

# How to weather uncertainty in the RSN marketplace

By Ed Desser and John Kosner 3.20.2023

Regional sports networks are in the news recently, with the Diamond Sports and WBD/AT&T Sports Networks in financial difficulty. These developments potentially put at risk the major exposure and significant revenue of some 50 U.S. pro sports teams. How should those teams, and others with RSN deals, attempt to weather the crisis? We have these 10 timely suggestions:

- 1. Know your agreements.** Sounds obvious but the business details, dates, breach and cure provisions, etc., are critical now. Make sure you know about the various contingencies built into your agreement(s), and get legal advice from your team counsel about dos and don'ts.
- 2. Keep up to date on industry developments.** Things are starting to happen, or at least be reported, day-to-day, so you need to focus much more attention on the matter in the coming weeks. We set Twitter notifications for the key national and local reporters and industry analysts covering this story. Be sure to regularly circulate what you learn to the key executives at your team, including PR, business ops, marketing, etc.
- 3. Check in regularly with league media executives,** other teams in your market on the same RSN, and other teams served by the same RSN holding company. You can share information that is unlikely to be covered in the trades or business press.
- 4. Get educated on the bankruptcy process.** Laymen tend to have little knowledge of the process until they must deal with it. Take the time NOW to find out how it works so that you can anticipate the best responses for your organization. You may be surprised.
- 5. Understand all of your alternatives.** Games used to be carried on local broadcast stations before RSNs. Now there is also streaming, which can be done regionally, nationally or internationally, subject to league parameters. Also, it is possible for a league to make arrangements, which could dovetail with its network (e.g., MLB Network or NBA TV) or through arrangements in combination with out-of-market packages (e.g., NBA League Pass or MLB.TV). Talk to local TV station executives in your market. Some Scripps station executives have already mentioned an interest in getting back into local sports. We expect growing interest from alternative parties. When we worked at the NBA, the focus was on our list of "assets." What could we deploy as necessary? What are the assets you can bring to bear to improve your local TV business — tickets, events, access, merch, etc.? Put your list together.

**6. Be ready to act yourself.** No one cares about and knows your team, your fans, and your market more than you do. That means you should take necessary steps NOW to be ready to produce games, handle sales, and arrange for some form of distribution in a worst-case scenario (see No. 5 above). In our experience, crisis situations can generate novel, sustaining solutions because people have to think differently. The typical RSN broadcast hasn't changed in decades. What's the appropriate update for your team? What's the perfect blend of on-air talent old and new if you have to look at things fresh?

**7. Use this opportunity to generate** the best local fan email list now, in case you need to be marketing to them tomorrow. For example, team email lists, social media accounts, season, package, group, and individual ticket buyers can all be prospects. Also, beware that the downstream impact of possibly losing RSN coverage affects your fans, also meaning ticket sales, merchandise, community events — everything down to betting activity.

**8. Perform some local market research.** How do your fans feel? What packages would they prefer? What pricing options are they willing to pay? What other streaming services do they already use? What's the plan for younger millennials, Gen Z, and Gen Alpha, whose viewing behavior is vastly different from older fans? This will help you to build a P&L, with appropriate result ranges. We favor developing actionable questionnaires.

**9. Talk to your sponsors.** Perhaps one or more are a good fit as a possible streaming partner. Local retailers, telecoms, and even cable operators could have an interest in an even tighter relationship with your team and your fans. Many are well positioned to complement your efforts and help you succeed. Casting the RSN crisis as a community opportunity can yield win-win-win local teamwork.

**10. Understand the basics of operating a streaming service.** Deltatre, Endeavor, ViewLift, iStreamPlanet, Kiswe and others could provide you with a one-stop solution to the front end, ordering, billing, creating a library, and managing the streams themselves. FloSports and DAZN are also buyers of sports rights in a more traditional manner. There is much more to learn. In our careers, challenging situations forced us to stretch ourselves and become wiser on subjects we knew little about. Long term, those experiences have been invaluable.

Hopefully, you will not experience an interruption in your game delivery and payments, but it's smart to be ready. Remember former Secretary of State James Baker's "Five P's": "Prior preparation prevents poor performance." A little bit of preparation now can make all the difference in turning a potential nightmare into a new business opportunity, as the sports media business evolution continues!

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