

History with ACC secures future for Raycom

BY MICHAEL SMITH
 AND JOHN DURAND

STAFF WRITERS

The survival of Raycom Sports hinged on its 31-year relationship with the ACC.

As many as two years before it started negotiating with the conference in earnest, company executives acknowledged that keeping a piece of the ACC's business was the only way the small, regional TV syndicator and production company could stay

relevant in the burgeoning multibillion-dollar college marketplace.

The problem was that Raycom couldn't compete financially with bigger national TV networks, like ESPN and Fox, who also wanted the ACC's rights. So Raycom decided to rely on the deep, personal relationships it developed over its three-decade relationship with the conference.

ESPN's John Skipper recognized

See *Raycom* Page 32

ACC discusses selling tourney title

BY MICHAEL SMITH

STAFF WRITER

The ACC is considering a title sponsor for its tradition-rich men's basketball tournament.

Commissioner John Swofford said he has been in recent dis-

cussions with the conference's presidents and athletic directors about selling a title sponsorship for the first time.

"There's been a lot of thought given to it," Swofford said. "It's an

See *ACC* Page 33

Raycom ■ After loss of SEC in 2008, company knew that it needed to keep ACC in order to survive

FROM PAGE 1

the power of those ties early in his talks with Commissioner John Swofford last spring.

Skipper, ESPN's executive vice president for content and a North Carolina graduate, recalled sitting with Swofford on the brick patio outside the stately Washington Duke Inn, just hours before tip-off of the Duke-North Carolina basketball game.

Underneath the swaying pine trees, Skipper asked Swofford what ESPN could do to secure a deal.

"It would be our preference," Swofford told Skipper, "if ESPN could construct something that would keep us in business with Raycom."

"So we did," Skipper said.

STAYING IN BUSINESS

Raycom executives concede that the company's existence depended on staying in the game with the ACC. While it manages the Meineke Car Care Bowl, and has managed golf tournaments and syndicated other programming, 80 percent of Raycom's annual revenue comes from its business with the ACC.

Without the ACC, Raycom's future would be bleak. CEO Ken Haines felt the pressure, as did his 50 employees, most of whom described it as a tense two years that led up to the ACC talks.

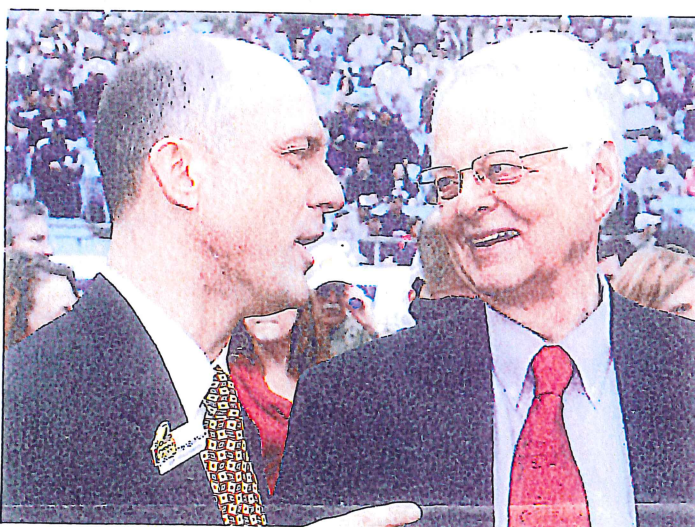
What emerged, though, was a 12-year, \$1.86 billion contract between the ACC and ESPN that was finalized over the summer and goes into effect for 2011-12.

Raycom signed a sublicensing arrangement with ESPN for \$50 million a year, providing the company with more marketing and media rights than it had before, including syndication, ACC Properties and all digital rights.

Everyone involved with the negotiations cited Raycom's 31-year history as the main reason it was able to strike a deal.

"It tugged at me," Swofford said. "We wanted to keep Raycom as a partner, but we had to do what was in the ACC's best interests. That we got the deal we got and kept Raycom involved was icing on the cake."

Not only did Raycom have the deep ties with the ACC, it also had a relationship



Raycom CEO Ken Haines (right, with Charlotte Regional Visitors Authority CEO Tim Newman) says, "We really are the marketing and corporate relationship arm of the conference."

with ESPN that went back 30 years. Some of ESPN's first live programming came from ACC basketball games that were purchased from Raycom Sports, which has had the ACC's basketball rights since 1979. And Raycom boldly agreed to sell ESPN2 a Duke-Carolina basketball game in the mid-1990s that helped give the new channel — which launched in 1993 — a level of credibility with cable operators that it didn't previously have.

Those moves preceded Skipper, but Haines felt it was a worthy talking point.

Through its new sublicensing agreement with ESPN, Raycom will continue to syndicate ACC football and basketball

games. Raycom's syndicated games will be branded as the ACC Network, meaning that the Raycom brand no longer appears on the TV screen, a move that has already been implemented this season a year ahead of the new contract.

The Charlotte-based company also manages the corporate partner program, ACC Properties; the official website, TheACC.com; and other digital rights, including the conference's new iPhone and iPad application.

"We were able to not only retain, but to add to the touch points we had with the ACC already," said Haines, who has been with Raycom since it was founded in 1979. "The new agreement expands and deepens our relationship with the conference because we really are the marketing and corporate relationship arm of the conference, exclusively. We're more involved now than we were in the past."

A SHELL OF ITSELF

Just two years earlier, Raycom's future didn't look so bright. In August 2008, ESPN won the rights for all SEC content, meaning ESPN, not Raycom, would manage the conference's syndicated product through its Charlotte-based ESPN Regional Television.

Raycom, which had handled the SEC's syndicated rights since 1986, believed its history with the conference would be enough to carve out a package of games.

Haines and his staff were stunned to learn that they had been cut out of the deal between the conference and ESPN.

The outcome took its toll on Raycom as 20 employees were cut. Once a giant in the college sports media business, Raycom was just a shell of its old self.

Long gone were the days when Raycom produced and distributed games for the ACC, SEC, Pac-10, Metro, Big Eight, Southwest and eventually the Big 12 conferences. Through the years, Raycom's advertising-based business model struggled to compete against the dual revenue streams that competitors like ESPN and Fox's regional channels have. Gradually, it lost much of its conference rights through the 1990s and early 2000s.

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JOHN SWOFFORD
ACC COMMISSIONER

Raycom Sports, a unit of Raycom Media, the Alabama-based company that owns 40-plus TV stations, was left squarely in need of keeping the ACC to stay alive.

In the expiring media contract with the ACC, which granted Raycom the rights to all basketball games, the company paid about \$35 million a year. It sold a number of those games to ESPN, Fox and CBS, while syndicating the rest to local broadcast stations and regional sports networks.

Knowing that the ACC planned to combine football and basketball in the new contract, Raycom resigned itself to the fact that it couldn't compete with bigger national sports networks for an all-in deal that ended up costing \$155 million a year.

But it also figured that ESPN, which already syndicates SEC games, wanted to use an outside company to syndicate ACC programming to avoid conflicts of interest that would go along with selling both conferences into the same market.

Swofford let the strongest bidders, ESPN and Fox, know that he wanted to include Raycom, which went into the talks as a partner to both networks, rather than trying to bid against their deeper pockets.

The back-and-forth conversations with both bidders put Haines in the middle of the negotiations. ESPN and Fox knew how close Raycom was to the ACC. For example, Swofford's son, Chad, is Raycom's director of new media and has been with the company five years.

Throughout the negotiations, the networks often turned to Haines for progress reports on the bidding.

"It was awkward," Haines admitted. "But it was also important for us to keep the communications as open as possible."

FINDING NEW JUICE

What Haines found, as he re-focused his efforts on the ACC, was that Raycom still had plenty of juice with the conference in its own backyard. Raycom's syndication efforts currently take ACC football and basketball into 28 million homes and eight of the top 25 markets, or about 25 percent of the country.

Beginning next year, Raycom, for the first time, will be able to syndicate games outside of the league's seven-state footprint. The conference hopes that move will help expand the audience and extend the ACC's brand.

Raycom also will continue to sell and manage ACC Properties, the conference's corporate partnership arm. The ACC has nine partners since recently adding AT&T, Havoline and BB&T.

Raycom is targeting a partner list that maxes out at 12. Those deals go for the high six figures to low seven figures, depending on the assets. They typically include ad units on Raycom's broadcasts, space on TheACC.com and mobile, which Raycom also manages, and a presence at the league's championship events.

Raycom also is creating a new lower-cost promotional partners program that doesn't include TV advertising, but offers signage at championship events, hospitality and promotional rights.

Raycom's digital rights will include the website, a recently launched app for iPhones and iPads, and a new ACC Vault, an online product in the works that will enable fans to access old games and highlights. Thought Equity Motion, which also manages the NCAA's digital archives, will work with Raycom on the ACC Vault.

The final pieces to Raycom's rights include the fan fests for both the championship football game and basketball tournament.

"It's unique to the ACC to have all of these rights under one cohesive umbrella," Haines said. "It makes it easier for us to manage and it makes it easier for a company to deal with one rights holder on all of these fronts rather than trying to coordinate with several different entities."

Other conferences typically have different companies run the website, sell corporate partnerships and hold the TV rights. Outside of the ACC, the Pac-10 probably has the most consolidated arrangement, with Fox owning TV cable rights and managing the corporate partner program, while also having access to ad inventory on Pac-10.org, the conference site managed by XOS.

On corporate deals, Learfield Sports sells for the Big Ten, IMG College represents the SEC, ESPN Regional has the Big 12 and ISP Sports, which is being bought by IMG College, sells the Big East.

"The consolidation in our deal with Raycom is important," Swofford said. "It simplifies things in a way that seems to be very effective. ... ESPN and Raycom have found that they'll be beneficial for each other. The most important thing in all of this was doing what's best for the conference, and ultimately that meant keeping Raycom as a very important player."

Haines acknowledges with a wry grin that Raycom's new best friend, ESPN, is the same company that almost put him out of business. But he clearly hopes they'll find more ways to work together.

"To be recognized for 30 years of a very positive relationship is a good feeling," Haines said.