

Case Study

Unleashing Sports League's IP Earnings Potential



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A Major US Sports League, poised on the brink of success, was unable to move forward with its ambitious plans for global merchandising expansion because it was struggling to scale its merchandising and licensing operations. Adopting RSG Rights gave them operational foundation and analytic insights they needed to grow their business exponentially.

Context

The internationally famous national sports league was primed for exponential growth. The only thing holding them back was their own success. "We were so busy just handling the daily activities of mailing out invoices and collecting royalties that we did not have the bandwidth to grow," noted Michael F., their Business Analyst.

Business Problem

The team running merchandising knew what they wanted to do but were trapped by the limitations of their royalties system. It only captured the basic information of the agreement, preventing them from doing any form of detailed analysis. They could only do high-level monthly reporting on an individual team level. There was no granular analysis of which products were working across multiple teams. No trend analysis. No way to effectively forecast cash flow.



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Their Sales group was frustrated. Getting information on what rights were available for sale was an excruciating manual task. Manual royalty statement processing meant that they could not do more complex deals, such as cross-collateralization or tiered royalty levels with triggers dependent on sales volumes. And, when they finally pulled together a deal, there was no way to run a conflict check to make sure that they were not violating some other agreement.

Finance was unhappy. Royalty statements were massive files that the League had to manually key into their system, a massive effort, prone to human error. Monthly, quarterly, and annual closes took forever. The entire department would spend weeks; time that they could have spent more profitably, looking for revenue leaks and financial growth opportunities.

Their licensees were unhappy. The League's team was too often slow to respond to questions or to flag issues with the royalty statement. Too often there was confusion resulting from multiple deals addressing different facets of their relationship. Someone had to remember what was in every deal and make sure that everything was in compliance.

They needed to do something. They engaged RSG Media.

The Solution

After a fast pre-implementation study to flag, prioritize, and address the League's issues, RSG Media implemented RSG Rights, configured to meet the League's and their licensees' specific needs and workflow, and LicensingX, a portal designed to let Licensees upload and validate forecasts and royalty statements quickly and easily. RSG Media worked with the League to enter in all the information, at a granular level, for every licensing deal.

The results were dramatic and almost immediate. They fell into three categories:



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1. Increased Sales.

In the two years after fully adopting RSG Rights, the league doubled their topline revenues. The next year showed a YOY growth of 50%. The Sales team was able to do more deals, and more complex deals, because the new granular analysis empowered the sales team to see what was trending, and what they could, and should, be selling.

RSG Rights' avails showed them what they had available to sell in real time. The system also let them perform opportunity analyses, identifying "sales holes" that needed filling. It surfaced areas where the League had licensed some SKUs, and now had added others. It also showed where SKUs were only partially licensed and were available for sale in additional territories, sales-channels, or where the League could sell licenses along other rights dimensions.

Sales also benefited from the system's ability to support cross collateralization, tiered deals, and other complex royalty structures that enhanced deal profitability. While they had negotiated such deals in the past, the League could now enforce the terms. They received higher revenues from existing deals and added new revenue streams.

2. Redirected Effort.

Deal administration was no longer a hindrance to growing the business. The effort required to run day-to-day administration of the licensing and merchandising dropped dramatically at every point on the value chain. Collecting, ingesting, and validating royalty reports and forecasts became automatic—invoicing too—with employees now only required to review the final results before posting. No more huge mailings, emails, or ftp files required. The system automatically sent reminders to licensees.

Licensees uploaded their royalty statements directly into LicensingX, sparing the League the time and effort. It validated their uploads, flagging any issues so that the licensee could fix them immediately. The system reduced Finances efforts, cutting its monthly, quarterly, and annual close times by more than half.

The League also automated and decentralized its reporting. They configured the system to send out all standard reports as required. They also let key managers create and share their own ad hoc reports to answer pressing questions from senior management.



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This ability to focus energy on revenue generating activities, instead of the “grunt work” of administration, provided immediate benefits as the League expanded internationally. They were able to launch more SKUs and grow their brands, without the additional burden of deal management and administration.

3. Stronger Licensee Relations.

The new granular level of deal information enabled the League to identify and collaborate more closely with its’ best licensees. It also helped them identify unprofitable licensees and either coach them to success or find better partners for those properties.

Licensees also appreciated the new ease with which they could upload and validate their royalty statements and receive immediate feedback because it eliminated endless cycles of back-and-forth emails. The portal also provided fast responses to their most pressing questions.



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“It was like night and day,” Michael F. continued. “The system going live totally freed us, and the group responded incredibly positively.”

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Strategic Insight

The League transformed the administration of merchandise deals from being a burden to being a wealth of data that let them expand into new markets and predict cashflow more accurately.

Today, even the smallest sports leagues and teams are reimagining themselves as more than just a collection of teams, players, or logos; they realize that they are a portfolio of IP assets with an engaged fanbase. To maximize their revenues, they are looking at new and complex ways to monetize that IP, expanding into new territories, new media ventures, in-game virtual merchandise, NFTs, and the metaverse. Automating administrative activities freed the League to unleash their creative and deal-making capabilities and maximize their earnings potential.



ABOUT RSG MEDIA

The world's leading media, entertainment, and licensing companies use RSG Media's proprietary systems to grow revenue, profits, and customer engagement, and maximize the value of their portfolios of IP Assets. RSG Media supports the global operations of major sports leagues associated with professional baseball, basketball, hockey, and football, amongst others.

For more information or to schedule a free consultation, please write to info@rsgmedia.com



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