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Syndicators bond over ACC basketball

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When the Atlantic Coast Conference completed plans to expand to 12 schools in 2003, executives at syndication companies Raycom Sports and Jefferson Pilot Sports knew they would have to find a new way to do business.

The advent of a conference championship football game, starting with the 2005

IN PROFILE:

RAYCOM SPORTS LINCOLN FINANCIAL SPORTS

season, and the soon-to-be-revamped TV contracts for football and basketball potentially signaled the end for the Charlotte-based companies.

"We knew that to be a competitive entity in this new market with an expanded conference, we were going to have to be bigger," said Ken Haines, Raycom chief executive. "We literally had to take our partnership and begin operating as one entity. Other-

wise, we couldn't compete with the bigger media companies we would be bidding against."

The gambit worked. Haines and Ed Hull, president of Jefferson Pilot Sports (now known as Lincoln Financial Sports), sketched out a plan to boost rights fees for basketball by expanding the number of national games offered, and also developed a first-time collaborative bid for regional football syndication rights.

Surviving an increasingly competitive media landscape while adapting to the needs of the ACC marked the latest example of how the companies have continually changed their formula for success.

"Syndicators come and go to the point where there are hardly any left, yet this venture and this relationship has been able to sustain itself," said ACC Commissioner John Swofford.

In addition to the partnership that Raycom and Lincoln Financial have producing and selling ACC football and basketball games, they also have separate ventures: For Raycom, college bowl games and LPGA tournaments; for Lincoln Financial, producing, selling and distributing Southeastern Conference football and basketball.

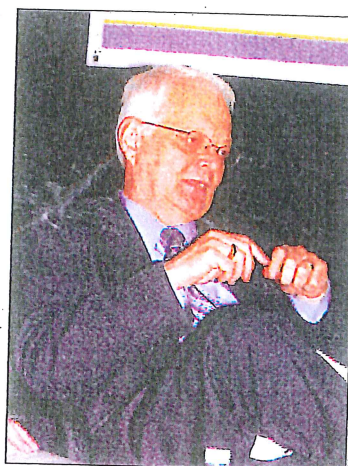
But ACC basketball forms the heart of both companies' revenue. In addition to controlling the regionally televised games aired in 10 states and Washington, D.C., the companies control all other basketball distribution rights, doling out games to Fox Sports Net for a national Sunday night package as well as negotiating separate broadcasts with ESPN, ABC and CBS.

At the same time, Lincoln Financial and Raycom have regional rights for football—meaning that they produce, sell and syndicate ACC football on a regional basis—but no national distribution. That's handled in separate deals with national carriers.

The two companies' current deals run through the 2010-11 school year. Signed in 2004, the Raycom-Lincoln Financial basketball and football deals with the ACC are worth a combined \$35 million annually, an increase of \$6 million over the previous agreement. Neither Raycom nor Lincoln

Financial would disclose revenue on the deal or overall financial performance.

Raycom is owned by Montgomery, Ala.-based Raycom Media, which owns and operates 40 TV stations and is itself part of the larger, far-flung business holdings of Retirement Systems of Alabama. Lincoln Financial Sports' parent is insurance and annuities giant Lincoln National Corp. of



Raycom's Ken Haines had to tighten the partnership with Lincoln Financial to compete.

Philadelphia. The sports divisions are tiny slivers of the companies, but the promotional power and exposure of high-profile college sports is an allure for Raycom Media and Lincoln National alike.

With the SEC, Raycom participates only as part of the Charlotte companies' overarching sales strategy, which combines all properties (shared and stand-alone) for a unified approach. In cases where the property sold by the shared sales staff belongs solely to Raycom or Lincoln Financial, revenue goes to the controlling rights holder with a commission paid to the sales representative (i.e., ad revenue generated by SEC football would go solely to Lincoln Financial; conversely, a Meineke Car Care Bowl sale would revert to Raycom alone.)

Lincoln Financial has no national distribution rights for the SEC, but controls football and men's basketball. The deals run through the 2008-09 school year. In recent years, Lincoln Financial has added a 30-minute pregame show for football and developed offseason feature-oriented specials. SEC football generates the highest ratings of any syndicated package in the country. Lincoln Financial's distribution market encompasses 28 percent of the nation's households with TVs across 72 markets.

Executives at both companies say long-running relationships with athletic directors and conference officials have allowed them to remain vibrant in an era when larger media companies routinely snap up syndication rights as part of larger deals. Haines, the Raycom executive, believes that the companies have benefited by being comparatively diminutive. "Our size is an advantage, not a disadvantage," he said. "Because when we see something that needs to change, we can do it."

The ACC relationship with the two companies spans 25 years. It has expanded on several occasions, from the creation of a league corporate sales office operated by Raycom-Lincoln Financial in 1994 to a live video-streaming venture, dubbed ACCSelect, launched this year by the syndication companies in partnership with the conference and Turner Broadcasting.

"What makes all of this work is the relationship between (Raycom and Lincoln Financial) as well as the product itself," said Hull, president at Lincoln Financial Sports. "People want to see the games. And the conference knows that we're working for them to promote the ACC and help it grow."

Swofford said the over-the-air syndicated package no longer accounts for the largest or most important slice of the ACC's media makeup, but it remains essential. "It continues to be important because of the strong interest in college football and basketball in this part of the country," he said. "I think the SEC would say the same thing."

Erik Spanberg writes for *The Business Journal* in Charlotte, an affiliated publication.



The companies' deals for ACC basketball and football run through 2010-11.