

Cover Story

Will ACC find home in Charlotte for network?

Expansion, ESPN ties signal future broadcasts could be based here



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Charlotte already hosts the Atlantic Coast Conference football championship and a bowl game featuring an ACC school. And it stands poised to become home to at least one or two men's basketball and baseball tournaments in the next few years. Now it appears the big picture for the city and its favorite college sports conference could expand within the next several years to include a national TV network devoted to all matters ACC.

Consider the indicators pointing to such a marriage: The conference has confirmed its interest in starting a channel, Charlotte has a long history of sports-media ties, particularly between the ACC and locally based sports syndication company [Raycom Sports](#) and, oh by the way, the rival Southeastern Conference is about to start its own network from the ESPN-owned studios in Ballantyne.

John Swofford, ACC commissioner, said the conference continues to discuss the possibility of an ACC channel with ESPN, the cable company that controls all of the conference's sports TV rights as part of a contract that runs through 2026-27.

"We will quietly be analyzing (an ACC channel) and evaluating it over the next couple of years and doing a lot of work on it," Swofford said. "I tend to think the SEC channel will be successful, and that's a good thing for the ACC. They're putting a lot of energy into that."

ESPN declined to discuss the potential of an ACC network, where it could be housed or any other aspects of the possible joint venture.

College conferences now consider a cable network dedicated to their leagues an all but mandatory marker of status. Start, as always, with the money.

As one athletic director at an ACC school told me, the constant need for better and newer training centers, stadiums and arenas forces schools to continuously push for new revenue channels. And all of those multimillion-dollar contracts for football and basketball coaches? Schools need money for those, too. TV is the easiest way to find that money.



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NANCY PIERCE

Ken Haines, CEO of Raycom Sports, a key partner to ESPN in its ACC broadcasts

In August, the SEC Network launches. In 2007, the Big Ten Network debuted, part of the reason schools in that league — Ohio State, Michigan and Indiana among them — receive conference TV, bowl and other revenue shares of \$25 million each per year. ACC schools are around \$17 million, trailing the Pac-12, which also has its own network, and the SEC, already at \$21 million per school before any money has started to flow from its new channel.

According to media analysis by SNL Kagan, the Big Ten Network's affiliate revenue was \$221 million in 2012, \$234 million last year and will increase to \$262 million this year. After paying to run the network, the schools share in some of the money through a 20-year rights fee negotiated between the conference and the joint ownership of the channel between the Big 10 and Fox. With startup costs now recouped, profit shares will be added at some point in the future, said Brad Traviolia, Big 10 deputy commissioner. He declined to say how much money each school receives from BTN — an earlier estimate by the *St. Louis Post-Dispatch* put the figure in the range of \$6 million to \$7 million — but Traviolia said combined TV money accounts for 75% of each school's conference payout.

"An ACC channel makes sense and of course we would like to be involved," said Ken Haines, chief executive of Raycom Sports. "ESPN's got to be the one making the decision. We would like to work through ESPN."

Raycom produces and distributes 15 ACC football games and 39 men's basketball games each year through a contract it has with ESPN. Raycom, with ESPN's consent, also licenses 17 additional football games and 28 men's basketball games to Fox Sports South, a regional cable carrier. Because ESPN controls all of the rights, an ACC network could — and likely would — use much of that schedule as the anchors for a stand-alone channel.

Proponents of the idea point to the expansion of the ACC during the past decade as a crucial ingredient. What once was a league dominated by North Carolina, Virginia and Georgia now spans the entire East Coast, stretching from Boston College to the University of Miami. On the flip side, as one industry expert noted, the 15-school ACC now covers territory dominated by professional sports teams. Boston and New York, to cite the two largest and most obvious examples, don't live and die (or often so much as acknowledge) college teams, a stark contrast to SEC states such as Alabama, Mississippi, Tennessee and Louisiana.

Translation: If the SEC Network announces it will show three Alabama football games next season and cable companies there decline to add the SEC channel, public backlash will likely be loud and prolonged. New York cable companies are far less likely to hear similar anguish if a couple of Syracuse football games go unseen at a time when the NFL Giants and Jets dominate the landscape.

The ACC commissioner mentioned the demise of the Mountain West Conference network in 2012 as an example of the risk. Owned by the Mountain West, CBS and Comcast, the Mountain West channel, known as The Mtn, started in 2006. Hurt by the defection of several high-profile schools as part of conference realignment, the network was in an estimated 13 million homes when it folded, according to sister publication *SportsBusiness Journal*.

Media expert Brad Adgate of New York-based Horizon Media said the improving fortunes of ACC football teams and the tradition of men's basketball success should be enough to convince distributors of the merits of a stand-alone network. The ACC's Florida State won the national championship last season in football and, while pro sports lead the way in the Northeast, alums and others with far-flung ACC interests broaden the appeal.

"For years, people just thought of it as a basketball conference," Adgate said. "I don't think that's the case anymore."

Former CBS Sports executive Neal Pilson, now an industry consultant, cited "the significant financial commitment" as a concern. "The economics are not easy."

Pac-12 Networks (the name reflects the national network and its six regional offspring) required an investment of \$60 million to build a San Francisco headquarters, hire 166 staffers and buy equipment. As part of its operations, the Pac-12 media arm hires one to five students per event to learn everything from operating cameras to laying cable. Lydia Murphy-Stephans, Pac-12 Networks president, said the network turned a profit in its first year but declined to disclose specific figures.

Other than status and money, conferences and colleges say another competitive necessity fuels interest in cable networks: recruiting. "You have to keep up with the competition to have a level playing field," said Terry Hanson, an industry consultant and former executive at Turner Sports and Raycom Sports. "If I am recruiting a player from the West Coast into the ACC, it is an advantage to tell a player's family that they can watch him on the ACC network. Especially since someone from the Big 10 and the SEC just told him the same thing."

Todd Turner, a college sports consultant and former athletic director at N.C. State and Vanderbilt, among others, said schools will worry about the proliferation of televised events on a conference channel — including the so-called Olympic sports that lose money and rarely receive attention — and the impact on attendance and ticket-buying. Another concern will tilt the conversation in favor of a conference channel, he said: "If we don't do it, where does that put us in comparison to other (conferences)?"

Lining up cable companies and other distributors is paramount for making a conference channel work. The Pac-12, for example, remains locked in a fight with DirecTV, which so far has refused to carry the channel. The Pac-12 Networks website includes an ad imploring fans to "Drop DirecTV." A spokesman for DirecTV declined to comment on a potential ACC channel but said stand-alone sports networks of any kind "must be made available on terms that will deliver the right value to all customers.... But no customer should be expected to pick up the tab when a unilateral decision is made to write a huge check for broadcast rights to games."

Despite the potential pitfalls, the ACC commissioner seems inclined to give a network serious consideration. And, as Pilson, the industry consultant said, the likeliest option is for ESPN to own the ACC channel, minimizing risk for the conference.

"The advantage is that you've got a channel that's devoted to your conference 24-7," Swofford said. "That's the biggest upside. You can do a lot with that. But you've got to have some quality football and basketball on it to drive the distribution. And it would have to be something that made sense over the long-term financially."

All of which could make Charlotte an even closer ally in the years ahead.