

MARKETING

NBA deal with MGM highlights integrity fee alternative

Russell Karp, vice president of media and entertainment at global technology consultancy DataArt, looks at the implications of the NBA's data and marketing deal with MGM

SINCE THE SUPREME Court struck down the federal ban on sports betting, casinos, professional sports leagues, sports data aggregators, broadcasters and digital media enterprises have all been looking for ways to enter and capitalise on the potential of this new industry.

Some of the US-based professional sports leagues have argued for betting rights and integrity fees for the use of their data by sportsbooks, casinos and other betting operators. While they have not seen much traction with states such as New Jersey, New York was one state that was ready to adopt the integrity fee in its legislation (which is yet to pass). However, NBA commissioner Adam Silver admitted in mid-July: "Frankly it's not a place where we've made a lot of progress."

Private data deals sweeten the pot

By the end of July, Silver had taken matters into his own hands. The NBA announced a multi-year partnership with MGM, establishing the casino company as the official gaming partner of the NBA and WNBA, with the NBA becoming the first American pro league to enter into a deal with a casino and sportsbook operator.

According to ESPN, the partnership is a three-year deal worth more than \$25m. The deal does not include the rights for MGM to stream live NBA games on a mobile app, which would allow gamblers to bet simultaneously. However, that could be added in the near future.

Because the deal is non-exclusive, the NBA can, and likely will, sell its data and logos to other casinos and sports betting operators. However, MGM will be its official gaming partner and will receive promotions across the NBA's various platforms, as well as produce a digital content series with the league. This deal could set the benchmark for other leagues.

MGM is said to "use NBA and WNBA branding across its US properties on a non-exclusive basis and share real-time data with the NBA to protect the integrity of its games". The NBA claims that providing official statistics to bettors through MGM is crucial for maintaining and enhancing statistical accuracy and adding a layer of integrity based on the NBA brand, will lead to increased bettor confidence.

This approach of going straight to the source (the league) rather than a third-party statistical aggregator, could be a trend that other leagues will follow.

Who's next?

The deal is a big development for the emerging US legal sports betting ecosystem. For the first time ever, a professional sports league ventured into the new business of American sports betting, seeking ways to monetise its ownership rights to team names, logos, game broadcasts, and official game data.

The ramifications of licensing sports intellectual property and real-time data cannot be underestimated. Clearly, this creates a new sponsorship opportunity for the leagues and a promise of their betting revenue share, even if the evolving legislation will not offer them a guaranteed pay day.

This deal opens the door and sets parameters for other gaming partners to pursue

partnerships with American professional sports leagues. The value of future deals with other sports leagues will vary based on league popularity, fan engagement, data quality and negotiating power. For example, the potential

value of an NFL deal will be substantially higher than a deal with the USGA or ATP.

If we want to speculate which of the American pro leagues may be next to enter a similar deal, I suggest we look at the approach they are taking with new technologies, social media awareness, fan engagement, enhanced viewing options, and overall digital strategy.

And yet, while the NBA was in favour of legalising and regulating sports betting, other leagues were less inclined to show enthusiasm. Leagues such as the National Hockey League, whose chairman has said he wants a cut of betting profits, and the MLB, acknowledge the far-reaching implications of

the ruling but asked Congress for some sort of unified regulatory framework.

The NFL, a known opponent of sports gambling in the US, recently sent a letter to the Pennsylvania Gaming Control Board that did not include any suggestion of an integrity fee but did state that official NFL-supplied data should be "the standard in a legal, regulated market". Whether that means it will be seeking private commercial data deals remains to be seen. ■



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