

An Inflection Point for Sports Business

Winning The Data Game.



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*“If we win, on our budget, with this team...
We’ll have changed the game”
– Moneyball*

One has to win the battle, but at what price?

Sports like any other business requires extensive understanding of the forces playing the market. While there is substantial money in sports, it requires strategic management of the resources to achieve success as the time where winning was the primary solution has passed.

“Winning is no longer considered synonymous with being profitable.”

“In 2011, The Glasgow Rangers Football Club won its 54th Scottish Football Championship (SFC) and set a world record for the most times a soccer team has won its domestic league championship. In 2012, the reigning kings of Scotland declared bankruptcy and the company owning the team ceased to exist implying that Winning games is a success driver but given the budget and investment constraints, unpredictability associated with sometimes staking everything for the sake of winning could be a losing strategy from a business standpoint.”

In the sports fraternity there are 3 kinds of organizations – everlasting winners, constant losers and periodic winners.

As per a report published by Duff & Phelps, the IPL franchise brand value for Mumbai Indians has been the highest despite spending the lowest amount in the auction in year 2018. All income groups in India are avid cricket fans, but India’s rapidly increasing middle class population of 250 million people is a particularly attractive market for potential sponsors of cricket events.

Here is a look at the IPL team profiles and their respective auction amounts and brand value.

	Mumbai Indians 	Kolkata Knight riders 	Chennai Super Kings 	Royal Challengers Bangalore 
Auction Amount 2018	INR 463.5 Million	INR 463.5 Million	INR 405 Million	INR 463.5 Million
Brand Value 2018	INR 780.88 Million	INR 718.80 Million	INR 677.23 Million	INR 780.88 Million
Principal sponsors	Samsung Goibibo	Nokia	Muthoot group	Eros Now, Jio Digital Life, Duraguard cement, HP, WrongN, Duroflex mattresses, Domino’s

	Sunrisers Hyderabad 	Kings XI Punjab 	Delhi Daredevils 	Rajasthan Royals 
Auction Amount 2018	INR 583.5 Million	INR 674.0 Million	INR 454.0 Million	INR 658.5 Million
Brand Value 2018	INR 483.65 Million	INR 359.29 Million	INR 359.29 Million	INR 296.07 Million
Principal sponsors	Red FM 93.5	Kent mineral RO purifiers	Daikin	J K Lakshmi Pro+ cement

Figure 1.1

A winning sports business and revenue management framework strategy

The IPL introduced an auction for cricketers for the first time in the history of cricket. Due to the auction and bidding process monetary values were associated with cricket players for the first time. Due to this, many IPL teams have cracked down on data at granular level to augment their team-selection strategy. This process allows to hire talent for a balanced team – a team that has highly paid, skilled players to maintain the brand value while keeping investments low.

“What approach can sports strategists use to arrive at the best possible revenue management decisions as the strategy of being all things to all people and meeting all the expectations will be difficult and not to mention unremunerative?”

To leverage data effectively one needs the understanding of better decision-making processes where insights can be driven to access data, thereby, allowing sports organizations to set the right vision.

The decisions required to be made can be classified under the categories described in Figure 1.2

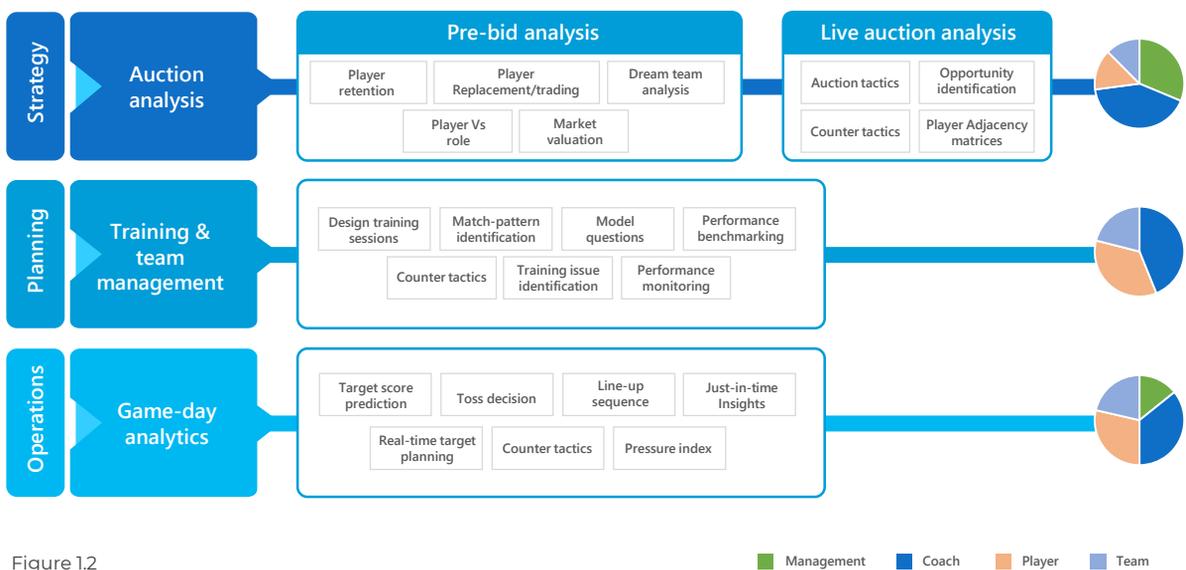


Figure 1.2

1. Strategic Decisions:

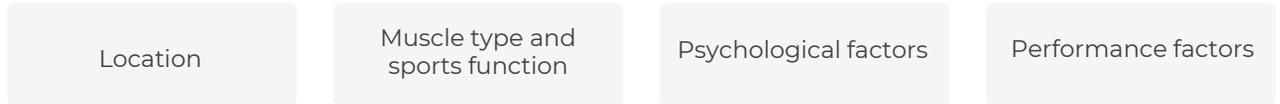
The journey of every season starts with building a winning team which involves **auction analytics**. **Auction analytics** can be categorized under Pre-bid and Live Auction analytics. Pre-bid analytics requires player retaining decisions, replacement/ trading decisions, auction tactics, market valuation of the players, and matching players to the right roles to form a dream team. This involves major expenses that need to be made and are crucial for the success of the sports franchise.

Team Sports = Combined Value > Sum of Individual Value

It is not imperative to hire the very best players who are highly paid; however, it is pragmatic to form a team with a combination of players who fair better as a team against the opposing team.

Participating in Live Auction is like a game of chess, where one needs to be able to look several steps ahead and plan some moves and also be ready to respond tactfully to the opponent's moves.

To select a winning team, a host of factors have to be taken into account such as:



Once these datasets have been identified, one needs to select the right statistical model.

Fig 1.3 depicts the process framework for the same.

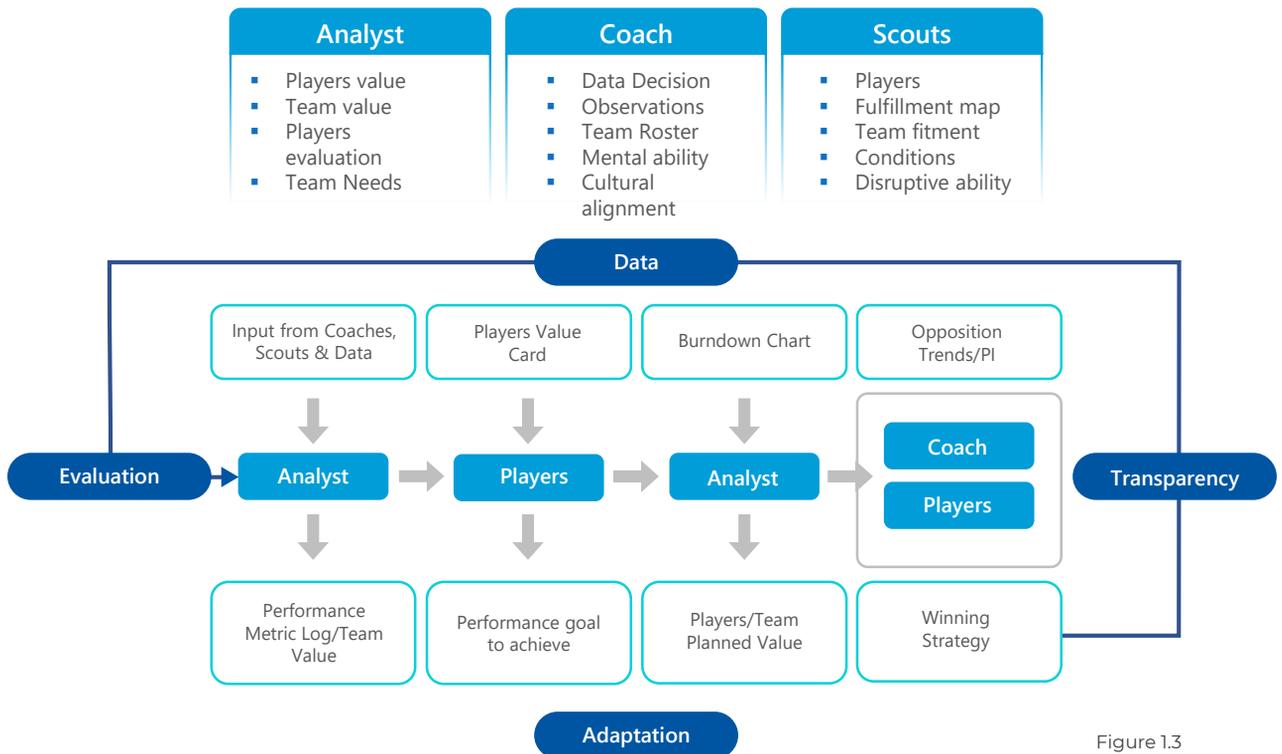


Figure 1.3

2. Planning Decisions:

Planning decisions involve evaluating the strength of various combinations of opposing teams and deploying a counter tactic that would work the best against a particular team.

These questions can be answered by determining the probability of occurrence of certain events based on available data and translating them into actionable insights. Analytics on data can allow teams identify weaknesses and plan sessions and strategies for each player and for the team as a whole.

Fig 1.4 describes the planning process.

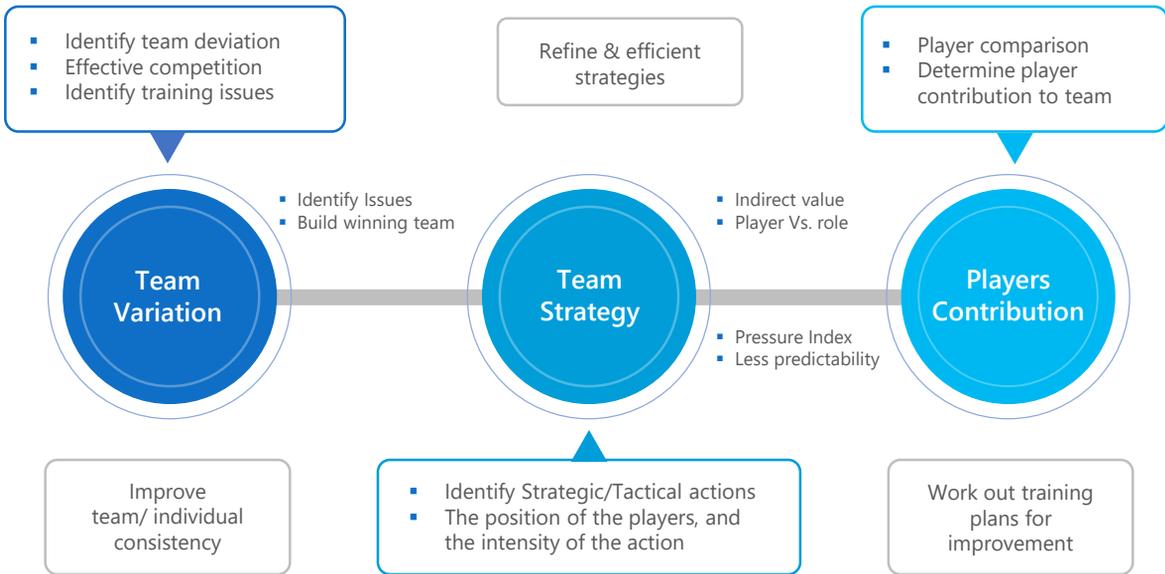
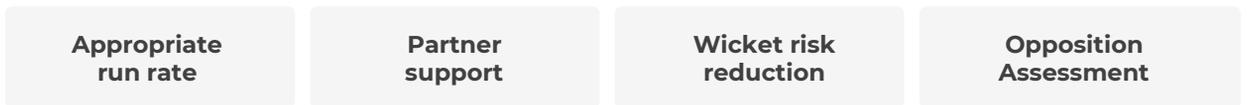


Figure 1.4

3. Operational (Game-day) Decisions:

Despite careful planning and training, success of the game is defined by successful management of the game-day dynamics which involves scrutinizing and decoding the sequence of events for the best possible outcomes.

It is very important to consider factors such as:



Game-Day dynamics management could be highly pressurizing and time crucial but when done right, these measures ensure more victories than losses.

Fig 1.5 describes the game-day analytics management framework.

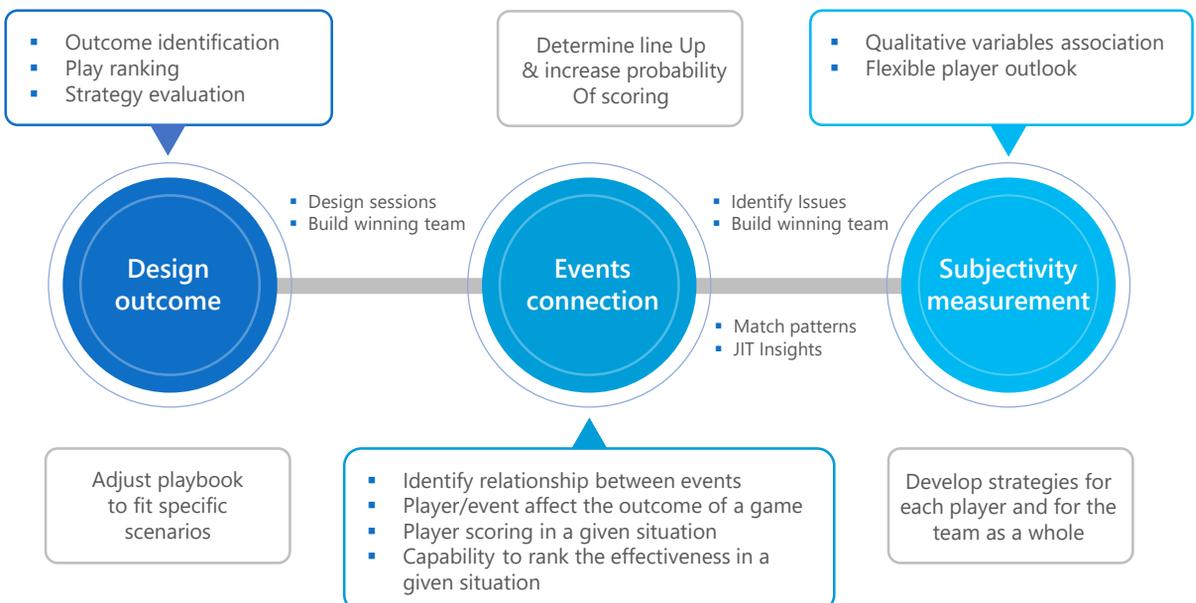


Figure 1.5

Conclusion:

In sports, fine margins are the difference between winning and losing. Sports analytics has gone beyond providing player and team analysis and predicting correct results to bringing a range of new level of data analytics to sports and revolutionizing how athletes train, coaches teach, scouts evaluate talent and fans enjoy sports. Performance data and models allow better player selection and game-day strategies. It's all about making informed choices about player positioning, competitive strategy, and in-game tactics.

DecisionMines™ – Cybage's flagship data-driven decision management system integrates the science of data with the art of judgement to make informed decisions. Through actionable insights, it leverages data across organizational systems and external data sources. It alleviates the blind spots and presents opportunities and threats not only saving time but also making it possible to exploit the opportunities and tame the threats and provide more control over topline and bottom line.

References:

[Telegraph Sport looks back on the ins and outs of Craig Whyte's takeover of Rangers.](#)

[How the mighty Glasgow Rangers have fallen](#)

[Vivo retains IPL Title Sponsorship to Pay Rs 2199 Cr to BCCI over 5 Years](#)

[IPL 2019: Samsung signs new deal with Mumbai Indians; to continue as title sponsor](#)

[Duff & Phelps: IPL Brand Valuation Report 2018](#)