

No fixed limit for Pyne's sports acquisition fund

By Matthew Glendinning

GEORGE PYNE, THE former president of IMG Worldwide's global sports and entertainment business, now head of global sports marketing firm Bruin Sports Capital, believes the new company's capital base for acquisitions could exceed the \$500m (€450m) reported in the media.

Bruin is initially looking to acquire up to five major sports assets or sports marketing companies as part of a long-term strategy to add value to sports-related properties.

Pyne told *Sports Sponsorship Insider* this month that the reported \$500m of buying power was a "conservative estimate" made up of the \$250m of funds from a group of investors, including advertising giant WPP, and projected loans to be taken out against this capital.

He revealed that the company's group of wealthy and long-term individual or family investors is open to extra rounds of funding if the right opportunities arise. Moreover, Bruin's buying power could be three to four times or even seven to eight times the initial capital sum depending on how the loan market views the business risk.

"One thing I've learnt is that all capital is not the same," Pyne said.

"Shorter term capital forces you to look at different things. My capital structure is long term for over 10 to 15 years. It's a game changer."

What to buy?

Pyne is looking to buy earnings before interest, taxes, depreciation, and amortisation (ebitda), of between \$50m and \$75m per year from the initial \$500m acquisition fund.

In comparison, IMG generated ebitda of between \$20m and \$40m per year following private equity firm Forstmann Little's \$750m acquisition of IMG in 2004.

The earnings would come from acquisition activity around sports assets and sports marketing companies with high growth potential. "We will initially look to grow through acquisitions and then organically," Pyne said. "I'm looking at identifying opportunities in sports, entertainment and media and the branded sports category."

Bruin is looking for global or regional properties with assets that have either been under-resourced or under-developed. Pyne cited the example of US college sports and European speedway

as properties that were transformed under his management at IMG.

Bruin is interested in multiple revenue streams, including media, sponsorship, licensing and event income like ticketing and hospitality. Its acquisition model is flexible, encompassing buy out and revenue share models, depending on the property.

Although Bruin is not tied to one geographical market, Pyne said that he expects the Asian sports market to experience real growth over the next 25 years.

Good-bye IMG, hello WPP

Pyne left IMG last summer shortly after the company's \$2.3bn takeover by the Hollywood agency William Morris Endeavor Entertainment (WME) was officially closed.

Pyne retains a small, "non-meaningful" amount of stock in the new entity WME-IMG and is no longer working as a consultant for the company.

It is understood that Bruin will not go head to head with IMG in the golf, tennis and US college sports businesses that Pyne helped to build.

"I spent nine years helping to build IMG and I care a lot about the people,"

Pyne said. "I have tremendous respect for Ari and Patrick [WME-IMG co-chief executives Ari Emanuel and Patrick Whitesell] and they'll do great things."

Having realised his ambition, through Bruin, of running his own business, Pyne is now strongly aligned with WPP's global advertising business. WPP holds between 35 and 40 per cent of stock in Bruin Sports Capital.

GroupM, WPP's wholly-owned media investment management company, manages more than \$100bn in billings.

WPP's founder and chief executive Sir Martin Sorrell said there is growing client interest to invest some of that portfolio in content and sport. "Part of WPP's reasoning for the investment is to provide its global client base with sports media and sponsorship opportunities through Bruin," Sorrell said. "The object behind Bruin is to pull together our offering in a much more integrated way."

Pyne said that Bruin will act as an "independent company within the WPP family" but could consult on acquisition and capital deployment opportunities with agencies under WPP's umbrella.

In the sports area, WPP holds

George Pyne: CV

- **May 2014-present day:** President and chief executive of Bruin Sports Capital.
- **2006-2014:** President of IMG Worldwide's global sports and entertainment business, which includes client management, college sports, consulting, IMG Performance (IMG Academy), licensing and US business development.
- **1995-2006:** Joins NASCAR as head of new business development, becomes chief operating officer responsible for sales of major broadcast and sponsorship deals and the creation of a \$2bn licensing business.
- **1994-1995:** Executive director of AMC Events, a division of the Portman Companies, that creates and manages marketing events for major sports properties.
- **1989:** Graduated from Brown University where he was captain of the football team and earned All-Ivy League and All-New England honours.

an 18-per-cent share in the marketing services company Chime Communications Plc, which owns the sports marketing group CSM Sport & Entertainment among its main businesses. CSM comprises established sports marketing and consulting agencies, Just Marketing International, Fast Track and Essentially among its sports marketing services companies.

Sponsorship opportunities

Pyne is bullish on the revenue growth opportunities to be gained from sponsorship and licensing assets. Sponsorship, he says, will continue to be highly valuable because it engages consumers in ways that other marketing disciplines cannot.

"The most interesting things going forward is sponsorship around digital media," he said. "It is moving towards a promotional marketing model. We have seen retail promotions through sports sponsorship... digital marketing will also get consumers to change their behaviour. It's less about CPM [the advertising cost per thousand views] but about engaging with fans and changing behaviour." ■