



Understanding the impact of COVID-19 on telecommunications, media, and entertainment organizations

Sports subsector

The effects of COVID-19 continue to ripple through the world's health, educational, financial, and commercial institutions, and the sports ecosystem is no different. Games, tournaments, and even the Olympics are being cancelled or postponed, disrupting teams, athletes, coaches, leagues—and the nonstop sports entertainment we have come to expect. Owners, broadcasters, and advertisers are trying to figure out the downstream impact of event cancellations and modifications.

Many questions have come out of the situation. How do you simultaneously manage fan expectations, minimize operational disruption, and plan for a future that, in both the short and long term, may not look anything like the past? Can new technologies and channels help engage fans during suspended or modified league operations? With the pandemic likely to be with us for some time, the entire sports ecosystem will need new ways to deal with threats to financial and business continuity arising from disrupted cash flow, insurance challenges, and possible declines in long-term attendance and engagement.

The potential long-term impact on the professional sports ecosystem

The sports ecosystem—owners, players, franchises, broadcasters, advertisers, suppliers, and fans—can expect impacts across multiple organizational and strategic pillars:

- **Workforce planning.** Giving a remote workforce access to scalable, secure virtual systems may require new investments in digital, technological, and cyber services.
- **Operating models.** Disruption will push some organizations to transition to new operating models they have been considering. Others will be forced to adapt—whether they've been planning to or not.
- **Ecosystem relationships.** How can ecosystem members rebuild relationships with broadcasters, sponsors, and partners amid the difficult legal and financial ramifications of abrupt shutdown?
- **Fan relationships.** How will teams, owners, and sponsors rethink the fan experience? What does “fan experience” mean if there are no fans in the stands? Will the shutdown increase focus on virtual one-to-one relationships and “closing the last mile”?
- **Investment.** Given the exposure and liquidity issues of the rapid shutdown, should organizations be diversifying their portfolios across regions or leagues? Or is now the time to expand investment in eSports?
- **Venue strategies.** How does the current crisis affect the needs of arenas and stadiums? How can venues be used for new and different content? What happens if we must continue without crowds?



Challenges for sports businesses

This unique situation is likely to put stress and strain on sports organizations in the coming months as organizations grapple with:

- Asking employees to return to work when they still may be uncomfortable being in large, public groups
- Enticing fans to return to arenas with the threat of additional outbreaks
- Asking athletes to return to work when many would rather be with family or friends
- Resuming operations, having suffered significant financial losses and with an uncertain future financial situation
- Rebuilding relationships with partners in an ambiguous macroeconomic climate
- Resuming global operations in countries still struggling with outbreaks

The questions sports owners, executives, and boards should be asking now

- Is there an opportunity to capitalize on remote work? For example, could shared back offices efficiently support multiple teams within a league, or even multiple leagues?
- How can we curb losses from cancelled games and events that won't be broadcast?
- With athletes idle, is there an opportunity to create new and different "outside the ropes" sports content for media?
- How do we maintain fan enthusiasm without games, matches, tournaments, or events?
- What can we do to ensure that loyal season ticket owners don't lose interest?
- How does this crisis allow organizations to reset the financial ecosystem that underpins specific sports and create more resilience for the future?
- How can we review insurance policies to assess, quantify, and document losses from canceled events and other business disruptions related to COVID-19?
- If insurance policies provide insufficient coverage, is there any contractual relief?

Practical next steps

As in any crisis, sports industry leaders will be defined by the three dimensions of crisis management: **respond**, **recover**, and **thrive**. Key next steps:

- **Get ready to potentially play without fans for a while.** There is a real possibility that when games resume, they will happen for some time without fans. How do you still connect with fans when they are not there? How can you recreate that experience at home through digital? Can players rise to the same level without fans?
- **Prepare for more outbreaks.** What will you do if a second wave of COVID-19 arises in the fall, or a new virus spreads in the next few years? Which contingency plans can you set up now?
- **Think through a comeback plan.** How will recovery unfold? Consider multiple approaches—potentially starting with special events or tournaments. How do you invite fans back, but with added safety precautions? How do you manage the risk to employees?
- **Consider the role of social platforms.** How might you monetize one-on-one digital engagement between fans and athletes, or fans and teams?
- **Rebuild relationships with partners.** Broadcasters, sponsors, and vendors will have gone through their own crisis. How do you rebuild those relationships in this new world? What will it take to find a new normal?
- **Use the crisis to evolve.** How can this enable broader transformation efforts already underway, or even efforts previously deemed too radical?

The role of sports in our shared recovery

This crisis has come on hard and fast. In many ways, when live professional sports were put on hold, a major aspect of life changed so quickly and comprehensively that it shocked many into seeing the scope of the problem. With professional sports offering a point of community and connection for so many, resumption of play—however long it takes—will signal to fans and players alike that we're on our way to beating the pandemic. We hold out hope for the day when teams once again take the field, and the business of sports becomes joyful business as usual.

For more suggestions for organizational resiliency in trying times, read our article, "[Resources for resilient leadership: Actions for senior executives responding to COVID-19.](#)"

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