







SROC's representation in ICASA's Subscription Television Inquiry







SROC Chairman - Mark Lichtenhein

- First elected in 2012
 Led European arm of Californian Internet start-up in the digitisation of sport in the 1990s
- 20+ year career with sports rights owners, primarily in golf, developing, selling and protecting television and digital rights



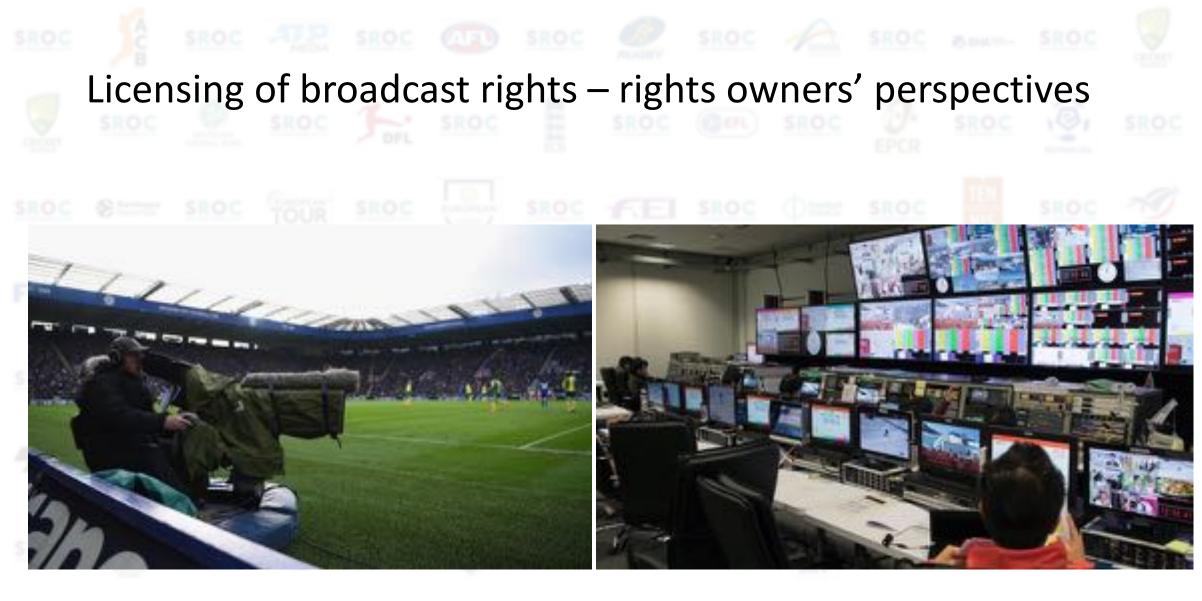
Who are the members of the Sports Rights Owners Coalition?



The Sports Rights Owners Coalition - Structure

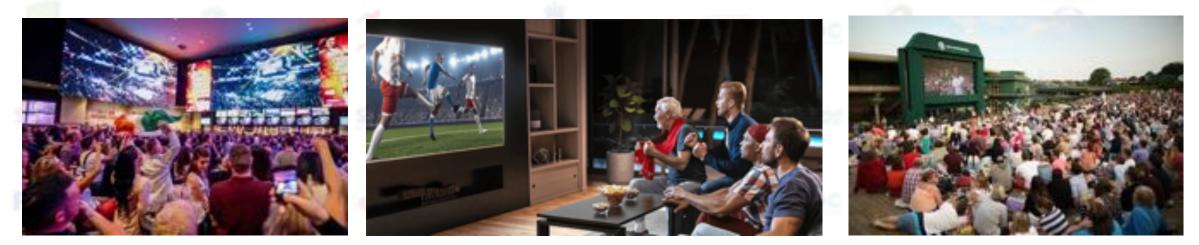
- Created over 15 years ago
- FIFA SROC SROC SROC SROC SROC SROC SROC
 - Common interest in sports' intellectual property rights
 - International membership
 - Today, with over 50 members
 - Sports Event Organisers who own the rights to their events







What do rights owners look for in a licensing arrangement?



Balancing reach, viewership, sport growth and value



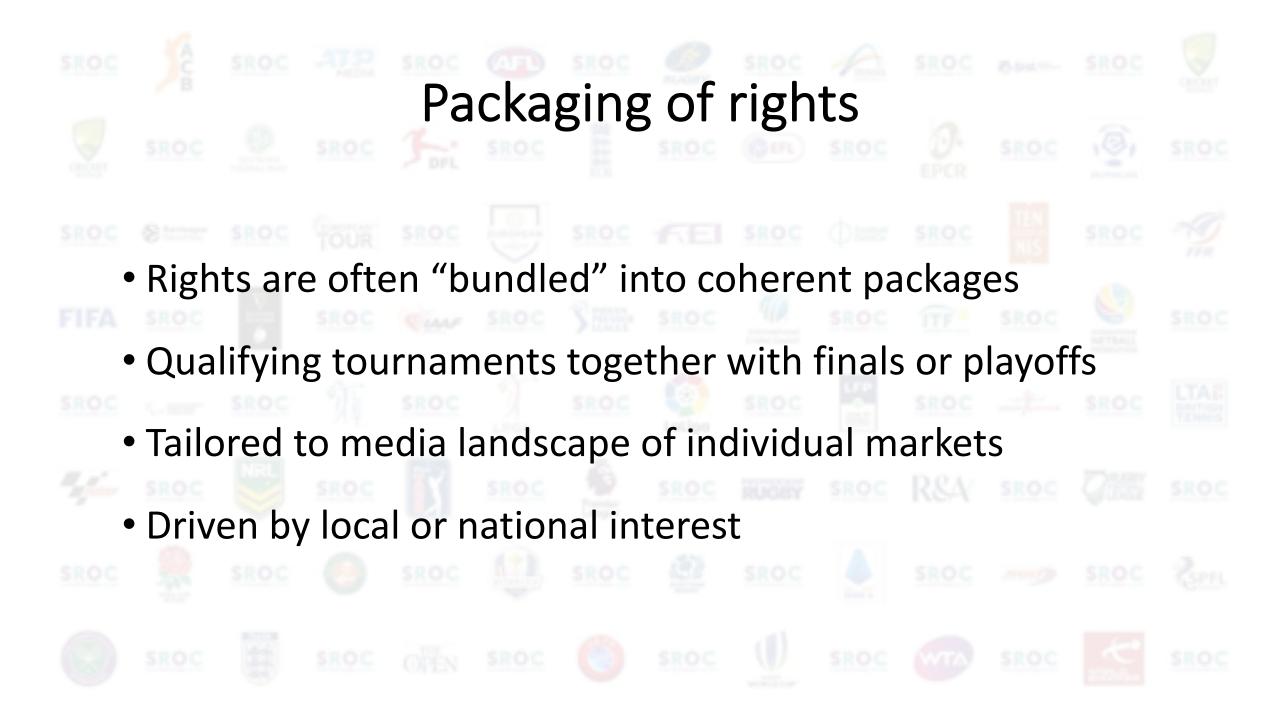


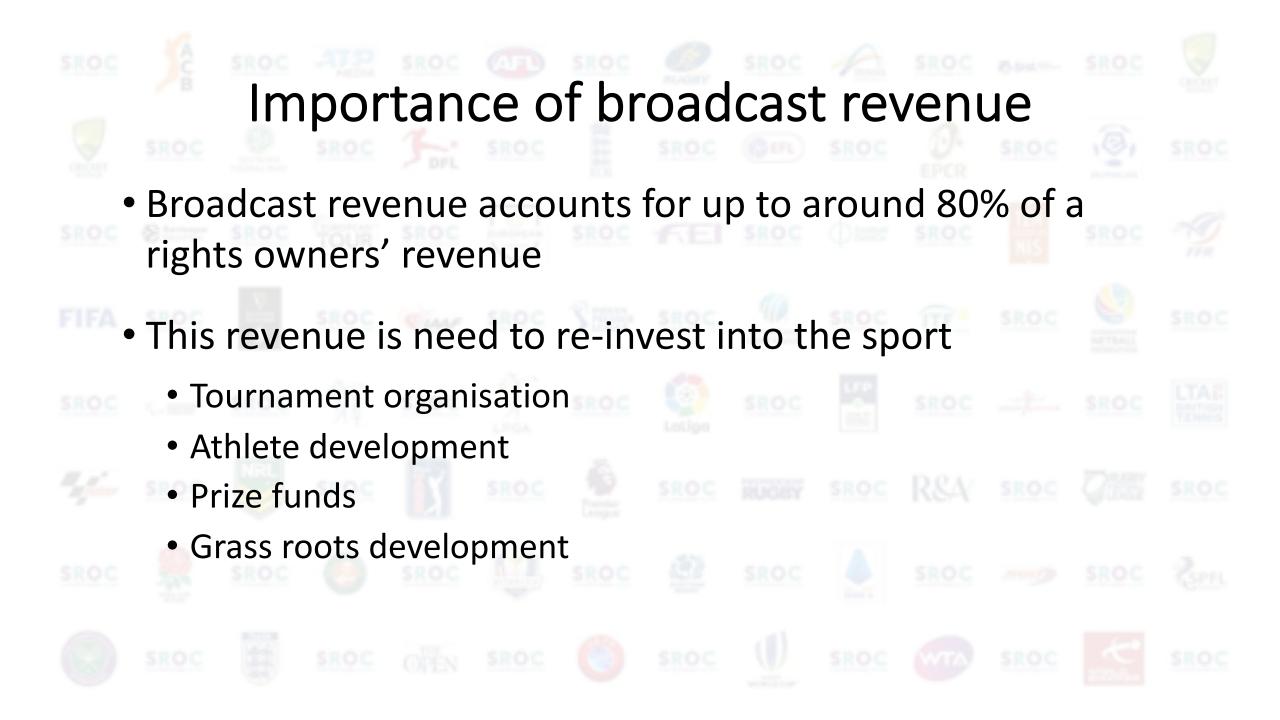
- Through fair, open and competitive processes
 - Either through negotiation or tender
- Subject to competition law in the jurisdiction in question
 - Usually for a fixed term, not automatically renewable
 - Term is usually a function of the sports cycle
 - eg, 4 year cycle of tournaments (Olympic Games, FIFA World Cup, UEFA European Championship, Rugby World Cup, Ryder Cup, etc.)



Market dynamics in a broadcast rights negotiation

- Rights owners respond to market demand
- Broadcasters use content to build a subscriber base
- Can the broadcaster reach the target fan base?
- What are the available distribution channels?
- How can the the broadcaster promote and grow the sport?





Territoriality and Exclusivity

- Territoriality is a key provision in rights agreements
 - Individual sports are not universally popular
 - Sport is not a commodity
 - Value of sports varies dramatically between different territories
- Exclusivity is a key market requirement from licensees
 - Licensees need to be able to build a subscriber base
 - Licensees need time to invest in order to make a return
 - Contract duration needs to satisfy requirements of licensor and licensee

The role of the Internet



- The Internet has disrupted traditional television models
- It has blurred the boundaries of different markets and distribution media
 - It has led to "device neutrality" in licensing agreements
 - Licensees seek to acquire "windows of exclusivity" in live sport, rather than specific distribution media or device rights

The growth of the Internet

- Broadband capacity and speed continues to grow exponentially
- Availability continues to increase
- Costs are falling dramatically
- Reliability continues to be more robust
- 5G will revolutionise mobile capacity in coming years

The rise of OTT

- OTT has very quickly become a viable business model and
- an integral part of any new tender process
- Massive investments by major marketplace players
 - Disney+, Peacock, Apple+, Discovery+...
 - Low barriers to entry encourage new players
 Prime Video, DAZN, Eleven Sports...
- New opportunities for rights owners
 - UEFA.tv, Tennis Channel, NFL Game Pass, Golf+...







A common misunderstanding about subscription television

- Subscription TV practically invented start-to-finish, shot-by-shot or ball-by-ball coverage
 - This content did not necessarily exist previously on FTA channels
 - Public service broadcasters lack the programming capacity to
 - show live long-form sport

"Premium" content in sport



- But content is not a commodity
 - What is "premium" to one is unimportant to another
- Content is very territory specific and has a variable value
 - Subject often to performance by local heroes
- But "Premium" perception makes it a target for <u>Regulation</u>

Common areas of regulation

- Creating protected lists of Sporting Events of National Interest
 Restricts the market, reduces the value of rights
- Rights "Unbundling"
 Reduces the value of rights, detrimental to the consumer
 No single buyer rule
 Harmful to the consumer, higher costs
 Wholesale "must carry" obligations
 - Ineffective, little return to intended target

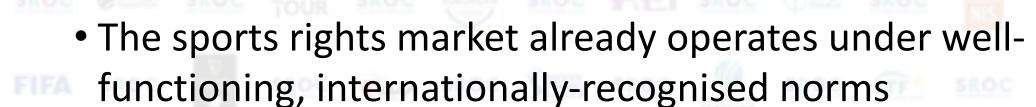
Challenges for regulation in the digital era

Almost by definition, any attempt at intervening in, or regulating a digitally-driven market, will be obsolete before it comes into force – just witness developments in Internet Piracy









- These norms are underpinned by competition law
- Rights owners are specialists in their own field
- Rights owners already impose numerous obligations on their licensees, including airtime commitments, promotion of the sport and FTA access

Conclusions – Regulatory intervention



 Although often well-intentioned, much as the regulation we have seen around the world results in the opposite of the desired effect with unintended consequences for other areas

 In the digital era, regulatory intervention will almost certainly be outdated and damaging by the time it is implemented

SPORTS RIGHTS OWNERS COALITION

Sport is special – It brings us together

Sport transcends nations, religions, ethnic origins and people of all ages. The Sports Rights Owners Coalition (SROC) is committed to protecting the vital contributions sports make to both society and the economy.

www.sroc.info

