

Learfield still writing chapters to 'growth story'

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By Michael Smith

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Greg Brown had two essential messages for the 80 new **Learfield Sports** employees who gathered in Plano, Texas, a few weeks ago.

One, the collegiate multimedia rights holder is still in growth mode. Learfield's summertime acquisitions of Sidearm Sports and Licensing Resource Group were not about slashing costs.

Two, the employees from Sidearm and LRG, who made up most of Brown's audience on that late August day, are not going to be asked to prove themselves all over again to keep their jobs.

Brown, Learfield's CEO and president, calls this type of meeting an "on-boarding" session — as in those new employees are coming on board at Learfield. It's a way for Brown to introduce himself and the Plano-based company to those who have recently been acquired or hired.

Until this year, there hadn't been a need for such meetings, but Learfield's been doing a lot of on-boarding in the past 12 months.

"When businesses are acquired, there are a lot of assumptions and most of them are bad," Brown said. "The thoughts range from 'My compensation won't be the same. The benefits won't be the same. They're going to ask me to do different stuff.' What we're telling them is that they're part of a growth story. And the story is still being written."

It was a year ago — Sept. 9, 2013 — that Learfield was on the other end of the transaction. **Providence Equity Partners**, a private equity established in 1989 with \$40 billion in assets, bought a majority stake in Learfield. Neither side has ever disclosed the price, but industry sources believe it's in the neighborhood of \$500 million, significantly more than the sales price for any of Learfield's competitors in the college space.

IMG spent a little more than \$300 million to roll up Collegiate Licensing Co., Host Communications and ISP Sports into IMG College from 2007 through 2010.

With the new resources gained from **Providence Equity**, Learfield went into Pac-Man mode, gobbling up Nelligan Sports, another multimedia rights holder, in February. Learfield then bought Sidearm and LRG within a week of each other in June.

In total, Learfield has spent just over \$100 million to acquire those three companies, sources say, which provide new competencies in licensing and digital that it didn't previously have.

"We've made more acquisitions in the first [year] than we expected," said Michael Dominguez, managing director at **Providence Equity**. "Learfield set out to make acquisitions in licensing and digital to provide an even more comprehensive service to their university partners. The fact that it all got done inside of 12 months is a really positive surprise. ... While we're still in a growth mode, I know Learfield is very focused right now on fully integrating these additions to the company and the new business lines with their school partners."

Providence is a private equity, so the firm will look at some point to flip Learfield to another buyer. Dominguez offered no guidance on when that might be. Each exit is decided on a case-by-case basis, he said.

But it's already clear that Learfield's profile will be significantly different than it was a year ago because of the acquisitions and other hires.

Learfield's employee count now totals 500, a jump of 160 employees from a year ago. Most of those came from the acquisitions, but Brown said Learfield has added a half-dozen in its growing national sales office, spearheaded by Roy Seinfeld, and another handful in infrastructure roles like human resources and accounting.

Brown also brought on new COO Marc Jenkins, who came from NASCAR, and CFO Matt Hupfeld, both of whom were introduced to Learfield by **Providence Equity**.

Despite the rapid additions, Brown still doesn't believe Learfield has reached the point where it's the full one-stop shop for its 90-plus college clients, which include blue-chippers like Alabama, North Carolina, Oklahoma and, through Nelligan, Louisville.

In addition to multimedia rights, digital and licensing, Learfield also has a joint venture with IMG for ticketing sales and marketing, as well as concession and hospitality services through a partnership with Levy Restaurants.

"I don't think we're there yet," Brown said. "We want to provide a full complement of services that are considered not in the core mission of the school. They need licensing and trademark expertise, they need technology solutions, and there are other areas where we might be helpful. ... When schools ask us for help, it's a clear sign that we can still be helpful in areas like fan experience and fan engagement."

Sidearm, a digital company in Syracuse, N.Y., that provides the platform for 760 college websites across all divisions, provides the clearest example of how Learfield will integrate its new acquisitions.

Most schools include their digital rights in the multimedia rights agreement, and the rights holder, like a Learfield or IMG, then typically outsources digital to a Sidearm, Presto, CBS or NeuLion, companies that specialize in athletic websites. The rights holder and digital partner usually share the advertising inventory 50-50.

With Sidearm now part of the company, Learfield doesn't have to outsource those rights, which enables it to keep 100 percent of the ad inventory for local and national sales.

"It can be hard to open doors if you don't have a connection at a school, but Learfield opens those doors for us," said Jeff Rubin, Sidearm's founder, president and CEO. "We're just a few months into this and I'm having discussions that I couldn't have gotten on my own."

Learfield decided to keep the Sidearm and LRG names on those businesses because they're different from Learfield's core multimedia rights business. The Nelligan name, however, was folded into the Learfield name because their businesses are so similar.

What these acquisitions will mean to Learfield's revenue and bottom line remains to be seen, Brown said. It's just too early to tell. But he likes what he's seen so far.

Learfield's own revenue from its multimedia rights, national sales and ticketing will be up in the 10 percent to 15 percent range this year, before the acquisitions are counted.

And while IMG College similarly is looking to grow into new lines of college business, Brown believes there's plenty of room for both of the college marketing giants.

"As a result of the awareness and interest in college sports, we're all benefiting," Brown said.

Learfield's busy year

▶ **SEPT. 9, 2013** — Providence Equity Partners acquires majority stake in Learfield Sports

▶ **FEB. 4, 2014** — Learfield acquires Nelligan Sports, bringing its 41 college properties under the Learfield banner

▶ **APRIL 7, 2014** — Adds four national sales executives in New York, Chicago, Atlanta and Los Angeles

▶ **JUNE 16, 2014** — Acquires Licensing Resource Group for its licensing, merchandising and marketing services

▶ **JUNE 23, 2014** — Acquires Sidearm Sports, which runs 760 college websites and provides Learfield with new digital capabilities