe suddenly waking up to the realisation that the widest and best coverage of this month's Olympic Games in Tokyo can only be found on the mini-pay offering, a dramatic spike in subscriptions is likely.

WarnerMedia owns Turner Sports, which has a strong sports portfolio across the US and Latin America. One US media executive said the merger follows the blueprint of Comcast leveraging the complementary strengths of its NBC network in the US and Sky's pay-television platforms in Europe, following its acquisition of Sky in 2018.

"There is likely to be greater collaboration around rights acquisition, data and analytics, promotion and marketing, and technical and production elements," the executive said. "Both groups will conduct a comprehensive analysis of their rights portfolios set against a re-definition of their KPIs and technology roadmaps. I fully expect to see a consolidated offering borne out of this tie-up."

Scale is at the heart of both groups' strategies but there are other case studies which suggest that Nent, Discovery and other media players going down the expansionist route face a daunting challenge.

In January 2019, Comcast announced that NowTV, the low-cost sport and entertainment offering created by Sky in the UK, would be rolled out across the world. The outbreak of the Covid-19 pandemic provides a useful fig leaf for Comcast in having failed to follow through on the plans. The reality, insiders say, is Sky's failure to make a low-cost OTT service work in Spain shaped the company's thinking on further expansion in Europe.

As one source put it: "I think Sky discovered trying to get into Spain was pretty hard. They were starting from scratch, with no brand and no rights. If they were going to try and take rights, they had to outbid local players for whom those rights were important. By the time you've paid enough to win those rights, you're onto a loser."

Sky did pick up some top sport, including a carriage deal with LaLiga to carry a channel with games from the second-tier Segunda División. But it wasn't enough. Sky's OTT service in Spain ceased operations on September 1, 2020.

Size matters, but is not enough

For any media company offering premium sport, either standalone or part of a wider offering, scaling across Europe offers advantages.

A senior executive at a pay-television operator with subsidiaries in Europe and other parts of the world explained some of the benefits: "If you are present in multiple markets and are buying rights you will inevitably have stronger, more constant relationships with rights-holders. That's a big positive. You can sometimes get rights bundled. There may be a property that you really want for one territory where the price is very high and are able to acquire it across two or three markets at an attractive price.

"When you have the same rights across several territories you can make savings by running a lot of the production out of one studio, so there are economies of scale. You can make some savings in terms of staffing, not having to duplicate functions across multiple markets. And you spread your risk. If one market overheats and becomes too expensive, you can dial down your operations there for a while and focus your investments on other markets. Being able to dial up and dial down in different markets means your overall balance sheet can be managed better."

One former pay-television executive concurred: "Having a presence in multiple markets builds trust so that when the rights-holder has a problem they're more likely to call. This is a key element: you want a preferential position. The technical and operational costs fall if you can take a set of rights for multiple regions. It's the unglamorous part of the rights industry, but it can make a significant material change."

Comcast's ability to roll over the existing deals for the rights to the Premier League for its Sky operations in the UK, Italy and Germany for three more seasons at the same price was arguably a demonstration of this preferential position.

Another benefit relates to owned content. Pay-television companies are increasingly investing in original content. In entertainment, this might be drama series. In sport, documentaries. There is close to zero marginal cost attached to distributing this content into additional markets.

In theory, these benefits add up to leaner, healthier companies that are better placed to compete. However, these benefits will not be responsible for driving a subscriber base in any market.

There are two underlying obstacles to expansion. First, premium rights are sold market by market in Europe and will be for the foreseeable future. The other major costs that premium pay services incur are related to the production of local language content around the live games, including on-screen talent, marketing and customer support functions. These costs are almost completely market specific.

Second, the price of premium rights in Europe has been driven to a level where very few companies can turn a profit on them.

For some experts, the second factor represents a huge competitive advantage for incumbent pay-television operators, especially those who offer sport as part of multi-play services.

As one expert put it: "There was a point in time when you could buy sport and you could make money doing that. But gradually the business model has moved to a situation where if that's all you've got, you're going to get outbid by somebody who's got other sources of value – a broad bundle, whether it's with other kinds of content or with broadband. Those people with that broader business model over time have bid the prices of those key assets up to a level which can only be sustained if you have that broader business model."

For this reason, the destiny of DAZN remains the most closely followed story in the industry. The streaming platform and IPTV broadcaster, owned by Len Blavatnik's Access Industries, is operating on a dual expansion plan under a single brand. It has made its boxing content available on a low-cost global OTT platform, securing an immediate global footprint. For its premium multi-sport service, it is expanding into selected global markets.

In both cases, it has been prepared to move away from its original commitment to being a pure-play OTT operator. It now agrees deals to distribute its content on linear channels via third parties in certain territories.

The DAZN multi-sport service is now well established in the European pay-television ecosystem. It is currently available in DACH – Germany, Austria and Switzerland – as well as Italy and Spain. And it has become increasingly aggressive in its ambitions, outbidding Sky Italia in March in a €2.52bn acquisition of the main domestic package of live Serie A, as well as picking up a package of domestic rights to the German Bundesliga in June 2020. Two months later it secured rights to the Uefa Champions League in Germany. For those in the industry still unconvinced by DAZN, this uptick in ambition is key to its fortunes.

As one pay-television executive said: "When DAZN started out, the business model was to pick up and monetise sports in territories that the likes of Sky didn't want. And that made sense. There's some money to be made there. As soon as you're going head-to-head with Sky, Canal Plus or any big incumbent player for rights they really want and which underpin their business, if you ever win that auction you are going to lose money. That is a structurally loss-making situation at today's prices."

For many experts, this is also the reason DAZN should resist the temptation to expand into the UK by buying BT Sport. DAZN has been linked with a potential acquisition, along with technology and retail giant Amazon and US media group Disney. The British company is now considered the strong favourite.

Exit BT Sport

There are different interpretations of BT's decision to sell off its UK pay-television broadcaster BT Sport. The kind interpretation is that the service has done the job it was intended to do – defending its broadband business against incursion by Sky – and it now makes sense to sell on the platform. The harsher version is that it is merely the latest in a long line of companies which tried and failed to take on Sky.

Those who have closely followed Sky's growth tend to prefer the latter take. As one insider put it: "The question is, who's got the business model that can systematically outbid Sky? The answer over the last 30 years has been no-one. Nobody has come up with a better machine for converting sports rights into sustainable economic value. Nobody has come close."

The problem for anyone looking to acquire BT Sport is that its financial position cannot be judged in isolation, but only as part of a wider telco business.

The insider said: "You look at all the costs and you set them against the revenues they made as a sports broadcaster, plus the margins from the broadband customers that they've retained and otherwise might have lost. That's great until the day comes when you try to sell. Because if you sell that business to anybody that isn't a large UK broadband provider, they are going to find those rights deals loss-making. They will bear all the costs but one of the key upsides is missing."

There is also a third view among some UK pay-television experts: BT Sport was doomed to fail because of an unhealthy grip that Sky exerts on the market.

Another well-placed insider said: "BT Sport partially succeeded with its objectives, but costs spiralled out of control by adding the Champions League rights [to the rights to the Premier League] and by spending too much on production. Fundamentally, BT is a technology company that doesn't understand content. Sky is 100 per cent a content company – it's their sole focus. It makes them smarter. But the real issue is pricing. Sky are very smart at making sure, with very complex pricing mechanisms, that it's always more expensive to get their channels from BT or Virgin. And sometimes the egos and emotions mean those companies don't see the bigger picture."

US ≠ Europe

The ability of the streamers to offer top sport at a lower cost than the major pay-television companies is eroding the latter's subscriber bases, average revenue per user and bottom-line margins. This is what has been happening quite dramatically in the US over the last decade. Yet in a period of crisis for the traditional US media industry, sports rights prices are going up.

The National Football League this year enjoyed an 80-per-cent increase in the value of its domestic rights. European football leagues, including LaLiga, Serie A and the Bundesliga, have all enjoyed substantial increases from the 'streaming wars' created by legacy media companies like Disney and ViacomCBS rolling out low-cost digital products and fighting to build market share quickly.

One industry executive compared what was happening now in the America to the early days of pay-television. "What's happening in the US is like the start of pay-TV all over again. You want to grow your subscriber base quickly and push your other media content. Sport is an incredibly effective way of doing that. So you acquire rights which are probably not worth to your business the fee you are paying. Short term, it makes no sense. But it allows you to build a base quickly. It's exactly how pay-TV took off at the very beginning: throwing big money at sports rights."

In Europe, DAZN and other low-cost newcomers are challenging the dominance of traditional pay-television operators. Amazon has picked up premium rights in the UK, Germany, Italy and most recently France, where it acquired the largest package of rights to Ligue 1. Aser Ventures-owned Eleven Sports, which operates sports channels and OTT services, showed its ambition with the five-season, €515m deal for domestic and international rights to Belgium's Pro League in 2019. It is likely to be greatly strengthened by its recent strategic alliance with Spanish rights and production house Mediapro.

But many experts caution against reading too much across from the US market into Europe. The scale of the challenge facing traditional US pay-television operators, like ESPN, is of a different order to that facing the dominant pay-television operators in Europe.

Headlines about the crisis of the global television industry can obscure the fact that the really big losses from cord-cutting and the flight of advertising from linear to digital platforms are felt in the US. According to a recent report by accountancy firm PWC, nearly 81 per cent of revenue lost to traditional television companies between 2016 and 2020 was in North America. European pay-television is in a state of flux but, unlike its US counterpart, it is not in crisis.

This is because the US and European pay-television industries evolved in different ways at different speeds. In Europe, the growth of pay-television was always constrained by multiple factors, the most important of these being a rich and varied free-to-air television market, much of it state-funded. This included multichannel options, such as Freeview in the UK.

In many European countries, the free-to-air market was further sustained by the introduction in the 1990s of listed-events legislation, which ensured top sports events were available to the widest possible audience. Pay-television operators across Europe had to make sure there were a variety of price points for their products, including entry level packages of around €25 per month, as well as the more expensive sports and films options.

In the UK, Sky had concluded by 2005 that cheaper bundles had to be made available to keep Sky's penetration growing. It spent years battling the UK regulator Ofcom to launch a DTT mini-pay service called Picnic. By the time it finally secured approval, it was already pivoting towards digital and abandoned the idea, launching the IP-based NowTV in the UK in July 2012.

As one expert put it: "The US is the outlier, the extreme example of how big the bundle grew. It had got to absurd proportions, where you couldn't get a pay-TV bundle for less than $100 a month. The bubble just grew and grew. That's why we have Netflix, Hulu and others. Because the opportunity that was being created under that sort of quasi-monopoly umbrella was so apparent that people threw a lot of resource into grabbing it. In the UK and much of Europe, the pricing didn't get out of control in the same way. The problem wasn't as big here, so the solution and the consequences haven't been as radical here either."

Rights fees to stay flat

The consensus among rights experts canvassed by *SportBusiness Media* this week was that while there will always be pockets of competition in individual markets in Europe, the overall market is likely to remain soft. In addition to the competitive dynamics, piracy remains out of control and is getting worse, adding to deflationary pressure.

Most experts believe there will be a long period of coexistence between the incumbents and the new-entry players. The main 'victim' of the change in the medium term is likely to be the oil-company-level margins enjoyed for years by some of the legacy players, whose business models were built on bundles of largely unused content.

These reduced margins will inevitably hit content budgets, including those for sport. Sports bodies may suffer a flattening of rights values after three decades of untrammelled growth, and polarisation between the 'must-have' properties and the rest will widen, but the main beneficiary should – in theory – be the consumer, in the form of increased choice, better value, greater interactivity and a richer user experience.

Instead of markets dominated by one or two 'big beasts', there is a diverse ecosystem made up of players of different sizes and characteristics. One expert said: "Pay-TV, outside America, has essentially been a monopolistic business in each market, where you either tried to have a quasi-monopoly on technology or key sporting rights. What we're getting now is proper competition."

However, in the absence of new platform wars, it is likely to be a new form of competition, one which is less inflationary than the 'old' kind.

"The number of pay subscribers is increasing but is being spread across a greater number of networks," one executive said. "The overall amount of revenue in the system may increase in time. But each individual operator is still ultimately going to pay a rights fee linked to its ability to monetise it. This expansion won't lead to a rights war."

Using a definition of 'pay-television' which encompasses traditional platforms, channel distributors and new streaming services, the market in Europe is growing, broadening and flattening. The market is also becoming increasingly promiscuous, with platforms seeking to aggregate as much content as possible. Consumers typically don't want more than two or three billing relationships.

The next big battle in media will be the battle to be the portal to all that content. It is here that the global tech players like Amazon, Google and Apple are likely to leverage their deep pockets and global footprint. It is too early to accurately predict the impact that battle will have on the sports-rights market. ○

FOOTBALL

Uefa nets increase in Australia as streaming competition ramps up

By Kevin McCullagh

- **Stan Sport acquires Uefa club rights for about A$11m per season, from 2021-24**
- **Rights-holder benefits from competition between new streaming platforms**
- **Failed bidder Sports Flick continues to compete for content**

Uefa has benefitted from rising competition between streaming platforms in Australia, securing an increase in the value of its club competition rights in a deal with new entrant Stan Sport.

The sports streaming arm of media group Nine is understood to have agreed a deal worth close to A$11m (US$8m/€7m) per season over the three seasons from 2021-22 to 2023-24. The deal covers exclusive rights to all Uefa club competitions: the Champions League, Europa League, Europa Conference League and the Super Cup.

Telco Optus paid around A$9m per season for the Uefa club competition package in the previous cycle, from 2018-19 to 2020-21.

Stan Sport will offer advertising-free, live and on-demand coverage of all Uefa club competitions. Coverage starts with the Uefa Super Cup match on August 12 between Champions League winners Chelsea and Europa League winners Villarreal.

The deal was negotiated by Team Marketing, Uefa's sales agent for club competition rights. Team launched invitations to submit offers for the rights in Australia and New Zealand on January 18, inviting bids by February 15.

Second-highest

Stan Sport was initially the second-highest bidder for the Uefa club competition rights after Sports Flick stunned the market with a bid of just over A$20m per year.

Sports Flick was previously unheard of, with a niche, eclectic sports rights portfolio that included properties such as Nicaraguan football and Serbian rugby league.

The Sports Flick bid was eventually withdrawn. Most industry insiders *SportBusiness Media* has spoken to say the platform struggled to secure financial guarantees required by Uefa. Sports Flick said it had secured the necessary guarantees but decided not to proceed at least partly due to uncertainty created by the announcement of the European Super League.

Team Marketing turned to Stan after the collapse of the Sports Flick bid.

Optus had also bid to renew the Uefa rights, but not aggressively. Australia's leading sports broadcaster Foxtel is not thought to have bid having more broadly scaled back its interest in football.

Foxtel recently stopped showing domestic A-League and national team football, ending a long association with Australian football. It still has a significant amount of football via its carriage deal with beIN Sports. The latter has rights for properties including the Spanish LaLiga, the German Bundesliga, and the French Ligue 1.

Stan's challenge

Some industry observers say Stan Sport has a challenge on its hands with the Uefa rights. Due to kick-off times that take place very early on midweek mornings in Australia, the rights are often considered of greatest value as a complement to other football programming. Optus, for example, also has rights for the English Premier League. Stan does not currently have any other football content.

Stan is thought to see considerable value in the Uefa rights even on a standalone basis, although it is still interested in adding to its football rights portfolio.

Stan was among the bidders for Australian domestic league rights before media group Ten acquired them in May. However, it is understood Stan was not in a position to bid strongly for both the Uefa rights and the Australian league rights, with the former ultimately getting priority.

A flush of football rights properties came on the Australian market in the first half of this year. Coupled with the uptick in competition, would-be buyers were presented with a challenge in terms of bidding and prioritising their investments. As well as the Uefa and domestic league rights, there have been recent sales processes for the Fifa Women's World Cup and Australian national team matches, the Italian Serie A, the Dutch Eredivisie and the English FA Cup. Deals for the latter three properties are yet to be announced.

Stan Sport launched in February. Its primary rights property is Rugby Australia content, covering national team Tests, the Super Rugby club competitions, and the domestic Shute Shield. Other significant properties include the Wimbledon and French Open tennis tournaments, and the British and Irish Lions ongoing tour of South Africa.

Some industry insiders say Stan Sport does not yet have a cohesive and big enough sports portfolio to be a truly compelling product.

Nevertheless, in May, Nine chief executive Mike Sneesby said the service had reached nearly 150,000 subscribers. Stan Sport is available as a buy-through add-on for subscribers to the Stan general entertainment streaming service. The broader service starts at A$10 per month and Stan Sport costs an additional A$10 per month.

Sports Flick still bidding

Sports Flick is understood to have made a significant bid for the Italian Serie A for the next cycle, 2021-22 to 2023-24, currently being sold by the Infront agency.

BeIN Sports held Serie A rights in the last cycle, from 2018-19 to 2020-21, in a deal worth around US$2m per season.

A deal for Serie A would help Sports Flick shore up a reputation damaged by the failure of the Uefa deal. Many industry insiders are sceptical of its capabilities. Its Uefa bid is considered to have been wildly overvalued.

Sports Flick's chief executive Dylan Azzopardi talked up the platform's ambitions in media interviews earlier this year. He said the company aimed to move into "tier one" sports and become "a home for football" in Australia.

It faces a serious challenge on that front from both Optus, which is focused on premium football, and Ten, which has put a big emphasis on football content for the launch of its Paramount+ streaming platform next month.

Sports Flick has continued to add minor sports properties to its portfolio in recent months, agreeing deals for properties including the Chinese Basketball Association, the 2021 Concacaf Gold Cup, Nepali cricket and North American rugby league. It has also agreed a deal with cloud production specialists Grabyo. ○

MOTORSPORT

Discovery’s renewal for Le Mans boosted by return of big manufacturers

By Imran Yusuf

- **Discovery will pay about €2m per season for WEC rights in 100 territories, from 2021-25**
- **L’Equipe understood to be paying around €400,000 per year for French free-to-air rights**
- **Ferrari, Porsche, Audi and Peugeot will return to 24 Hours of Le Mans during deals**

Discovery’s five-year-renewal for media rights to the FIA World Endurance Championship, which includes the 24 Hours of Le Mans, has seen a slight fee uplift despite challenging pandemic-related economic conditions.

Discovery’s deal for WEC rights across 100 territories with the Infront agency – the media rights partner of the Automobile Club de l’Ouest, the WEC’s commercial rights holder – is understood to be valued at around €2m ($2.36m) per season. The deal will run for five years, from 2021 to 2025.

Sources say this is a small increase on the previous four-year deal between Discovery and the ACO, from 2017 to 2020.

Discovery has secured exclusivity to Le Mans in over 50 territories in Europe and North America, including prominent markets such as the UK, Italy, Spain, Ireland, Poland, Czech Republic, Portugal, Russia and Turkey.

The most valuable markets for the race are the UK, Italy, Germany and France. In the latter two, Discovery does not hold exclusive rights, though its Eurosport channel is broadcast free-to-air in Germany.

Digital terrestrial channel L’Equipe holds free-to-air rights in France for Le Mans from 2021 to 2023, in a deal understood to be valued at around €400,000 ($472,000) per year.

The previous rights-holder was public broadcaster France Télévisions, which is understood to have been paying around €300,000 ($354,000) per year in its deal from 2017 to 2020. L’Equipe already held rights to broadcast the other WEC races, since 2016, but these are worth a fraction of the value of Le Mans, which represents the lion’s share of the value of the entire WEC package.

Indeed, experts put the worth of the race at between 80 to 90 per cent globally. However, it is understood that Discovery has been able to maintain its multi-territory deal only by not carving out Le Mans. One source said: “It’s more that they pay for Le Mans but have an obligation to broadcast the other events.”

In North America, Discovery holds exclusive digital media rights for Le Mans.

Discovery’s global rights for the remaining WEC races are non-exclusive, with the exception of North America (except French-language rights in Canada).

Discovery’s rights for Le Mans are also non-exclusive in the Asia-Pacific region. Experts told *SportBusiness Media* that, while audience figures are believed to be high in China, it is at present difficult to accurately gauge the value of the WEC in the region.

Discovery’s live and on-demand coverage from every round of the WEC, including qualifying sessions, appears across its Eurosport channels and its discovery+ streaming service. In North America, the WEC is available on Discovery’s MotorTrend App and MotorTrend TV. In Canada, the championship is also broadcast on pay-television channel Discovery Velocity.

Reassurance over L’Équipe

In France, it is understood that some competing manufacturers initially had doubts about the move from public-service broadcaster France Télévisions – which has shown Le Mans since 2008 – to L’Équipe.

However, these concerns were dispelled by the ACO which emphasised the broad reach of the L’Equipe media group across linear television, its flagship print media publications, websites, app and social media platforms.

Visibility is the most important factor for competing manufacturers, which hope to convert success at Le Mans into car sales around the world.

The 24 Hours of Le Mans will take place across August 21 and 22 with Eurosport, which has broadcast the race since 2008, continuing to offer pay-television coverage in France until the end of its deal in 2025.

Return of manufacturers

Earlier this month, after talks between the ACO, the FIA and the Daytona-based International Motor Sports Association, it was confirmed that car manufacturers would be able to use a single model of racing car across multiple series, including the WEC and the IMSA SportsCar Championship.

This has drawn premium manufacturers – such as Ferrari, Porsche, Audi and Peugeot – back to the WEC due to the increased cost-effectiveness of being able to run their cars across multiple high-profile endurance races, including Le Mans and the 24 Hours of Daytona.

Ferrari last raced at Le Mans in 1973. It will compete in the top-tier Hypercar class in 2023, Le Mans' centenary year. Porsche and Audi will also compete in the WEC in 2023 ahead of their return to Le Mans. Peugeot will enter in 2022.

This has provided a commercial boost to the property, which is said to have suffered in terms of viewership and revenues in the absence of these major manufacturing brands. As one expert said, in recent years the WEC has seemed like "Toyota fighting themselves", given the Japanese car manufacturer's recent domination of the series.

It is understood that, in a post-pandemic global market where rights fees have been on the decline, the return of these teams was a key driver for the slight uplift in the media rights fee.

Mutual benefit for Discovery, WEC

Manufacturers are only interested in the ACO securing as wide a reach as possible for WEC races, particularly given that the manufacturers do not receive any revenue from the media rights fees accrued by the ACO.

Discovery's ability to ensure complete coverage of the WEC across its basic-tier and premium platforms keeps manufacturers happy, especially as Discovery's coverage underpins free-to-air deals that rarely offer such complete coverage.

The ACO and the manufacturers trust the broadcaster with the property and appreciate its vast production spend on the series. This also extends, experts say, to an appreciation of details such as its historical programming of WEC races, its highlights programming and Eurosport's presenters, which include nine-time Le Mans champion Tom Kristensen.

Discovery has established itself as a hub for motorsport with a diverse portfolio, including the European Rally Championship, the World Touring Car Cup, the Superbike World Championship and motorcycling's Endurance World Championship.

Discovery is increasingly focused on securing global rights for properties as this makes its marketing and production spend more efficient. It also helps the company provide a clearer offer to consumers around the world.

One executive said it was likely that, as in previous years, Infront would have analysed whether selling the WEC rights market-by-market to a variety of broadcasters may have been beneficial for the property. However, while opting for exclusive rights to a different pay-television broadcaster may have netted more revenue in a few markets, "nobody would do it as well" as Eurosport in terms of commercial return and production value.

"There is a lot more than just cash on the table. It's about the value of promotion and production," a source told *SportBusiness Media*.

Discovery's ability to show races in full – given that they go from six hours to eight hours to the Le Mans' 24 hours – is a vital factor for manufacturers to get a return on their investment.

As one expert told *SportBusiness Media*, "Free-to-air television is preferred by the manufacturers, though if pay-television has a wide reach, that is acceptable."

ESPORTS

Blast looks to convert esports viewership records into revenue in 2022

By Callum McCarthy

- **Blast Premier earns about $4m to $5m for its global media rights in 2021**
- **Deals with Twitch, TV2 Denmark bring in the majority of income**
- **Blast looking to expand IP and capitalise on growing viewership**

Esports tournament organiser Blast is looking to turn strong viewership into stronger media rights income from 2022 as the company returns to staging live, ticketed events following the Covid-19 pandemic.

SportBusiness Media understands Blast will accrue global media rights revenue of between $4m and $5m from its *Counter Strike: Global Offensive* series Blast Premier in 2021, the majority of which derives from Blast's one-year deal with streaming platform Twitch for global, English-language rights.

The company staged the most-watched *CS:GO* matches of all time in January this year, twice exceeding the existing record during its Blast Premier Global Final. The semi-final between Na'Vi and Team Vitality attracted peak viewership of over 687,000, while the final between Na'Vi and Astralis attracted over 645,000 viewers.

Robbie Douek, chief executive at Blast, would not comment on the company's financials but confirmed it was looking to convert its record-breaking viewership into greater revenue.

"I think there are certain territories where we've got clear viewership, but the financial reward isn't as strong as it could be," Douek said. "We're looking at those territories and asking ourselves how we can do more and why we can't generate more revenue on top of the viewership."

Blast's primary rival in the CS:GO tournament organiser space, ESL, was able to take advantage of a spike in competition for esports media rights early last year, securing a lucrative three-year deal with Twitch from 2020 to 2022.

Twitch had just lost rights to the Overwatch League and the Call of Duty League to its main streaming rival, YouTube Gaming. In response, Twitch bid big to acquire exclusive, global

English-language rights to all ESL properties in 2021 and 2022, while retaining non-exclusive rights in 2020. Twitch pays a total of about $25m for exclusive ESL rights across the last two years of the deal.

ESL organises tournaments across *CS:GO, Dota 2, Starcraft II* and *Warcraft III*, providing it with a plethora of inventory that appeals to multiple esports fanbases. Blast has begun to expand its tournament repertoire with more mainstream games – such as *Fortnite* and *Apex Legends* – with a view to creating other premium esports properties to sit alongside Blast Premier.

"We've diversified our portfolio and gone into further games as much as to test ourselves and our ability to produce across multiple titles, which we've now proven we can do," Douek said.

He continued: "I think in the longer term, as a business, we want to make sure we develop more IP that we can transact against so we're not just speaking to a given broadcaster and offering just *Counter Strike*. We want to offer products on top of that and transact on multiple fronts. I think that will provide us with a lot of upside in the future."

Blast is currently comfortable with its policy of agreeing one-year deals with its 40+ broadcast and streaming partners. Alexander Lewin, VP of distribution and programming at Blast, says the company is open to longer term deals but only if the partner was willing to invest heavily in both the fee and production around the property.

"We've always agreed deals year-on-year and we've always believed in the growth of the esports industry to warrant sizeable increases in fees each year," Lewin said.

"For us to make a two-year deal, we need to see financial commitment and investment. If that is in place, we understand that on the other side, it might be beneficial for a licensee to have some kind of longevity and certainty in their relationship with Blast when going to brands to support their coverage.

"In that case, it makes financial sense for both parties and then we're happy to do it. But are we ready for the kind of long-term deals we're seeing in the sports industry? Not at Blast at the moment."

Danish delight

Blast's second biggest media rights deal is in Denmark, the company's home country and a territory where *CS:GO* is close to becoming a mainstream proposition thanks to heavy government investment in Danish esports teams and companies.

Blast is understood to earn about €500,000 from its one-year deal with commercial broadcaster TV2, covering exclusive Danish-language rights in 2021 only. This is close to the annual value of ESL's three-year deal with TV2, from 2020 to 2022, worth an average of about €600,000 per year.

TV2 exploits the rights across its basic-tier channel TV2 Zulu and its TV2 Play subscription streaming platform.

Again, Douek would not comment on media rights values but acknowledged that Blast's deal in Denmark is both an outlier and an example of what it hopes to replicate in other territories.

"The Danish deal is different because the understanding of esports in Denmark and the huge Counter Strike community… there's a marriage there. I think it's difficult to draw similarities to other territories," Douek says.

TV2 invests heavily in producing its live esports coverage and uses its broadcasts of the Tour de France as a guide for how each broadcast should be structured and paced. Top-tier esports tournaments often take place over the course of 10-12 hours each day, resulting in long live broadcasts that aim to keep fans engaged without exhausting them.

During the Blast Premier 2021 Spring Season, about 500,000 unique viewers watched TV2's coverage of the series in Denmark – 25 per cent of the channel's available audience.

Douek continued: "What's fascinating to me is that if you're a Dane watching in Denmark, you can watch for free on Twitch in English. Instead, they choose to watch the coverage on TV2 in Danish, despite Danes being incredibly proficient in English. I think we're looking to other linear broadcasters around the world and thinking about how we can follow suit from a financial, fandom and viewership perspective."

Aside from English and Danish, Blast Premier is shown around the world in 16 other languages. While its deals with traditional broadcasters are often naturally restricted to certain territories, its streaming rights deals with specialist Twitch streaming channels are restricted only by language with Blast seeing no advantage in attempting to geoblock its coverage.

Community streamers

Blast agrees one-year deals with several prominent *CS:GO* community streamers on Twitch such as Gaules (Portuguese-language), Freaks 4U (French-language; German-language) and LVP (Spanish-language), but also agrees deals with traditional broadcasters that elect to show Blast via Twitch, such as Portuguese public-service broadcaster RTP and Mexican commercial broadcaster TV Azteca. These deals are additional to Blast's overarching English-language deal with Twitch.

Lewin says linear broadcasters are beginning to understand that they aren't restricted to showing esports content solely on their own branded platforms.

"Linear broadcasters perhaps used to look at Twitch as more of a competitor than anything else and might wonder why they should take the content if it's already on Twitch," Lewin says. "That view of things has changed completely. Today, Twitch is seen by the linear market, almost unanimously, as an additional outlet. They have all stocked up and hired people with understanding of this. All of these broadcasters now have young teams that are capable of broadcasting on Twitch as well."

While traditional broadcasters are getting up to speed with Twitch and the digital world, specialist *Counter Strike* streamers – and video game streamers in general – are quickly acclimatising to the world of professional broadcasting and the production standards required by esports tournament organisers.

Lewin says video game streaming channels with large follower bases are rarely one-man bands as they were in the past, with many streamers employing agencies or in-house commercial teams to represent their interests. This makes agreeing commercial terms and enforcing production guidelines much easier than in years past.

When deciding whether to acquire rights to esports tournaments, streamers must calculate whether the content will yield more revenue than streaming their own gameplay, which has little to no cost. Blast makes this decision easier for streamers by allowing them to sell their own sponsorship inventory against the broadcasts.

"What we are offering is the ability and the space to monetise commercial inventory, which we either provide or provide space for – it can be filled by the local licensee," Lewin says. "The streamer or the company is looking at the broadcast days, they're calculating their production costs, they're calculating their talent costs and they're looking at the commercial arrangement with us. Then they need to ask themselves, can they recoup and make more?"

One-year deals with *CS:GO* community streamers on Twitch are of much lower value than Blast's English-language deal with Twitch. Most deals with streamers are understood to fetch rights fees in the mid-to-high tens of thousands of dollars per year.

Sending a signal

Though Blast's one-year deals with public-service broadcasters such as RTP, the BBC (UK) and TVP (Poland) are not particularly lucrative from a media rights income perspective, Douek and Lewin believe these deals are incredibly important for Blast to send a message to both the esports market and the wider linear broadcast market that their property has mainstream appeal.

Blast's deal with the BBC covered the Blast Premier Fall Final and the Blast Premier Global Final in 2020, both of which were shown on the broadcaster's iPlayer streaming platform. The deal generated significant media coverage and Douek was delighted with the results.

"I think these deals are really important from a perception perspective, from a b2b perspective, as well as a consumer perspective. It's important both to the game and the tournament organiser in question," Douek said.

"I think that fans of *Counter Strike* in the UK would have been proud to see that the BBC picked that up. For aspiring players, I think there's a boost in recognition when your public broadcaster picks you up. Whether or not they were paying a huge amount of money or not is irrelevant, because I think it just helps the overall ecosystem grow. So we're prepared to do those deals in multiple markets."

Lewin added: "These deals also send a signal to the industry. When you go to Sportel or to Mipcom and you're partnered with the BBC, RTP and TVP, it sends a message to other buyers that are looking at esports but are perhaps still sitting on the fence: if the BBC, RTP and TVP have it, then they can take it as well. That's of incredible value."

CRICKET

FanCode wins over ECB with long-term Hundred investment

By Imran Yusuf

- **FanCode paying $1.5m per season for rights to The Hundred, from 2021-24**
- **Figure includes marketing spend to promote competition in Indian subcontinent**
- **Sony, Star reluctant to bid higher and invest long-term in untried property**

FanCode's acquisition of exclusive media rights in the Indian subcontinent to The Hundred – the England and Wales Cricket Board's (ECB) new limited-overs competition – is both a significant move for the online streaming platform and a demonstration of how hesitant more established broadcasters are toward the new property.

The four-season deal, from 2021 to 2024, is worth an average of about $1.5m (€1.27m) per year – a fee that includes FanCode's marketing spend to promote the competition in India. Experts told *SportBusiness Media* that, at least for the first season, FanCode's spending in this area would match or exceed its media rights fees.

Experts say the ECB would have been wary of partnering with a solely digital entity rather than Sony Pictures Networks or Star India, India's two major sports broadcasters. However, the ECB was persuaded by FanCode's long-term bid, its commitment to growing the property in India and its appeal among young, digital natives in the country.

This last point offset concerns about a reduction in exposure. While Sony and Star have widespread distribution across multiple platforms across India, FanCode – which makes content available via its mobile app or through live streaming on its website – claims a userbase of about 20m people.

The deal was aided by the fact FanCode's sister company, fantasy sports platform Dream11, has also agreed a deal to sponsor The Hundred and become the competition's exclusive fantasy sports partner. Both companies share a parent company, Dream Sports.

Sources say that FanCode secured the deal too late to secure coverage in all territories in the subcontinent for this season. However, it has sublicensed The Hundred in Bangladesh to satellite broadcaster T Sports and in Afghanistan to public broadcaster RTA Sports.

Star, Sony reluctant

Ultimately, Sony and Star were unwilling to match FanCode's annual average spend, especially over a four-year term.

Sources say Star had been in discussions with the ECB for several months leading up to the 2021 tournament, but were less keen on the rights once it was confirmed that no male cricketers from India would be involved. This factor also influenced Sony's lack of appetite to bid more than FanCode.

Although Indian players are involved in this season's women's Hundred, sources say that while women's cricket is on the up, it still represents a small fraction of the media rights value in FanCode's deal.

Sources say there is "flexibility" within FanCode's contract in the event of Indian male players joining the competition in future seasons. FanCode and the ECB are believed to have set up broad principles relating to increased rights fees if Indian men participate. This would multiply Indian interest in the competition and it is understood FanCode would share the additional revenue generated with the ECB.

Sony are understood to be comfortable with the cricket content they are offering their viewers this summer, which includes a five-Test series between England and India. Sony's five-year deal for ECB rights, from 2018 to 2022, is worth about $28m per year.

The first Test match begins on August 4 and the last on 10 September. The Hundred's dates, July 21 to August 21, overlap with the Test series. Among other properties, Sony held rights to the Uefa European Championship from June 11 to July 11 and is now showing the Tokyo 2020 Olympics from July 23 to August 8.

Long-term approach

The acquisition is a significant step forward for FanCode. Prior to this, its acquisition in April of exclusive rights to broadcast the West Indies' home cricket matches and competitions in India was perhaps its most prominent deal for a sports property that might have been expected to land on Star or Sony's channels.

FanCode now holds media rights for at least four years for what could become one of the world's top-tier short-form cricket competitions. In India, Star has the rights to the world's most valuable T20 cricket tournament, the Indian Premier League, from 2018 to 2022. Second in the pecking order – at present – is Australia's Big Bash league, for which Sony is the rights holder under its deal with Cricket Australia from 2017-18 to 2022-23.

FanCode's long-term commitment to The Hundred appealed to the ECB, which is keen to grow The Hundred in what is their most important territory outside of the UK.

Sources say FanCode was interested in acquiring the rights for longer than the four-year term it has agreed with the ECB. In contrast, sources say Sony and Star did not want to commit to a multi-year deal for rights to a brand new property.

FanCode's stats-driven and innovative approach to graphics chimed with the ECB's brand proposition for The Hundred. The streaming platform's personalised sports experience, including customisable data overlays, appeals to a younger demographic – the ECB's primary target audience for the competition.

Furthermore, in addition to the media rights fee expected by the ECB, significant marketing investment was required to communicate not just The Hundred's existence but also its new rules and format to the Indian market.

FanCode has been offering a pass to watch all 68 matches (34 men and 34 women) from The Hundred for 59 rupees (€0.67/$0.79). Even factoring in its fantasy revenue stream, experts say Dream Sports are expected to run a loss for the first season of The Hundred.

Local experts say the ECB will be able to track viewership of The Hundred on FanCode with more accuracy than if the rights had been acquired by a traditional broadcaster. Traditional ratings for linear television channels in India, sources say, rarely offer the same precision or reliability.