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ORIGINAL TEXT IN ENGLISH

I am honoured to address this distinguished audience of the XIII Olympic Congress and would like to express my gratitude and that of the International Basketball Federation (FIBA) to the International Olympic Committee (IOC) and to the Association of Summer Olympic International Federations (ASOIF) for granting us this privilege.

The subject covers a wide range of topics and remains an unfinished global construction site. Many hot topics have already been brilliantly and eloquently presented by the previous speakers in this session.

Allow me, therefore, to start off with how the Digital Revolution<sup>1</sup> has been perceived and lived by an International Federation (IF) such as FIBA, and conclude with a perspective on what this revolution means for all of us.

In fact, when discussing with colleagues from other IFs, it becomes clear that we are all going through similar experiences and processes, and searching for the same answers.

The development of new media has tremendously affected our lives, modifying at the same time our behaviours and our working habits and processes. The world of sport is not immune to this and IFs, small or large, have had to adjust to these developments and use them to their benefit. Certainly, the innovation has affected every aspect of operations at FIBA, whether in the office, on the court or around the world, through the member National Federations (NFs), the fans, the World Wide Web and television.

### 1. THE OFFICE

In 1994, FIBA was just about to get rid of the old office telex machine, which was still being used for certain parts of the world. Communications were increasingly sent by fax (a very informal way of communicating back then), but official/formal letters still had to be written and mailed traditionally via the post office. Computers were there. The first database was created. Mobile phones were not in common use.

Slowly but surely, electronic data-processing was replacing manual paperwork, thus increasing the amount and speed of communication.

The new speed of communication led to increased activity and demands from the sports community requiring rapid response and continuous, costly changes of technology. It was therefore essential to modernise the technology, to make it flexible and to ensure that changes could be managed at a reasonable cost.

As a consequence, FIBA invested heavily in a sophisticated but flexible operating system, setting up a single centralised data-processing platform in 1998, which still serves as the backbone of FIBA's:

- worldwide database for official competition data and statistics;
- electronic control system for athletes' international transfers and history;
- FIBA's website, [www.fiba.com](http://www.fiba.com); and
- extranet solutions connecting the FIBA family, and in particular the five continental organisations, to the central system.

The technical migration of data from one platform to another was a nightmare. However, the most successful part of the migration process was the in-depth review and reorganisation of FIBA's internal practices and processes in each department. This was required to properly define the IT infrastructure needed, and to adapt those practices and processes to the new digital era. Today, this allows FIBA to monitor electronically and automatically, as if in an aircraft flight cockpit, the evolution of FIBA's finances, projects and events organisation, and the progress of NFs; to measure these against industry benchmarks and politically approved strategic objectives; and to warn the management of important deviations and risks.

### 2. TELEVISION (AND NEW MEDIA)

When FIBA decided, in 2001, to market its television rights in house, and no longer through an external agency, it was also forced to face, on one hand, the choice between public (free-to-air) and private (cable, digital satellite) broadcasters and, on the other hand, the growing world of digital/new media rights.

It became imperative to establish a clear(er) distinction between the traditional broadcasting rights and any rights exploited through new technology, and to understand and properly segment rights and distribution channels, assess their value and benefit from technological developments.

Today rights-owners wisely mix them all. But, back then, FIBA's experience with the traditional broadcasters showed that they preferred to buy all possible rights, including the right to distribute content through all and any "not-yet-invented" media platforms. Most of the time these new distribution channels were not exploited at all, but owning those rights ensured that nobody else would cannibalise the traditional broadcasting business. It is proven today that this is no longer the case.

Therefore, while FIBA now sells television rights to public stations as well as to private cable operators, it also retains full control over the ancillary new-media (typically internet and mobile-related) rights in most countries. This control allows FIBA to either bundle those rights with the traditional broadcasting rights, where a broadcaster has the ability and the desire to exploit them, or to offer them to a separate telecommunications operator, or to use those rights directly, in house, through its own website or television magazine, particularly in



countries where it has no television deals, thus adding to the overall exposure of the sport. It also enables us to keep track and adapt to new technologies.

Maintaining freedom of choice and flexibility are the most valuable assets for IFs in dealing with new-media rights. Such flexibility is probably easier to achieve with strong sports properties such as the Olympic Games, but it remains critical for many sports that are part of the Olympic Movement but do not enjoy the same relevance to broadcasters, and need to fight for basic exposure and marketing revenues.

### 3. WWW.INTERNATIONALFEDERATION.COM

Today, a website is an organisation's main business card. Through the internet, it allows the world to access a Federation's own sporting environment and, in turn, enables the Federation to communicate with the world.

All IFs have a website, and so do almost all NFs and National Olympic Committees (NOCs). They are all quite different, expressing the characteristics of each sport (and country) and a unique vision of the organisation's mission and values. But they are changing relentlessly and, while different, there is a common thread that links all changes. IFs, in particular, are moving from a formal, institutional and purely informative web presence to a more consumer-oriented one, with "flashy" presentations of the latest news, pictures, and real-time results.

Today's common wisdom is that the best sports websites are those that combine thorough and timely editorial content with quality audiovisual sport content.

Importantly, websites contribute to a Federation's overall communication platform and can be used as communication vehicles for partners, who wish to reach the Federation's fans. In fact, websites have clearly become one of the most cost-effective global promotional and communications tools. It is relatively simple and cost-efficient to set up a website with consumer-oriented content, freemiums, wided games, highlight clips and so on.

At the same time, the website offers privileged access to specialists' sections for journalists and Federation officials, allowing them to "do their jobs" with all the necessary information.

### 4. THE FIELD OF PLAY

The technology is also present on and around the field of play.

In basketball, in addition to indispensable timing devices, new technology that was not present 10 years ago has now become standard equipment. For example, "live statistic modules" or "digital score sheets", which keep track of the running score on a play-by-play basis and run in parallel with the traditional handwritten game reports, are serving media, broadcasters and team officials at the same time and in real time, avoiding costly reproductions and inconsistencies, for example, between broadcast data and the official scorer's table data. Officials can consult television and video footage of a specific play only seconds after it happened, in order to correct errors. Finally, the official stop-clock is synchronised with the main scoreboards, and also with the officials' whistles on the court, reducing human reaction times at the table and allowing for "precise" real-time play.

These examples indicate that a new, sophisticated and highly reliable technology infrastructure is now needed on and around the field of play. Wireless devices, fibre-optic cabling and electronic boards are now a must in every sports venue.

However, besides providing relevant sport data, new technology has been used successfully by some sports to generate excitement.

The "Hawk-Eye" in tennis and position-tracking in the marathon are good examples of the use of technology for the betterment of the sport for athletes and fans alike.

The debates over bicycles or swimsuits are a different example of how industry pushes the limits with new technologies, and how Federations need to be vigilant in order to maintain control over the sport and ensure that the athlete remains at centre stage. Last but not least, new developments in medical and biomechanical technology may be used by IFs and individual athletes/teams to better understand the athletes' performances and, as a consequence, improve training techniques or sport equipment, and also to offer insights to fans (for example, speed of ball, distance of shots or distances run by athletes in football).

### 5. THE MEMBERSHIP

IFs are federations of NFs or national associations. Communicating with NFs and improving their organisation and performances are essential objectives of IFs. The Digital Revolution helps achieve this faster, deeper and more efficiently.

In FIBA, this implies communicating with 214 NFs. Many of these need know-how and assistance in the organisation of their activities and in the basic organisation of their Federation and their competitions. Taking advantage of the in-house platform created for its own core business activities as described earlier, FIBA provides free of charge to each member Federation an extended interactive technological platform (the FIBA Organizer). The Organizer can be used to create local competition systems; manage results and rankings; create registries of players and officials, allowing the set-up of a licensing system for members; install live statistical modules; create an internet site with automatic content from competitions, registries and live statistical modules; construct an internal network with members; and upload and download data to and from FIBA's central server.

An e-Academy, or online educational programme, provides member Federations with the know-how they need to run a Federation. An e-coaching Library, especially dedicated to the improvement of coaches and to the monitoring of all major FIBA competitions from a technical perspective, and an e-vent IT package that reduces IT costs for local Organising Committees with ready-to-use applications, rounds out the online offer for member Federations.

The use of such technology and the diffusion of these tools ensures that member Federations do not have to endure the painful transition, with all the associated costs and mistakes, from traditional paperwork to a fully digitalised environment, but are able to benefit from FIBA's own experience and from that of its technology partners, accumulated over the past 15-20 years.

At the same time, this enables FIBA to ensure that all members are organised according to minimum standards and, accessorially, are able



to generate on their own a wealth of competition data, player statistics and e-mail addresses that can be accessed locally and centrally in real time.

Technology has been used to capture or enthrall people in a campaign or cause in the past, but not to organise. Here it proves that it is possible to build a virtual mechanism for scaling and supporting community action.

## 6. THE FANS AND THEIR COMMUNITIES

As we know, sport is consumed daily by billions of people, which represents a huge asset for IFs and an exciting opportunity for broadcasters, advertisers and consumer goods brands.

IFs need to secure their financial stability with revenues that derive directly or indirectly from these sport consumers. The sale of television and marketing rights will deliver most of the required revenues. However, to increase those revenues, and add new revenue-generating opportunities, it is critical to broaden the fan base, and therefore to understand how and why they consume the sport.

The industry, i.e. sponsors and broadcasters, also want to know to whom a sport appeals, and how this appeal will generate incremental revenue over and above their current bottom line. This will also determine the level of any rights fees payable to a rights-holder.

Given the new distribution channels (TV, web, mobile and social networks), content-provision formats (web, email, SMS, roaming, twitter, etc.) and technological tools available (for example, eCRMs), it is increasingly possible today to “zoom in” on the behaviour and interests of the individual fan/consumer. Understanding this behaviour will allow IFs to engage in positive and direct communication with him or her. This is the ultimate dream for every marketer. In other words, IFs have an opportunity to communicate and reach such consumers faster and more efficiently, given their dedication to the sport, and therefore could be a privileged portal for advertisers.

FIBA communicates with basketball fans through its own website (including via mobile phones) and through the broadcasting of its competitions. In principle, therefore, basketball fans can read about basketball whenever they want and wherever they are. In order to understand these fans, interaction is necessary. Questionnaires, online games and market research surveys are therefore developed yearly, captured electronically and analysed by FIBA, in order to discover trends in fans' behaviour. The results may lead to improvements in the sport itself or in how it is presented to fans.

At the same time, and from the users' perspective, today's “digital natives” enjoy creating content for themselves and relating to peers with similar interests/commonalities. In 2008, FIBA therefore launched “myFIBA.com”, a community platform based on the fans' own creations and comments (using Web 2.0 technology) that interacts with and uses all the on-line offers FIBA has already launched. According to statistics, myFIBA.com has a membership potential of several million fans. However, a careful eye is necessary to avoid mistakes and going “over the top”. If it is real people and real communities, then it is valuable. Otherwise, it is just playing around online.

## 7. THE ECONOMICS

Debate rages as to whether the Digital Revolution, in particular the development of new media and the exploitation of the ensuing rights, is economically affordable. Obviously, new technology should equal new revenue opportunities, otherwise why bother creating them? This is at least the most common approach.

The experience of IFs is that the Digital Revolution is a highly expensive exercise and a permanent red item on the budget, with frustrated IT departments.

A very simplistic approach tells us that the new technology reaches millions of consumers and attracts billions of advertising money, thus providing revenues for the owners of portals that reach these consumers.

It is a fact that sport websites (mobile versions included) can generate staggering numbers of visitors. Consequently, IF officials expect the red items on the budget to be accompanied by some black figures on the income side. Such income should come from increased rights fees, sales of online advertising, pay-per-view streaming, online merchandise or ticket sales, paid mobile phone services, video games, (controlled) betting, etc.

However, as we know, the industry itself is not yet convinced as to which is the right business model. Approaches range from offering most content for free (despite the high development costs, but favouring higher traffic and thus potentially higher advertising income) to “pay-for-play” services (smaller, but generating constant income, albeit with the risk of losing customers to other free offerings). A respected newspaper reported earlier this year that “Mr R. Murdoch pledged to charge for online content from all his news outlets, but was met with scepticism from rivals as they attempt to find their own alternatives to a broken business model.”

The excellent news for Federations is that, in FIBA's case, while much is available for free to the public, income is starting to flow from online and digital services, but remains for the time being negligible and far below the costs generated by the need for new technology. However, given that there is income, it is possible to shift some of the development costs to the technology service provider. In fact, it is common practice for suppliers of innovative digital solutions, which are trying to establish themselves on the market, to be willing to take over (part of) the commercial risk against the development costs. It is thus interesting for IFs to explore the market and look for companies that are interested in investing in a Federation's technical platform, in exchange for the ability to commercialise it.

Alternatively, as these upfront investments in technology remain costly, it might make sense for the Olympic stakeholders to split those costs among several users and benefit from synergies within the Olympic Movement. The GAISF Multimedia platform initiative is an attempt of this kind. The IOC and Olympic Broadcasting Services (OBS) could also participate in this model for the benefit of the whole Olympic Family. In such cases, the need to recoup the investment is less urgent, and content may be offered for free to enlarge the fan base and increase advertising opportunities.



## 8. CONCLUSIONS

**The Digital Revolution is an opportunity for sport.** Sport is well suited to new media, as it provides daily content of very high interest and offers the opportunity to easily test new technologies. Furthermore, as the younger generations of digital natives embrace technology at a faster pace, the Olympic Movement, and the IFs in particular, will be able to reach these generations, remain relevant to them and keep them interested in sport (as spectators and athletes), if the Revolution is fully embraced.

**Top events with state-of-the-art technology.** The Olympic Games and IF world championships must offer their events to consumers through the most attractive, state-of-the-art technologies. The IOC could build and improve on technologies and distribution channels that are developed and used during IF world championships, and vice-versa. The Youth Olympic Games (YOG) are an excellent opportunity (and a must) to use and test trendy technological developments, particularly attractive to youngsters, such as mobile or gaming devices. A joint “high-tech task force” involving the IOC, OBS and IFs would be highly valuable in coordinating the various efforts, transferring knowledge and reducing costs.

**The digital revolution is more than the internet.** The digital world permeates every aspect of the organisation and functioning of an IF. It is not only related to the internet and to streaming, but deeply affects how business is done, how staff have to work, and how material and information is produced, packaged and redistributed.

**The digital technology in itself is not the objective.** The key is the strategy it allows us to pursue. (For example, the ways in which Mr Obama used internet technology to shape his election campaign and activate communities). In FIBA’s case, the strategy is two-fold:

- to provide a long-lasting competitive advantage to the organisation by the (re)organisation of our offices and national membership through consistent, efficient and unifying business processes that fit the new digital era; and
- to reach, understand and enlarge the basketball consumer base.

**The Digital Revolution is not about revenues (only).** As a consequence of all the above, the search for direct revenue should not be an IF’s (sole) driver in developing/adopting new technologies. The changes should be geared primarily to helping achieve strategic objectives and ensuring a long-lasting competitive advantage for the organisation itself, its members and the sport. Revenue will be the “cherry on the cake”, (and hopefully there will be many cherries and many cakes!).

1. The term “Digital Revolution” defines the radical transformation launched by the invention of microchips that caused deep changes in technologies and in almost all aspects of life during the 20th century, in a similar way to how the Industrial Revolution shaped the world 200 years earlier. The innovation resided essentially in the ability of microchips to endlessly increase their capacity, in the introduction of automation in production processes, and in the setting up of worldwide communication networks such as the internet. In this context, the term “new media” encompasses the emergence of digital, computerised or networked information and communication technologies in the later part of the 20th century, which is at the core of today’s interconnectivity and convergence efforts. In a strict sense, new media (rights) refers to the digital distribution of data, footage or photos, for example via internet or mobile phones.