

Creating Value

An Interview with George Pyne,
Chief Executive Officer, Bruin Sports Capital

EDITORS' NOTE *George Pyne founded Bruin Sports Capital in January 2015. Before that, he was President and Board Member of IMG Sports & Entertainment where his game-changing strategies ignited exponential revenue growth across multiple global businesses culminating in the company's record sale to William Morris Endeavor. Earlier, as COO and Board Member of NASCAR, Pyne took the sport from regional niche to national sensation and created billions in new revenue.*



George Pyne

While at Portman Companies, before NASCAR, he played a central role in organizing a \$2-billion debt restructuring for the company founded and run by the iconic architect and real-estate developer John Portman. There, he also launched his first business, AMC Events, devoted to management and marketing of sports-related properties. Prior to AMC, Pyne held a senior role with the Atlanta Chamber of Commerce, leading a comprehensive analysis of the city's school budget. His recommendations led to sweeping reforms. He has been credited as one of the most influential figures behind the rise of global sports and entertainment over the last 25 years. He is a board member of the National Football Foundation and the National Catholic Charities for the Archdiocese of New York and was previously on the board of 24 Hour Fitness. Pyne was Captain, All-Ivy League, and All-New England honoree as an offensive lineman at Brown University.

COMPANY BRIEF *In 2015, George Pyne announced that he would launch Bruin Sports Capital (bruinsportscapital.com) to invest in, acquire, build and operate global sports and entertainment companies. He launched with \$250 million in capital backing from a collection of investors including some of the world's wealthiest families. Bruin's focus is to develop high-growth, high-yield global businesses in the technology, sports, media, live events, marketing and entertainment sectors. Today, the company's portfolio spans five continents with 37 offices and 1,700 employees. Its platforms are relied upon by virtually every major sports league, governing body, rights holder and blue-chip brand. They represent the vanguard of the new global sports economy. Billions of consumers engage with their favorite sport through Bruin's enterprises.*

What was your vision in creating Bruin Sports Capital?

When we conceived Bruin, we believed that the way people consumed sports and entertainment media was going to become much more fragmented and disrupt the way business has been done in the industry for decades. That was an opportunity for us. We believed we could build high growth businesses at the center of this change and ones that lead the industry forward. That is what we saw when we started this and, thankfully, that is

exactly what is happening. We are on track, and we are pleased with our results.

How broad is your focus?

Right now, we are specializing in sports and entertainment. For decades, sports operated with the living room as the center of its economy. Now fans are more mobile, more active and much more personally invested in their passions. It's a tectonic shift to the industry, and we see great opportunity in helping businesses with the right essentials to capitalize on this channel change.

For example, we acquired Deltatre, a global media technology company. It is a world-leading technology company that delivers live sports and entertainment to every screen. But it needed a partner that could help it grow beyond its European roots and that meant capital and connections. In just two years, we have expanded the company into the U.S. and the Asia-Pacific region and organized a significant acquisition making it the industry-leader in OTT technology services – the centerpiece of the future of media. Today, Deltatre operates in 18 countries and works with every major sports federation in the world as well as with major broadcasters. It has worked out exceptionally well for us.

We also invested in On Location Experiences, which is a premium experiential entertainment company because live events provide more options for people to consume and engage with sports. VIP experiences get people out of their homes to attend events that are unique and different and that are perceived to offer more value for their investment.

We acquired Engine Shop, a new model marketing agency that specializes in managing brands through the exploding experiential

economy and digital ecosystem. We also bought a design company because we believe that design is a catalyst for growth. When we think about the brand identity of the likes of Google or Nike which are design-led companies, it shows the power and value of design especially in this new media era. We want to bring design strategy deep into sports and entertainment as a lever to unlock tremendous growth.

We also oversee Courtside Ventures, which has invested in 25 early-stage companies at the convergence of the media, sports and technology sectors and are well-positioned to lead the industry changes.

Collectively, this group impacts the way billions of fans worldwide experience sport in some way. They are driving massive amounts of commerce and value creation in our industry.

When you evaluate investment opportunities, how critical is the talent of the management team?

The first thing is that it must be a good idea with potential and then we look at the people. If we see growth potential, we want to have the management in place to make that a reality.

We want to back good managers; we want them to tap into our global Rolodex, and we want them to leverage our access to capital to deploy against growth opportunities.

We have been around this sector for 30 years and have global relationships in sports, so offering all of that to these companies is, we believe, a major differentiator of us. We also have deep access to capital that is available to accelerate growth and enable companies to take advantage of opportunities that they might not have been able to before. We're backing our leaders to take advantage of opportunities that heretofore weren't there.

None of the companies we own today look like they did when we bought them. They're very different, performing at higher levels, have grown in countless ways and haven't changed a leadership team. We think that's a meaningful statement about our value proposition.

Is your focus on making long-term investments?

We look at everything in terms of creating value. We want to create value for the company and grow it. It's not necessarily based on an exit strategy and timing. That is not to say that we wouldn't exit a company, but our focus is on creating value for it. When you create value, good things will happen.

We're backed by long-term investors, so we have no pressure to do anything on a timeline, and this has allowed our companies to perform quite well.

Will you discuss your relationship with Courtside Ventures?

With Courtside Ventures, we have made 35 investments in 25 early-stage companies. We have two dynamic co-CEOs and have cultivated an incredible amount of deal flow – some of which they generate and some of which comes from Bruin.

A great example is our lead of two early rounds in the subscription-based online local sports media site called The Athletic.

The newspaper business is changing, but people still like rich, local content, and we liked the management team, so we backed them. It's doing quite well.

While it is early days, Courtside has emerged as the definitive early-stage fund in its space.

Is your focus on growing companies with a global footprint?

Sports is a global game and we look at everything through a global prism. We want to be at the front of globalization in this sector.

We operate globally and Bruin's portfolio reaches 18 countries with 37 offices and roughly 1,700 employees. We have relationships with most of the major sports leagues or federations in the world, so we have the luxury of looking at global companies and platforms.

How difficult will it be for traditional players to remain competitive in the new media environment?

Technology is changing everyone's lives, and sports and entertainment are no different. People and companies have to be able to evolve and adapt, and those that adapt in the early stages are probably going to do better than those on the back end, primarily because the consumers – meaning young people today – are consuming content much differently than they did 25 years ago.

If one wants to be relevant to this whole new generation of consumers, you have to be on the front end of this change in media.

Every situation is slightly different, but those that adapt first will do best. The early adopters are probably going to be rewarded. There is a real penalty for those that don't change because they're missing a generation of consumers, which nobody can afford to do.

How valuable has it been for Bruin to work with investors that have a shared vision and long-term commitment?

When we're talking to a company about an investment, we do talk about the fact that some of the most successful families in the world are part of our investor group.

What makes us unique is strong, solid capital; a 30-year track record of relationships and value creation; and that we're user-friendly for management. We know what it's like to miss a budget and we know the dynamics of the business – every day is not a sunny day. When it's a rainy day, we're pretty good at helping people.

All of that has played out at Bruin. If there is a league or founder and they're looking for a place to accelerate growth and help with their challenges, we're a very attractive place to look.

People want to see a firm source of capital.

Did you always know that you had an entrepreneurial spirit?

I've always been in an entrepreneurial environment. I mentored under some exceptional people. John Portman started his company from scratch and at one point had 25 million square feet of real estate that he either owned or managed and had one of the largest trade show companies in the U.S. He was an entrepreneur, and I apprenticed with him.

I worked with Bill France at NASCAR, and we achieved enormous growth.

Then there was Ted Forstmann at IMG. My office was right next to his office, and I spoke to him every day. I took the job with IMG when I was 40, and I learned a lot.

I had a great experience working under those men, but it was more of an entrepreneurial environment than a big corporation. I think that experience has served me well, both from an entrepreneurial and leadership standpoint as well as from an operating perspective.

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Many entrepreneurs who create companies are visionaries. They see an opportunity and go after it, but many times they aren't necessarily managers. Does there need to be a transition to a different type of leader as companies grow to a certain size and scale?

Every situation is different. Being the leader, one has to have a vision. A leader knows where they want to go and they figure out how to get there.

Those are the essential skills of an entrepreneur – having the vision to see things others don't and making them happen. Sometimes an entrepreneur goes against conventional wisdom.

It also changes through the lifecycle of a company; as a company goes through time, the skills needed to take a company to the next level change.

While I'm an entrepreneur right now, I had a lot of experience at IMG in terms of restructuring and building – the same when I was at NASCAR.

In terms of taking companies to the next level, that is something that we have had a lot of experience in doing. This doesn't necessarily mean we have to change the people – we have to have people who understand that their roles might change, and it is a good thing to embrace that change to further a common goal.

That is the key in taking companies to a new level – we did it at IMG and NASCAR, and we're doing it at Bruin. We're taking something from one point to another place. That is a skill in and of itself.

Our model is to help on the revenue side, provide best practices on the operational side, create new lines of business and enter into new markets. This is the same model I have used for 20 or so years.

How much of your leadership style was crafted from your experience playing competitive sports at a high level?

In sports, one has to be a good teammate and good at sharing experiences so, no question, being a teammate and playing sports has helped me relate to people and helped me in business.

I care about what I'm doing, and I build relationships with the people around me. If I care, then everyone else is going to care.

Those are the lessons I've learned – being a good teammate and leading by example. Those are important elements.

The other element that one only gets in sports is a lack of concern about getting knocked down because you always need to get back up. In sports, someone's circumstances doesn't matter on the field of play, and everybody gets knocked down. Sports teaches one to get back up.

In business – and no one likes to talk about this – every day is not a sunny day. One of the keys to success in business is being able to get back up when it isn't comfortable and to overcoming challenges and not letting a situation overwhelm them.

The place I learned all that was through sports. I learned how to win, and how to fail, and to make the sacrifice to be successful.

It had a significant impact on me and changed me. Those lessons are invaluable. ●