

LEAD1
ASSOCIATION

**LEAD1
Association
Market Study**

SEPTEMBER 2018 FALL MEETING

Prepared by: LEAD1 Association
To: LEAD1 Member Athletic Departments

To the Members:

In conjunction with our mission to shape the rules and advocate for the future of college sports, during the past few months, LEAD1 Association, in partnership with Viewlift, a leading digital distribution platform, connected with approximately 100 member athletic departments on three rising issues in college sports --- over-the-top media (“OTT”), esports, and sports betting.

To collect this information, LEAD1 reached out to the member athletic directors who then referred the association to the member(s) within their athletic department most knowledgeable on these aforementioned three topics.

We hope this report will help us collectively make more informed decisions in the future.

Please reach out to LEAD1 staff member, Bart Lambergman (bart@lead1a.com), with any follow-up questions.

Thank you for your continued support.

Best Regards,



Tom McMillen
President & CEO
LEAD1 Association

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LEAD1 Association Member Trends

53 percent of LEAD1 schools would favor a uniform injury reporting approach for college sports

Considerations among these schools include:

- "Setting a standard for gamblers"
- "Eliminating unofficial data services"
- "Limiting the black market"
- "Desire for minimum requirements"
- "Putting coaches at ease"
- "Preventing unnecessary questioning"
- "Protecting the integrity of college sports"
- "Mitigating risk to student-athletes"
- "There are many reasons why a student-athlete may not participate in a game"

23 percent of LEAD1 schools take a neutral position on the potential of a uniform injury reporting approach for college sports

The main consideration among these schools is the concern with respect to privacy laws, such HIPPA and FERPA

24 percent of LEAD1 schools would oppose a uniform injury reporting approach for college sports

Considerations among these schools include:

- "Industry should be tethered to higher education rather than making the health of student-athletes public"
- "More complicated to implement at the college level than professional level - every school has different resources"

LEAD1 Association Member Trends

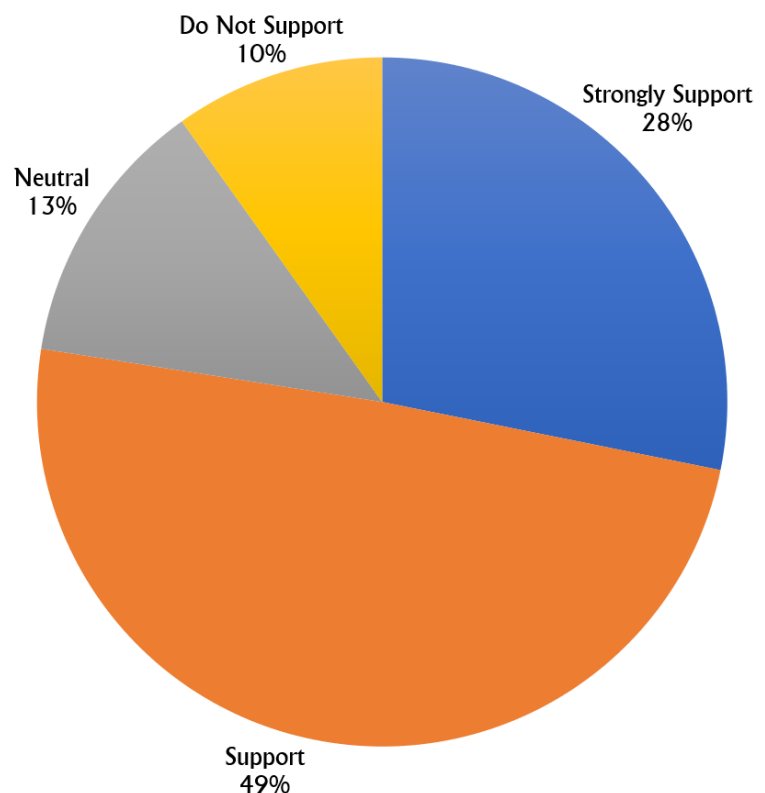
20 percent of LEAD1 schools would accept sponsorship money from gaming interests

Considerations among these schools include:

- "Open to partnering with a casino(s), but would focus on branding the casino(s) like a resort by focusing on dining and entertainment"
- Hesitation to partner with a sports book, but "would be hard to turn down any major revenue opportunity"

- The consensus among LEAD1 schools that take a neutral position with respect to accepting sponsorship money from gaming interests is "seeing how industry standards develop"
- LEAD1 schools that would oppose a blanket ban on sports betting for individuals under the legal age in their jurisdiction point to the potential for division within their school's student population (e.g. some being able to gamble, while others cannot)

How supportive would you be of a blanket ban on sports betting for individuals under the legal age in your jurisdiction (i.e. similar to alcohol restrictions)?



LEAD1 Association Member Trends

62 percent of LEAD1 schools would favor an integrity fee, a fee based on the total amount bet, in legislation if their state legalized sports betting

Considerations among these schools include:

- "Covering compliance and education costs"
- "Additional revenue"

27 percent of LEAD1 schools have a neutral position with respect to integrity fees in sports betting legislation

Considerations among these schools include:

- "What are the obligations that come with accepting an integrity fee?"
- "Where is the integrity fee actually going?"
- "What would the integrity fee entail?"
- "Need more information on how sports betting would impose a financial burden"
- "Generally too early to form an opinion on an integrity fee"

10 percent of LEAD1 schools would oppose an integrity fee in legislation if their state legalized sports betting

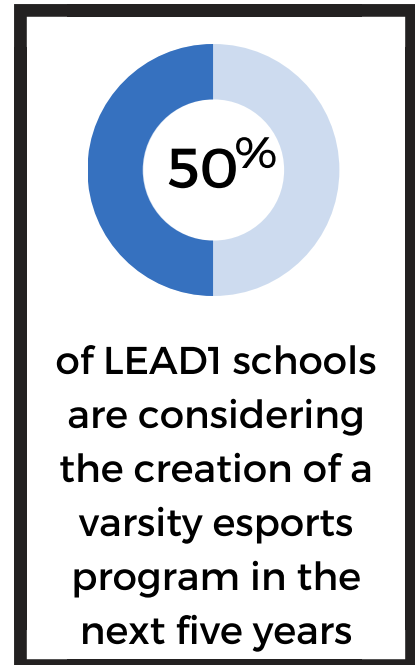
The main consideration among these schools is "the unintended encouragement of gambling"

General trends regarding integrity fees:

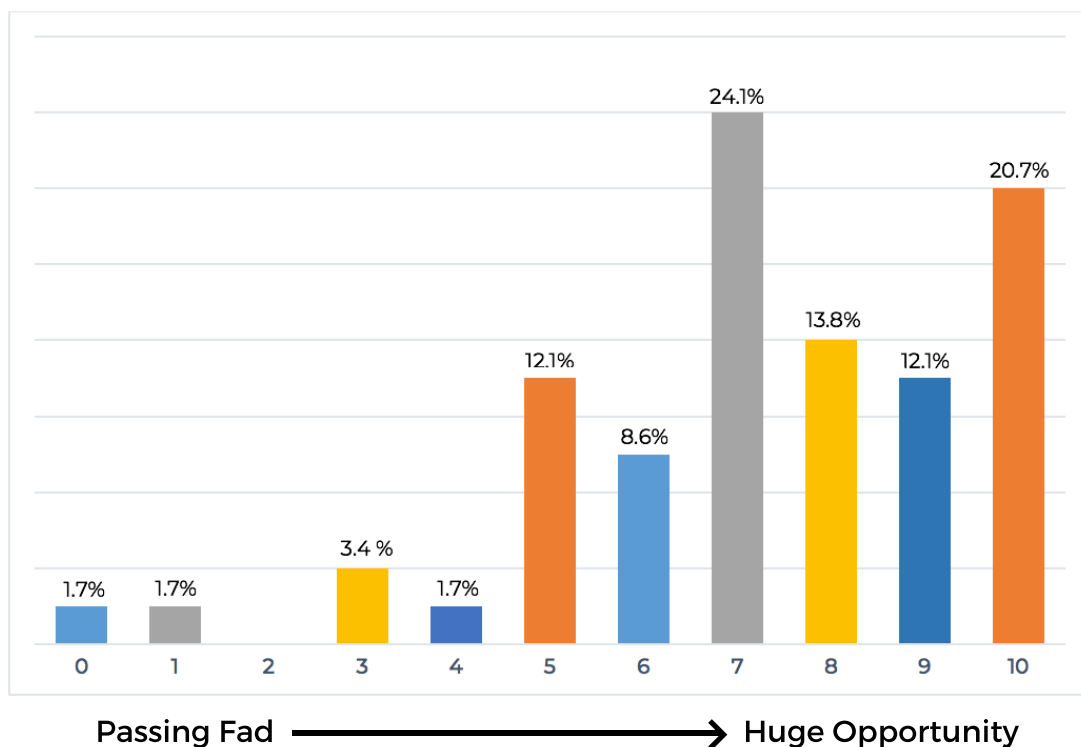
- LEAD1 schools lobbying for limits on permissible college sports betting as an alternative for an integrity fee (e.g. excluding forms of betting like prop bets)
- LEAD1 schools preferring the terminology "compliance fee" as opposed to "integrity fee" in describing funds allocated to universities to cover compliance costs associated with legalized sports betting

LEAD1 Association Member Trends

- Among the 131 LEAD1 schools, less than five administer varsity esports programs at this time
- Common considerations in deciding whether to create a varsity esports program include:
 - **Costs** - What expenses does esports entail?;
 - **Compensation** - Can esports players be considered "amateurs" if they are receiving payout money from competitions?;
 - **Title IX** - Esports is 96 percent male dominant;
 - **Revenue** - What are the scope of revenue opportunities in esports?;
 - **Monitoring** - How are other schools within the same conference reacting to esports?;



On a scale of 0-10, please rank whether you believe esports is a passing fad or will be a broadly-followed competitive undertaking for the foreseeable future (0 = passing fad; 10 = huge opportunity in the future).



LEAD1 Association Member Trends

43 percent of LEAD1 schools view Student-Affairs as the best place for esports to live

Considerations among these schools include:

- "Title IX concerns"
- "More of a student-driven initiative"
- "Better as a club sport"

33 percent of LEAD1 schools view Athletics as the best place for esports to live

Considerations among these schools include:

- "Athletics administer similar activities"
- "Similar competitive and professional nature"
- "Greatest structure on campus"
- "Ideal for branding, sponsorships, marketing, and general spacing"
- "Ideal place for esports if NCAA administers"
- "Recruiting tool"
- "More lucrative"

21 percent of LEAD1 schools view Academic Unit(s) as the best place for esports to live

The main consideration among these schools is the strong scientific and digital nature of certain academic units, such as "engineering and mathematics"

LEAD1 Association Member Consensus

- If the NCAA administered varsity esports under its current rules, LEAD1 schools generally would not want to treat esports differently than other NCAA-sanctioned sports
- Esports is generally not a consideration among LEAD1 schools that have recently cut other sports

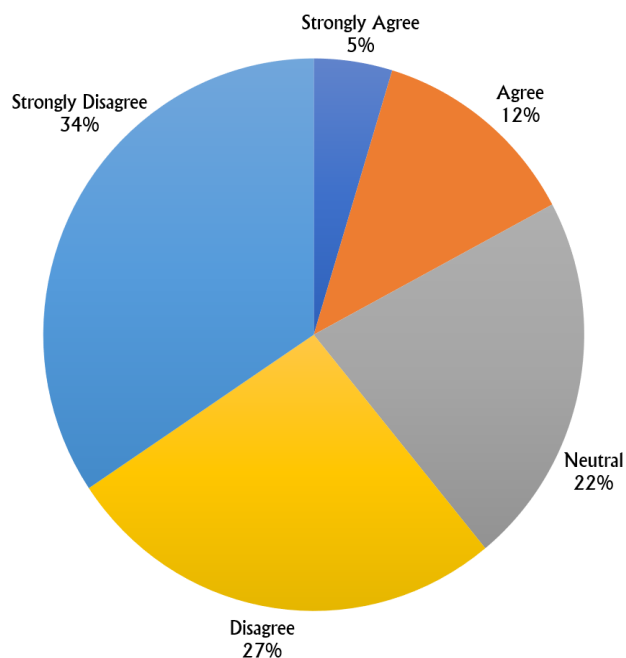
LEAD1 Association Member Trends

- Esports training venues, such as small theaters and computer labs, being built on campuses
- LEAD1 schools hosting esports competitions in their athletic venues as a "revenue opportunity"
- Multiple varsity esports teams housed under Student-Affairs

Cutting-Edge Ideas:

- Awarding athletic scholarships based on type of esports game
- Taking prize money from esports competitions and routing this money back to esports teams for athletic scholarships. A portion of this money could also be used to fund esports team travel
- Other comments:
 - "Esports is simple to produce, which is why smaller schools love it"
 - "Esports programs located in urban locations have an advantage in being close to broadcasting studios and some already established esports venues"

If the NCAA administered varsity esports under its principle of "amateurism," do you think esports players should continue being compensated through payouts from competitions?



OVER-THE-TOP (OTT) MEDIA

LEAD1 Association Member Trends

- **What is Over-The-Top Media (OTT)?** OTT is internet-based broadcasting
 - LEAD1 schools generally broadcast every sport they administer except for a select few such as track and field, tennis, and swimming
 - LEAD1 schools' television contracts are generally between their respective conferences and national broadcast network(s) - All sports are generally covered under these agreements -- except for when a broadcast network covers only football and/or men's basketball
 - LEAD1 schools' television contracts between their respective conferences and broadcast network(s) generally include the rights to digital streaming
 - LEAD1 schools generally want to create additional athletics video content with their athletic programs
- Conference broadcast agreements generally vary in expiration - most do not expire for at least five more years
- Most non-major revenue sports are not broadcasted via linear (e.g. traditional cable) television agreements - rather, these sports are generally live-streamed via their conference's online network or their school's online and social platforms
 - Live broadcasting rights, including shoulder programming (i.e. pre and post-game content), generally fall under conference broadcast agreements
 - LEAD1 schools generally produce web, OTT, and mobile-based content including highlights, hype videos, press conferences, podcasts, and radio shows

42

percent of LEAD1 schools distribute coaches' shows via the web, OTT, or mobile

36

percent of LEAD1 schools distribute features on athletic teams and their student-athletes

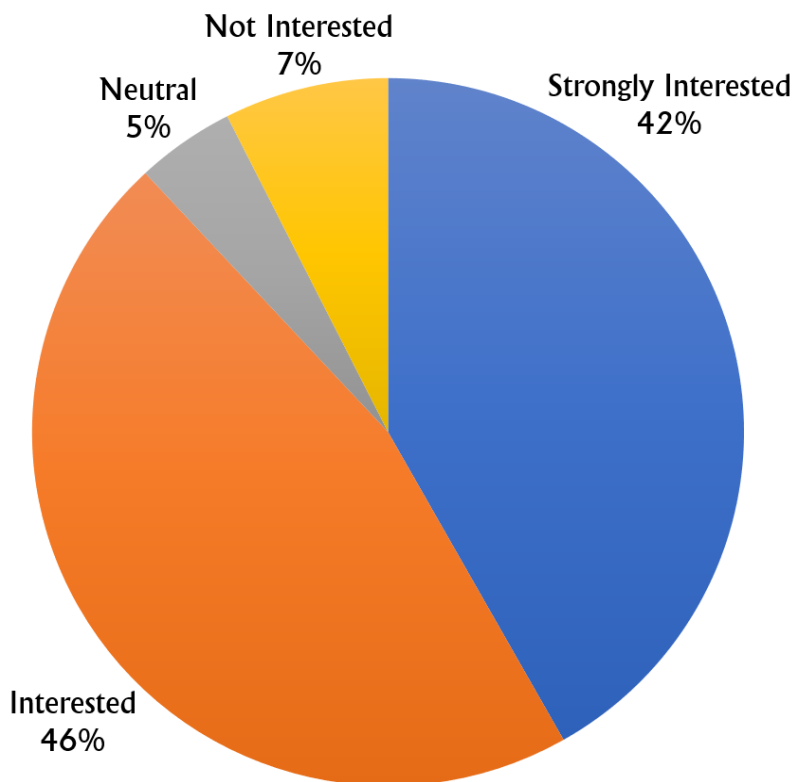
OVER-THE-TOP (OTT) MEDIA

LEAD1 Association Member Trends

On average, a LEAD1 school produces 250 hours of **live** sports video original programming within a given school year

On average, a LEAD1 school produces 200 hours of **non-live** sports video original programming within a given school year

Are you interested in exploring new distribution opportunities with any athletics-related video content?



- LEAD1 schools interested in exploring new distribution opportunities with their athletics-related video content seek:
 - "New streaming platforms and delivery mechanisms"
 - "Enhanced branding and revenue"
 - "More mainstream distribution"
 - "Flexibility under broadcast agreements"
 - "More information with respect to constant technological changes"

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