



USER FRIENDLY

Technology in sports and other trends to watch

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Hanish Patel: I'm Hanish Patel, and this is User Friendly, the show where we explore emerging trends in tech, media, and telecom and how they impact business operations and the world around you.

When it comes to the business of sports, going into 2020, teams, leagues, and players, as well as media and entertainment companies, are faced with ample opportunity to leverage new and emerging technologies to evolve their business models and create new revenue streams, whether it's e-sports, the legalization of sports betting, the increased emphasis on

women in sports, the impact of 5G, or the shifting landscape of college athletics. In today's episode, we'll be breaking down on trends to watch in the coming year. Here today to give his outlook on the sports industry for 2020 is Deloitte's US sports leader, Pete Giorgio. Pete, thanks for joining me today, and welcome to the pod.

Pete Giorgio: You're welcome. Very excited to be here. It's an exciting time.

Hanish: It absolutely is with sports, and I'm so excited to have you on. So with that, let's just jump straight into it.

With so many options in terms of streaming content at the fingertips of all of us, one option that is increasing in popularity, especially among the younger generations, is professional video gaming. And when I think of it from that perspective, and certainly the media and entertainment companies, how can they really tap into what's soon to be a one-and-a-half-billion-dollar market for e-sports?

Pete: Yeah, love it. I mean, this is a place of exploding growth in sports and in media and a bunch of different places. And for me, the super interesting part about it is, there

is the . . . what I would think of as the game itself and the leagues and things like that that are happening in the space. But you touched on it, the actual streaming aspect of this is fascinating. I don't know if you know this, but any one of us who has a kid who's 12 years and under is familiar with Twitch, is familiar with the gaming sites on YouTube and things like that and spends an astounding amount of time watching other people play video games. Now whether that be in competitions, or whether that be cultivated content from some of the e-sports players, the explosive growth of just that streaming market is incredible.

Pete: But even beyond the streaming stuff, I mean, e-sports is blowing up generally, right? This thing that has existed for years and years and years, and I don't know about you, Hanish, but when I was a kid—and I'm not a spring chicken—I went home after school every day and played video games, right? It's kind of what we did. Now, this world of massively online games and tournaments and things like that, it's just pulling people in left and right and exposing this whole new world of competition. That's astoundingly exciting.

Hanish: No, Pete, I totally hear you and I'm with you. I'm certainly . . . If I was to label myself anything in my formative years, it was a gamer before anything else. So I've certainly seen that growth, and now seeing it play out in my household, right, with my two boys, I think they've spent more time watching others play than they play themselves. So it's something that is attracting viewers, and albeit younger viewers, but I think of a number of ages. And to your point, it's really a time for the media and entertainment companies to sit up and think how best can they . . . how shall I put it? Take e-sports further out to the masses, because there's probably a lot of people that still don't know about how big and exciting and what it can really be.

Pete: Well, I think the exciting part is, I don't think they have to take it to the masses. It's there, right? It's just not in a way that we're used to and not in the way that a lot of these media companies know about and not in the way that traditional sports have

done. But like you said, your kids spend hours . . . I mean, the number of hours that get watched on Twitch on a daily basis is astounding. And I think we're just now starting to scratch the surface of what that means and what the possibilities are. And it's going to be exciting to see, especially, I think, this year, too, how that'll play out and how folks can take advantage of it.

Hanish: And certainly to your point, this year . . . I mean, there's been a lot of money that's been thrown at it from a tournament perspective. I mean, certainly this summer, winnings . . . For a teenager winning \$3 million . . .

Pete: Amazing.

Hanish: . . . for a particular game, right, which not just rivals professional sports, but frankly, beats professional sports in terms of prize money. So it's huge in that sense, I would say, for sure.

Pete: Did any of your kids come to you and say they want to quit school and win the next Fortnite tournament?

Hanish: It hasn't happened yet, but it's only a matter of time, right? And we've had the World Cup for another big famous title take place as well, right? So I'm sure it's only a matter of time, or frankly, if the numbers get really big, maybe, Pete, you and I need to start thinking of forming a team ourselves.

Pete: Exactly. And the exciting thing for me in this space is, it's still forming, right? It's still changing. It's still evolving. Companies are still trying to figure out where and how to make money in this space and where the opportunities are. And so for me, as a businessperson, it's just super exciting to see a new industry as it evolves in its formative years and helping companies figure out where and how they can take advantage of it.

Hanish: No, absolutely. And one of the things I think about . . . I know we talked here about maybe some of the younger generations and what's happening, but I want to maybe pivot to from a gender perspective, right? And it certainly feels,

this year, it's been a bit of a turning point when it comes to women's sports, with some incredible athletes demonstrating frankly exceptional performance in their respective sports and, in many cases, actually leveraging these platforms to really bring attention out to us in the public. Where do you see that momentum going in 2020?

Pete: Well, I think the biggest first question is, how do we keep the momentum going, right? I think there's been some incredible momentum with the Women's World Cup here in the States, but also worldwide, we're starting to see this conversation, this proliferation, this attention, at least from a mass media perspective starting to be put on the sport or these sports, and especially women's professional sports. And for me, the interesting thing that we're watching is, can we keep the momentum going, and can we keep pushing on this? Because I do think there's a tipping point. I don't think we've reached it yet, but there's a tipping point where we get women's professional sports to be so ingrained in our culture, so ingrained with other companies, so ingrained with sponsors, so ingrained with the apparel companies that we no longer can afford for any of these things to fail.

I think when we get to that tipping point, it's going to be amazing. And I think we've got work to do, right? I think the progress we've made has been great. The attention we've made, that's been brought to it is great. What I don't want to see happen is the company say, "Oh, the time is here, and it's done." Right? No, we've got to keep pushing on this, because I do think we have the opportunity to do something profound, and it's not just the women's sports leagues that do that. It's the support. It's the fans. It's the companies that participate in these things that'll be important, too. Because I do think women's sports—and you brought it up when you talked about this—certainly, all of the things that we want to talk about in terms of gender equality and creating role models for our daughters and all of that stuff is super important and, even by itself, would be a reason to do this.

But the thing we're seeing with women's sports, too, is bringing to light broader societal issues even beyond gender, whether that be LGBTQ or just broader issues of poverty and access to resources and stuff like that. We're really seeing women's athletes not just promote the gender side of this, but all sorts of aspects of the positive impact that sport can have. And for me, it's exciting that I think there is this wave that is happening, and this wave brings with it all sorts of great things. You've just got to figure out where and how we can continue to support that. You and I, but also the business community at large and society, too. Because I think it's super important.

I think next year, the really interesting thing is—everyone kind of forgets this—but a lot of the success, and oftentimes more than half of the success, of athletes in the Olympics is on the female side, right? The US women's basketball team has 101 lifetime record in the Olympics, right? Our swimmers, our para-athletes. I think there's a whole bunch of places we're again going to see our female athletes on the world stage. And again, I think that will continue this momentum and continue propelling this forward in a way that I think will be amazing.

Hanish: Yeah, absolutely. I mean, a big year ahead with the Tokyo Olympics, for sure, right?

Pete: Yeah.

Hanish: I totally agree.

Pete: Hopefully the US women's soccer team can repeat as well. That'd be cool, too.

Hanish: Yeah. Only one thing there, Pete: We've got to call it football, man.

Pete: Oh, sorry. Yeah, I usually do. I apologize.

Hanish: I'm just kidding. I put everyone through that one that comes on the pod.

Pete: Yeah. Love it.

Hanish: Yeah. I want to pivot to your actual outlook as well. Going through your sports outlook, one of the areas I found really interesting was your take on 5G, and can you say a bit more about how 5G's really going to help enable sports activities, and certainly what it's going to mean around the sports betting arena?

Pete: Yeah. I think there's a whole bunch of places that 5G is going to transform the way we consume sports, both in stadiums and outside stadiums, too. This whole idea of a low-latency, high-volume capability that it's going to create. It's going to create all sorts of new and interesting possibilities. Absolutely sports betting will be one of them. The idea that . . . The world of sports betting is highly dependent on who has what information at what point in time and how quickly, right? And especially as you start to think of this world where we get into topics and sports betting that are beyond just the outcomes of the matches and the games and more some of the prop bets around who's going to score the first touchdown in an American football game? Will this athlete make the next free throw in basketball? Things like that. Those are highly dependent on low-latency applications, and so the ability to do that will be a cornerstone, I think, of sports betting moving forward. But all sorts of other things, too. Streaming, right? The streaming of these events and the ability to access the streams, both in the stadium and outside of the stadium, 5G is going to help with that. As we start to think of some of the technologies that basically don't exist today because the infrastructure can't support them, things like augmented reality and virtual reality in the stadiums, I think those are going to be amazing. I mean, we're getting to a point very soon where you and I go to a basketball game or a football game with our glasses on and there's all sorts of information being overlaid on top of what's happening on the field or the pitch or the court. There's even going to be this world where we get to where things like jumbotrons and 360-degree video boards in the stadium won't be needed anymore, right? You and I are going to get to choose where those things sit with our VR

glasses and what they look like, and these organizations are going to be able to pipe specific content to you and I and what those things look like and all sorts of stuff. And all of that is going to be enabled by 5G. And we're seeing all the big players really focus on stadiums as one of the first places where they roll this out, because they know it's going to be both a great test bed for the technology, but also create demonstration for what these things can do.

Hanish: And that, just the opportunity there, has got my head spinning in terms of what that could be. And certainly, as you said, the fan experience actually in a stadium is going to be so different, whether you're in the front row or the back row, you're probably going to get very similar experience or the opportunity for a very a similar experience, no doubt.

Pete: Yep. And we haven't gotten to VR yet, right? The point in time . . . I always use the example, too, with both AR and VR, what if you could go to your local high school, right? Put on a set of glasses, sit in the stands, and watch the Celtics game that's happening all across the country from you as if it was happening right on that court. That's going to create . . . I mean, never mind "could change the fan experience in a stadium." It's going to recreate the whole experience.

Hanish: That is really impressive. I didn't even think about it that way, that I could actually get my favorite football team playing in my back garden.

Pete: Exactly. Yep. Just go out back and watch them, and maybe even miniature, right?

Hanish: That's brilliant. And then you mentioned about the sports betting side and certainly the opportunity, and like I say, it's not just on the end result, but the amounts that could be play-by-play level of betting. Certainly, there's an immense opportunity for a number of companies to take advantage of the opportunities that 5G is certainly going to bring for them, right?

Pete: Yeah, absolutely. I mean, I think there'll be . . . certainly a lot of the telecom players, but all of the content players, all of the companies that are getting into the betting space. One of the big things we're seeing, especially with the leagues on the betting front, is timely access to the data and information is where a lot of the folks who will take bets will create their value. And so I think it's going to create of those different opportunities. And I think 5G is one of those transformative technologies that there's some kid sitting in a garage somewhere right now thinking of something that's going to blow our mind, right? It's going to create these new opportunities. Things that you and I growing up in the world that we did couldn't even comprehend is going to become like water to some folks, and they're really going to change. You and I will be those old guys sitting in the stands wondering where everybody is because of the cool stuff that they're doing with their headsets, and other things, too, that we haven't even thought of.

Hanish: I dread those days. And excited at the same time, for sure.

Pete: Exactly.

Hanish: And to your point about the telecom carriers and certainly other providers as a whole rolling out 5G in 2020, I'm seeing more of those infrastructure providers as well, prioritizing sports venues for 5G implementation. And in your mind, what makes sports such an ideal industry for, as you mentioned, that low-latency frequency and high volume of communications and, beyond some of those AR and VR aspects that you talked about, what are the potential applications you think you may see coming into it?

Pete: Yeah, I think there's some aspects of sports and why folks are interested in that are one of the reasons that lots of people are interested in sports in general. I mean, we would much rather talk about a spot podcast on sports than how 5G affects the . . . pick your . . . the asphalt industry, right? And in other places, too, it's just . . . There's something about sport that brings

a focus. So I think there's a piece of that, too. There's actually a geographic and a technical thing, too, right? So the antennas and the equipment and the things like that that are required for 5G are quite different. And being able to concentrate it in a small area like a stadium that services a lot of people, actually, is a cost-effective way to do that.

But I also think one of the really interesting things about 5G is this whole world of edge computing and IoT and the amount of information that will start being collected and distributed based on those technologies more easily based on 5G. And so I do think sports offers a really cool place to think about everything from sensors on the pitch in terms of what's happening on the field and collecting huge amounts of data on what's happening there—amounts of data that would overwhelm traditional networks—that 5G can do. All the way through what's actually going on in the stadium itself and in the stands and the needs of the people sitting there.

5G's going to allow you and I to interact with each other, not just with the team, or not just at the stadium, but with each other in new and different ways and stadiums. And so I do think it's both a great venue and a great showcase because it's sports, but I think there's the amount of information, the amount of things happening, the amount of commerce that's happening in such that tight area. I think it will be really cool, too. And gives us a great platform to play and learn.

Hanish: No doubt, and it certainly feels to me that even if it's just the venues itself that are pushing hard with the implementation, that certainly with the advent and introduction of 5G and a much more wide-reaching area beyond the sporting venue, it's going to lead to greater or more immersed fan engagement before and after the actual event.

Pete: Exactly. And how do we stay connected to both each other and our favorite teams and our favorite players and relive the experience and extend that? I think all of those things will come into play.

Hanish: Fantastic. So, Pete, one final question for you, all right? Considering all that's been happening in the world of college athletics, certainly in the most recent months, can you give the listeners a brief overview of some of the key regulatory changes that we've seen with the NCAA and some of the, I guess, questions and opportunities that have arisen for athletes, all the sponsors and the advertisers, as a result of these things?

Pete: Yeah. One of the really most interesting things is what's been happening with college athletes and their rights around name and likeness and their ability to start monetizing those rights. So California passed a law called the Fair Pay to Play Act, which kind of led the charge on this, and then a couple months later, the NCAA followed suit by basically agreeing with this and making it not just applicable in California, but across the country. But basically, we're sitting, or we're about to sit, in a world where athletes actually have the opportunity—which, by the way, didn't exist before—to take advantage of their name and likeness and to have the right to be able to sell the rights to those things and be able to create money from those and drive commerce from those in a way that they haven't been able to in the past.

And there's a lot of crazy follow-ons from that that again, we're just now starting to see the implications of this. But as these athletes think about this—and this is something, by the way, that professional athletes do as a matter of course, right? None of us would actually think twice about LeBron James being able to market the fact that he's LeBron James and put his name on things and be paid for that. Now we're about to see a world where we're not quite sure what's going to happen. Do we see this broad free agency in the college world, where athletes start to scramble for things like representation, and how that works? Are we going to start to see group rights emerge, which happens in some Olympic sports, where it's not the individual rights, but groups of players band together and think about where and how they can sell

group rights and what that looks like, too. So it'll be interesting to see how this plays out. I mean, this is a fundamental change, a fundamental difference, something that didn't exist before. So seeing how it plays out will be certainly super interesting. And from a business perspective, we're going to have to think about where and how companies take advantage of this. Whether or not all companies, from traditional sports marketing companies to consumer products brands, and how they leverage it and what they do with this type of access.

Hanish: I mean, certainly, exactly what you said there . . . At the top of this episode, where we talked about e-sports, and here we are talking about the changing world within that collegiate level, it certainly strikes me that what was traditionally the domain of professional sports, to your point, professional athletes, we don't think twice about image rights and how they have that as part of their contracts and branding. And then now, with the pivot more and more to e-sports, that professional teams are actually being set up, where they're being housed, they're being fed, they're being trained, they're being provided the amenities and coaching and all of those aspects.

Pete: They have nutritionists.

Hanish: Yeah. That normal professional sports athletes would have. And now, to your point, we're seeing this thing happen with collegiate athletes that, certainly, it's

an incredible time to be in sports. Whatever part of the ecosystem you're a part of, it's changing and probably changing faster than I can think of, at least in the last 10 to 15 years, for the way that it's going to be monetized. And how people can again take advantage—and I don't mean that in a bad way—but use the opportunities that are coming forward for the way that sports is changing for a whole.

Pete: Yeah, agreed. And I think it's interesting to think about this name and likeness, especially where there was some ability that existed previously to do this. Now there's a lot more ability, but it's also happening in a world of things like social media, right? So now, college players actually have access to fans in a way they didn't do before and have their ability to create their own individual brands in a way that basically didn't exist previously. And how all that plays out and how an individual athlete monetizes themselves, I think we'll certainly see some high-profile college athletes take a lot of advantage of this, but I think we'll also see some really interesting athletes who this gives them a bit of a stage to get something started, but their notoriety and their brand actually gets built around the cooking show that they start to do online, or things like that, too, that I think we don't know how it's going to play out.

One thing I do know is, college kids are pretty creative, and so I think we'll see lots of ways that this happens.

Hanish: No doubt. I mean, Pete, to be honest, we could talk for a long, long time. I love this topic, and I know we could go on for ages on this, but I want to bring it to a close and probably see if I could tee you up for a part two at some point.

Pete: Absolutely.

Hanish: But first and foremost, I want to thank you, Pete, for joining me today. It's always a pleasure to have you on the pod and the insight that you bring. And to the listeners, if you haven't already, be sure to check out the other two episodes in our three-part industry outlook series, where Deloitte industry leaders like Pete share their perspective on trends to watch in the coming year. So tune in for our technology outlook with Paul Sallomi and the telecommunications, media, and entertainment outlook with Kevin Westcott. And until next time, happy listening.

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